UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2016

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: 001-35257

AMERICAN MIDSTREAM PARTNERS, LP

(Exact name of registrant as specified in its **charter)**

Delaware	**27-0855785**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2103 CityWest Boulevard Building #4, Suite 800 Houston, Texas	**77042**
(Address of principal executive offices)	(Zip code)

(346) 241-3400
(Registrant's telephone number, including area code)

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Units Representing Limited Partnership Interests	New York Stock Exchange

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

Indicate by checkmark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained in, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer	☐		Accelerated filer	☒
Non-accelerated filer	☐	(Do not check if a smaller reporting company)	Smaller reporting company	☐

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

The aggregate market value of common units held by non-affiliates of the registrant on June 30, 2016, was $321,334,978. The aggregate market value was computed by reference to the closing price of the registrant's common units on the New York Stock Exchange on June 30, 2016.

There were 51,585,690 common units, 10,266,642 Series A Units, 8,792,205 Series C Units, and 2,333,333 Series D Units of American Midstream Partners, LP outstanding as of March 20, 2017 . Our common units trade on the New York Stock Exchange under the ticker symbol "AMID."

Documents Incorporated by Reference

None.

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CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

Our reports, filings and other public announcements may from time to time contain statements that do not directly or exclusively relate to historical facts. Such statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. You can typically identify forward-looking statements by the use of words, such as "may," "could," "project," "believe," "anticipate," "expect," "estimate," "potential," "plan," "forecast" and other similar words.

All statements that are not statements of historical facts, including statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements.
These forward-looking statements reflect our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. These risks and uncertainties, many of which are beyond our control, include, but are not limited to, the risks set forth in "Item 1A. Risk Factors" in this Annual Report on Form 10-K (the "Annual Report") as well as the following risks and uncertainties:

- our ability to integrate with JP Energy Partners LP (“JPE”) successfully after consummation of the JPE Merger (as defined herein) and to achieve anticipated benefits from the proposed transaction;
- our ability to generate sufficient cash from operations to pay distributions to unitholders;
- our ability to maintain compliance with financial covenants and ratios in our Credit Facility (as defined herein);
- dispositions of assets owned by us or JPE prior to the completion of the JPE Merger, which assets may have been material to us or JPE;
- our ability to timely and successfully identify, consummate and integrate our current and future acquisitions and complete strategic dispositions, including the realization of all anticipated benefits of any such transaction, which otherwise could negatively impact our future financial performance;
- the timing and extent of changes in natural gas, crude oil, NGLs and other commodity prices, interest rates and demand for our services;
- our ability to access capital to fund growth, including new and amended credit facilities and access to the debt and equity markets, which will depend on general market conditions;
- severe weather and other natural phenomena, including their potential impact on demand for the commodities we sell and the operation of company-owned and third party-owned infrastructure;
- the level of creditworthiness of counterparties to transactions;
- the level and success of natural gas and crude oil drilling around our assets and our success in connecting natural gas and crude oil supplies to our gathering and processing systems;
- our success in risk management activities, including the use of derivative financial instruments to hedge commodity and interest rate risks;
- changes in laws and regulations, particularly with regard to taxes, safety, regulation of over-the-counter derivatives market and entities, and protection of the environment;
- our failure or our counterparties’ failure to perform on obligations under commodity derivative and financial derivative contracts;
- the performance of certain of our current and future projects and unconsolidated affiliates that we do not control;
- the demand for NGL products by the petrochemical, refining or other industries;
- our dependence on a relatively small number of customers for a significant portion of our gross margin;
- general economic, market and business conditions, including industry changes and the impact of consolidations and changes in competition;
- our ability to renew our gathering, processing, transportation and terminal contracts;
- our ability to successfully balance our purchases and sales of natural gas;
- the adequacy of insurance to cover our losses;
- our ability to grow through contributions from affiliates, acquisitions or internal growth projects;
- our management's history and experience with certain aspects of our business and our ability to hire as well as retain qualified personnel to execute our business strategy;
- the cost and effectiveness of our remediation efforts with respect to the material weakness discussed in "Part II. Item 9A. Controls and Procedures";
- volatility in the price of our common units;
- security threats such as military campaigns, terrorist attacks, and cybersecurity breaches, against, or otherwise impacting, our facilities and systems; and
- the amount of collateral required to be posted from time to time in our transactions.

Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of the assumptions could be inaccurate, and, therefore, we cannot assure you that the forward-looking statements included in this Annual Report will prove to be accurate. Some of these and other risks and uncertainties that could cause actual results to differ materially from such forward-looking statements are more fully described in "Item 1A. Risk Factors" in this Annual Report. Statements in this Annual Report speak as of the date of this report. Except as may be required by applicable securities laws, we undertake no obligation to publicly update or advise investors of any change in any forward-looking statement, whether as a result of new information, future events or otherwise.

GLOSSARY OF TERMS

As generally used in the energy industry and in this Annual Report, the identified terms have the following meanings:

Bbl Barrels: 42 U.S. gallons measured at 60 degrees Fahrenheit.

Bbl/d Barrels per day.

Bcf Billion cubic feet.

Btu British thermal unit; the approximate amount of heat required to raise the temperature of one pound of water by one degree Fahrenheit.

Condensate Liquid hydrocarbons present in casinghead gas that condense within the gathering system and are removed prior to delivery to the natural gas plant. This product is generally sold on terms more closely tied to crude oil pricing.

/d Per day.

FERC Federal Energy Regulatory Commission.

Fractionation Process by which natural gas liquids are separated into individual components.

GAAP Generally Accepted Accounting Principles in the United States of America

Gal Gallons.

Mgal/d Million gallons per day.

MBbl Thousand barrels.

MMBbl Million barrels.

MMBbl/d Million barrels per day.

MMBtu Million British thermal units.

Mcf Thousand cubic feet.

MMcf Million cubic feet.

MMcf/d Million cubic feet per day.

NGL or NGLs Natural gas liquid(s): The combination of ethane, propane, normal butane, isobutane and natural gasoline that, when removed from natural gas, become liquid under various levels of higher pressure and lower temperature.

Tcf Trillion cubic feet.

Throughput The volume of natural gas transported or passing through a pipeline, plant, terminal or other facility during a particular period.

As used in this Annual Report, unless the context otherwise requires, "we," "us," "our," the "Partnership" and similar terms refer to American Midstream Partners LP, together with its consolidated subsidiaries. References in this Annual Report to our "General Partner" refer to American Midstream GP, LLC.

PART I

Item 1. Business

Overview

American Midstream Partners, LP (along with its consolidated subsidiaries, "we", "us," "our," or the "Partnership") is a growth-oriented Delaware limited partnership that was formed in August 2009 to own, operate, develop and acquire a diversified portfolio of midstream energy assets. We provide critical midstream infrastructure that links producers of natural gas, crude oil, NGLs, condensate and specialty chemicals to numerous intermediate and end-use markets. Through our three reporting segments, (i) gathering and processing, (ii) transmission and (iii) terminals, we are engaged in the business of gathering, treating, processing, and transporting natural gas; gathering, transporting, storing, treating and fractionating NGLs; gathering, storing and transporting crude oil and condensates; and storing specialty chemical products.

Our primary assets are strategically located in some of the most prolific onshore and offshore producing regions and key demand markets in the United States. Our gathering and processing assets are primarily located in (i) the Permian Basin of West Texas, (ii) the Cotton Valley/Haynesville Shale of East Texas, (iii) the Eagle Ford Shale of South Texas, (iv) the Bakken Shale of North Dakota, and (v) offshore in the Gulf of Mexico. Our transmission and terminal assets are located in key demand markets in Alabama, Louisiana, Mississippi and, Tennessee, and in the Port of New Orleans in Louisiana and the Port of Brunswick in Georgia.

We own or have ownership interests in more than 3,800 miles of onshore and offshore natural gas, crude oil, NGL and saltwater pipelines across 15 gathering systems, six interstate pipelines and eight intrastate pipelines; eight natural gas processing plants; four fractionation facilities; an offshore semisubmersible floating production system with nameplate processing capacity of 80 MMbl/d of crude oil and 200 MMcf/d of natural gas; and three marine terminal sites with approximately 2.4 MMBbls of above-ground aggregate storage capacity for petroleum products, distillates, chemicals and agricultural products.

A portion of our cash flow is derived from our investments in unconsolidated affiliates in our consolidated financial statements including a 49.7% operated interest in Destin Pipeline Company, L.L.C. (“Destin”), a natural gas pipeline; a 20.1% non-operated indirect interest in Class A units in the entities that own the Delta House floating production system platform and related pipeline infrastructure; a 16.7% non-operated interest in Tri-States NGL Pipeline, L.L.C. (“Tri-States”), an NGL pipeline; a 66.7% operated interest in Okeanos Gas Gathering Company, LLC (“Okeanos”); a 25.3% non-operated interest in Wilprise Pipeline Company, L.L.C. (“Wilprise”), an NGL pipeline; and a 66.7% non-operated interest in Main Pass Oil Gathering Company ("MPOG"), a crude oil gathering and processing system.

In our Gathering and Processing segment, we receive fee-based and fixed-margin compensation for gathering, processing, transporting and treating natural gas and crude oil. Where we provide processing services at the plants that we own or share an interest, or obtain processing services for our own account under our elective processing arrangements, we typically retain and sell a percentage of the residue natural gas and/or resulting NGLs under percent-of-proceeds ("POP") arrangements.

In our Transmission segment, the majority of our segment gross margin is generated by firm capacity reservation charges and interruptible transportation services from throughput volumes on our interstate and intrastate pipelines.

In our Terminals segment, we generally receive fee-based compensation under guaranteed firm storage contracts, throughput fees charged to our customers when their products are either received or disbursed, and other operational charges associated with ancillary services provided to our customers, such as excess throughput, steam heating and truck weighing.

Recent Developments

JPE Merger

On March 8, 2017, the Partnership completed the acquisition of JPE, an entity controlled by affiliates of ArcLight Capital Partners, LLC ("ArcLight"), in a unit-for-unit merger (the “JPE Merger”).” In connection with the transaction, each JPE common or subordinated unit held by investors not affiliated with ArcLight was converted into the right to receive 0.5775 of a Partnership common unit, and each JPE common or subordinated unit held by ArcLight affiliates was converted into the right to receive 0.5225 of a Partnership common unit. The Partnership issued a total of 20.2 million of the Partnership’s common units to complete the

acquisition, including 9.8 million common units to ArcLight affiliates. Unless stated otherwise, this Annual Report discusses the activities of the Partnership as of December 31, 2016. Any reference to the combined company considers activities subsequent to the JPE Merger and includes discussion regarding the Partnership and JPE (the "Combined Company").

As both the Partnership and JPE were controlled by ArcLight affiliates, the acquisition represents a transaction among entities under common control and will be accounted for as a common control transaction. Although the Partnership is the legal acquirer, JPE is considered to the acquirer for accounting purposes as ArcLight obtained control of JPE prior to it obtaining control of the Partnership on April 15, 2013. As a result, JPE will record the acquisition of the Partnership at ArcLight's historical cost basis. The Partnership will file recast historical cost financial statements for the combined entity in May 2017.

JPE owns, operates and develops a diversified portfolio of midstream energy assets with three business segments (i) crude oil pipelines and storage, (ii) refined products terminals and storage and (iii) NGL distribution and sales, which together provide midstream infrastructure solutions for the growing supply of crude oil, refined products and NGLs, in the United States.

Third Amendment to Partnership Agreement

The Partnership also executed Amendment No. 3 to our Fifth Amended and Restated Partnership Agreement (as amended, the "Partnership Agreement"), which amends the distribution payment terms of the Partnership's outstanding Series A Preferred Units to provide for the payment of Series A payment-in-kind (" PIK ") preferred units for the quarter (the " Series A Preferred Quarterly Distribution ") in which the JPE Merger is consummated (which is the quarter ended March 31, 2017) and thereafter equal to the quotient of (i) the greater of (a) $0.4125 and (b) the "Series A Distribution Amount", as such term is defined in the Partnership Agreement, divided by (ii) the Series A Adjusted Issue Price, as such term is defined in the Partnership Agreement. However, in our General Partner's discretion, which determination shall be made prior to the record date for the relevant quarter, the Series A Preferred Quarterly Distribution may be paid as (x) an amount in cash up to the greater of (1) $0.4125 and (2) the Series A Distribution Amount, and (y) a number of Series A Preferred Units equal to the quotient of (a) the remainder of (i) the greater of (I) $0.4125 and (II) the Series A Distribution Amount less (ii) the amount of cash paid pursuant to clause (x), divided by (b) the Series A Adjusted Issue Price.

Second Amended and Restated Credit Agreement

On March 8, 2017, the Partnership and its operating company, American Midstream, LLC, along with other subsidiaries of the Partnership (collectively, the "Borrowers") entered into a Second Amended and Restated Credit Agreement with Bank of America, N.A., as Administrative Agent, Collateral Agent and L/C Issuer, Wells Fargo Bank, National Association, as Syndication Agent, and other lenders (the "Second Amended Credit Agreement"). By entering into the Second Amended Credit Agreement, the Partnership amended its existing credit facility to increase its borrowing capacity thereunder from $750 million to $900 million and to provide for an accordion feature that will permit, subject to the customary conditions, the borrowing capacity under the facility to be increased to a maximum of $1.1 billion. The $900 million in lending commitments under the Second Amended Credit Agreement includes a $30 million sublimit for borrowings by the Blackwater Borrower and a $100 million sublimit for standby letters of credit, which was increased in this Second Amended Credit Agreement from $50 million. The Second Amended Credit Agreement matures on September 5, 2019. The Second Amended Credit Agreement facilitates the joinder to the credit facility of certain surviving entities from the JPE Merger (the " JPE Entities") and adjusts certain covenants, representations and warranties under the credit facility to support the JPE Entities. All obligations under the Second Amended Credit Agreement and the guarantees of those obligations are secured, subject to certain exceptions, by a first-priority lien on and security interest in substantially all of the Borrowers' assets and the assets of all, subject to certain exceptions, existing and future subsidiaries and all of the capital stock of the Partnership's existing and future subsidiaries.

When we use the term "revolving credit facility" or "Credit Agreement," we are referring to our First Amended and Restated Credit Facility and to our Second Amended and Restated Credit Facility, as the context may require.

8.50% Senior Notes

On December 28, 2016, the Partnership and American Midstream Finance Corporation, our wholly owned subsidiary (together with the Partnership, the "Issuers") completed the issuance and sale of $300 million in aggregate principal amount of senior notes due 2021 (the "8.50% Senior Notes"). Wells Fargo Securities, LLC served as the representative of the initial purchasers, which included Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC, Citigroup Global Markets Inc., SunTrust Robinson Humphrey, Inc., Natixis Securities Americas LLC, ABN AMRO Securities (USA) LLC, Capital One Securities, Inc., Deutsche Bank Securities Inc., BNP Paribas Securities Corp., BMO Capital Markets Corp., Santander Investment Securities Inc. and BBVA Securities Inc. The 8.50% Senior Notes rank equal in right of payment with all existing and future senior indebtedness of the Issuers, and senior in right of payment to any future subordinated indebtedness of the Issuers. The 8.50% Senior Notes were

issued at par and provided net proceeds of approximately $294.0 million , after deducting the initial purchasers' discount of $6.0 million . This amount was deposited into escrow pending completion of the JPE Merger and is included in *Restricted cash* on the Partnership's consolidated balance sheet as of December 31, 2016. The Partnership also incurred $2.7 million of direct issuance costs resulting in net proceeds related to the 8.50% Senior Notes of $291.3 million . The notes were offered and sold to qualified institutional buyers in the United States pursuant to Rule 144A under the Securities Act, and to persons, other than U.S. persons, outside the United States pursuant to Regulation S under the Securities Act.

Upon the closing of the JPE Merger and the satisfaction of other related conditions the restricted cash was released from escrow on March 8, 2017. The Partnership used the net proceeds to repay and terminate JPE's revolving credit facility and to reduce borrowings under the Partnership's Amended and Restated Credit Agreement (the "Credit Agreement").

Additional Delta House Investments

On April 25, 2016, American Midstream Delta House, LLC ("AMID Delta House"), our wholly-owned indirect subsidiary, entered into a unit purchase agreement with an ArcLight affiliate, pursuant to which AMID Delta House acquired 100% of the outstanding membership interests in D-Day Offshore Holdings, LLC ("D-Day"), which owned 912.4 Class A Units of Delta House FPS LLC ("Delta House FPS") and 53.5 Class A Units of Delta House Oil and Gas Lateral LLC ("Delta House Lateral") in exchange for approximately $9.9 million in cash funded with additional borrowings under the Partnership's Credit Agreement. Delta House is a semisubmersible floating production system platform with associated crude oil and natural gas export pipelines, located in the Mississippi Canyon region of the deepwater Gulf of Mexico. Delta House FPS owns the floating production system and Delta House Lateral owns the associated crude oil and natural gas export pipelines. When we refer to "Delta House" we are referring to our investment in Delta House FPS and Delta House Lateral.

On October 31, 2016, D-Day acquired an additional 6.2% direct interest in Delta House by purchasing additional Class A Units in Delta House FPS and Delta House Lateral from unrelated parties for approximately $48.8 million , which was funded with net proceeds of $34.5 million from the issuance of 2,333,333 Series D convertible preferred units ("Series D Units") to an ArcLight affiliate, plus $14.3 million in cash funded with borrowings under our Credit Agreement. The Series D Units were issued at $15.00 per unit, less a 1.5% closing fee, and if any Series D Units remain outstanding on June 30, 2017, the Partnership will issue a warrant to purchase up to 700,000 common units representing limited partnership interests in the Partnership ("common units") with an exercise price of $22.00 per common unit (the "Series D Warrants"). Magnolia Infrastructure Holdings, LLC (an affiliate of ArcLight) holds the Series D Units and participates in the related distributions which are to be made in cash. The Series D Units were issued, and the Series D Warrants, if issued, will be issued, in a private placement in reliance upon an exemption from the registration requirements of the Securities Act pursuant to Section 4(a)(2) thereof and the safe harbor provided by Rule 506 of Regulation D promulgated thereunder.

The investment in D-Day, together with our 26.3% interest in Pinto Offshore Holdings, LLC, an entity that owns a 49.0% non-operated interest in Delta House Class A Units, results in the Partnership holding a combined 20.1% non-operated indirect and direct interest in Delta House. Our interest in Delta House includes a 20.1% interest in Class A Units of Delta House FPS.The Class A Units in Delta House FPS are currently entitled to receive 100% of the distributions from Delta House FPS until a certain payout threshold is met. Once the payout threshold is met, approximately 7% of distributions from Delta House FPS will be paid to the Class B membership interests in Delta House FPS. It is currently estimated that the payout threshold on the Class A Units will be met in the year 2020.

3.77% Senior Notes

On September 30, 2016, Midla Financing, LLC ("Midla Financing"), American Midstream (Midla), LLC ("Midla") and Mid Louisiana Gas Transmission LLC ("MLGT" and, together with Midla, the "Note Guarantors"), entered into a Note Purchase and Guaranty Agreement (the "3.77% Senior Note Purchase Agreement") with Massachusetts Mutual Life Insurance Company and MassMutual Asia Limited (the "Purchasers") whereby Midla Financing sold $60.0 million in aggregate principal amount of Senior Notes to the Purchasers, which bear interest at an annual rate of 3.77% to be paid quarterly (the "3.77% Senior Notes"). Principal and interest on the 3.77% Senior Notes is payable in installments on the last business day of each quarter beginning June 30, 2017 with the remaining balance payable in full on June 30, 2031. The average quarterly principal payment is approximately $1.1 million . The 3.77% Senior Notes were issued at par and provided net proceeds of approximately $57.7 million after deducting related issuance costs of $ 2.3 million . Morgan Stanley Senior Funding, Inc. served as the placement agent. The 3.77% Senior Notes were offered and sold in a private placement in reliance upon an exemption from the registration requirements of the Securities Act of 1933 pursuant to Section 4(a)(2) thereof and the safe harbor provided by Rule 506 of Regulation D promulgated thereunder.

Net proceeds from the 3.77% Senior Notes are restricted and will be used to fund the retirement of Midla's existing 1920's pipeline, project costs incurred in connection with the construction of a new replacement pipeline from Winnsboro, Louisiana to Natchez, Mississippi (the "Midla-Natchez Line"), the move of our Baton Rouge operations to the MLGT system, and the reconfiguration of the DeSiard compression system and all related ancillary facilities. These proceeds can also be used to pay costs incurred in connection with the issuance of the 3.77% Senior Notes, and for general corporate purposes of Midla Financing. As of December 31, 2016, *Restricted cash* includes $24.5 million from the issuance of the 3.77% Senior Notes. Construction commenced on the Midla-Natchez Line in the second quarter of 2016 with service expected to begin within the first six months of 2017.

Acquisition of interests in Gulf of Mexico midstream assets

On April 15, 2016, American Panther, LLC ("American Panther"), a 60%-owned subsidiary of the Partnership, acquired approximately 200 miles of crude oil, natural gas, and salt water onshore and offshore Gulf of Mexico pipelines ("Gulf of Mexico Pipeline") from Chevron Pipeline Company and Chevron Midstream Pipeline, LLC for approximately $2.7 million in cash and the assumption of certain asset retirement obligations. The Partnership controls American Panther and therefore consolidates it for financial reporting purposes.

The Gulf of Mexico Pipeline acquisition was accounted for using the acquisition method of accounting and as a result, the purchase price was allocated to the assets acquired and liabilities assumed based on their respective estimated fair values as of the acquisition date. The purchase price allocation included $16.6 million in pipelines, $0.4 million in land, $14.3 million in asset retirement obligations and $1.8 million in noncontrolling interests.

Emerald Transactions

On April 25, 2016 and April 27, 2016, American Midstream Emerald, LLC ("Emerald"), a wholly-owned indirect subsidiary of the Partnership, entered into two purchase and sale agreements with an ArcLight affiliate, for the purchase of membership interests in certain entities (together, the "Emerald Transactions").

On April 25, 2016, Emerald entered into the first purchase and sale agreement for the purchase of membership interests in entities that own and operate natural gas pipeline systems and NGL pipelines in and around Louisiana, Alabama, Mississippi, and the Gulf of Mexico (the "Pipeline Purchase Agreement"). Pursuant to the Pipeline Purchase Agreement, Emerald acquired (i) 49.7% of the issued and outstanding membership interests of Destin, (ii) 16.7% of the issued and outstanding membership interests of Tri-States and (iii) 25.3% of the issued and outstanding membership interests of Wilprise, in exchange for approximately $183.6 million (the "Pipeline Transaction").

On April 27, 2016, Emerald entered into the second purchase and sale agreement for the purchase of 66.7% of the issued and outstanding membership interests of Okeanos, in exchange for a cash purchase price of approximately $27.4 million . The Okeanos pipeline is a 100 -mile natural gas gathering system located in the Gulf of Mexico with a total capacity of 1.0 Bcf/d.

The Partnership funded the aggregate purchase price for the Emerald Transactions with the issuance of 8,571,429 Series C convertible preferred units (the "Series C Units") representing limited partnership interests in the Partnership and a warrant (the "Series C Warrant") to purchase up to 800,000 common units at an exercise price of $7.25 per common unit amounting to a combined value of approximately $120.0 million , plus additional borrowings of $91.0 million under our Credit Agreement. ArcLight affiliates hold and participate in distributions on our Series C Units with such distributions being made in paid-in-kind Series C Units, cash or a combination thereof at the election of the Board of Directors of our General Partner. Magnolia Infrastructure Holdings, LLC, an ArcLight affiliate, holds the Series C Units. The Series C Units and the Series C Warrant were both issued in a private placement in reliance upon an exemption from the registration requirements of the Securities Act pursuant to Section 4(a)(2) thereof and the safe harbor provided by Rule 506 of Regulation D promulgated thereunder.

Because our interests in the entities underlying the Emerald Transactions were previously owned by an ArcLight affiliate, we accounted for our investments at our affiliate's historical cost basis of $212.0 million , and recorded them in *Investment in unconsolidated affiliates* in our consolidated balance sheet, and as an investing activity of $100.9 million within the consolidated statement of cash flows. The amount by which the affiliate's historical basis exceeded total consideration was $1.0 million and is recorded as a contribution from our General Partner in the consolidated statements of changes in partners' capital and noncontrolling interests.

Market Conditions

Average daily prices for New York Mercantile Exchange ("NYMEX") West Texas Intermediate ("WTI") crude oil ranged from a high of $54.45 per barrel to a low of $26.21 per barrel from January 1, 2016 through March 13, 2017. Average daily prices for NYMEX Henry Hub natural gas ranged from a high of $3.80 per MMBtu to a low of $1.49 per MMBtu from January 1, 2016 through March 13, 2017. We are unable to predict future movements in the market price for natural gas, crude oil and NGLs and thus, cannot predict the ultimate impact of prices on our operations. If commodity prices do not continue the current upward trend from 2016 to 2017, this could lead to reduced profitability and may impact our liquidity and compliance with the financial covenants in our Credit Agreement. Reduced profitability may result in future potential non-cash impairments of long-lived assets, goodwill, or intangible assets, as well as the reduction or elimination of distributions to our unitholders.

Business Strategies

Our principal business objective is to increase our quarterly cash flows over time while ensuring the long-term stability of our business. We expect to achieve this objective by focusing on the following strategies:

Utilize our strategically located and integrated assets to maximize value for our customers. We own and operate a portfolio of midstream assets strategically located in some of the most prolific natural gas and crude oil producing regions and key demand markets in the United States and offshore in the Gulf of Mexico. Through our diversified and integrated asset base, we provide critical infrastructure that links producers of natural gas, crude oil, NGLs, condensate and specialty chemicals to numerous intermediate and end-use markets while allowing us to generate revenue and service the same energy molecules at various stages along the midstream value chain.

Enhance existing assets and realize operating efficiencies. We intend to enhance the profitability of our assets by increasing utilization, realizing operating efficiencies and providing additional midstream services desired by our customers. We continually seek to attract new volumes from existing and new customers through superior customer service and asset optimization. In addition, we expect to be able to provide additional midstream services to our customers by cross-selling complementary services. For example, we intend to leverage our recently acquired crude oil and NGL trucking capabilities across our onshore gathering and processing footprint and expand our service offering in the Permian Basin and Cotton Valley/Haynesville Shale. We can accommodate additional volumes at minimal incremental cost, which provides highly attractive economics.

Capitalize on organic growth opportunities. We continually seek to identify and evaluate economically attractive organic expansion opportunities that leverage our asset footprint and strategic relationships with our customers. These organic projects include new interconnects, repurposing underutilized assets and adding additional capacity to meet increased demand from our customers. For example, we are evaluating the expansion of our existing Harvey terminal by adding 1.35 MMBbls of incremental storage capacity, additional rail capacity and a second deep water ship berth. There has been steady demand for storage capacity in the Port of New Orleans, and the Harvey site is currently 98% utilized and continues to attract interest for long-term storage.

Pursue accretive acquisitions. We plan to pursue accretive acquisitions of complementary midstream assets that will allow us to increase market share and density in our core operating areas and realize operational efficiencies and commercial synergies. Future acquisition opportunities may include bolt-on acquisitions within our asset footprint, consolidation of third party interests in our joint ventures and strategic acquisitions. Our partnership with ArcLight may present us with future drop-down opportunities and the ability to jointly pursue third party acquisitions that may not otherwise be feasible on a stand-alone basis.

Maintain focus on stable, fee-based and fixed-margin cash flow with minimal direct exposure to commodity prices. We seek to minimize our direct commodity price exposure and maintain stable cash flow by generating a substantial portion of our total gross margin pursuant to fee-based and fixed-margin contracts. We have been successful executing on this strategy and have increased the percentage of gross margin generated from fee-based and fixed-margin contracts from 74.4% to 88.9% for the fiscal years ended December 31, 2014 and 2016, respectively.

Maintain a conservative and flexible capital structure. We plan to pursue a disciplined financial policy and maintain a conservative capital structure to allow us to pursue additional organic growth projects and acquisitions, with a conservative mix of debt and equity, even in challenging market environments. We expect our increased scale and diversification and improved financial position resulting from the JPE Merger will enhance our access to sources of capital.

Competitive Strengths. We believe we are well-positioned to successfully execute our strategy because of the following competitive strengths:

Stable and predictable cash flows supported by fee-based and fixed-margin contracts. Substantially all of our transmission and terminal assets are contracted on a firm transportation or take-or-pay basis and a majority of our offshore assets are contracted under long-term, life-of-lease dedications. We believe that the nature of our contracts minimizes our direct commodity price exposure and enhances the stability of our business and the predictability of our financial performance.

Diversified and strategically located portfolio of midstream assets. Our assets are diversified geographically and by business line, which contribute to the stability of our cash flows. We operate throughout many of the most prolific crude oil and natural gas producing regions in the United States and offshore Gulf of Mexico. We have access to multiple sources of crude oil, natural gas and liquids and are in close proximity to various interstate and intrastate pipelines as well as utility, industrial and other commercial end users. Our diverse and creditworthy customer base includes producers, refiners and marketers including ConocoPhillips Co., Royal Dutch Shell plc, BP P.L.C., Chevron Corporation, Exxon Mobil Corp., LLOG Exploration Company, L.L.C. and Monsanto Company.

Significant scale and capability. As of December 31, 2016, after giving effect to the JPE Merger, we have $2.3 billion in total assets across the midstream value chain providing onshore and offshore crude oil and natural gas gathering, processing, transmission and storage as well as hydrocarbon and refined product terminal assets and NGL fractionation, distribution and sales. Following the closing of the JPE Merger, we own or have an ownership interest in approximately 4,000 miles of onshore and offshore natural gas, crude oil, NGL and saltwater pipelines across 16 gathering systems, six interstate pipelines and nine intrastate pipelines; eight natural gas processing plants; four fractionation facilities; an offshore semi-submersible floating production system with nameplate processing capacity of 80 MBbl/d of crude oil and 200 MMcf/d of natural gas; six terminal sites with approximately 6.7 MMBbls of above-ground storage capacity; and a fleet of 97 crude oil gathering and LPG transport trucks. In addition, we have the third largest cylinder exchange business in the United States. We believe our size, scale and capabilities enhance our ability to serve our customers and provide financial flexibility and an increased ability to access the capital markets.

Strategically located offshore position with high barriers to entry. We have a substantial footprint in the deepwater Gulf of Mexico with our ownership interest in the Delta House platform and associated assets. This state-of-the-art floating, production and storage facility is located in one of the most active parts of the deep-water Gulf of Mexico and we have well-established relationships and long-term agreements with key participants along the entire value chain in the region. We believe producers in the areas of the Gulf of Mexico in which we operate are motivated to connect their production to our existing pipelines as construction of new pipelines is often not feasible due to cost and timing considerations. In addition, we have acquired additional strategic assets that provide us with substantial operational flexibility including multiple delivery and offload points as we move hydrocarbons from source to market, allowing us to provide a valuable and differentiated service to our customers.

Relationship with ArcLight. Our relationship with ArcLight provides us with access to ArcLight's extensive operational and commercial expertise. ArcLight controls High Point Infrastructure Partners, LLC ("HPIP"), the majority owner of our general partner, owns 49.3% of our limited partner units and 100% of the IDRs. We believe that ArcLight is economically incentivized to promote and support our business plan and to pursue projects that enhance the overall value of our business.

Experienced management and operational teams. Our executive management team has an average of approximately 18 years of experience in the midstream energy industry. The team possesses a comprehensive skill set to support our business and execute our business strategy through asset optimization, accretive development projects and acquisitions.

Our Assets

Our primary assets are strategically located in some of the most prolific onshore and offshore producing regions and key demand markets in the United States. Our gathering and processing assets are primarily located in (i) the Permian Basin of West Texas, (ii) the Cotton Valley/Haynesville Shale of East Texas, (iii) the Eagle Ford Shale of South Texas, (iv) the Bakken Shale of North Dakota, and (v) offshore in the Gulf of Mexico. Our transmission and terminal assets are located in key demand markets in Alabama, Louisiana, Mississippi and Tennessee and in the Port of New Orleans in Louisiana and the Port of Brunswick in Georgia.

We own or have ownership interests in more than 3,800 miles of onshore and offshore natural gas, crude oil, NGL and saltwater pipelines across 15 gathering systems; six interstate pipeline; eight intrastate pipelines; eight natural gas processing plants; four fractionation facilities; an offshore semisubmersible floating production system with nameplate processing capacity of 80 MMBbl/d of crude oil and 200 MMcf/d of natural gas; and three marine terminal sites with approximately 2.4 MMBbls of above-ground aggregate storage capacity for petroleum products, distillates, chemicals and agricultural products.

A portion of our cash flow is derived from our investments in unconsolidated affiliates including a 49.7% operated interest in Destin, a natural gas pipeline; a 20.1% non-operated indirect interest in Class A units of Delta House, which is a floating production

system platform and related pipeline infrastructure; a 16.7% non-operated interest in Tri-States, an NGL pipeline; a 66.7% operated interest in Okeanos, a natural gas pipeline; a 25.3% non-operated interest in Wilprise, an NGL pipeline; and a 66.7% non-operated interest in MPOG, a crude oil gathering and processing system. We organize our operations into three business segments: i) Gathering and Processing; ii) Transmission; and iii) Terminals.

Gathering and Processing Segment

General

Our Gathering and Processing segment consists of midstream natural gas systems that provide the following services to our customers:

- gathering;
- compression;
- treating;
- processing;
- fractionating;
- transportation; and
- sales of natural gas, crude oil, NGLs and condensate.

Our Gathering and Processing assets are located in Alabama, Louisiana, Mississippi, North Dakota and Texas and in shallow state and federal waters in the Gulf of Mexico off the coast of Louisiana and are positioned in areas with opportunities for organic growth. We continually seek new sources of raw natural gas and crude oil supply to maintain and increase the throughput volume on our gathering systems and through our processing plants.

We generally derive revenue in our Gathering and Processing segment from fee-based, fixed-margin and POP arrangements, for our producer and supplier customers and our own account. For the year ended December 31, 2016 , our fee-based, fixed-margin arrangements and our POP arrangements accounted for approximately 80.6% and 19.4% , respectively, of our segment gross margin for the Gathering and Processing segment. For the year ended December 31, 2015 , our fee-based, fixed-margin arrangements and our POP arrangements accounted for approximately 77.3% and 22.7% , respectively, of our segment gross margin for the Gathering and Processing segment.

The following table provides information regarding our Gathering and Processing segment assets for the years ended December 31, 2016 and 2015 .

	Approximate Gathering System (Miles)	Approximate Design Capacity (MMcf/d) (MBbl/d)	Compression (Horsepower)	Number of Plants and Fractionators	Approximate Average Throughput (MMcf/d) (MBbl/d) Years Ended December 31, 2016	2015
Gathering and Processing						
Lavaca	203	218	28,175	—	114.0	119.1
Magnolia	118	122	4,690	—	25.4	27.1
Longview	620	50	19,980	3	15.1	17.2
Chapel Hill	90	20	2,540	2	14.0	14.6
Yellow Rose	47	40	3,256	1	4.3	4.2
Bakken (1)	43	40	—	—	7.2	2.2
Chatom (2)	24	25	3,456	2	6.3	5.9
Bazor Ridge	169	22	6,287	1	5.6	7.6
Glade Crossing	—	10	—	1	—	—
American Panther	200	502	—	—	86.6	—
Other (3)	268	346	11,062	2	122.4	142.5
Total	1,782	1,395	79,446	12	400.9	340.4

(1) Average throughput for the year ended December 31, 2015 only reflects the months of October 2015 through December 2015.
(2) We have included approximate average throughput at 100% for the Chatom System. For both periods ending December 31, 2016 and 2015, we owned 92.2% interest in the Chatom System.
(3) Other primarily includes our Gloria, Lafitte, Quivira, Burns Point, and Offshore Texas systems.

Lavaca System

The Lavaca System consists of 203 miles of high and low-pressure pipelines ranging from four to 12 inches in diameter with 24,960 horsepower of leased compression, 3,215 horsepower of owned compression and associated facilities located in the Eagle Ford shale in Gonzales and Lavaca Counties, Texas. The Lavaca System currently has a design capacity of approximately 218 MMcf/d. Natural gas production gathered by the system is compressed and delivered to a third-party for processing or redelivered to producers for gas lift.

Magnolia System

The Magnolia gathering system is a Section 311 intrastate pipeline that gathers coal-bed methane in Tuscaloosa, Greene, Bibb, Chilton and Hale counties of Alabama and delivers this natural gas to an interconnect with the Transcontinental Gas Pipe Line Co. pipeline system ("Transco Pipeline System"), an interstate pipeline owned by The Williams Companies, Inc. The Magnolia System consists of approximately 118 miles of pipeline with small-diameter gathering lines and trunk lines ranging from six to 24 inches in diameter and four compressor stations with 4,690 horsepower.

Longview System

The Longview gathering and processing system consists of approximately 620 miles of high and low pressure gathering lines with diameters ranging from two to twenty inches with a combined compression capacity of 19,980 horsepower. Our Longview System also contains two cryogenic processing plants with a design capacity of approximately 50 MMcf/d, one fractionation unit with 8,500 Bbls/d of capacity, product storage tanks, and truck racks to receive off-spec NGLs and condensate. The Longview System is located near Longview in Gregg County, Texas. Located adjacent to the Longview System is a rail facility designed to receive and deliver NGLs and condensate which commenced operations in the first quarter of 2016.

Chapel Hill System

The Chapel Hill gathering and processing system consists of approximately 90 miles of gathering lines with a combined compression capacity of 2,540 horsepower. Our Chapel Hill System also contains a cryogenic processing plant with a design capacity of approximately 20 MMcf/d, one fractionation unit with 1,250 Bbls/d of capacity, product storage tanks, and truck racks to deliver propane, butane, and natural gasoline. The Chapel Hill System is located near Tyler in Smith County, Texas.

Yellow Rose System

The Yellow Rose gathering and processing system consists of approximately 47 miles of high and low pressure pipelines, a rich-gas gathering system and a 40 MMcf/d cryogenic processing plant, with pipeline takeaway for residue gas and liquids. The Yellow Rose System is located in the Permian Basin in Martin County, Texas.

Bakken System

The Bakken crude oil gathering pipeline system consists of a 43 mile pipeline with capacity to transport up to approximately 40,000 Bbls/d of crude oil to the Tesoro Logistics pipeline located Northeast of Watford City, North Dakota and a planned interconnect with the Energy Transfer Dakota Access Pipeline. The system, which commenced operations in October 2015, provides producers in the area with access to refinery, rail and pipeline markets. The system also has the capability to receive volumes through its truck rack, which also commenced operations in November 2015.

Chatom System

The Chatom System consists of a 25 MMcf/d refrigeration processing plant, a 1,600 Bbl/d fractionation unit, a 160 long-ton per day sulfur recovery unit, and a 24 mile gas gathering system and compression capacity of 3,456 horsepower. The system is located in Washington County, Alabama, approximately 15 miles from our Bazor Ridge processing plant in Wayne County, Mississippi. The Chatom System gathers natural gas from onshore crude oil and natural gas wells in the Norphlet and Smackover formations in Alabama and Mississippi. Chatom also has a truck rack and the capability to receive and fractionate NGLs.

Bazor Ridge System

The Bazor Ridge gathering and processing system consists of approximately 169 miles of pipeline, with diameters ranging from three to eight inches, and three compressor stations with a combined compression capacity of 1,069 horsepower. Our Bazor Ridge System is located in Jasper, Clarke, Wayne and Greene counties of Mississippi. The Bazor Ridge System also contains an idled sour natural gas treating and cryogenic processing plant located in Wayne County, Mississippi, with a design capacity of approximately 22 MMcf/d as well as four inlets and one discharge compressor with approximately 5,218 of combined horsepower. The natural gas supply for our Bazor Ridge System is derived primarily from rich natural gas produced from crude oil wells targeting the mature Upper Smackover formation. As of December 2016, the Bazor Ridge facility is exclusively used as a central gathering and compression facility and processing was re-routed to the Chatom System.

Glade Crossing

The Glade Crossing processing facility consists of a refrigeration unit, amine plant, and dehydration equipment with a design capacity of 10 MMcf/d. The facility is located near Laurel in Jones County, Mississippi.

American Panther System

The American Panther system is comprised of approximately 200 miles of crude oil, natural gas, and salt water onshore and offshore Gulf of Mexico pipelines. The system is located in Southern Louisiana and the Gulf of Mexico and has a natural gas design capacity of 475.0 MMcf/d and crude oil and saltwater capacity of 27.0 MBbl/d.

Other Gathering and Processing Systems

Gloria and Lafitte systems. The Gloria gathering system provides gathering and compression services through our assets, as well as processing services through our elective processing arrangements. The Gloria System is located in Lafourche, Jefferson, Plaquemines, St. Charles and St. Bernard parishes of Louisiana and consists of approximately 138 miles of pipeline, with diameters ranging from three to 16 inches, and four compressors with a combined size of 2,962 horsepower. The Gloria System may experience excess volumes from our Lafitte system. The Lafitte gathering system consists of approximately 40 miles of gathering pipeline, with diameters ranging from four to 12 inches and a design capacity of approximately 71 MMcf/d. The Lafitte System originates onshore in southern Louisiana and terminates in Plaquemines Parish, Louisiana, at the Alliance Refinery owned by Phillips 66. We are the sole supplier of natural gas to the Alliance Refinery through our Lafitte and Gloria systems. We supply natural gas to the Alliance Refinery pursuant to a long-term contract that expires in 2026.

Quivira and Burns Point Systems. The Quivira gathering system consists of approximately 34 miles of pipeline, with a 12-inch diameter mainline and several laterals ranging in diameter from six to eight inches. The system originates offshore of Iberia and St. Mary parishes of Louisiana in Eugene Island Block 24 and terminates onshore in St. Mary Parish, Louisiana, at a connection with the Burns Point Plant, a cryogenic processing plant with a design capacity of 165 MMcf/d that is jointly owned by us and the plant operator, Enterprise Gas Processing, LLC ("Enterprise"). We hold a 50% undivided, non-operated interest in the Burns Point Plant. We acquired an interest in the asset group and not in a legal entity. We and Enterprise are proportionately liable for the liabilities. Outside of the rights and responsibilities of the operator, we and Enterprise have equal rights and obligations to the assets. Significant non-capital and maintenance capital expenditures, plant expansions and significant plant dispositions require the approval of both owners.

Offshore Texas System. The Offshore Texas System consists of the GIGS and Brazos systems, which have approximately 56 miles of pipeline with diameters ranging from six to 16 inches and a design capacity of approximately 100 MMcf/d. The Offshore Texas System is in a position to provide gathering and dehydration services to natural gas producers in the shallow waters of the Gulf of Mexico offshore Texas. As of December 31, 2016, the offshore pipe on both systems has been abandoned, and the onshore pipe is out of service.

Mesquite

We own a 48.4% non-operated interest in Mesquite, a joint venture with EnLink Midstream located near Midland, Texas. The Mesquite facility includes a rail terminal, 5,000 Bbl/d condensate stabilization facility and 5,000 Bbl/d fractionation unit that facilitates the receipt, treatment and sale of off-spec condensate and NGLs via pipeline, truck and rail.

Customers and Contracts

For the year ended December 31, 2016 , our Gathering and Processing segment derived 11% of its revenue from ConocoPhillips. For the year ended December 31, 2015 , our Gathering and Processing segment derived 12% of its revenue from both ConocoPhillips and Penn Virginia, respectively. With respect to our Gathering and Processing segment, substantially all of the natural gas produced on our Lavaca System is gathered for Penn Virginia Corporation. Our contract with Penn Virginia Corporation expires in 2039. On our Gloria and Lafitte systems, we have a buy/sell agreement whereby most of the natural gas is sold to ConocoPhillips for use at the Alliance Refinery in Plaquemines Parish, Louisiana, under a contract that expires in 2026. Standard & Poor's Financial Services LLC ("Standard & Poor's") rated ConocoPhillips as "A-" and Moody's Investor Service ("Moody's") rated Penn Virginia as "D-PD" during 2016.

Transmission Segment

General

Our Transmission segment is comprised of interstate and intrastate pipelines that transport natural gas from interconnection points on other large pipelines or production points to customers, such as local distribution companies ("LDCs"), electric utilities, direct-served industrial complexes, or to interconnects on other pipelines. Certain of our pipelines are subject to regulation by FERC and by state regulators. In this segment, we often enter into firm transportation contracts with our shipper customers to transport natural gas sourced from large interstate or intrastate pipelines. Our Transmission segment assets are located in multiple parishes in Louisiana, including onshore and offshore producing regions around southeast Louisiana, and multiple counties in Mississippi, Alabama and Tennessee.

The following table provides information regarding our Transmission segment assets for the years ended December 31, 2016 and 2015 .

	Approximate Transmission System (Miles)	Jurisdiction	Compression (Horsepower)	Approximate Design Capacity (MMcf/d)	Approximate Average Throughput (MMcf/d) Years Ended December 31, 2016	2015
Transmission						
High Point	574	Intrastate	—	1,120	318.7	371.6
Midla/MLGT (1)	424	Interstate/Intrastate	2,905	—	145.3	139.7
AlaTenn/Bamagas/TriGas	346	Interstate/Intrastate	3,665	710	204.7	182.7
Chalmette	39	Intrastate	—	125	14.6	14.6
Total	1,383		6,570	1,955	683.3	708.6

(1) We filed for abandonment in December 2016 .

High Point System

The High Point System consists of approximately 574 miles of natural gas and liquids pipeline assets located in southeast Louisiana and the shallow water and deep shelf Gulf of Mexico. The High Point System gathers natural gas from both onshore and offshore producing regions around southeast Louisiana. The onshore footprint is Plaquemines and St. Bernard Parish, Louisiana. The offshore footprint consists of the following federal Gulf of Mexico zones: Mississippi Canyon, Viosca Knoll, West Delta, Main Pass, South Pass and Breton Sound. Natural gas is collected at more than 63 receipt points that connect to hundreds of wells targeting various geological zones in water depths up to 1,000 feet, with an emphasis on crude oil and liquids-rich reservoirs. The High Point System is comprised of FERC-regulated transmission assets and non-jurisdictional gathering assets, both of which accept natural gas from well production and interconnected pipeline systems. The High Point System delivers the natural gas to the Toca Gas Processing Plant, which is operated by Enterprise, where the products are processed and the residue gas is sent to an unaffiliated interstate system owned by Kinder Morgan Energy Partners.

Midla and MLGT Systems

Our Midla System is an interstate natural gas pipeline with approximately 355 miles of pipeline linking the Monroe Natural Gas Field in northern Louisiana and interconnections with the Transco Pipeline System to customers in Mississippi and Louisiana.

The northern portion of the system, including the T-32 lateral, consists of approximately four miles of high-pressure, 12-inch-diameter pipeline. Natural gas on the northern end of the Midla System is delivered to two power plants operated by Entergy by way of the T-32 lateral and the CLECO Sterlington plant by way of the Sterlington lateral. In addition, the new Angus Chemical market will be connected on the T-32 system in the first half of 2017, increasing the load by approximately 7,000 mcf/d.

The mainline consists of approximately 170 miles of low-pressure, 22-inch-diameter pipeline with laterals ranging in diameter from two to 16 inches. This section of the Midla System primarily serves small local distribution companies or LDCs under firm transportation contracts that automatically renew on a year-to-year basis. Substantially all of these contracts are at the maximum rates allowed under Midla's FERC tariff.

The southern portion of the system, including associated laterals, consists of approximately two miles of high and low-pressure, 12-inch-diameter pipeline. This section of the system primarily serves industrial and LDC customers in southern Louisiana.

The MLGT System is an intrastate transmission system that sources natural gas from interconnects with the FGT Pipeline system, the Tetco Pipeline system, the Transco Pipeline system and the Gulf South Pipeline to various markets including a Baton Rouge, Louisiana refinery owned and operated by ExxonMobil Corporation, several other industrial customers and Entergy. Our MLGT System is comprised of approximately 65 miles of pipeline with diameters ranging from three to 14 inches. The MLGT System is connected to six receipt and 28 delivery points.

On April 16, 2015, the FERC approved the Midla Agreement between Midla and its customers allowing Midla to retire the existing 1920's pipeline and replace the existing natural gas service with the new Midla-Natchez Line to serve existing residential, commercial, and industrial customers. Under the Midla Agreement, customers not served by the new Midla-Natchez Line will be connected to other interstate or intrastate pipelines, other gas distribution systems, or offered conversion to propane service. On June 29, 2015, the Partnership filed for authorization to construct the Midla-Natchez pipeline with the FERC, which was approved on December 17, 2015. Construction commenced in the second quarter of 2016 with service expected to begin in the first half of 2017. Under the Midla Agreement, Midla has executed long-term agreements seeking to recover its investment in the Midla-Natchez Line.

AlaTenn/Bamagas/Trigas

AlaTenn System . The AlaTenn System is a FERC-regulated interstate natural gas pipeline that interconnects with three major interstate pipelines and travels west to east delivering natural gas to industrial customers in northwestern Alabama. In addition, the AlaTenn System serves numerous loads via North Alabama Gas District, as well as Alabama municipalities such as the cities of Athens, Hartselle, Sheffield, and Huntsville. Our AlaTenn System has a design capacity of approximately 200 MMcf/d and is comprised of approximately 294 miles of pipeline with diameters ranging from three to 16 inches and includes two compressor stations with combined capacity of 3,665 horsepower. The AlaTenn System is connected to over 60 active delivery and four receipt points, including two interconnects with the Tennessee Gas Pipeline ("TGP") system, an interstate pipeline owned by Kinder Morgan, the Tetco Pipeline system, an interstate pipeline owned by Spectra Energy Transmission, LLC, and the Columbia Gulf Pipeline system, an interstate pipeline owned by NiSource Gas Transmission and Storage. In mid-2017, AlaTenn will connect with the Southern Natural Gas system, an interstate pipeline owned by Kinder Morgan, which will provide access to new markets.

Bamagas System . Our Bamagas System is a Hinshaw intrastate natural gas pipeline that travels west to east from an interconnection point with TGP in Colbert County, Alabama, to two power plants in Morgan County, Alabama. The Bamagas System consists of 52 miles of high-pressure, 30-inch pipeline with a design capacity of approximately 450 MMcf/d. Currently, 100% of the throughput on this system is contracted under long-term firm transportation agreements.

Trigas System . Our Trigas System is located in three counties in northwestern Alabama and has approximate design capacity of 60 MMcf/d. Our Trigas System currently serves primarily industrial loads.

Chalmette System . The Chalmette System is located in St. Bernard Parish, Louisiana. The approximate design capacity for the Chalmette System is 125 MMcf/d.

Customers

In our Transmission segment, we contract with LDCs, electric utilities, or direct-served industrial complexes, or to interconnections on other large pipelines, to provide firm and interruptible transportation services.

For our Midla and AlaTenn systems, and a portion of our High Point systems, which are interstate natural gas pipelines, the maximum and minimum rates for services are governed by each individual system's FERC-approved tariff. In some cases, with FERC approval, we can have rates or certain other terms that are different from those generally provided for in the FERC tariff. For our Bamagas and MLGT systems, which are intrastate pipelines providing interstate services under the Hinshaw exemption of the Natural Gas Act ("NGA"), we negotiate service rates with each of our shipper customers.

For our High Point systems, we have interruptible transportation contracts in place with various customers operating in both onshore and offshore producing regions around southeast Louisiana. During 2015, we converted a fixed-margin arrangement on our MLGT System to an interruptible transportation contract, which has reduced the amount of natural gas that we purchase and sell.

Superior Natural Gas Corporation and ConocoPhillips are the two largest purchasers of natural gas and transmission capacity in our Transmission segment and accounted for approximately 14% and 13% , respectively, of our segment revenue for the year ended December 31, 2016 . For the year ended December 31, 2015 , Superior Natural Gas Corporation and Enbridge Marketing (US) L.P. accounted for approximately 19% and 16% , respectively, of our segment revenue. The majority of our firm and interruptible transportation contracts in the Transmission segment are evergreen contracts. Standard & Poor's rated ConocoPhillips as "A-" and Superior as "BB-" during 2016.

Terminals Segment

General

Our Terminals segment consists of approximately 2.4 million barrels of storage capacity across three marine terminal sites located in Westwego, Louisiana; Brunswick, Georgia; and Harvey, Louisiana. Our Terminals segment provides above-ground storage services at our marine terminals that support various commercial customers, including commodity brokers, refiners, and chemical manufacturers, to store a range of products, including petroleum products, distillates, chemicals and agricultural products.

The following table provides information regarding our Terminals segment assets for the years ended December 31, 2016 and 2015 .

				Storage Utilization (%)	
	As of December 31, 2016			As of December 31,	
Terminals	**Number of Tanks**	**Approximate Contracted Capacity (Bbls)**	**Approximate Design Capacity (Bbls)**	**2016**	**2015**
Westwego	48	957,800	1,044,600	91.7%	93.9%
Brunswick	5	221,000	221,000	100.0%	100.0%
Harvey	34	1,115,000	1,135,200	98.2%	72.9%
Total	87	2,293,800	2,400,800	95.5%	88.4%

Westwego Terminal Operations

The Westwego Terminal site consists of 48 above-ground storage tanks with a combined capacity of 1,044,600 barrels. Our operations support many different commercial customers, including commodity brokers, refiners and chemical manufacturers. Our location within the Port of New Orleans, the warehousing and international distribution attributes this location provides, along with our broad customer base, contributes to the potential diversity of the products customers may want stored in our terminal. The products will generally fall into two broad categories: chemical and agricultural.

Our income from the Westwego Terminal is derived from storage capacity contracts, throughput charges for receipt and delivery of our customers' products; and other services requested by our customers, such as blending services. The terms of our storage capacity contracts range from month-to-month to multiple years, with renewal options.

At the Westwego Terminal, we generally receive our customers' liquid product by river vessel at our Mississippi River dock and by railcar. The product is transferred from the river vessels and railcars to the specified storage tank via the terminal's internal pipeline system. The customer's product is removed from storage at our terminal by truck, railcar and/or water vessel. The length of time that the customer's product is held in storage without transfer varies depending upon the customer's needs.

Brunswick Terminal Operations

The Brunswick Terminal site consists of one 60,000-barrel above-ground storage tank, two 80,000-barrel above-ground storage tanks and two 500-barrel above-ground storage tanks with a combined capacity of 221,000 barrels. The Brunswick Terminal is currently leasing land from the Georgia Ports Authority pursuant to a lease that is in effect until April 2026.

This terminal is ideally suited to serve petroleum, chemical and agricultural customers who need deep-water access and distribution in the southeastern United States. Income from the Brunswick Terminal is derived from storage capacity contracts, throughput charges for receipt and delivery of our customers' products and other services requested by our customers, such as blending services. The terms of our storage capacity contracts will range from month-to-month to multiple years, with renewal options.

At the Brunswick Terminal, we offer product transfer via river vessel, railcar and bulk-liquid carrying truck. At the Brunswick Terminal, the customer's liquid product is received by barge or ship at the dock. The product is transferred from barges or ships to the storage tank via the terminal's internal pipeline system. The customer's product is removed from storage at our terminal by truck, railcar and/or barge or ship. The length of time that the customer's product is to be held in storage without transfer will vary depending on the customer's needs.

Harvey Terminal Operations

The Harvey Terminal is located on 56 acres on the west bank of the Mississippi River in the Port of New Orleans and equipped to handle a wide variety of petroleum and chemical products. Terminal storage operations at the Harvey Terminal commenced in July 2014 and currently consists of 34 above-ground storage tanks with a combined capacity of approximately 1,135,200 barrels. The Harvey Terminal is a full-service storage site, including 3,000 feet of rail track that can accommodate up to 50 cars and a two bay semi-automated truck loading facility. The ship dock does not allow for transfer of railcar or a tank truck. When fully developed, the Harvey Terminal has the potential to provide more than 2 million barrels of storage capacity.

Customers

In our Terminals segment, we generally receive fee-based compensation on guaranteed firm storage contracts and throughput fees charged to our customers when their products are either received or disbursed along with other operational charges associated with ancillary services provided to our customers, such as excess throughput and truck weighing. The terms of our firm storage contracts are multiple years, with renewal options.

PBF Holding Company LLC and Occidental Chemical Corporation are the two largest customers in our Terminals segment and accounted for approximately 17% and 23% respectively, of our segment revenue for the year ended December 31, 2016 . Occidental Chemical Corporation and Monsanto Company accounted for approximately 21% and 13% , respectively, of our segment revenue for the year ended December 31, 2015. As of December 31, 2016 , the weighted-average remaining life of our guaranteed firm storage contracts in the Terminals segment is approximately 1.04 years. Standard & Poor's rated PBF Holding Company as "BB" and Moody's rated Occidental Petroleum (Occidental Chemical Corporation's parent company) as "A3" during 2016.

Investment in Unconsolidated Affiliates

Delta House

We own a 20.1% direct and indirect non-operating interests in Class A Units of Delta House. Delta House is a semi-submersible floating production system (“FPS”) with associated crude oil and natural gas export pipelines located in the Mississippi Canyon region of the deepwater Gulf of Mexico. The FPS receives raw production from deepwater wells, which includes a mixture of crude oil, natural gas, and produced water, and separates the production into its components. The separated crude oil and natural gas pressures are increased, creating pipeline quality crude oil and natural gas that flows into the respective crude oil and natural gas export pipelines. Delta House is operated by LLOG Exploration Offshore, LLC ("LLOG Exploration") and has nameplate processing capacity of 80,000 Bbl/d and 200 MMcf/d and peak processing capacity of 100,000 Bbl/d and 240 MMcf/d.

Main Pass Oil Gathering System

We own a 66.7% non-operated interested in MPOG, a crude oil gathering system located offshore the Southeast coast of Louisiana in the Gulf of Mexico. The approximately 100 mile system has a total design capacity of approximately 160,000 Bbl/d and is currently operated by Panther Operating Companies, LLC, a subsidiary of the minority interest owner, Panther Asset Management, LLC.

Okeanos

We own a 66.7% operated interest in Okeanos, a 100-mile natural gas gathering system located in the Gulf of Mexico with a total capacity of 1.0 Bcf/d. The Okeanos pipeline connects two platforms and one lateral, terminating at the Destin Main Pass 260 platform in the Mississippi Canyon region of the Gulf of Mexico. Contracted volumes on the Okeanos pipeline are based on life-of-field dedication.

Destin

We own a 49.7% operated interest in Destin, a FERC-regulated, 255-mile natural gas transportation system with total capacity of 1.2 Bcf/d. The system originates offshore in the Gulf of Mexico and includes connections with four producing platforms, and six producer-operated laterals, including Delta House. The 120-mile offshore portion of the Destin system terminates at the Pascagoula processing plant, owned by Enterprise Products Partners, LP, and is the single source of raw natural gas to the plant. The onshore portion of Destin is the sole delivery point for merchant-quality gas from the Pascagoula processing plant and extends 135 miles north in Mississippi. Destin currently serves as the primary transfer of gas flows from the Barnett and Haynesville shale plays to Florida markets through interconnections with major interstate pipelines. Contracted volumes on the Destin pipeline are based on life-of-field dedication, dedicated volumes over a given period, or interruptible volumes as capacity permits.

Wilprise

We own a 25.3% non-operated interest in Wilprise, a FERC-regulated, approximately 30-mile NGL pipeline that originates at the Kenner Junction and terminates in Sorrento, Louisiana, where volumes flow via pipeline to a Baton Rouge fractionator.

Tri-States

We own a 16.7% non-operated interest in Tri-States, a FERC-regulated, 161-mile NGL pipeline and sole form of transport to Louisiana-based fractionators for NGLs produced at the Pascagoula plant served by Destin and other facilities.

Competition

The natural gas gathering, compression, treating and transportation business is very competitive. Our competitors in our Gathering and Processing segment include other midstream companies, producers, intrastate and interstate pipelines. Competition for natural gas volumes is primarily based on reputation, commercial terms, reliability, service levels, location, available capacity, capital expenditures and fuel efficiencies. Our major competitors in this segment include DCP Midstream LLC; Enbridge Energy Partners; LP; Energy Transfer Partners, L.P.; EnLink NGL Marketing, L.P.; Kinder Morgan Energy Partners, and Midcoast Energy Partners.

Competition is often the greatest in geographic areas experiencing robust drilling by producers and during periods of high commodity prices for natural gas, crude oil and/or NGLs. Competition is also increased in those geographic areas where our commercial contracts with our customers are shorter term and therefore must be renegotiated on a more frequent basis.

In our Transmission segment, we compete with other pipelines that serve regional markets, specifically in our Baton Rouge market. An increase in competition could result from new pipeline installations or expansions of existing pipelines. Competitive factors include the commercial terms, available capacity, fuel efficiencies, the interconnected pipelines and natural gas quality issues. Our major competitors for this segment are Columbia Gulf Transmission Company; EnLink NGL Marketing, L.P.; Enterprise Gas Processing, LLC; Gulf South Pipeline Company, LP; Southern Natural Gas Company; Tennessee Gas Pipeline Company, LLC, and Texas Eastern Pipeline.

In our Terminals segment, we compete with a number of existing storage facilities within the New Orleans to Baton Rouge, Louisiana refining and manufacturing corridor, the southeast USA and the Florida and Georgia area. Our major competitors for this segment are International-Matex Tank Terminals; Kinder Morgan Energy Partners; LBC Tank Terminals; Royal Vopak; Stolt-Nielsen Limited, and Westway Terminals Company LLC.

Other Segment Information

For additional information on our segments, including revenues from customers, profit or loss and total assets, please see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 15. "Exhibits and Financial Statement Schedules."

Safety and Maintenance

We are subject to regulation by the Pipeline and Hazardous Materials Safety Administration ("PHMSA") pursuant to the Natural Gas Pipeline Safety Act of 1968 ("NGPSA"), and by the Pipeline Safety Improvement Act of 2002 ("PSIA"), which was reauthorized and amended by the Pipeline Inspection, Protection, Enforcement and Safety Act of 2006. The NGPSA regulates safety requirements in the design, construction, operation and maintenance of gas pipeline facilities, while the PSIA establishes mandatory inspections for all U.S. crude oil and natural gas transportation pipelines and some gathering lines in high-consequence areas. The PHMSA has developed regulations implementing the PSIA that require transportation pipeline operators to implement integrity management programs, including more frequent inspections and other measures to ensure pipeline safety in "high-consequence areas," such as high population areas. The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, which became law in January 2012, increases the penalties for safety violations, establishes additional safety requirements for newly constructed pipelines and requires studies of safety issues that could result in the adoption of new regulatory requirements for existing pipelines. The PHMSA issued a final rule applying safety regulations to certain rural low-stress hazardous liquid pipelines that were not covered previously by some of its safety regulations. We believe that this rule does not apply to any of our pipelines. PHMSA issued, but has yet to publish, its final rule for hazardous liquids pipelines on January 13, 2017. That rule extends regulatory reporting requirements to all liquid gathering lines, requires additional event-driven and periodic inspections, requires use of leak detection systems on all hazardous liquid pipelines, modifies repair criteria, and requires certain pipelines to eventually accommodate inline inspection tools. It is unclear when or if this rule will go into effect as, on January 20, 2017, the Trump Administration directed that all regulations that had been sent to the Office of the Federal Register, but not yet published, be immediately withdrawn for further review. In March 2016, PHMSA published a notice of proposed rulemaking regarding natural gas pipelines that would amend existing integrity management requirements, expand assessment and repair requirements to pipelines in areas with medium population densities, and extend regulatory requirements to onshore gas gathering lines that are currently exempt. While we cannot predict the outcome of these legislative or regulatory initiatives, such legislative and regulatory changes could have a material effect on our operations, particularly by extending more stringent and comprehensive safety regulations (such as integrity management requirements) to pipelines not previously subject to such requirements. While we expect any legislative or regulatory changes to allow us time to become compliant with new requirements, costs associated with compliance may have a material effect on our operations. We cannot predict with any certainty at this time the terms of any new laws or rules or the costs of compliance associated with such requirements.

We regularly inspect our pipelines, and third parties assist us in interpreting the results of the inspections.

States are largely preempted by federal law from regulating pipeline safety for interstate lines, but most states are certified by the U.S. Department of Transportation ("DOT") to assume responsibility for enforcing federal intrastate pipeline regulations and inspection of intrastate pipelines. In practice, because states can adopt stricter standards for intrastate pipelines than those imposed by the federal government for interstate lines, states vary considerably in their authority and capacity to address pipeline safety. These state crude oil and gas standards may include requirements for facility design and management in addition to requirements for pipelines. We do not anticipate any significant difficulty in complying with applicable state laws and regulations. Our natural gas pipelines have continuous inspection and compliance programs designed to keep the facilities in compliance with pipeline safety and pollution control requirements.

In addition, we are subject to a number of federal and state laws and regulations, including the federal Occupational Safety and Health Act ("OSHA"), and comparable state statutes, the purposes of which are to protect the health and safety of workers, both generally and within the pipeline industry. In addition, the OSHA hazard communication standard, the Environmental Protection Agency ("EPA"), community right-to-know regulations under Title III of the federal Superfund Amendment and Reauthorization Act (Superfund") and comparable state statutes require that information be maintained concerning hazardous materials used or produced in our operations and that such information be provided to employees, state and local government authorities, and citizens. We and the entities in which we own an interest are also subject to OSHA Process Safety Management ("PSM") regulations, which are designed to prevent or minimize the consequences of catastrophic releases of toxic, reactive, flammable or explosive chemicals. We have an internal program of inspection designed to monitor and enforce compliance with worker safety requirements. We believe that we are in material compliance with all applicable laws and regulations relating to worker health and safety, Superfund and PSM.

We and the entities in which we own an interest are subject to:

- EPA Chemical Accident Prevention Provisions, also known as the Risk Management Plan requirements, which are designed to prevent the accidental release of toxic, reactive, flammable or explosive materials; and
- Department of Homeland Security Chemical Facility Anti-Terrorism Standards, which are designed to regulate the security of high-risk chemical facilities.

Regulation of Operations

Regulation of pipeline gathering and transportation services, natural gas sales and transportation of NGLs may affect certain aspects of our business and the market for our products and services.

Regulation of our terminals require us to maintain and currently hold approvals and permits from federal, state and local regulatory agencies for air quality and water discharge, as well as standard local occupational licenses.

Interstate Natural Gas Pipeline Regulation

Our interstate natural gas transportation systems are subject to the jurisdiction of FERC pursuant to the NGA. Under the NGA, FERC has authority to regulate natural gas companies that provide natural gas pipeline transportation services in interstate commerce. Federal regulation of our interstate pipelines extends to such matters as:

- rates, services, and terms and conditions of service;
- the types of services offered to customers;
- the certification and construction of new facilities;
- the acquisition, extension, disposition or abandonment of facilities;
- the maintenance of accounts and records;
- relationships between affiliated companies involved in certain aspects of the natural gas business;
- the initiation and discontinuation of services;
- market manipulation in connection with interstate sales, purchases or transportation of natural gas and NGLs; and
- participation by interstate pipelines in cash management arrangements.

Under the NGA, the rates for service on these interstate facilities must be just and reasonable and not unduly discriminatory.

The rates and terms and conditions for our interstate pipeline services are set forth in FERC-approved tariffs. Pursuant to FERC's jurisdiction over rates, existing rates may be challenged by complaint and proposed rate increases may be challenged by protest. Any successful complaint or protest against our rates could have an adverse impact on our revenue associated with providing transportation service.

In 2008, FERC issued Order No. 717, a final rule that implements standards of conduct that include three primary rules: (1) the "independent functioning rule," which requires transmission function and marketing function employees to operate independently of each other; (2) the "no-conduit rule," which prohibits passing transmission function information to marketing function employees; and (3) the "transparency rule," which imposes posting requirements to help detect any instances of undue preference. The FERC has since issued four rehearing orders that generally reaffirmed the determinations in Order No. 717 and also clarified certain provisions of the Standards of Conduct.

In April 2008, the FERC issued a Policy Statement regarding the composition of proxy groups for determining the appropriate return on equity for natural gas and crude oil pipelines using FERC's Discounted Cash Flow ("DCF") model for setting cost-of-service or recourse rates. In the policy statement, FERC concluded, among other matters that Master Limited Partnerships ("MLPs") should be included in the proxy group used to determine return on equity for both natural gas and crude oil pipelines, but the long-term growth component of the DCF model should be limited to fifty percent of long-term gross domestic product. The adjustment to the long-term growth component, and all other things being equal, results in lower returns on equity than would be calculated without the adjustment. However, the actual return on equity for our interstate pipelines will depend on the specific companies included in the proxy group and the specific conditions at the time of the future rate case proceeding.

In July 2016, the D.C. Circuit issued its opinion in *United Airlines, Inc., et al.v. FERC* , finding that FERC had acted arbitrarily and capriciously when it failed to demonstrate that permitting an interstate petroleum products pipeline organized as a limited partnership to include an income tax allowance in the cost of service underlying its rates in addition to the discounted cash flow return on equity would not result in the pipeline partnership owners double-recovering their income taxes. The court vacated FERC’s order and remanded to FERC to consider mechanisms for demonstrating that there is no double recovery as a result of the income tax allowance. On December 15, 2016, FERC issued a Notice of Inquiry seeking comment on how to address any double recovery resulting from income tax allowance policy. The ultimate outcome of this proceeding is not certain and could result in changes going forward to FERC’s treatment of income tax allowances in the cost of service or to the discounted cash flow return on equity. Depending upon the resolution of these issues, the cost of service rates of our interstate natural gas pipelines could be affected to the extent they propose new rates or changes to their existing rates or if their rates are subject to complaint or challenged by FERC.

Section 311 Pipelines

Intrastate transportation of natural gas is largely regulated by the state in which such transportation takes place. To the extent that our intrastate natural gas transportation systems transport natural gas in interstate commerce without an exemption under the NGA, the rates, terms and conditions of such services are subject to FERC jurisdiction under Section 311 of the Natural Gas Policy Act, or NGPA, and Part 284 of the FERC's regulations. Pipelines providing transportation service under Section 311 are required to provide services on an open and nondiscriminatory basis. The NGPA regulates, among other things, the provision of transportation services by an intrastate natural gas pipeline on behalf of a local distribution company or an interstate natural gas pipeline. The rates, terms and conditions of some transportation services provided on our Section 311 pipeline systems are subject to FERC regulation pursuant to Section 311 of the NGPA. Under Section 311, rates charged for intrastate transportation must be fair and equitable, and amounts collected in excess of fair and equitable rates are subject to refund with interest. The terms and conditions of service set forth in the intrastate facility's statement of operating conditions are also subject to FERC's review and approval. Should the FERC determine not to authorize rates equal to or greater than our currently approved Section 311 rates, our business may be adversely affected. Failure to observe the service limitations applicable to transportation and storage services under Section 311, failure to comply with the rates approved by the FERC for Section 311 service, and failure to comply with the terms and conditions of service established in the pipeline's FERC-approved statement of operating conditions could result in alteration of jurisdictional status, and/or the imposition of administrative, civil and criminal remedies.

Hinshaw Pipelines

Intrastate natural gas pipelines are defined as pipelines that operate entirely within a single state, and generally are not subject to FERC's jurisdiction under the NGA. Hinshaw pipelines, by definition, also operate within a single state, but can receive gas from outside their state without becoming subject to FERC's NGA jurisdiction. Specifically, Section 1(c) of the NGA exempts from the FERC's NGA jurisdiction those pipelines that transport gas in interstate commerce if (1) they receive natural gas at or within the boundary of a state, (2) all the gas is consumed within that state and (3) the pipeline is regulated by a state commission. Following the enactment of the NGPA, the FERC issued Order No. 63 authorizing Hinshaw pipelines to apply for authorization to transport natural gas in interstate commerce in the same manner as intrastate pipelines operating pursuant to Section 311 of the NGPA. Hinshaw pipelines frequently operate pursuant to blanket certificates to provide transportation and sales service under the FERC's regulations.

Historically, FERC did not require intrastate and Hinshaw pipelines to meet the same rigorous transactional reporting guidelines as interstate pipelines. However, as discussed below, in 2010 the FERC issued Order No. 735, which increases FERC regulation of certain intrastate and Hinshaw pipelines. See "Market Behavior Rules; Posting and Reporting Requirements."

Gathering Pipeline Regulation

Section 1(b) of the NGA exempts natural gas gathering facilities from the jurisdiction of FERC. However, some of our natural gas gathering activity is subject to Internet posting requirements imposed by FERC as a result of FERC's market transparency initiatives. We believe that our natural gas pipelines meet the traditional tests that FERC has used to determine that a pipeline is a gathering pipeline and is, therefore, not subject to FERC jurisdiction. The distinction between FERC-regulated transmission services and federally unregulated gathering services, however, is the subject of substantial, on-going litigation, so the classification and regulation of our gathering facilities are subject to change based on future determinations by FERC, the courts or Congress. State regulation of gathering facilities generally includes various safety, environmental and, in some circumstances, nondiscriminatory take requirements and complaint-based rate regulation. In recent years, FERC's efforts to promote open access, transparency, and the unbundling of interstate pipeline services has prompted a number of interstate pipelines to transfer their non-jurisdictional gathering facilities to unregulated affiliates. As a result of these activities, natural gas gathering may begin to receive greater regulatory scrutiny at both the state and federal levels. Our natural gas gathering operations could be adversely affected should they be subject to more stringent application of state or federal regulation of rates and services. Our natural gas gathering operations also may be or become subject to additional safety and operational regulations relating to the design, installation, testing, construction, operation, replacement and management of gathering facilities. Additional rules and legislation pertaining to these matters are considered or adopted from time to time. We cannot predict what effect, if any, such changes might have on our operations, but the industry could be required to incur additional capital expenditures and increased costs depending on future legislative and regulatory changes.

Our natural gas gathering operations are subject to ratable take and common purchaser statutes in most of the states in which we operate. These statutes generally require our gathering pipelines to take natural gas without undue discrimination as to source of supply or producer. These statutes are designed to prohibit discrimination in favor of one producer over another producer or one source of supply over another source of supply. The regulations under these statutes can have the effect of imposing some restrictions on our ability as an owner of gathering facilities to decide with whom we contract to gather natural gas. The states in which we

operate have adopted a complaint-based regulation of natural gas gathering activities, which allows natural gas producers and shippers to file complaints with state regulators in an effort to resolve grievances relating to gathering access and rate discrimination. We cannot predict whether such a complaint will be filed against us in the future. Failure to comply with state regulations can result in the imposition of administrative, civil and criminal remedies. To date, there has been no adverse effect to our system due to these regulations.

Market Behavior Rules; Posting and Reporting Requirements

On August 8, 2005, Congress enacted the Energy Policy Act of 2005, ("EP Act 2005"). Among other matters, the EP Act 2005 amended the NGA to add an anti-manipulation provision that makes it unlawful for any entity to engage in prohibited behavior in contravention of rules and regulations to be prescribed by FERC and, furthermore, provides FERC with additional civil penalty authority. On January 19, 2006, FERC issued Order No. 670, a rule implementing the anti-manipulation provision of the EP Act 2005, and subsequently denied rehearing. The rules make it unlawful for any entity, directly or indirectly in connection with the purchase or sale of natural gas subject to the jurisdiction of FERC or the purchase or sale of transportation services subject to the jurisdiction of FERC to (1) use or employ any device, scheme or artifice to defraud; (2) to make any untrue statement of material fact or omit to make any such statement necessary to make the statements made not misleading; or (3) to engage in any act or practice that operates as a fraud or deceit upon any person. The new anti-manipulation rules apply to interstate gas pipelines and storage companies and intrastate gas pipelines and storage companies that provide interstate services, such as Section 311 service, as well as otherwise non-jurisdictional entities to the extent the activities are conducted "in connection with" gas sales, purchases or transportation subject to FERC jurisdiction. The new anti-manipulation rules do not apply to activities that relate only to intrastate or other non-jurisdictional sales or gathering, but only to the extent such transactions do not have a "nexus" to jurisdictional transactions. The EP Act 2005 also amends the NGA and the NGPA to give FERC authority to impose civil penalties for violations of these statutes, up to $1,000,000 per day per violation for violations occurring after August 8, 2005. This maximum penalty authority established by statute will continue to be adjusted periodically for inflation. In connection with this enhanced civil penalty authority, FERC issued a policy statement on enforcement to provide guidance regarding the enforcement of the statutes, orders, rules and regulations it administers, including factors to be considered in determining the appropriate enforcement action to be taken. Should we fail to comply with all applicable FERC-administered statutes, rule, regulations and orders, we could be subject to substantial penalties and fines.

The EP Act of 2005 also added a section 23 to the NGA authorizing the FERC to facilitate price transparency in markets for the sale or transportation of physical natural gas in interstate commerce. In 2007, FERC took steps to enhance its market oversight and monitoring of the natural gas industry by issuing several rulemaking orders designed to promote gas price transparency and to prevent market manipulation. In December 2007, FERC issued a final rule on the annual natural gas transaction reporting requirements, as amended by subsequent orders on rehearing, or Order No. 704. Order No. 704 requires buyers and sellers of annual quantities of natural gas of 2,200,000 MMBtu or more, including entities not otherwise subject to FERC jurisdiction, to submit on May 1 of each year an annual report to FERC describing their aggregate volumes of natural gas purchased or sold at wholesale in the prior calendar year to the extent such transactions utilize, contribute to or may contribute to the formation of price indices. Order No. 704 also requires market participants to indicate whether they report prices to any index publishers and, if so, whether their reporting complies with FERC's policy statement on price reporting. In June 2010, the FERC issued the last of its three orders on rehearing further clarifying its requirements.

In May 2010, the FERC issued Order No. 735, which requires intrastate pipelines providing transportation services under Section 311 of the NGPA and Hinshaw pipelines operating under Section 1(c) of the NGA to report on a quarterly basis more detailed transportation and storage transaction information, including: rates charged by the pipeline under each contract; receipt and delivery points and zones or segments covered by each contract; the quantity of natural gas the shipper is entitled to transport, store, or deliver; the duration of the contract; and whether there is an affiliate relationship between the pipeline and the shipper. Order No. 735 further requires that such information must be supplied through a new electronic reporting system and will be posted on FERC's website, and that such quarterly reports may not contain information redacted as privileged. The FERC promulgated this rule after determining that such transactional information would help shippers make more informed purchasing decisions and would improve the ability of both shippers and the FERC to monitor actual transactions for evidence of market power or undue discrimination. Order No. 735 also extends the Commission's periodic review of the rates charged by the subject pipelines from three years to five years. Order No. 735 became effective on April 1, 2011. In December 2010, the Commission issued Order No. 735-A. In Order No. 735-A, the Commission generally reaffirmed Order No. 735 requiring section 311 and "Hinshaw" pipelines to report on a quarterly basis storage and transportation transactions containing specific information for each transaction, aggregated by contract.

In July 2010, for the first time the FERC issued an order finding that the prohibition against buy/sell arrangements applies to interstate open access services provided by Section 311 and Hinshaw pipelines. The FERC denied the numerous requests for rehearing of the July order. However, in October 2010, the FERC issued a Notice of Inquiry seeking public comment on the issue

of whether and how parties that hold firm capacity on some intrastate pipelines can allow others to use their capacity, including to what extent buy/sell transactions should permitted and whether the FERC should consider requiring such pipelines to offer capacity release programs. In the Notice of Inquiry, the FERC granted a blanket waiver regarding such transactions while the FERC is considering these policy issues. The comment period has ended but the FERC has not issued an order.

Offshore Natural Gas Pipelines

Our offshore natural gas gathering pipelines are subject to federal regulation under the Outer Continental Shelf Lands Act, which requires that all pipelines operating on or across the outer continental shelf provide open and nondiscriminatory access to shippers. From 1982 until 2012, the Minerals Management Service ("MMS"), of the U.S. Department of the Interior ("DOI"), was the federal agency that managed the nation's crude oil, natural gas, and other mineral resources on the outer continental shelf, which is all submerged lands lying seaward of state coastal waters which are under U.S. jurisdiction, and collected, accounted for, and disbursed revenues from federal offshore mineral leases. On June 18, 2010, the Minerals Management Service was renamed the Bureau of Ocean Energy Management, Regulation and Enforcement ("BOEMRE"). In October 2011, the BOEMRE was reorganized into and replaced by two separate agencies, the Bureau of Ocean Energy Management ("BOEM") and the Bureau of Safety and Environmental Enforcement ("BSEE"). The BOEM manages the exploration and development of the nation's offshore resources. BOEM seeks to appropriately balance economic development, energy independence, and environmental protection through crude oil and gas leases, renewable energy development and environmental reviews and studies. BSEE works to promote safety, protect the environment, and conserve resources offshore through vigorous regulatory oversight and enforcement.

Sales of Natural Gas and NGLs

The price at which we sell natural gas is not currently subject to federal rate regulation and, for the most part, is not subject to state regulation. However, with regard to our physical sales of these energy commodities, we are required to observe anti-market manipulation laws and related regulations enforced by the FERC and/or the Commodity Futures Trading Commission ("CFTC"), and the Federal Trade Commission ("FTC"). Should we violate the anti-market manipulation laws and regulations, we could also be subject to related third-party damage claims by, among others, sellers, royalty owners and taxing authorities.

Sales of NGLs are not currently regulated and are made at negotiated prices. Nevertheless, Congress could enact price controls in the future.

As discussed above, the price and terms of access to pipeline transportation are subject to extensive federal and state regulation. The FERC is continually proposing and implementing new rules and regulations affecting interstate natural gas pipelines and those initiatives may also affect the intrastate transportation of natural gas both directly and indirectly.

Environmental Matters

General

Our operation of pipelines, plants, terminals and other facilities for the gathering, compressing, treating and transporting of natural gas and other products is subject to stringent and complex federal, state and local laws and regulations relating to the protection of the environment. As an owner or operator of these facilities, we must comply with these laws and regulations at the federal, state and local levels. These laws and regulations can restrict or impact our business activities in many ways, such as:

- requiring the installation of pollution-control equipment or otherwise restricting the way we operate;
- limiting or prohibiting construction activities in sensitive areas, such as wetlands, coastal regions or areas inhabited by endangered or threatened species;
- delaying system modification or upgrades during permit reviews;
- requiring investigatory and remedial actions to mitigate pollution conditions caused by our operations or attributable to former operations; and
- enjoining the operations of facilities deemed to be in non-compliance with permits issued pursuant to such environmental laws and regulations.

Failure to comply with these laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties. Certain environmental statutes impose strict joint and several liability for costs required to clean up and restore sites where substances, hydrocarbons or wastes have been disposed or otherwise released. Moreover, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hazardous substances, hydrocarbons or other waste products into the environment.

The trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment, and thus, there can be no assurance as to the amount or timing of future expenditures for environmental compliance or remediation and actual future expenditures may be different from the amounts we currently anticipate. We try to anticipate future regulatory requirements that might be imposed and plan accordingly to remain in compliance with changing environmental laws and regulations and to minimize the costs of such compliance. We also actively participate in industry groups that help formulate recommendations for addressing existing or future regulations.

We do not believe that compliance with federal, state or local environmental laws and regulations will have a material adverse effect on our business, financial position or results of operations or cash flows. In addition, we believe that the various environmental activities in which we are presently engaged are not expected to materially interrupt or diminish our operational ability to gather, compress, treat and transport natural gas. We cannot assure, however, that future events, such as changes in existing laws or enforcement policies, the promulgation of new laws or regulations or the development or discovery of new facts or conditions will not cause us to incur significant costs. Below is a discussion of the material environmental laws and regulations that relate to our business. We believe that we are in substantial compliance with all of these environmental laws and regulations.

Hazardous Substances and Waste

Our operations are subject to environmental laws and regulations relating to the management and release of hazardous substances, solid and hazardous wastes and petroleum hydrocarbons. These laws generally regulate the generation, storage, treatment, transportation and disposal of solid and hazardous waste and may impose strict joint and several liability for the investigation and remediation of affected areas where hazardous substances may have been released or disposed. For instance, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), and comparable state laws impose liability, 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. We may handle hazardous substances within the meaning of CERCLA, or similar state statutes, in the course of our ordinary operations and, as a result, may be jointly and severally liable under CERCLA for all or part of the costs required to clean up sites at which these hazardous substances have been released into the environment.

We also generate industrial wastes that are subject to the requirements of the Resource Conservation and Recovery Act ("RCRA"), and comparable state statutes. While RCRA regulates both solid and hazardous wastes, it imposes strict requirements on the generation, storage, treatment, transportation and disposal of hazardous wastes. We generate little hazardous waste; however, it is possible that these wastes, which could include wastes currently generated during our operations, will in the future be designated as "hazardous wastes" and, therefore, be subject to more rigorous and costly disposal requirements. In December 2016, the EPA and environmental groups entered into a consent decree to address EPA’s alleged failure to timely assess its RCRA Subtitle D criteria regulations exempting certain exploration and production related oil and gas wastes from regulation as hazardous wastes under RCRA. The consent decree requires EPA to propose a rulemaking by March 2019 for revision of certain Subtitle D criteria regulations pertaining to oil and gas wastes or to sign a determination that revision of the regulations is not necessary. Any such changes in the laws and regulations could have a material adverse effect on our maintenance capital expenditures and operating expenses.

We currently own or lease properties where hydrocarbons are being or have been handled for many years. Although previous operators have utilized operating and disposal practices that were standard in the industry at the time, hydrocarbons or other wastes may have been disposed of or released on or under the properties owned or leased by us or on or under the other locations where these hydrocarbons and wastes have been transported for treatment or disposal. These properties and the wastes disposed thereon may be subject to CERCLA, RCRA and analogous state laws. Under these laws, we could be required to remove or remediate previously disposed wastes (including wastes disposed of or released by prior owners or operators), to clean up contaminated property (including contaminated soil and groundwater) or to perform remedial operations to prevent future contamination. We are not currently aware of any facts, events or conditions relating to such requirements that could materially impact our operations or financial condition.

Air Quality and Climate Change

Our operations are subject to the federal Clean Air Act and comparable state and local laws and regulations. These laws and regulations regulate emissions of air pollutants from various industrial sources, including our compressor stations and processing plants, and also impose various monitoring and reporting requirements. Such laws and regulations may require that we obtain pre-approval for the construction or modification of certain projects or facilities expected to produce or significantly increase air emissions, obtain and strictly comply with air permits containing various emissions and operational limitations and utilize specific emission control technologies to limit emissions. Failure to comply with applicable air statutes or regulations may lead to the assessment of administrative, civil or criminal penalties and may result in the limitation or cessation of construction or operation of certain air emission sources. Although we can give no assurances, we believe such requirements will not have a material adverse

effect on our financial condition or operating results, and the requirements are not expected to be more burdensome to us than to any similarly situated company. As the EPA issues new, lower National Ambient Air Quality Standards ("NAAQS"), we may be required to incur certain capital expenditures for air pollution control equipment in connection with obtaining and maintaining operating permits and approvals for air emissions. For example, in June 2010, the EPA issued a new NAAQS for sulfur dioxide, or SO_2, and replaced the 24-hour and annual standards with a more stringent hourly standard. In October 2015, the agency finalized a reduction of the national ambient air quality standard for ozone standard from 75 parts per billion to 70 parts per billion; both nitrogen oxides and VOCs are ozone precursors. This reduction is expected to increase the number of ozone nonattainment areas. In October 2016, the EPA also finalized Control Technology Guidelines for emissions of VOCs from crude oil and natural gas industry sources to be relied upon by states when implementing the ozone standard in ozone nonattainment areas. We believe that our operations will not be materially adversely affected by such requirements, and the requirements are not expected to be any more burdensome to us than to any other similarly situated companies.

On April 17, 2012, the EPA approved final rules under the Clean Air Act that establish new air emission controls for crude oil and natural gas production, pipelines and processing operations. These rules became effective on October 15, 2012. The established specific new requirements regarding emissions from wet seal and reciprocating compressors at production facilities, gathering systems, boosting facilities and onshore natural gas processing plants, effective October 15, 2012, and from pneumatic controllers and storage vessels at production facilities, gathering systems, boosting facilities and onshore natural gas processing plants, effective October 15, 2013. In addition, the rules revise existing requirements for volatile organic compound emissions from equipment leaks at onshore natural gas processing plants by lowering the leak definition for valves from 10,000 parts per million to 500 parts per million and requiring the monitoring of connectors, pumps, pressure relief devices and open-ended lines, effective October 15, 2012. Initial compliance and ongoing compliance with the new subset of rules required capital expenditures and ongoing compliance expenses. Following the publication of the final rule, the EPA received petitions for reconsideration of certain aspects of the standards. On April 12, 2013, the EPA published proposed updates to the NSPS Section OOOO storage tank requirements. On September 23, 2013, the EPA published final revisions to the NSPS Section OOOO storage tank requirements, including a phase-in of installation of VOC controls and alternate limits for tanks where emissions have declined. The EPA issued revised definitions related to the stages of well completions and amended storage tank requirements under NSPS Section OOOO in December 2014 and further revised the storage tank requirements in March 2015. More recently, in June 2016, the EPA published updates to new source performance standard requirements that would impose more stringent controls on methane and volatile organic compounds emissions from oil and gas development and production operations, including hydraulic fracturing and other well completion activity. Similarly in November 2016, the BLM issued rules requiring additional efforts by producers to reduce venting, flaring, and leaking of natural gas produced on federal and Native American lands.

A number of states have adopted or considered programs to reduce “greenhouse gases,” or GHGs and the EPA has declared that GHGs “endanger” public health and welfare, and is regulating GHG emissions from mobile sources such as cars and trucks. According to the EPA, this final action on the GHG vehicle emission rule triggered regulation of carbon dioxide and other GHG emissions from stationary sources under certain Clean Air Act programs at both the federal and state levels, particularly the Prevention of Significant Deterioration program and Title V permitting. These requirements for stationary sources took effect on January 2, 2011; however, in June 2014 the U.S. Supreme Court reversed a D.C. Circuit Court of Appeals decision upholding these rules and struck down the EPA’s greenhouse gas permitting rules to the extent they impose a requirement to obtain a federal air permit based solely on emissions of greenhouse gases. Large sources of other air pollutants, such as volatile organic compounds or nitrogen oxides, could still be required to implement process or technology controls and obtain permits regarding emissions of greenhouse gases. The EPA has also published various rules relating to the mandatory reporting of GHG emissions, including mandatory reporting requirements of GHGs from petroleum and natural gas systems. In October 2015, the EPA amended and expanded greenhouse gas reporting requirements to all segments of the crude oil and natural gas industry, including gathering and boosting facilities and blowdowns of natural gas transmission pipelines, starting with the 2016 reporting year, and in January 2016, the EPA proposed additional revisions to leak detection methodology to align the reporting rule with the new source performance standards.

The permitting, regulatory compliance and reporting programs taken as a whole increase the costs and complexity of operating oil and gas operations in compliance with these legal requirements, with resulting potential to adversely affect our cost of doing business, demand for the oil and gas we transport and may require us to incur certain capital expenditures in the future for air pollution control equipment in connection with obtaining and maintaining operating permits and approvals for air emissions.

Water Discharges

The Federal Water Pollution Control Act ("Clean Water Act"), and analogous state laws impose restrictions and strict controls regarding the discharge of pollutants into state waters as well as waters of the U.S. and to conduct construction activities in waters and wetlands. In May 2015, the EPA and the U.S. Army Corps of Engineers issued a final rule to clarify which waters and wetlands are subject to Clean Water Act regulation. The implementation of this rule was stayed nationwide in October 2015. On February

28, 2017, President Trump issued an executive order directing the EPA and the U.S. Army Corps of Engineers to review and, consistent with applicable law, to initiate rulemaking to rescind or revise the rule. Certain state regulations and the general permits issued under the Federal National Pollutant Discharge Elimination System program prohibit the discharge of pollutants and chemicals. Spill Prevention Control and Countermeasure ("SPCC") requirements of federal laws require appropriate containment berms and similar structures to help prevent the contamination of regulated waters in the event of a hydrocarbon tank spill, rupture or leak. In addition, the Clean Water Act and analogous state laws require individual permits or coverage under general permits for discharges of storm water runoff from certain types of facilities. These permits may require us to monitor and sample the storm water runoff from certain of our facilities. Some states also maintain groundwater protection programs that require permits for discharges or operations that may impact groundwater conditions. Federal and state regulatory agencies can impose administrative, civil and criminal penalties for non-compliance with discharge permits or other requirements of the Clean Water Act and analogous state laws and regulations. We believe that compliance with existing permits and compliance with foreseeable new permit requirements will not have a material adverse effect on our financial condition, results of operations or cash flow.

Safe Drinking Water Act

The underground injection of crude oil and natural gas wastes are regulated by the Underground Injection Control program authorized by the Safe Drinking Water Act. The primary objective of injection well operating requirements is to ensure the mechanical integrity of the injection apparatus and to prevent migration of fluids from the injection zone into underground sources of drinking water. We own and operate an acid gas disposal well in Wayne County, Mississippi, as part of our Bazor Ridge gas treating facilities. This well takes a combination of hydrogen sulfide and carbon dioxide recovered from the raw field natural gas feeding the Bazor Ridge Gas plant and injects it into an underground formation permitted for this purpose. The well received an Underground Injection Control ("UIC") Class 2 permit through the Mississippi state oil and gas board in 1999. As part of our permit requirements, we perform regular inspection, maintenance and reporting to the state on the condition and operations of this well which is adjacent to our processing plant. We believe that our facilities will not be materially adversely affected by such requirements.

Endangered Species

The Endangered Species Act ("ESA") restricts activities that may affect endangered or threatened species or their habitats. While some of our pipelines may be located in areas that are designated as habitats for endangered or threatened species, we believe that we are in substantial compliance with the ESA. However, the designation of previously unidentified endangered or threatened species could cause us to incur additional costs or become subject to operating restrictions or bans in the affected states.

National Environmental Policy Act

The National Environmental Policy Act ("NEPA") establishes a national environmental policy and goals for the protection, maintenance, and enhancement of the environment and provides a process for implementing these goals within federal agencies. A major federal agency action having the potential to significantly impact the environment requires review under NEPA and, as a result, many activities requiring FERC approval must undergo NEPA review. Many of our activities are covered under categorical exclusions that result in a shorter NEPA review process. The Council on Environmental Quality has issued final guidance to reinvigorate NEPA reviews that, while intended to streamline the process, may result in longer review processes that could lead to delays and increased costs that could materially adversely affect our revenues and results of operations.

Anti-terrorism Measures

The federal Department of Homeland Security regulates the security of chemical and industrial facilities pursuant to regulations known as the Chemical Facility Anti-Terrorism Standards. These regulations apply to oil and gas facilities, among others, that are deemed to present “high levels of security risk.” Pursuant to these regulations, certain of our facilities are required to comply with certain regulatory provisions, including requirements regarding inspections, audits, recordkeeping, and protection of chemical-terrorism vulnerability information.

Title to Properties and Rights-of-Way

Our real property falls into two categories: i) parcels that we own in fee and ii) parcels in which our interest derives from leases, easements, rights-of-way, permits or licenses from landowners or governmental authorities, permitting the use of such land for our operations. Portions of the land on which our plants and other major facilities are located are owned by us in fee title, and we believe that we have satisfactory title to these lands. The remaining land on which our plant sites and major facilities are located, are held by us pursuant to surface leases between us, as lessee, and the fee owner of the lands, as lessors. Our predecessors leased or owned these lands for many years without any material challenge known to us relating to the title to the land upon which the

assets are located, and we believe that we have satisfactory leasehold estates or fee ownership in such lands. We have no knowledge of any challenge to the underlying fee title of any material lease, easement, right-of-way, permit or license held by us or to our title to any material lease, easement, right-of-way, permit or lease, and we believe that we have satisfactory title to all of our material leases, easements, rights-of-way, permits and licenses.

Employees

We do not have any employees. The officers of our General Partner manage our operations and activities. As of December 31, 2016, our General Partner employed approximately 329 people who provide direct, full-time support to our operations. All of the employees required to conduct and support our operations are employed by our General Partner. None of these employees are covered by collective bargaining agreements, and our General Partner considers its employee relations to be positive.

General

We make certain filings, and amendments thereto, with the Securities and Exchange Commission (the "SEC"), including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports. All of these filings are available as soon as reasonably practicable after the electronic filing with the SEC free of charge on our website, www.americanmidstream.com. The filings are also available at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549 or by calling the SEC at 1-800-SEC-0330. Additionally, the filings are available on the Internet at www.sec.gov. We intend to use our website as a means for disseminating information in accordance with Regulation FD under the Exchange Act. The information contained on our website is not part of, nor is it incorporated by reference into, this Annual Report on Form 10-K.

Item 1A. Risk Factors

Limited partner units are inherently different from capital stock of a corporation, although many of the business risks to which we are subject are similar to those that would be faced by a corporation engaged in similar businesses. We urge you to carefully consider the following risk factors together with all of the other information included in this Annual Report in evaluating an investment in our common units.

If any of the following risks were to occur, our business, financial condition, results of operations or cash flows could be materially adversely affected. In that case, we might not be able to pay the minimum quarterly distribution on our common units, the trading price of our common units could decline and you could lose all or part of your investment in us.

The risks described below are not the only ones that we face. Additional risks not presently known to us or that we currently deem immaterial individually or in the aggregate may also impair our business operations. This Annual Report also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks and uncertainties faced by us described below.

Risks Related to the Business of the Combined Company

We recently identified a material weakness in our internal controls. If we fail to remediate this material weakness or otherwise fail to develop, implement and maintain appropriate internal controls in future periods, our ability to report our financial condition and results of operations accurately and on a timely basis could be adversely affected.

We have identified a material weakness in our internal controls over the level of accounting knowledge, expertise and training to ensure that complex, non-routine transactions were recorded appropriately. This control deficiency resulted in out-of-period adjustments recorded to our consolidated statement of operations in the fourth quarter of 2016 and a revision to our 2015 consolidated balance sheet and consolidated statement of cash flows. Accordingly, our management determined that, as of December 31, 2016, our disclosure controls and procedures and our internal control over financial reporting were not effective. The specific material weakness and our remediation efforts are described in Item 9A, Controls and Procedures. A “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements would not be prevented or detected on a timely basis. We cannot assure you that we will adequately remediate the material weakness or that additional material weaknesses in our internal controls will not be identified in the future. Any failure to maintain or implement required new or improved controls, or any difficulties we encounter in their implementation, could result in additional material weaknesses, or could result in material misstatements in our financial statements. These misstatements could result in restatements of our financial statements, cause us to fail to meet our reporting obligations or cause investors to lose confidence in our reported financial information.

We are in the process of remediating the identified material weakness in our internal controls, but we are unable at this time to estimate when the remediation effort will be completed. During the course of implementing additional processes and controls, as well as controls operating effectiveness testing, we may identify additional control deficiencies, which could give rise to other material weaknesses, in addition to the material weakness described above. As we continue to evaluate and work to improve our internal control over financial reporting, we may determine to take additional measures to address material weakness or determine to modify certain of the remediation measures. It may be difficult or costly to remediate the material weakness, including through hiring new personnel with sufficient and tailored skill sets. If we fail to remediate this material weakness, there will continue to be an increased risk that our future financial statements could contain errors that will be undetected. Further and continued determinations that there are material weaknesses in the effectiveness of our internal controls could reduce our ability to obtain financing or could increase the cost of any financing we obtain and require additional expenditures of resources to comply with applicable requirements. The existence of a material weakness could result in errors in our financial statements that could result in a restatement of financial statements, which could cause us to fail to meet our reporting obligations, lead to a loss of investor confidence and have a negative impact on the trading price of our common stock.

Our current and future indebtedness levels may limit our flexibility in obtaining additional financing and in pursuing other business opportunities.

Our level of indebtedness could have important consequences to us, including the following:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms;
- covenants contained in our existing and future credit and debt arrangements will require us to meet financial tests that may affect our flexibility in planning for and reacting to changes in our business, including possible acquisition opportunities;
- our funds available for operations, future business opportunities and distributions to unitholders will be reduced by that portion of our cash flow required to make principal and interest payments on our indebtedness;
- our indebtedness level may make us more vulnerable than our competitors with less debt to competitive pressures or a downturn in our business or the economy generally; and
- our flexibility in responding to changing business and economic conditions may be limited.

Any of these factors could result in a material adverse effect on our business, financial condition, results of operations, business prospects and ability to make cash distributions to our unitholders.

Our ability to service our indebtedness will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our operating results are not sufficient to service our current or future indebtedness, we will be forced to take actions such as reducing distributions to our unitholders, reducing or delaying our business activities, acquisitions, investments and/or capital expenditures, selling assets, restructuring or refinancing our indebtedness, or seeking additional equity capital or bankruptcy protection. We may not be able to effect any of these remedies on satisfactory terms, or at all.

The indenture governing the notes and our credit facility contain certain financial covenants and ratios and other restrictions. We may have difficulty maintaining compliance with such financial covenants and ratios and other restrictions, which could adversely affect our business, financial condition, results of operations and ability to pay distributions to our unitholders.

We are dependent upon certain earnings and cash flow generated by our operations in order to meet our debt service obligations. We also depend on our credit facility for working capital and future expansion capital needs and, as necessary, to fund a portion of cash distributions to unitholders. The indenture governing the notes and our revolving credit facility contain, and any future financing agreements may contain, operating and financial restrictions and covenants that could restrict our ability to finance future operations or capital needs, or to expand or pursue our business activities, which may, in turn, limit our ability to pay distributions to our unitholders. For example, our revolving credit facility limits our ability to, among other things:

- incur or guarantee additional indebtedness or issue preferred units;
- redeem or repurchase units or make distributions under certain circumstances;
- make certain investments and acquisitions;
- redeem or repay other debt or make other restricted payments;
- make capital expenditures above specified amounts;
- incur certain liens or permit them to exist;
- enter into certain types of transactions with affiliates;
- enter into agreements that restrict distributions or other payments from our restricted subsidiaries to us;
- create non-guarantor subsidiaries;
- enter into sale and leaseback transactions;
- merge or consolidate with another company;
- transfer, sell or otherwise dispose of assets, including equity interests in our subsidiaries;
- cancel or modify material contracts;
- sell our income or receivables;
- enter into “take-or-pay” contracts; and
- amend our organizational documents.

Our Second Amended and Restated Credit Agreement contains certain financial covenants, including (i) a consolidated total leverage ratio that requires our indebtedness not to exceed 5.00 times adjusted consolidated EBITDA (as defined in the revolving credit facility) for the prior twelve month period, adjusted in accordance with the Second Amended and Restated Credit Agreement (except for the current and subsequent two quarters after the consummation of a permitted acquisition, at which time the covenant may be increased to 5.50 times adjusted consolidated EBITDA), (ii) a minimum interest coverage ratio that requires our adjusted consolidated EBITDA to exceed consolidated interest charges by at least 2.50 times for the prior twelve month period, and (iii) a consolidated secured leverage ratio that requires our consolidated secured indebtedness not to exceed 3.50 times adjusted consolidated EBITDA for the prior twelve month period. The financial covenants in our Second Amended and Restated Credit Agreement may limit the amount available to us for borrowing to less than $900.0 million. As of December 31, 2016 , under our Credit Agreement at that time, our consolidated total leverage ratio was 4.07 and our interest coverage ratio was 7.43 , which were

in compliance with the financial covenants. Under the Second Amended and Restated Credit Agreement, the maximum permitted consolidated total leverage ratio for the fiscal year is 5.00 and can increase to 5.50 with the election of a Specified Acquisition Period. As of December 31, 2016 , we had approximately $711.3 million of outstanding borrowings under our Credit Agreement existing at that time. Our ability to comply with these covenants and ratios in the future is uncertain and will be affected by the levels of cash flow from our operations and events or circumstances beyond our control, including events and circumstances that may stem from the condition of the financial markets and commodity price levels. Our failure to comply with any of the covenants or ratios under our revolving credit facility could result in a default, which could cause all of our existing indebtedness to become immediately due and payable. If the payment of our indebtedness is accelerated and we are unable to repay the indebtedness in full, our lenders could foreclose on the assets pledged by us and the guarantors under the revolving credit facility. In that case, our assets may be insufficient to repay such indebtedness in full.

Because of the natural decline in production from existing wells in our areas of operation, our success depends on our ability to obtain new sources of natural gas, NGLs and crude oil, which is dependent on factors beyond our control. Any decrease in the volumes of natural gas that we gather, process or transport could adversely affect our business and operating results.

The commodity volumes that support our business are dependent on the level of production from natural gas and crude oil wells connected to our systems, including volumes from significant customers, the production of which will naturally decline over time. As a result, our cash flows associated with these wells will also decline over time. In order to maintain or increase throughput levels on our systems, we must obtain new sources of natural gas and crude oil. The primary factors affecting our ability to obtain non-dedicated sources of natural gas and crude oil include (i) the level of successful drilling activity in our areas of operation and (ii) our ability to compete for volumes from successful new wells.

We have no control over the level of drilling activity in our areas of operation, the amount of reserves associated with wells connected to our systems or the rate at which production from a well declines. In addition, we have no control over producers or their drilling or production decisions, which are affected by, among other things:

- prevailing and projected natural gas, crude oil and NGL prices;
- the availability and cost of capital;
- demand for natural gas, crude oil and NGLs;
- levels of reserves;
- geological considerations;
- environmental or other governmental regulations, including the availability of drilling permits; and
- the availability of drilling rigs and other production and development costs.

Fluctuations in energy prices, like the decline in commodity prices of crude oil, natural gas and NGLs from recent highs reached in mid-2014, can also greatly affect the development of new reserves. Further declines in crude oil, natural gas and NGLs prices could have a negative impact on exploration, development and production activity, and, if sustained, are likely to lead to further decreases in such activity. Sustained reductions in exploration or production activity in our areas of operation would lead to reduced utilization of our assets. We are unable to predict future potential movements in the market price for natural gas, crude oil and NGLs and thus, cannot predict the ultimate impact of prices on our operations. If commodity prices continue to remain low or fluctuate, this could lead to reduced profitability and may impact our liquidity and compliance with financial covenants in our revolving credit facility. Reduced profitability may also result in future non-cash impairments of long-lived assets, goodwill, or intangible assets.

Because of these and other factors, even if new natural gas, NGL and crude oil reserves are known to exist in areas served by our assets, producers may choose not to develop those reserves. If reductions in drilling activity result in our inability to maintain the current levels of throughput on our systems, it could reduce our revenue and cash flow and adversely affect our ability to make cash distributions to our unitholders.

Natural gas, crude oil, NGL and other commodity prices are volatile, and a reduction in these prices in absolute terms, or an adverse change in the prices of natural gas and NGLs relative to one another, could adversely affect our net income, gross margin and cash flow and our ability to make distributions to our unitholders.

We are subject to risks due to frequent and often substantial fluctuations in commodity prices. In the past, the prices of natural gas and crude oil have been extremely volatile, and we expect this volatility to continue. Natural gas prices have been under downward pressure in recent years and were highly volatile in 2014. The NYMEX daily settlement price for natural gas for the forward month contract in 2016 ranged from a high of $3.80 per MMBtu to a low of $1.49 per MMBtu. NGL prices are generally positively correlated to the price of WTI crude oil, which has also exhibited frequent and substantial fluctuations. Oil

prices declined dramatically in late 2014 and remained low in 2015 and early 2016. The NYMEX daily settlement price for WTI crude oil for the forward month contract in 2016 ranged from a high of $54.45 per Bbl to a low of $26.21 per Bbl.

The markets for and prices of natural gas, crude oil, NGLs and other hydrocarbon commodities depend on factors that are beyond our control. These factors include the supply of and demand for these commodities, which fluctuate with changes in market and economic conditions and other factors, including:

- worldwide economic conditions;
- worldwide political events, including actions taken by foreign oil and gas producing nations;
- worldwide weather events and conditions, including natural disasters and seasonal changes;
- the levels of world-wide and domestic production and consumer demand;
- the availability of imported, or market for exported, liquefied natural gas, or LNG;
- the market for exported crude oil;
- the availability of transportation systems with adequate capacity;
- the volatility and uncertainty of regional pricing differentials;
- the price and availability of alternative fuels;
- the effect of energy conservation measures;
- the nature and extent of governmental regulation and taxation; and
- the current and anticipated future prices of natural gas, crude oil, NGLs and other commodities.

In our Gathering and Processing segment, we have exposure to direct commodity price risk under percent-of-proceeds processing contracts as well as under our elective processing arrangements. Under percent-of-proceeds arrangements, we generally purchase natural gas from producers and retain an agreed percentage of the proceeds (in cash or in-kind) from the sale at market prices of pipeline-quality natural gas and NGLs resulting from our processing activities. We also purchase natural gas at various receipt points, process the gas at a third-party owned natural gas processing facility and sell our portion of the residue gas and NGLs. Under percent-of-proceeds arrangements, our revenue and our cash flows increase or decrease as the prices of natural gas, NGLs and crude oil fluctuate. When we process natural gas that we purchase for our own account, the relationship between natural gas prices and NGL prices also affects our profitability. When natural gas prices are low relative to NGL prices, it is more profitable for us to process the natural gas that we purchase and process for our own account. When natural gas prices are high relative to NGL prices, it is less profitable for us and our customers to process natural gas both because of the higher value of natural gas and because of the increased cost (principally that of natural gas shrink that occurs during processing and use of natural gas as a fuel) of separating the mixed NGLs from the natural gas. As a result, we may experience periods in which higher natural gas prices relative to NGL prices reduce our processing margins or reduce the volume of natural gas processed pursuant to our elective processing arrangements. For the years ended December 31, 2016 and 2015, percent-of-proceeds arrangements accounted for approximately 11.1% and 14.3% , respectively, of our gross margin, or 19.4% and 22.7% , respectively, of the segment gross margin in our Gathering and Processing segment.

If the current commodity price environment continues, it could result in a further decrease in exploration and development activities in the fields served by our gathering and pipeline transmission systems and our natural gas processing plants, which could lead to further reduced utilization of these assets. During periods of natural gas, crude oil, or NGL declines, the level of drilling activity generally decrease. When combined with a reduction of cash flow resulting from lower commodity prices, a reduction in our producers' borrowing base under reserve-based credit facilities and lack of availability of debt or equity financing for our producers may result in a significant reduction in our producers' spending for drilling activity, which could result in lower volumes being transported on our gathering and transmission systems.

In addition, in our refined products terminals and storage segment we generate revenue from (i) blending activities, such as ethanol blending and butane blending, and (ii) our vapor recovery units. Our blending activities are subject to direct commodity price exposure. Any significant reduction in the amount of services we provide to our customers because of direct or indirect commodity price exposure and any significant reduction in the refined products that we sell could have a material adverse effect on our business, results of operations, financial condition and our ability to make distributions to our unitholders.

Further, results of operations related to the retail distribution of propane is primarily based on the cents-per-gallon difference between the sales price we charge our customers and our costs to purchase and deliver propane to our propane distribution locations. We enter into propane sales commitments with a portion of our customers that provide for a contracted price agreement for a specified period of time. The propane cost per gallon is subject to various market conditions and may fluctuate based on changes in demand, supply and other energy commodity prices, such as crude oil and natural gas prices. We employ risk management techniques that attempt to mitigate risks related to the purchasing, storing, transporting and selling of propane. However, sudden and sharp propane cost increases cannot be passed on to customers with contracted pricing arrangements. In addition, even upon the expiration of short-term contracts, we may face competitive or relationship pressure to minimize any price increases. Therefore,

these commitments expose us to product price risk and reduced profit margins if those transactions are not immediately hedged with an offsetting propane purchase commitment.

Historically, we have relied on cash flows from our operations, borrowing under our revolving credit facility and the capital markets to fund our operations and capital expenditures and acquisitions. If commodity prices remain volatile, our cash flows could be adversely affected which, combined with limited availability under our revolving credit facility, could adversely affect our ability to finance our operations and capital expenditures and acquisitions.

Our growth strategy, and ability to fund expansion capital projects, requires access to new capital. Tightened capital markets or other factors that increase our cost of capital, or limit our access to capital, could impair our ability to grow.

We continuously consider potential acquisitions and opportunities for expansion capital projects. Acquisition opportunities arise quickly and unexpectedly, may occur at any time and may be significant in size relative to our existing assets and operations. Our ability to fund our capital projects and make acquisitions depends on whether we can access the necessary financing to fund these activities. Any limitations on our access to capital or increase in the cost of that capital could significantly impair our growth strategy. Our ability to maintain our targeted credit profile, including our target debt-to-equity ratio, could affect our cost of capital as well as our ability to execute our growth strategy. In addition, a variety of factors beyond our control could impact the availability or cost of capital, including domestic or international economic conditions, increases in key benchmark interest rates and/or credit spreads, the adoption of new or amended banking or capital market laws or regulations, the re-pricing of market risks and volatility in capital and financial markets.

Due to these factors, we cannot be certain that funding for our capital needs will be available from bank credit arrangements, our revolving credit facility or capital markets on acceptable terms. If funding is not available when needed, or is available only on unfavorable terms, we may be unable to implement our development plans, enhance our existing business, complete acquisitions and construction projects, take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our revenues and results of operations.

Our business is subject to a number of weather related risks, including severe weather in the U.S. Gulf of Mexico, which can cause significant damage and disruption to our business interests located in that region, and abnormal weather conditions, which can reduce the demand for propane.

The U.S. Gulf of Mexico experiences hurricanes and other extreme weather conditions on a frequent basis, the frequency of which may increase with climate change. Our High Point system, our Offshore Texas system, our Destin system, our Okeanos system, our non-operated interests in MPOG and Delta House and any future systems that we acquire in the U.S. Gulf of Mexico, are susceptible to adverse weather conditions in the U.S. Gulf of Mexico, including hurricanes and other extreme weather conditions. Our insurance may not cover all associated loss. High winds, storm surge, and turbulent seas can cause significant damage and curtail these operations for extended periods during and after such weather conditions, which may result in decreased revenues from our interests in these operations. In addition, these adverse weather conditions in the U.S. Gulf of Mexico can affect producers connected to our facilities even if our facilities are not damaged, which may result in decreased revenues from our interests in these operations.

In addition, weather conditions have a significant impact on the demand for propane. Actual weather conditions can vary substantially from year to year, significantly affecting our financial performance. Many of our customers rely on propane primarily as a heating source during the winter. Warmer than normal winter temperatures can substantially reduce our retail commercial and wholesale propane volumes. Conversely, our cylinder exchange business experiences higher volumes in the spring and summer. Sustained periods of poor weather, particularly in the grilling season, can reduce consumers’ propensity to purchase and use grills and other propane-fueled appliances, thereby reducing demand for cylinder exchange and our outdoor products.

To the extent weather conditions are affected by climate change, customers’ energy use could increase or decrease depending on the duration and magnitude of the changes, leading either to increased investment or decreased revenues.

We are subject to the risk of loss resulting from nonpayment and/or nonperformance by our customers and counterparties in the ordinary course of our business.

We are subject to the risk of loss resulting from nonpayment and/or nonperformance by our customers and counterparties in the ordinary course of our business. Generally, we either consider our customers creditworthy or require those who are not creditworthy to make prepayments or provide security to satisfy credit concerns. However, our credit procedures and policies will not completely eliminate customer and counterparty credit risk. Our customers and counterparties include entities whose

creditworthiness may be suddenly and disparately impacted by, among other factors, commodity price volatility, deteriorating energy market conditions, and public and regulatory opposition to energy producing activities.

In addition, in connection with the acquisition of certain of our assets, we have entered into agreements pursuant to which various counterparties have agreed to indemnify us, subject to certain limitations, for certain matters arising from the pre-closing ownership and operation of assets.

The current low commodity price environment has negatively impacted many oil and gas companies causing them significant economic stress including, in some cases, to file for bankruptcy protection or to renegotiate contracts. To the extent one or more of our key customers or counterparties commences bankruptcy proceedings, our contracts with such customers or counterparties may be subject to rejection under applicable provisions of the United States Bankruptcy Code or may be renegotiated. Further, during any such bankruptcy proceeding, prior to assumption, rejection or renegotiation of such contracts, the bankruptcy court may temporarily authorize the payment of value for our services less than contractually required, which could have a material adverse effect on our business, results of operations, cash flows and financial conditions. If we fail to adequately assess the creditworthiness of existing or future customers and counterparties or otherwise do not take or are unable to take sufficient mitigating actions, including obtaining sufficient collateral, deterioration in their creditworthiness and any resulting increase in nonpayment and/or nonperformance by them could cause us to write down or write off accounts receivable. Such write-downs or write-offs could negatively affect our operating results in the periods in which they occur, and, if significant, could have a material adverse effect on our business, results of operations, cash flows and financial condition.

If third-party pipelines or other midstream facilities interconnected to our gathering or transportation systems become partially or fully unavailable, or if the volumes we gather or transport do not meet the natural gas quality requirements of such pipelines or facilities, our revenue and cash available for distribution could be adversely affected.

Our natural gas gathering and processing and transportation systems connect to other pipelines or facilities, the majority of which are owned and operated by third parties. For example, our elective processing arrangements are entirely dependent on the Toca plant for processing services and the Sonat pipeline for natural gas takeaway capacity. As another example, our North Little Rock terminal is currently supplied by the TEPPCO Pipeline and is expected, in the future, to also be supplied by Magellan's Fort Smith Pipeline, while our Caddo Mills terminal is supplied by the Explorer Pipeline. The continuing operation of such third-party pipelines and other midstream facilities is not within our control. These pipelines and other midstream facilities and others upon which we rely may become unavailable because of testing, turnarounds, line repair, reduced operating pressure, lack of operating capacity, regulatory requirements, curtailments of receipt or deliveries due to insufficient capacity or because of damage from hurricanes or other operational hazards. For example, the explosion and fire at the Pascagoula Gas plant in June of 2016 suspended operations from that facility for over eight months. If any of these pipelines or other midstream facilities becomes unable to receive or transport natural gas, or if the volumes we gather or transport do not meet the natural gas quality requirements of such pipelines or facilities, our revenue and cash available for distribution may be adversely affected.

Our hedging activities may not be effective in reducing our direct exposure to commodity price risk and may, in certain circumstances, increase the variability of our cash flows.

From time to time, we have entered into derivative transactions related to only a portion of the equity volumes of commodities to which we take title. As a result, we will continue to have direct commodity price risk to the unhedged portion of our commodity equity volumes. Our actual future volumes may be significantly higher or lower than we estimated at the time we entered into the derivative transactions for that period. If the actual amount is higher than we estimated, we will have greater commodity price risk than we intended. If the actual amount is lower than the amount that is subject to our derivative financial instruments, we might be forced to satisfy all or a portion of our derivative transactions without the benefit of the cash flow from our sale of the underlying physical commodity, resulting in a reduction of our liquidity. The derivative instruments we utilize for these hedges are based on posted market prices, which may be lower than the actual commodity prices that we realize in our operations. In addition, when there is not a hedging instrument available for a commodity to which we take title, we are forced to use an alternative hedge that may not adequately reduce price risk. As a result of these factors, our hedging activities may not be as effective as we intend in reducing the variability of our cash flows, and, in certain circumstances, may actually increase the variability of our cash flows. To the extent we hedge our commodity price risk, we may forego the benefits we would otherwise experience if commodity prices were to change in our favor. Further, there may be times where we terminate or enter into offsetting positions depending on our view of future market prices.

The adoption and implementation of new statutory and regulatory requirements for swap transactions could have an adverse impact on our ability to hedge risks associated with our business.

We hedge a portion of our commodity risk and our interest rate risk. The federal government regulates the derivatives market and entities, including businesses like ours, that participate in that market. The legislation, known as the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Act, requires the Commodities Futures Trading Commission, or CFTC, and the SEC to promulgate rules and regulations implementing the new legislation. Under the CFTC's regulations, we are subject to reporting and recordkeeping obligations for transactions involving non-financial swap transactions. The CFTC initially adopted regulations to set position limits for certain futures and option contracts in the major energy markets and for swaps that are their economic equivalents, but these rules were successfully challenged in Federal district court by the Securities Industry Financial Markets Association and the International Swaps and Derivatives Association and largely vacated by the court. On November 5, 2013, the CFTC proposed new rules that would place limits on positions in certain core futures and equivalent swaps contracts for or linked to certain physical commodities, subject to exceptions for certain bona fide hedging transactions. The ultimate form and timing of the implementation of the regulatory regime affecting commodity derivatives remains uncertain.

The CFTC has imposed mandatory clearing requirements on certain categories of swaps, including certain interest rate swaps, but has exempted derivatives intended to hedge or mitigate commercial risk from the mandatory swap clearing requirement, where the counterparty such as us has a required identification number, is not a financial entity as defined by the regulations, and meets a minimum asset test. We believe our hedging transactions will qualify for the "commercial end user" exception. The Act may also require us to comply with margin requirements in connection with our hedging activities, although the application of those provisions to us is uncertain at this time. The Act may also require the counterparties to our derivative instruments to spin off some of their hedging activities to a separate entity, which may not be as creditworthy as the current counterparty. The new legislation and related regulations could significantly increase the cost of derivatives contracts for our industry (including requirements to post collateral which could adversely affect our available liquidity), materially alter the terms of derivatives contracts, reduce the availability of derivatives to protect against risks we encounter, reduce our ability to monetize or restructure our existing derivatives contracts, and increase our exposure to less creditworthy counterparties, particularly if we are unable to utilize the commercial end user exception with respect to certain of our hedging transactions. If we reduce our use of hedging as a result of the legislation and regulations, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures and fund unitholder distributions. Finally, the legislation was intended, in part, to reduce the volatility of oil and natural gas prices, which some legislators attributed to speculative trading in derivatives and commodity instruments related to oil and natural gas. Our revenues could therefore be adversely affected if a consequence of the legislation and regulations is to lower commodity prices. Any of these consequences could have a material adverse effect on our business, our financial condition, and our results of operations.

Our failure or our counterparties' failure to perform on obligations under commodity derivative and financial derivative contracts could have a material adverse effect on our financial condition, results of operations and cash flows.

We enter into hedging arrangements to manage the cost of propane in our cylinder exchange business. We also may from time to time enter into derivative instruments to hedge our exposure to variable interest rates. Volatility in the oil and gas commodities sector for an extended period of time or intense volatility in the near-term could impair our or our counterparties' ability to meet margin calls, which could cause us or our counterparties to default on commodity and financial derivative contracts. This could have a material adverse effect on our liquidity or our ability to procure product supply at prices reasonable to us or at all.

We do not control certain of the entities that own our projects and we may acquire future projects that we do not control.

We own a 49.7% membership interest in Destin, 20.1% of the Class A Units of Delta House FPS LLC and Delta House Oil and Gas Lateral LLC, a 16.7% membership interest in Tri-States, a 66.7% membership interest in Okeanos, and a 25.3% membership interest in Wilprise. We do not control these projects or project entities' governing boards. As a result, our ability to pay cash distributions to our unitholders will depend in part on the performance of these projects or entities and their distributions of cash to us.

Further, additional projects we may acquire may be subject to a similar structure where we do not own a majority of the project or project entity and we may invest in joint ventures in which we share control or in which we are a minority investor. In these instances, the majority investor or controlling investor may not have the level of experience, technical expertise, human resources management and other attributes necessary to operate these assets optimally.

A decrease in demand for natural gas, NGLs or condensate by the petrochemical, refining or heating industries, could adversely affect the profitability of our midstream business.

Various factors impact the demand for natural gas, NGLs and condensate, including general economic conditions, extended periods of ethane rejection, increased competition from petroleum-based products due to pricing differences, adverse weather conditions, availability of natural gas processing and transportation capacity and government regulations affecting prices and production levels of natural gas, NGLs and condensate. In addition, certain of our operating costs and expenses are fixed and do not vary with the volumes we transport or redeliver. These costs and expenses may not decrease ratably or at all should we experience a reduction in the volumes we sell, transport or redeliver. As a result, a decrease in demand for natural gas, NGLs or condensate by the petrochemical, refining or heating industries, could decrease volumes and adversely affect the margin and profitability of our midstream business.

We depend on a relatively small number of customers for a significant portion of our gross margin. The loss of any one of these customers could adversely affect our ability to make distributions.

A significant percentage of the gross margin in each of our segments is attributable to a relatively small number of customers. Additionally, a number of customers upon which our business depends are small companies that may have limited access to capital or that may, as a result of operational incidents or other events, be disproportionately affected as compared to larger, better capitalized companies. For information regarding our concentration of customers and associated credit risk by segment, please refer to "Part I, Item 1. Business" in this Annual Report. Although we have gathering, processing and transmission contracts with significant customers of varying duration and commercial terms, if one or more of these customers were to default on their contract or if we were unable to renew our contract with one or more of these customers on favorable terms, we may not be able to replace these customers in a timely fashion, on favorable terms or at all. In any of these situations, our gross margin and cash flows and our ability to make cash distributions to our unitholders may be adversely affected. We expect our exposure to concentrated risk of non-payment or non-performance to continue as long as we remain substantially dependent on a relatively small number of customers for a substantial portion of our gross margin.

Our industry is highly competitive and increased competitive pressure could adversely affect our business and operating results.

We compete with other midstream companies in our areas of operation. In addition, some of our competitors are large companies that have greater financial, managerial and other resources than we do. Our competitors may expand or construct gathering, compression, treating, processing, transportation or terminaling systems that would create additional competition for the services we provide to our customers. In addition, our customers may develop their own gathering, compression, treating, processing or transportation systems in lieu of using ours. Our ability to renew or replace existing contracts with our customers at rates sufficient to maintain current revenue and cash flow could be adversely affected by the activities of our competitors and our customers. All of these competitive pressures could have a material adverse effect on our business, results of operations, financial condition and ability to make cash distributions to our unitholders.

Our gathering, processing, transportation and terminal contracts subject us to renewal risks.

We gather, purchase, process, transport and sell most of the commodities on our systems under contracts with terms of various durations, including contracts that have terms as short as one month or which are cancellable on as little as 30 days' notice, and which may be difficult to extend or replace. We provide NGL sales and distribution services, refined products terminals, crude oil pipeline services and above-ground storage services that support various commercial customers. As these contracts expire, we may have to negotiate extensions or renewals with existing suppliers and customers or enter into new contracts with other suppliers and customers. We may be unable to obtain new contracts on favorable commercial terms, if at all. We also may be unable to maintain the economic structure of a particular contract with an existing customer or the overall mix of our contract portfolio. For example, depending on prevailing market conditions at the time of a contract renewal, gathering and processing customers with percent-of-proceeds contracts may choose to switch to fee-based gathering and transportation contracts, or a producer with whom we have a natural gas purchase contract may choose to enter into a transportation contract with us and retain title to its natural gas. To the extent we are unable to renew our existing contracts on terms that are favorable to us or successfully manage our overall contract mix over time, our revenue, gross margin and cash flows could decline and our ability to make distributions to our unitholders could be materially and adversely affected.

We may not successfully balance our purchases and sales of natural gas, which would increase our exposure to commodity price risks.

We purchase from producers and other suppliers a substantial amount of the natural gas that flows through our pipelines and processing facilities for sale to third parties, including natural gas marketers and other purchasers. We are exposed to fluctuations

in the price of natural gas through volumes sold pursuant to percent-of-proceeds arrangements as well as through volumes sold pursuant to our fixed-margin contracts.

In order to mitigate our direct commodity price exposure, we do not enter into natural gas hedge contracts, but rather attempt to balance our natural gas sales with our natural gas purchases on an aggregate basis across all of our systems. We may not be successful in balancing our purchases and sales, and as such may become exposed to fluctuations in the price of natural gas. For example, we are currently net purchasers of natural gas on certain of our systems and net sellers of natural gas on certain of our other systems. Our overall net position with respect to natural gas can change over time and our exposure to fluctuations in natural gas prices could materially increase, which in turn could result in increased volatility in our revenue, gross margin and cash flows.

Although we enter into back-to-back purchases and sales of natural gas in our fixed-margin contracts in which we purchase natural gas from producers or suppliers at receipt points on our systems and simultaneously sell an identical volume of natural gas at delivery points on our systems, we may still be exposed to commodity price risks. For example, the volumes or timing of our purchases and sales may not correspond. In addition, a producer or supplier could fail to deliver contracted volumes or deliver in excess of contracted volumes, or a purchaser could purchase less than contracted volumes. Any of these actions could cause our purchases and sales to become unbalanced. If our purchases and sales are unbalanced, we will face increased exposure to commodity price risks, which in turn could result in increased volatility in our revenue, gross margin and cash flows.

The risk management policy governing our crude oil supply activities cannot eliminate all risks associated with our crude oil pipelines and storage business, and we cannot ensure that employees of our general partner will fully comply with the policy at all times, both of which could impact our financial and operational results and, in turn, our ability to make cash distributions to our unitholders.

We have in place a risk management policy that seeks to establish limits for the exposure in our crude oil pipelines and storage business by requiring that we restrict net open positions through the concurrent purchase and sale of like quantities of crude oil to create transactions intended to lock in positive margins based on the timing, location or quality of the crude oil purchased and delivered. Our risk management policy, however, cannot eliminate all risks. Any event that disrupts our anticipated physical supply of crude oil could create a net open position that would expose us to risk of loss resulting from price changes.

Moreover, we are exposed to price movements on products that are not hedged, such as our crude oil line fill, which must be maintained to operate our crude oil pipeline system. We are also exposed to certain price risks related to basis differentials. Basis differentials can be created to the extent that we hold or sell crude oil of a grade or quality at a location or at a time that differs from the specific delivery terms with respect to grade, quality, time or location of the applicable offsetting agreement. If this occurs, we may not be able to use the physical markets to fully hedge our price risk. Our exposure to price risks could impact our operational and financial results and our ability to make cash distributions to our unitholders.

We are also subject to the risk that employees of our general partner involved in our crude oil operations may not comply at all times with our risk management policy. We cannot ensure that all violations of our risk management policy, particularly if deception or other intentional misconduct is involved, will be detected prior to our businesses being materially affected.

A prolonged decline in index prices at Cushing, relative to other index prices, could reduce the demand for the services we provide in our crude oil storage business.

In recent years, a shortfall in takeaway pipeline capacity has at times led to an oversupply of crude oil at Cushing. This was cited as a principal reason for the decline in the West Texas Intermediate Index ("WTI Index") price used at Cushing relative to other crude oil price indexes, including the Brent Crude Index over the same period. While the WTI Index price has recovered compared to the Brent Crude Index, a renewed decline in the WTI Index price relative to other index prices may reduce demand for transportation of crude oil to, and storage at our facility in, Cushing, which could have a material adverse effect on our business, results of operations, financial condition and ability to make cash distributions to our unitholders.

The results of our crude oil storage business could be adversely affected during periods in which the overall forward market for crude oil is backwardated.

The results of our crude oil storage business are influenced by the overall forward market for crude oil. A contango market (meaning that the price of crude oil for future delivery is higher than the current price) has a favorable impact on the demand for crude oil storage as it allows a party to simultaneously purchase crude oil at current prices for storage and sell at higher prices for future delivery. Conversely, a backwardated market (meaning that the price of crude oil for future deliveries is lower than current prices) can negatively affect the demand for crude oil storage because there is little incentive to store crude oil when prices offered

for future delivery are expected to be lower. Accordingly, a backwardated market can negatively impact the demand for crude oil storage. If the forward market for crude oil is backwardated at times when we are renewing our crude oil storage contract or entering into new crude oil storage contracts, it could adversely affect the results in our crude oil storage business.

High prices for propane can lead to customer conservation and attrition, resulting in reduced demand for our products.

Propane prices are subject to fluctuations in response to changes in wholesale prices and other market conditions beyond our control. Therefore, our average retail sales prices can vary significantly within a heating season or from year to year as wholesale prices fluctuate with propane commodity market conditions. During periods of high propane costs our selling prices generally increase. High prices can lead to customer conservation and attrition, resulting in reduced demand for our products.

We are dependent on third-party propane providers, which subjects us to increased costs and interruptions in supply and transportation.

While we intend to supply a portion of our propane needs, we still rely on third-party propane providers to supply a majority of our propane needs. A shortage in our propane supply or the propane supply from our principal third-party providers may require us to procure additional propane from alternative providers. The cost of procuring supplies and transporting those supplies from such alternative providers might be materially higher than expected and our earnings could be affected. Accordingly, disruptions in supply in certain areas could also have an adverse impact on our business, results of operations, financial condition and our ability to make cash distributions to our unitholders.

Energy efficiency, advances in technology and competition from other energy sources may affect demand for propane and increases in propane prices may cause our residential customers to increase their conservation efforts.

The national trend toward increased conservation and technological advances, including installation of improved insulation and the development of more efficient furnaces and other heating devices, has generally reduced the demand for propane. Propane also competes with other sources of energy such as electricity, natural gas and fuel oil, some of which can be less costly for equivalent energy value. In particular, the gradual expansion of the nation’s natural gas distribution systems has increased the availability of affordable natural gas in rural areas, which historically found propane to be the more cost- effective choice. We cannot predict the effect that future conservation measures, technological advances in heating, conservation, energy generation or other devices or the development of alternative energy sources might have on our operations. As the price of propane increases, some of our customers tend to increase their conservation efforts and thereby decrease their consumption of propane.

A significant increase in motor fuel costs or other commodity prices may adversely affect our profits.

Motor fuel is a significant operating expense for us in connection with the operation of both our crude oil pipelines and storage and NGL distribution and sales segments. Although contracts typically have a fuel surcharge, a significant increase in motor fuel prices will result in increased transportation costs to us. The price and supply of motor fuel is unpredictable and fluctuates based on events we cannot control, such as geopolitical developments, supply and demand for oil and gas, actions by oil and gas producers, war and unrest in oil-producing countries and regions, regional production patterns and weather concerns. Additionally, we may be affected by increases in the cost of materials used to produce portable propane cylinders. As a result, any increases in these prices may adversely affect our profitability and competitiveness.

Environmental, health and safety costs and liabilities, and changing environmental, health and safety regulation, could have a material adverse effect on our financial position, results of operations and cash flows.

Our operations are subject to various environmental, health and safety requirements and potential liabilities under extensive federal, state and local laws and regulations. Further, we cannot ensure that existing environmental, health and safety laws or regulations will not be revised or that new laws or regulations will not be adopted or become applicable to us. Governmental authorities have the power to enforce compliance with applicable laws, regulations and permits and to subject violators to civil and criminal penalties, including substantial fines, injunctions or both. Certain environmental laws, including CERCLA and analogous state laws and regulations, may impose strict, joint and several liability for costs required to clean-up and restore sites where hazardous substances or hydrocarbons have been disposed or otherwise released. Moreover, third parties, including neighboring landowners, may also have the right to pursue legal actions to enforce compliance or to recover for personal injury and property damage allegedly caused by the release of hazardous substances, hydrocarbons or other waste products into the environment. Failure to comply with these requirements may expose us to fines, penalties, remedial liabilities and/or interruptions or delays in our operations that could have a material adverse effect on our financial position, results of operations and cash flows.

In addition, future environmental, health and safety law developments, such as stricter laws, regulations, permits or enforcement policies, could significantly increase some costs of our operations. Areas of potential future environmental, health and safety law development include the following items:

Greenhouse Gases/Climate Change . From time to time, the U.S. Congress has considered legislation to reduce emissions of greenhouse gases but no such legislation has yet been adopted by Congress. In addition, some states, including states in which our facilities or operations are located, have individually or in regional cooperation, imposed restrictions on greenhouse gas emissions under various policies and approaches, including establishing a cap on emissions, requiring efficiency measures, or providing incentives for pollution reduction, use of renewable energy sources, or use of replacement fuels with lower carbon content.

The EPA initiated the regulation of greenhouse gases under its Clean Air Act authority in 2009, requiring the reporting of greenhouse gas emissions from specified large greenhouse gas emission sources in the United States beginning in 2011 for emissions occurring in 2010. On November 30, 2010, the EPA published a final rule expanding its existing GHG emissions reporting rule for petroleum and natural gas facilities, including natural gas transmission compression facilities that emit 25,000 metric tons or more of carbon dioxide equivalent per year. The rule, which went into effect on December 30, 2010, requires reporting of greenhouse gas emissions by regulated facilities to the EPA annually. In October 2015, the EPA amended and expanded greenhouse gas reporting requirements to all segments of the crude oil and natural gas industry, including gathering and compression facilities and blowdowns of natural gas transmission pipelines, starting with the 2016 reporting year, and in January 2016, the EPA proposed additional revisions to leak detection methodology to align the reporting rule with the new source performance standards. A number of our facilities, including our Bazor Ridge and Chatom systems, are subject to greenhouse gas reporting, and we have filed annual emission reports for these facilities since March 2012.

Federal agencies also have begun directly regulating emissions of methane (a greenhouse gas) from crude oil and natural gas operations. In June 2016, the EPA issued new source performance standards for methane from new and modified crude oil and natural gas industry sources. These regulations will expand upon the 2012 EPA new source performance standard rulemaking for equipment-specific emissions control requirements, and will, for example, require additional controls for pneumatic controllers and pumps, and compressors, and impose leak detection and repair requirements for natural gas compressor and booster stations. The EPA had announced plans to begin work on regulations to regulate methane emissions from existing oil and gas sources. In November 2016, the BLM issued rules requiring additional efforts by producers to reduce venting, flaring, and leaking of natural gas produced on federal and Native American lands. On an international level, in April 2016, the United States became one of almost 175 nations that signed onto the Paris Agreement, an international climate change agreement that calls for countries to set their own greenhouse gas emissions targets and be transparent about the measures each country will use to achieve its greenhouse gas emissions targets.

The adoption and implementation of any international, federal, state or local regulations imposing reporting obligations on, or limiting emissions of greenhouse gases from, our equipment and operations could require us to incur significant costs to reduce emissions of greenhouse gases associated with our operations or could adversely affect demand for the commodities that we buy and/or sell, transport, store or otherwise handle in connection with our midstream services. In addition, the adoption and implementation of any international, federal, state or local regulations imposing reporting obligations on, or limiting emissions of greenhouse gases from, the equipment and operations of our producer customers could affect their ability to produce the commodities that we buy and/or sell, transport, store or otherwise handle in connection with our midstream services. The potential increase in our operating costs could include among other things costs to operate and maintain our facilities, install new emission controls on our facilities, acquire allowances to authorize our greenhouse gas emissions, pay taxes related to our greenhouse gas emissions, and administer and manage a greenhouse gas emissions program. We may not be able to recover such increased costs through customer prices or rates. In addition, changes in regulatory policies that result in a reduction in the demand for hydrocarbon products that are deemed to contribute to greenhouse gases, or restrictions on their use, may reduce volumes available to us for processing, transportation, marketing and storage. These developments could have a material adverse effect on our financial position, results of operations and cash flows.

Hydraulic Fracturing . Certain of our customers employ hydraulic fracturing techniques to stimulate natural gas and crude oil production from unconventional geological formations (including shale formations), which entails the injection of pressurized fracturing fluids (consisting of water, sand and certain chemicals) into a well bore. From time to time, the United States has considered the adoption of legislation to provide for federal regulation of hydraulic fracturing, and several governmental reviews, including a study being performed by the EPA, are underway that focus on environmental aspects of hydraulic fracturing activities. Moreover, some states and localities, have adopted, and others are considering adopting, regulations or ordinances that could restrict hydraulic fracturing in certain circumstances, or that would impose higher taxes, fees or royalties on natural gas production, or otherwise limit the use of the technique. States could elect to prohibit high volume hydraulic fracturing altogether, following the approach taken by the State of New York in 2015. Increased regulation to the hydraulic fracturing process also could lead to a reduction in crude oil and natural gas drilling activities using hydraulic fracturing techniques, whereas increased public

opposition to activities using such techniques may result in operational delays, restriction or litigation. Additional legislation or regulation could also lead to operational delays and/or increased operating costs in the production of crude oil and natural gas incurred by our customers or could make it more difficult for them to perform hydraulic fracturing. If these legislative and regulatory initiatives cause a material decrease in the drilling or production of new wells and related servicing activities, it may affect the volume of hydrocarbon projects available to our midstream business and have a material adverse effect on our financial position, results of operations and cash flows.

The value of our interests in operations located in the U.S. Gulf of Mexico could be adversely impacted by increased regulation and continuing regulatory uncertainty.

Operations in the U.S. Gulf of Mexico have been subject to an increasingly stringent regulatory environment including government regulations focused on offshore operating requirements, spill cleanup, and enforcement matters. These regulations also implement additional safety and certification requirements applicable to offshore activities in the U.S. Gulf of Mexico. Certain operating assets such as our High Point system, Destin system, Okeanos system and our Offshore Texas system, and certain non-operated interests in operations located in the U.S. Gulf of Mexico that we currently hold or may hold in the future, are subject to such increased regulations, including our non-operated interests in MPOG and Delta House. In addition, the Bureau of Safety and Environmental Enforcement and the Bureau of Ocean Energy Management has increased regulatory activity including shortening the time period a line may be inactive before it must be removed or abandoned and requiring additional supplemental bonding or other forms of providing abandonment security for offshore facilities on the Outer Continental Shelf. These new regulations have increased our operating costs, and the operating costs of our producer customers. As a result, the value of our interests in these operations may be adversely affected by these regulations. Future regulatory requirements could delay activities from these operations and reduce our revenues, resulting in reduced cash flows and profitability. Moreover, any failure to satisfy these regulatory requirements by our producing customers could result in the commencement of enforcement proceedings or the taking of other remedial action, including assessing civil penalties, ordering suspension of operations or production, or initiating procedures to cancel leases, which, if upheld, could materially reduce the demand for our services.

Significant portions of our pipeline systems have been in service for several decades and we have a limited ownership history with respect to all of our assets. There could be unknown events or conditions or increased maintenance or repair expenses and downtime associated with our pipelines that could have a material adverse effect on our business and results of operations.

Significant portions of the pipeline systems that we have purchased had been in service for many decades prior to our purchase. Consequently, our executive management team has a limited history of operating such assets. There may be historical occurrences or latent issues regarding our pipeline systems that our executive management may be unaware of and that may have a material adverse effect on our business and results of operations. The age and condition of our pipeline systems could also result in increased maintenance or repair expenditures, and any downtime associated with increased maintenance and repair activities could materially reduce our revenue. Any significant increase in maintenance and repair expenditures or loss of revenue due to the age or condition of our pipeline systems could adversely affect our business and results of operations and our ability to make cash distributions to our unitholders.

We may incur significant costs and liabilities as a result of increasingly stringent pipeline safety regulation, including pipeline integrity management program testing and related repairs.

Pursuant to the Pipeline Safety Improvement Act of 2002, as reauthorized and amended by the Pipeline Inspection, Protection, Enforcement and Safety Act of 2006, the DOT, through PHMSA, has adopted regulations requiring pipeline operators to develop integrity management programs for transmission pipelines located in "high consequence areas," including high population areas, unless the operator effectively demonstrates by risk assessment that the pipeline could not affect the area. The regulations require operators, including us, to:

- perform ongoing assessments of pipeline integrity;
- identify and characterize applicable threats to pipeline segments that could impact a high consequence area;
- maintain processes for data collection, integration and analysis;
- repair and remediate pipelines as necessary; and
- implement preventive and mitigating actions.

In addition, many states have adopted regulations similar to existing DOT regulations for intrastate gathering and transmission lines. Although many of our natural gas facilities fall within a class that is not subject to these requirements, we may incur significant costs and liabilities associated with repair, remediation, preventative or mitigation measures associated with our non-exempt pipelines, particularly our AlaTenn and Midla pipelines. We currently estimate that we will incur future costs of approximately $2.0 million during 2017 to complete the testing required by existing DOT regulations. This estimate does not

include the costs, if any, for repair, remediation, preventative or mitigating actions that may be determined to be necessary as a result of the testing program, which could be substantial. Such costs and liabilities might relate to repair, remediation, preventative or mitigating actions that may be determined to be necessary as a result of the testing program, as well as lost cash flows resulting from shutting down our pipelines during the pendency of such repairs. Additionally, should we fail to comply with DOT regulations, we could be subject to penalties and fines.

The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 ("2011 Pipeline Safety Act"), which became law in January 2012, increases the penalties for safety violations, establishes additional safety requirements for newly constructed pipelines and requires studies of safety issues that could result in the adoption of new regulatory requirements for existing pipelines. More recently, in June 2016, President Obama signed the Protecting our Infrastructure of Pipelines and Enhancing Safety Act of 2016 ("2016 Pipeline Safety Act") that extends PHMSA's statutory mandate through 2019 and, among other things, requires PHMSA to complete certain of its outstanding mandates under the 2011 Pipeline Safety Act and develop new safety standards for natural gas storage facilities by June 22, 2018. The 2016 Pipeline Safety Act also empowers PHMSA to address imminent hazards by imposing emergency restrictions, prohibitions and safety measures on owners and operators of gas or hazardous liquid pipeline facilities without prior notice or an opportunity for a hearing.

In April 2015, PHMSA proposed rulemaking that would require leak detection for all "hazardous liquid pipelines" such as crude oil and NGL pipelines and require periodic assessment of hazardous liquid pipelines not already covered by the integrity management requirements. On January 13, 2017, PHMSA issued a final rule requiring the use of leak detection systems beyond HCAs to all regulated, non-gathering hazardous liquid pipelines and requiring integrity assessments at least once every ten years of onshore, piggable, transmission hazardous liquid pipeline segments located outside of HCAs. The effective date of this final rule is currently uncertain due to a regulatory freeze implemented by the Trump administration. In addition, in March 2016, PHMSA announced a proposed rulemaking that would impose new or more stringent requirements for certain gas lines and gathering lines including, among other things, expanding certain of PHMSA's current regulatory safety programs for gas pipelines in newly defined "moderate consequence areas" that contain as few as 5 dwellings within a potential impact area; requiring gas pipelines installed before 1970 and thus excluded from certain pressure testing obligations to be tested to determine their maximum allowable operating pressures ("MAOP"); and requiring certain onshore and offshore gathering lines in Class I areas to comply with damage prevention, corrosion control, public education, MAOP limits, line markers and emergency planning standards. Additional requirements proposed by this proposed rulemaking would increase PHMSA's integrity management requirements and also require consideration of seismicity in evaluating threats to pipelines. Such legislative and regulatory changes could have a material effect on our operations and costs of transportation services. Additionally, legislative and regulatory changes may also result in higher penalties for the violation of federal pipeline safety regulations and the costs associated with compliance may have a material effect on our operations. We cannot predict with any certainty at this time the terms of any new laws or rules or the costs of compliance associated with such requirements.

We and JPE will incur substantial transaction-related costs in connection with the JPE Merger.

We and JPE expect to incur a number of non-recurring transaction-related costs associated with combining the operations of the two organizations and achieving desired synergies. These fees and costs will be substantial. Unanticipated costs may be incurred in the integration of the businesses of AMID and JPE. There can be no assurance that the elimination of certain duplicative costs, as well as the realization of other efficiencies related to the integration of the two businesses, will offset the incremental transaction- related costs over time. Thus, any net benefit may not be achieved in the near term, the long term or at all.

Failure to successfully combine the businesses of AMID and JPE in the expected time frame may adversely affect the future results of the combined company.

The success of the JPE Merger will depend, in part, on our ability to realize the anticipated benefits and synergies from combining the businesses of AMID and JPE. To realize these anticipated benefits, the businesses must be successfully combined. If the combined company is not able to achieve these objectives, or is not able to achieve these objectives on a timely basis, the anticipated benefits of the JPE Merger may not be realized fully or at all. In addition, the actual integration and the costs associated with operating a larger organization may result in additional and unforeseen expenses, which could reduce the anticipated benefits of the JPE Merger. These difficulties could adversely affect the financial condition and operating results of the combined company.

We or JPE may have difficulty attracting, motivating and retaining executives and other employees in light of the JPE Merger.

Uncertainty about the effect of the JPE Merger on AMID or JPE employees may have an adverse effect on the combined organization. This uncertainty may impair these companies' ability to attract, retain and motivate personnel until the JPE Merger are completed. Employee retention may be particularly challenging during the pendency of the JPE Merger, as employees may feel uncertain about their future roles with the combined organization. In addition, JPE may have to provide additional compensation

in order to retain employees. If employees of JPE depart because of issues relating to the uncertainty and difficulty of integration or a desire not to become employees of the combined organization, the combined organization's ability to realize the anticipated benefits of the JPE Merger could be reduced.

We intend to grow our business in part by continuing to seek strategic acquisition opportunities. If we are unable to make acquisitions on economically acceptable terms from third parties, our future growth will be limited, and the acquisitions we do make may reduce, rather than increase, our cash generated from operations on a per unit basis.

Our ability to grow depends, in part, on our ability to make acquisitions that increase our cash generated from operations on a per unit basis. The acquisition component of our strategy is based, in large part, on our expectation of ongoing divestitures of midstream energy assets by industry participants. A material decrease in such divestitures would limit our opportunities for future acquisitions and could adversely affect our ability to grow our operations and increase our distributions to our unitholders.

If we are unable to make accretive acquisitions from third parties, whether because we are: (i) unable to identify attractive acquisition candidates or negotiate acceptable purchase contracts, (ii) unable to obtain financing for these acquisitions on economically acceptable or attractive terms or (iii) outbid by competitors or for any other reason, then our future growth and ability to increase distributions will be limited. Furthermore, even if we do make acquisitions that we believe will be accretive, these acquisitions may nevertheless result in a decrease in the cash generated from operations on a per unit basis.

Any acquisition involves potential risks, including, among other things:

- assumptions about volumes, revenue, decline rates, drilling activity and cost savings, including synergies;
- inability to secure adequate customer commitments to use the acquired systems or facilities;
- inability to integrate successfully the assets or businesses we acquire, particularly given the relatively small size of our management team and its limited history with certain assets;
- assumption of unknown liabilities, including environmental contamination;
- limitations on rights to indemnity from the seller;
- assumptions about the overall costs of equity or debt;
- diversion of management's and employees' attention from other business concerns;
- entry of competitors in the markets where the acquired business competes;
- difficulties operating in new geographic areas and business lines; and
- customer or key employee losses at the acquired businesses.

If we consummate any future acquisitions, our capitalization and results of operations may change significantly, and our unitholders will not have the opportunity to evaluate the economic, financial and other relevant information that we will consider in determining the application of these funds and other resources.

Our construction of new assets may not result in increased revenue and will be subject to regulatory, environmental, political, legal and economic risks, which could adversely affect our results of operations and financial condition.

One of the ways we intend to grow our business is through organic growth projects. The construction of additions or modifications to our existing systems and the construction of new midstream assets involve numerous regulatory, environmental, political, legal and economic uncertainties that are beyond our control. Such expansion projects may also require the expenditure of significant amounts of capital, and financing may not be available on economically acceptable terms or at all. If we undertake these projects, they may not be completed on schedule, at the budgeted cost, or at all. Cost overruns on construction projects may cause unexpected changes in project economics. Moreover, our revenue may not increase immediately upon the expenditure of funds on a particular project.

For instance, if we expand a pipeline, the construction may occur over an extended period of time, yet we will not receive any material increases in revenue until the project is completed and placed into service. Moreover, we could construct facilities to capture anticipated future growth in production in a region in which such growth does not materialize or only materializes over a period materially longer than expected. Since we are not engaged in the exploration for, and development of, natural gas and crude oil reserves, we often do not have access to third-party estimates of potential reserves in an area prior to constructing facilities in that area. To the extent we rely on estimates of future production in our decision to construct additions to our systems, such estimates may prove to be inaccurate as a result of the numerous uncertainties inherent in estimating quantities of future production. As a result, new facilities may not attract enough throughput to achieve our expected investment return, which could adversely affect our results of operations and financial condition.

In addition, the construction of additions to our existing gathering and transportation assets, or the construction of new gathering and transportation assets, may require us to obtain new rights-of-way. We may be unable to obtain such rights-of-way and may, therefore, be unable to connect new natural gas volumes to our systems or capitalize on other attractive expansion opportunities. Additionally, it may become more expensive for us to obtain new rights-of-way or to renew existing rights-of-way. If the cost of renewing or obtaining new rights-of-way increases materially, our cash flows could be adversely affected.

In connection with our expansion capital programs, we have agreed, and may in the future agree, to construct oil and gas gathering pipelines to service existing and future oil and gas properties, which involves potential risks.

In connection with our expansion capital programs, we have agreed, and may in the future agree, at our cost and expense, to design, acquire right-of-way for, obtain all permits from governmental authorities for, procure materials for, construct, operate, and maintain additional gathering pipelines for connection to certain current and future producing crude oil and natural gas properties. There are risks involved with such obligations, including:

- general construction cost overruns and delays resulting from numerous factors, many of which may be out of our control;
- the inability to obtain required permits for the pipelines;
- the inability to obtain rights-of-way for the gathering pipelines, which may result in pipelines being re-routed, which itself could result in cost overruns and delays;
- the risk associated with producer's exploration and production activities and the associated potential failure of the gathering pipelines to generate attractive cash flows given our obligation to construct and operate them; and
  title issues or environmental or regulatory compliance matters or liabilities or accidents associated with the construction or operation of the pipelines.

We currently expect to fund these costs with borrowings under our revolving credit facility or by accessing the capital markets. If we are unable to finance the expansion costs with existing liquidity, we could be required to seek alternative sources of liquidity, which could be costly or may not be available. In the event expansion and extension of the crude oil and natural gas properties is significantly more expensive than we expect or we are unable to obtain financing for such construction, it could have a material adverse effect on our financial condition, including our results of operations and cash flows.

We do not intend to obtain independent evaluations of natural gas reserves connected to our gathering and transportation systems on a regular or ongoing basis; therefore, in the future, volumes of natural gas on our systems could be less than we anticipate.

We do not intend to obtain independent evaluations of natural gas reserves connected to our systems on a regular or ongoing basis. Accordingly, we may not have independent estimates of total reserves dedicated to some or all of our systems or the anticipated life of such reserves. If the total reserves or estimated life of the reserves connected to our gathering and transportation systems are less than we anticipate and we are unable to secure additional sources of natural gas, it could have a material adverse effect on our business, results of operations, financial condition and our ability to make cash distributions to our unitholders.

Our business involves many hazards, operational risks and litigation risks, some of which may not be fully covered by insurance. If a significant accident, event or judgment occurs for which we are not adequately insured, our operations and financial results could be adversely affected.

Our operations are subject to all of the risks and hazards inherent in the gathering, compressing, treating, processing and transportation of natural gas, including:

- damage to pipelines, plants, storage facilities, related equipment and surrounding properties caused by hurricanes, tornadoes, floods, fires, earthquakes and other natural disasters and acts of terrorism;
- inadvertent damage from construction, vehicles, farm and utility equipment;
- leaks of natural gas and other hydrocarbons or losses of natural gas as a result of the malfunction of equipment or facilities;
- ruptures, fires and explosions; and
- other hazards that could also result in personal injury and loss of life, pollution and suspension of operations.

These risks could result in substantial losses due to personal injury and/or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage. These risks may also result in curtailment or suspension of our operations. In addition, we have been, and are likely to continue to be, a defendant in various legal proceedings and litigation arising in the ordinary course of business, both as a result of these operating hazards and risks and as a result of other aspects of

our business. A natural disaster or other hazard affecting the areas in which we operate could have a material adverse effect on our operations.

We are not fully insured against all risks inherent in our business. For example, we do not have any casualty insurance on our underground pipeline systems that would cover damage to the pipelines. We are self-insured for general and product, workers' compensation and automobile liabilities up to predetermined amounts above which third-party insurance applies. Additionally, we do not have business interruption/ loss of income insurance that would provide coverage in the event of damage to any of our underground facilities. In addition, although we are insured for environmental pollution resulting from environmental accidents that occur on a sudden and accidental basis, we may not be insured against all environmental accidents that might occur, some of which may result in toxic tort claims. We cannot guarantee that our insurance will be adequate to protect us from all material expenses related to potential future claims for personal injury and property damage. If a significant accident or event occurs for which we are not fully insured, it could have a material adverse effect on our operations and financial condition. Furthermore, we may not be able to maintain or obtain insurance of the type and amount we desire at reasonable rates. As a result of market conditions, premiums and deductibles for certain of our insurance policies may substantially increase. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. Additionally, we may be unable to recover from prior owners of our assets, pursuant to our contractual indemnification rights for potential environmental liabilities.

Our interstate natural gas, crude oil and NGL pipelines are subject to regulation by FERC, which could adversely affect our ability to make distributions to our unitholders.

Our AlaTenn and Midla interstate natural gas transportation systems, our Destin pipeline and a portion of our High Point system, are subject to regulation by FERC, under the NGA. Under the NGA, the rates for and terms of conditions of service on these interstate facilities must be just and reasonable and not unduly discriminatory. The rates and terms and conditions for our interstate pipeline services are set forth in tariffs that must be filed with and approved by FERC. Pursuant to FERC's jurisdiction over rates, existing rates may be challenged by complaint and proposed rate increases may be challenged by protest. Any successful complaint or protest against our rates could have an adverse impact on our revenue associated with providing transportation service.

Under the NGA, FERC has the authority to regulate companies that provide natural gas pipeline transportation services in interstate commerce. FERC's authority over such companies includes such matters as:

- rates, terms and conditions of service;
- the types of services interstate pipelines may offer to their customers;
- the certification and construction of new facilities;
- the acquisition, extension, disposition or abandonment of facilities;
- the maintenance of accounts and records;
- relationships between affiliated companies involved in certain aspects of the natural gas business;
- the initiation and discontinuation of services;
- market manipulation in connection with interstate sales, purchases or transportation of natural gas and NGLs; and
- participation by interstate pipelines in cash management arrangements.

The EP Act 2005 amended the NGA to add an anti-manipulation provision. Pursuant to the amended NGA, FERC established rules prohibiting energy market manipulation. Also, FERC's rules require interstate pipelines and their affiliates to adhere to Standards of Conduct that, among other things, require that transportation employees function independently of marketing employees. We are subject to audit by FERC of our compliance in general, including adherence to all its rules and regulations. A violation of these rules, or any other rules, regulations or orders issued or administered by FERC, may subject us to civil penalties, disgorgement of certain profits, or appropriate non-monetary remedies imposed by FERC. In addition, the EP Act 2005 amended the NGA and the NGPA, to increase civil and criminal penalties for any violation of the NGA, NGPA and any rules, regulations or orders of FERC. The FERC is authorized to impose civil penalties of up to $1,000,000 per violation, per day for violations of the NGA, the NGPA or the rules, regulations, restrictions, conditions and orders promulgated under those statutes. This maximum penalty authority established by statute will continue to be adjusted periodically for inflation.

Additionally, existing rates may not reflect our current costs of operations, which may have risen since the last time our rates were approved by FERC.

Our Bakken crude oil gathering system and our Tri-States and Wilprise NGL pipelines are regulated as common carrier interstate pipelines by the FERC under the ICA, the EP Act 1992, and the rules and regulations promulgated under those laws. FERC regulations require that rates and terms and conditions of service for interstate service pipelines that transport crude oil be just and reasonable and must not be unduly discriminatory or confer any undue preference upon any shipper. FERC's regulations

also require interstate common carrier petroleum pipelines to file with FERC and publicly post tariffs stating their interstate transportation rates and terms and conditions of service.

Rates of interstate liquids pipelines are currently regulated by FERC primarily through an annual indexing methodology, under which pipelines increase or decrease their rates in accordance with an index adjustment specified by FERC. For the five-year period beginning on July 1, 2016, FERC established an annual index adjustment equal to the change in the producer price index for finished goods plus 1.23%. Under FERC's regulations, liquids pipelines can request a rate increase that exceeds the rate obtained through application of the indexing methodology by using a cost-of-services approach, but only after the pipeline establishes that a substantial divergence exists between the actual costs experienced by the pipeline and the rates resulting from application of the indexing methodology.

Under the ICA, FERC or interested persons may challenge existing or proposed new or changed rates, services, or terms and conditions of service. FERC is authorized to investigate such charges and may suspend the effectiveness of a new rate for up to seven months. FERC could require a common carrier pipeline to collect rates subject to refund until completion of an investigation during which FERC could find that the new or changed rate is unlawful. In contrast, FERC has clarified that initial rates and terms of service agreed upon with committed shippers in a transportation services agreement are not subject to protest or a cost-of-service analysis where the pipeline held an open season offering all potential shippers service on the same terms.

A successful rate challenge could result in a common carrier pipeline paying refunds of revenue collected in excess of the just and reasonable rate, together with interest for the period the rate was in effect, if any. FERC may also order a pipeline to reduce its rates prospectively, and may require a common carrier pipeline to pay shippers reparations retroactively for rate overages for a period of up to two years prior to the filing of a complaint. FERC also has the authority to change terms and conditions of service if it determines that they are unjust or unreasonable or unduly discriminatory or preferential.

Our intrastate natural gas and gathering transportation and sales services are subject to regulation by state and federal agencies, which could adversely affect our ability to make cash distributions to our unitholders.

Certain of our intrastate natural gas pipeline operations are subject to regulation by various agencies of the states in which they are located. Most states have agencies that possess the authority to review and authorize natural gas transportation transactions and the construction, acquisition, abandonment and interconnection of physical facilities. Some states also have state agencies that regulate transportation rates, service terms and conditions and contract pricing to ensure their reasonableness and to ensure that the intrastate pipeline companies that they regulate do not discriminate among similarly situated customers. Such agencies could limit our ability to increase our rates or order us to reduce our rates and pay refunds to shippers. State agencies can also regulate whether a service may be provided or cancelled. If state agencies in the states in which we offer intrastate transportation services change their policies or aggressively regulate our rates or terms and conditions of service, it could also adversely affect our ability to make cash distributions to our unitholders.

Certain of our intrastate natural gas pipelines transport gas in interstate commerce that is subject to FERC jurisdiction under Section 311 of the NGPA or are exempt from FERC jurisdiction as Hinshaw pipelines but have received blanket authorization to transport natural gas on behalf of interstate pipelines. The maximum rates for services provided under Section 311 of the NGPA may not exceed a "fair and equitable rate," as defined in the NGPA. The rates are generally subject to review every five years by FERC or by an appropriate state agency. The inability to obtain approval of rates at acceptable levels could result in refund obligations and an inability to make cash distributions to our unitholders.

Intrastate natural gas pipelines, which operate entirely within a single state, are generally not subject to FERC's jurisdiction under the NGA. Hinshaw pipelines operate within a single state but may receive gas from outside their state without becoming subject to FERC jurisdiction under the NGA. Specifically, a Hinshaw pipeline is exempt from FERC's general NGA regulation if: (1) it receives natural gas at or within the boundary of a state; (2) all the gas is consumed within that state; and (3) the pipeline is regulated by a state commission. Hinshaw pipelines may also receive authorization under Part 284, subpart G of the Commission's regulations to transport natural gas on behalf of interstate pipelines or a local distribution company served by an interstate pipeline.

Certain of our pipelines which transport gas in interstate commerce are "Hinshaw" pipelines exempt from the jurisdiction of the FERC jurisdiction under Section 1(c) of the NGA, and we may have additional Hinshaw pipelines in the future. Each of our current Hinshaw pipelines has received a "blanket certificate" under 18 C.F.R. Section 284.244 to transport gas. The maximum rates for services provided the blanket certificate may not exceed a "fair and equitable rate," as defined in the FERC Regulations. The rates are generally subject to review every five years by FERC or by an appropriate state agency. The inability to obtain approval of rates at acceptable levels could result in refund obligations and an inability to make cash distributions to our unitholders.

The FERC's anti-manipulation rules apply to non-jurisdictional entities to the extent the activities are conducted "in connection with" gas sales, purchases or transportation subject to FERC jurisdiction. The new anti-manipulation rules do not apply to activities that relate only to intrastate or other non-jurisdictional sales or gathering, but only to the extent such transactions do not have a "nexus" to jurisdictional transactions. As noted above, the FERC's civil penalty authority under the EP Act of 2005 would apply to violations of these rules to the extent applicable to our intrastate natural gas services.

The application of certain FERC policy statements could affect the rate of return on our equity that we are allowed to recover through rates and the amount of any allowance our interstate systems can include for income taxes in establishing their rates for service, which would in turn impact our revenue and/or equity earnings.

FERC currently allows partnerships, including MLPs, to include in their cost-of-service an income tax allowance if the partnership's owners have actual or potential income tax liability, a matter that will be reviewed by FERC on a case-by-case basis. In July 2016, the United States Court of Appeals for the District of Columbia Circuit issued its opinion in *United Airlines, Inc., et al. v. FERC* , finding that FERC had acted arbitrarily and capriciously when it failed to demonstrate that permitting an interstate petroleum products pipeline organized as a limited partnership to include an income tax allowance in the cost of service underlying its rates in addition to the discounted cash flow return on equity would not result in the pipeline partnership double-recovering the income tax liability of its investors. The court vacated FERC's order and remanded to FERC to consider mechanisms for demonstrating that there is no double recovery as a result of the income tax allowance. On December 15, 2016, FERC issued a Notice of Inquiry seeking comment on how to address any double recovery resulting from income tax allowance policy. The ultimate outcome of this proceeding is not certain and could result in changes going forward to FERC's treatment of income tax allowances in the cost of service or to the discounted cash flow return on equity. Depending upon the resolution of these issues, the cost of service rates of our interstate pipelines could be affected to the extent they propose new rates or changes to their existing rates or if their rates are subject to complaint or challenged by FERC.

A change in the jurisdictional characterization or regulation of our assets by federal, state or local regulatory agencies or a change in policy by those agencies could result in increased regulation of our assets which could materially and adversely affect our financial condition, results of operations and cash flows.

Gas gathering facilities and intrastate transportation facilities that do not provide interstate transmission services are exempt from the jurisdiction of FERC under the NGA. In Docket No. CP12-9, the FERC determined that certain portions of our High Point system met the gathering exemption from regulation under the NGA. Although FERC has not made any formal determinations with respect to any of our other facilities, we believe that our gathering and intrastate natural gas pipelines and related facilities that are not engaged in providing interstate transmission services are engaged in exempt gathering and intrastate transportation and, therefore, are not subject to FERC jurisdiction. We believe that our natural gas gathering pipelines meet the traditional tests that FERC has used to determine if a pipeline is a gathering pipeline and is therefore not subject to FERC's jurisdiction. The distinction between FERC- regulated transmission services and federally unregulated gathering services is the subject of substantial ongoing litigation and, over time, FERC's policy for determining which facilities it regulates has changed. In addition, the distinction between FERC-regulated transmission facilities, on the one hand, and intrastate transportation and gathering facilities, on the other, is a fact-based determination made by FERC on a case- by-case basis. If FERC were to consider the status of an individual facility and determine that the facility and/or services provided by it are not exempt from FERC regulation under the NGA, the rates for, and terms and conditions of, services provided by such facility would be subject to regulation by FERC under the NGA. Such regulation could decrease revenue, increase operating costs, and, depending upon the facility in question, could adversely affect our results of operations and cash flows. In addition, if any of our facilities were found to have provided services or otherwise operated in violation of the NGA or NGPA, this could result in the imposition of civil penalties as well as a requirement to disgorge charges collected for such service in excess of the cost-based rate established by FERC.

Moreover, FERC regulation affects our gathering, transportation and compression business generally. FERC's policies and practices across the range of its natural gas regulatory activities, including, for example, its policies on open access transportation, market manipulation, ratemaking, capacity release and market transparency and market center promotion, directly and indirectly affect our gathering business. In addition, the classification and regulation of our gathering and intrastate transportation facilities also are subject to change based on future determinations by FERC, the courts or Congress.

State regulation of gathering facilities generally includes various safety, environmental and, in some circumstances, nondiscriminatory take requirements and complaint-based rate regulation. We are subject to some state ratable take and common purchaser statutes. The ratable take statutes generally require gatherers to take, without undue discrimination, natural gas production that may be tendered to the gatherer for handling. Similarly, common purchaser statutes generally require gatherers to purchase without undue discrimination as to source of supply or producer. These statutes are designed to prohibit discrimination in favor of one producer over another producer or one source of supply over another source of supply. States in which we operate that have adopted some form of complaint-based regulation, like Texas, generally allow natural gas and crude oil producers and shippers

to file complaints with state regulators in an effort to resolve grievances relating to natural gas gathering access and rate discrimination.

In recent years, FERC's efforts to promote open access, transparency, and the unbundling of interstate pipeline services has prompted a number of interstate pipelines to transfer their non-jurisdictional gathering facilities to unregulated affiliates. As a result of these activities, natural gas gathering may begin to receive greater regulatory scrutiny at both the state and federal levels. Such additional scrutiny could result in increased expenses to us and a resulting materially adverse change in our finances.

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

Our operations are subject to stringent and complex federal, state and local environmental laws and regulations that govern the discharge of materials into the environment or otherwise relate to environmental protection. Examples of these laws include:

- the federal Clean Air Act and analogous state laws that restrict the emission of air pollutants from many sources, imposes various pre-construction, monitoring, and reporting requirements, which the Environmental Protection Agency has relied upon as authority for adopting climate change regulatory initiatives;
- the federal CERCLA and analogous state laws that regulate the cleanup of hazardous substances that may be or have been released at properties currently or previously owned or operated by us or at locations to which our wastes are or have been transported for disposal;
- the federal Clean Water Act and analogous state laws that regulate discharges of pollutants from facilities to state and federal waters and establishes the extent to which waterways are subject to federal jurisdiction and rulemaking as protected waters of the United States;
- the federal Oil Pollution Act of 1990 and analogous state laws that establish strict liability for releases of oil into waters of the United States;
- U.S. Department of the Interior regulations, which relate to offshore oil and natural-gas operations in U.S. waters and impose obligations for establishing financial assurances for decommissioning activities, liabilities for pollution cleanup costs resulting from operations, and potential liabilities for pollution damages;
- the federal Resource Conservation and Recovery Act of 1976 and analogous state laws that impose requirements for the generation, storage, treatment, transport and disposal of solid and hazardous waste from our facilities;
- the Endangered Species Act of 1973 and analogous state laws that restrict activities that may affect federally or state identified endangered and threatened species or their habitats through the implementation of operating restrictions or a temporary, seasonal, or permanent ban in affected areas;
- the Toxic Substances Control Act, and analogous state laws that impose requirements on the use, storage and disposal of various chemicals and chemical substances at our facilities; and
- the U.S. Occupational Safety and Health Act and analogous state laws that establish workplace standards for the protection of the health and safety of employees, including the implementation of hazard communications programs designed to inform employees about hazardous substances in the workplace, potential harmful effects of these substances, and appropriate control measures.

These laws and regulations may impose numerous obligations that are applicable to our operations, including the acquisition of permits to conduct regulated activities, the incurrence of capital or operating expenditures to limit or prevent releases of materials from our pipelines and facilities, the imposition of specific safety and health criteria addressing worker protection, and the imposition of substantial liabilities and remedial obligations for pollution resulting from our operations. Numerous governmental authorities, such as the EPA, and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them, oftentimes requiring difficult and costly corrective actions. Failure to comply with these laws, regulations and permits may result in the assessment of administrative, civil and criminal penalties, the imposition of remedial obligations and the issuance of injunctions limiting or preventing some or all of our operations.

In addition, we may experience a delay in obtaining or be unable to obtain required permits, which may cause us to lose potential and current customers, interrupt our operations or delay expansion projects and limit our growth and revenue. Please read "Business - Environmental Matters - Air Quality and Climate Control" for more information about these matters.

There is a risk that we may incur significant environmental costs and liabilities in connection with our operations due to historical industry operations and waste disposal practices, our handling of hydrocarbons and other wastes and potential emissions and discharges related to our operations. Joint and several strict liability may be incurred, without regard to fault, under certain of these environmental laws and regulations in connection with discharges or releases of hydrocarbons and other wastes on, under or from our properties and facilities, many of which have been used for midstream activities for a number of years, oftentimes by third parties not under our control. Private parties, including the owners of the properties through which our gathering or

transportation systems pass and facilities where our hydrocarbons and other wastes are taken for reclamation or disposal, may also have the right to pursue legal actions to enforce compliance, as well as to seek damages for non-compliance with environmental laws and regulations or for personal injury or property or natural resource damage. For example, an accidental release from one of our pipelines could subject us to substantial liabilities arising from environmental cleanup and restoration costs, claims made by neighboring landowners and other third parties for personal injury and property damage and fines or penalties for related violations of environmental laws or regulations. We may not be able to recover all or any of these costs from insurance. In addition, changes in environmental laws and regulations occur frequently, and any such changes that result in more stringent and costly waste handling, storage, transport, disposal or remediation requirements could have a material adverse effect on our results of operations or financial position. Please read “Business - Environmental Matters” for more information.

We may be unable to obtain or renew permits necessary for our operations or the operations we may acquire in future acquisitions.

Our facilities operate under a number of required federal and state permits, licenses and approvals with terms and conditions containing a significant number of prescriptive limits and performance standards in order to operate. All of these permits, licenses, approvals, limits and standards require a significant amount of monitoring, record keeping and reporting in order to demonstrate compliance with the underlying permit, license, approval, limit or standard. Noncompliance or incomplete documentation of our compliance status may result in the imposition of fines, penalties and injunctive relief. A decision by a government agency to deny or delay issuing a new or renewed material permit, license or approval, or to revoke or substantially modify an existing permit, license or approval, could have a material adverse effect on our financial condition, including our results of operations and cash flows.

Our operations may impact the environment or cause environmental contamination, which could result in material liabilities to us.

Our operations use or generate quantities of hazardous materials and other wastes and may affect runoff or drainage water. In the event of environmental contamination or a release of hazardous materials or other wastes, we could become subject to claims for toxic torts, natural resource damages and other damages and for the investigation and cleanup of soil, surface water, groundwater, and other media. Such claims may arise out of conditions at sites that we currently own or operate, as well as at sites that we previously owned or operated, or may acquire. Our liability for such claims may be joint and several, so that we may be held responsible for more than our share of the contamination or other damages, or even for the entire share. These and other adverse impacts that our operations may have on the environment, as well as exposures to hazardous materials or other wastes associated with our operations, could result in costs and liabilities that could have a material adverse effect on us. Please read “Business - Environmental Matters” for more information.

We do not own all of the land on which our pipelines and facilities are located, which could result in disruptions to our operations.

We do not own all of the land on which our pipelines and facilities have been constructed, and we are, therefore, subject to the possibility of more onerous terms and/or increased costs to retain necessary land use if we do not have valid rights-of-way or if such rights-of-way lapse or terminate or do not allow us to change our operations, or we may not be able to renew our contract leases on commercially reasonable terms or at all. We obtain the rights to construct and operate our pipelines on land owned by third parties and governmental agencies for a specific period of time for specific types of operations. Our loss of these rights, through our inability to renew right-of-way contracts or otherwise or our inability to amend these rights for new operations, could have a material adverse effect on our business, results of operations, financial condition and ability to make cash distributions to our unitholders.

A shortage of skilled labor in the midstream industry could reduce labor productivity and increase costs, which could have a material adverse effect on our business and results of operations.

The gathering, treating, processing and transporting of natural gas and crude oil requires skilled laborers in multiple disciplines such as equipment operators, mechanics and engineers, among others. We have from time to time encountered shortages for these types of skilled labor. If we experience shortages of skilled labor in the future, our labor and overall productivity or costs could be materially and adversely affected. If our labor prices increase or if we experience materially increased health and benefit costs with respect to our general partner’s employees, our results of operations could be materially and adversely affected.

Our work force could become unionized in the future, which could adversely affect the stability of our production and materially reduce our profitability.

Substantially all of our systems are operated by non-union employees. Our employees have the right at any time under the National Labor Relations Act to form or affiliate with a union. If our employees choose to form or affiliate with a union and the terms of a union collective bargaining agreement are significantly different from our current compensation and job assignment arrangements with our employees, these arrangements could adversely affect the stability of our operations and materially reduce our profitability.

A failure in our operational systems or cyber security attacks on any of our facilities, or those of third parties, may adversely affect our financial results.

Our business is dependent upon our operational systems to process a large amount of data and complex transactions. If any of our financial, operational, or other data processing systems fail or have other significant shortcomings or downtime, our financial results could be adversely affected. Our financial results could also be adversely affected if an employee causes our operational systems to fail, either as a result of inadvertent error or by deliberately tampering with or manipulating our operational systems. In addition, dependence upon automated systems may further increase the risk that operational system flaws, employee tampering or manipulation of those systems will result in losses that are difficult to detect.

Due to increased technology advances, we have become more reliant on technology to help increase efficiency in our business. We use computer programs to help run our financial and operational departments, and these systems may subject our business to increased risks. Any future cyber security attacks that affect our facilities, our customers and any financial data could have a material adverse effect on our business. In addition, cyber-attacks on our customer and employee data may result in financial loss and may negatively impact our reputation. Third-party systems on which we rely could also suffer operational system failure. Any of these occurrences could disrupt our business, result in potential liability or reputational damage or otherwise have an adverse effect on our financial results.

Terrorist attacks, the threat of terrorist attacks, and sustained military campaigns may adversely impact our results of operations.

Increased security measures taken by us as a precaution against possible terrorist attacks have resulted in increased costs to our business. Uncertainty surrounding continued hostilities in the Middle East and North Africa or other sustained military conflicts may affect our operations in unpredictable ways, including disruptions of crude oil supplies or storage facilities, and markets for refined products, and the possibility that infrastructure facilities could be direct targets of, or indirect casualties of, an act of terror.

Risks Related to Our Units, Partnership Structure and Ownership

Master limited partnerships ("MLPs") do not have the same flexibility as other types of organizations to accumulate cash. This may limit cash available to make distributions to our unitholders.

Subject to the limitations on restricted payments in the indenture governing the notes and in our revolving credit facility and any future indebtedness we may incur, we are required by our partnership agreement to distribute all of our "available cash" each quarter to our limited partners and our general partner. Available cash is defined in our partnership agreement and generally means, for any quarter, all cash and cash equivalents 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 (including reserves for future capital expenditures, for anticipated future credit needs subsequent to that quarter, for legal matters and for refunds of collected rates reasonably likely to be refunded as a result of a settlement or hearing related to FERC rate proceeding);
- comply with applicable law or regulation, any of our debt instruments or other agreements; or
- provide funds for distributions to our unitholders and to our general partner for any one or more of the next four quarters (provided that our general partner may not establish cash reserves for distributions if the effect of the establishment of such reserves will prevent us from distributing the minimum quarterly distribution on all common units and any cumulative arrearages on such common units for the current quarter);
- *plus* , if our general partner so determines, all or any portion of the cash on hand on the date of distribution of available cash for the quarter, including cash on hand resulting from working capital borrowings made subsequent to the end of such quarter.

As a result, we do not accumulate significant amounts of cash and thus do not have the same flexibility as corporations or other entities that do not pay dividends or have complete flexibility regarding the amounts they will distribute to their equity holders. The timing and amount of our distributions could significantly reduce the cash available to pay the principal, premium (if any) and interest on the notes. The board of directors of our general partner will determine the amount and timing of such distributions and has broad discretion to establish and make additions to our reserves or the reserves of our operating subsidiaries as it determines are necessary or appropriate.

Although our payment obligations to our unitholders are subordinate to our payment obligations with respect to the notes, we expect that the value of our units would decrease if we decrease the amount we distribute per unit. Accordingly, if we experience a liquidity problem in the future, we may not be able to issue equity to recapitalize and our ability to service our indebtedness, including the notes, may be materially impaired.

We may not have sufficient cash from operations to enable us to pay distributions to holders of our common units.

We may not have sufficient available cash from operations each quarter to enable us to pay the minimum quarterly distribution of $0.4125 per common unit or at all. These distributions may only be made from cash available for distribution after the preferred quarterly distribution to which our Convertible Preferred Units are entitled, the establishment of cash reserves, and payment of our fees and expenses. The amount of cash we can distribute on our units principally depends upon the amount of cash we generate from our operations, which will fluctuate from quarter to quarter based on, among other things:

- the volume of natural gas we gather, process and transport;
- the level of production of crude oil and natural gas and the resultant market prices of crude oil and natural gas and NGLs;
- realized pricing impacts on our revenue and expenses that are directly subject to commodity price exposure;
- changes in the fees we charge for our services;
- the market prices of natural gas and NGLs relative to one another, which affects our processing margins;
- the effect of seasonal variations in temperature on the amount of natural gas and crude oil that we transport and the amount of natural gas that we store, process and treat;
- capacity charges and volumetric fees associated with our transportation services;
- storage capacity utilization associated with our terminals segment;
- the level of competition from other midstream energy companies in our geographic markets;
- the creditworthiness of our customers;
- the level of our operating, maintenance and corporate costs;
- regulatory action affecting the supply of, or demand for, natural gas, the transportation rates we can charge on our regulated pipelines, how we contract for services, our existing contracts, our operating costs and our operating flexibility; and
- acts of God.

In addition, the actual amount of cash we will have available for distribution will depend on other factors, including:

- the level and timing of capital expenditures we make;
- the cost of acquisitions, and the resulting costs of integrations, if any;
- our debt service payments and requirements and other liabilities;
- fluctuations in our working capital needs;
- our ability to borrow funds and access capital markets;
- restrictions contained in our Credit Agreement;
- the amount of cash reserves established by our General Partner; and
- other business risks affecting our cash levels.

There is no guarantee that unitholders will receive quarterly distributions from us. Our distributions are determined each quarter by the Board of Directors of our General Partner based on the board's consideration of the foregoing factors, our financial position, earnings, cash flow, current and future business needs and other relevant factors at that time. We may reduce or eliminate distributions at any time we have insufficient cash available for distributions. This may be due to insufficient cash reserves, requirements to fund current or anticipated future operations, capital expenditures, acquisitions, growth or expansion projects, debt repayment or other business needs.

The amount of cash we have available for distribution depends primarily upon our cash flow and not solely on profitability, which will be affected by non-cash items. As a result, we may make cash distributions during periods when we record net losses

for financial reporting purposes and may not make cash distributions during periods when we record net income for financial reporting purposes.

We have a holding company structure in which our subsidiaries and unconsolidated affiliates conduct our operations and own our operating assets, and our ability to make cash distributions depends on the performance of these entities and their ability to distribute funds to us.

We are a holding company, and our subsidiaries and unconsolidated affiliates conduct all of our operations and own all of our operating assets. We do not have significant assets other than equity in our subsidiaries and unconsolidated affiliates. As a result, our ability to make distributions depends on the performance of our subsidiaries and these other entities and their ability to distribute funds to us. The ability of our subsidiaries to make distributions to us may be restricted by, among other things, our revolving credit facility, the terms of debt and other agreements to which they are a party, their organizational documents and applicable state corporation, limited liability company, limited partnership or similar statutes and other laws and regulations. Moreover, we are a minority owner in several of our unconsolidated affiliates and may not possess the power to cause those entities to make distributions of cash to us. We cannot assure you that the earnings from, or other available assets of, our subsidiaries and other unconsolidated affiliates will be sufficient to enable us to make cash distributions.

As our common units are yield-oriented securities, increases in interest rates could adversely impact our unit price, our ability to issue equity or incur debt for acquisitions or other purposes and our ability to make cash distributions at our intended levels.

Interest rates have increased recently and may continue to increase in the future. As a result, interest rates on future credit facilities and debt offerings could be higher than current levels, causing our financing costs to increase accordingly. As with other yield-oriented securities, our unit price is impacted by our level of our cash distributions and distribution yield. The distribution yield is often used by investors to compare and rank yield-oriented securities for investment decision-making purposes. Therefore, changes in interest rates, either positive or negative, may affect the yield requirements of investors who invest in our units, and a rising interest rate environment could have an adverse impact on our unit price, our ability to issue equity or incur debt for acquisitions or other purposes and our ability to make cash distributions at our intended levels.

Affiliates of ArcLight directly own our general partner, which has sole responsibility for conducting our business and managing our operations. These affiliates elect all of the members of the board of our general partner. These affiliates and our general partner have conflicts of interest with us and limited fiduciary duties, and they may favor their own interests to the detriment of us and our unitholders.

Affiliates of ArcLight and our general partner have the power to appoint all of the officers and directors of our general partner. The directors and officers of our general partner have a fiduciary duty to manage our general partner in a manner that is beneficial to it, and have no duty to us or our common unitholders. Conflicts of interest may arise between these affiliates and our general partner, on the one hand, and us and our noteholders, on the other hand. In resolving these conflicts of interest, our general partner may favor its own interests and the interests of these affiliates over our interests and the interests of our noteholders. These conflicts include the following situations, among others:

- neither our Partnership Agreement nor any other agreement requires these affiliates of ArcLight to pursue a business strategy that favors us, and the officers and directors of these affiliates may have a fiduciary duty to make these decisions in the best interests of these affiliates of ArcLight and their respective direct and indirect owners, respectively, which may be contrary to our interests. These affiliates of ArcLight may choose to shift the focus of their investment and growth to areas not served by our assets;
- These affiliates of ArcLight, their respective direct and indirect owners and their respective affiliates are not limited in their ability to compete with us and may offer business opportunities or sell midstream assets to third parties without first offering us the right to bid for them;
- our general partner is allowed to take into account the interests of parties other than us in resolving conflicts of interest and exercising certain rights under our Partnership Agreement, which has the effect of limiting its duty to our unitholders;
- our Partnership Agreement replaces the fiduciary duties that would otherwise be owed by our general partner with contractual standards governing its duties, limits our general partner's liabilities, and also restricts the remedies available to our noteholders for actions that, without the limitations, might constitute breaches of such fiduciary duty;
- except in limited circumstances, our general partner has the power and authority to conduct our business without unitholder approval;
- disputes may arise under our commercial agreements or acquisition agreements with these affiliates of ArcLight;

- our general partner determines the amount and timing of asset purchases and sales, borrowings, issuance of additional partnership securities and the creation, reduction or increase of reserves, each of which can affect the amount of cash that is distributed to our unitholders;
- our general partner determines the amount and timing of any capital expenditures and whether a capital expenditure is classified as a maintenance capital expenditure, which reduces operating surplus, or an expansion capital expenditure, which does not reduce operating surplus. This determination can affect the amount of cash that is distributed to our unitholders and to our general partner as well as the conversion of the Convertible Preferred Units into common units;
- our general partner determines which costs incurred by it are reimbursable by us;
- our general partner may cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make a distribution on the Convertible Preferred Units, to make incentive distributions or to accelerate the expiration of a subordination period;
- our Partnership Agreement permits us to classify up to $11.5 million as operating surplus, even if it is generated from asset sales, nonworking capital borrowings or other sources that would otherwise constitute capital surplus. This cash may be used to fund distributions on our Convertible Preferred Units or to our general partner in respect of the general partner interest or the incentive distribution rights;
- 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;
- our general partner may exercise its right to call and purchase all of the common units not owned by it and its affiliates if they own more than 80% of the common units;
- our general partner controls the enforcement of the obligations that it and its affiliates owe to us;
- our general partner decides whether to retain separate counsel, accountants or others to perform services for us;
- our general partner may transfer its IDRs without unitholder approval; and
- our general partner may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to our general partner's incentive distribution rights without the approval of the Conflicts Committee of the Board of Directors of our general partner ("Conflicts Committee") or our unitholders. This election may result in lower distributions to our common unitholders in certain situations.

The affiliates of ArcLight that own our general partner are not limited in their ability to compete with us and are not obligated to offer us the opportunity to acquire additional assets or businesses, which could limit our ability to grow and could adversely affect our results of operations and cash available for distribution to our unitholders.

The affiliates of ArcLight that own our general partner are not prohibited from owning assets or engaging in businesses that compete directly or indirectly with us. In addition, in the future, affiliates of our general partner and the entities owned or controlled by affiliates of our general partner, including these affiliates of ArcLight may acquire, construct or dispose of additional midstream or other assets and may be presented with new business opportunities, without any obligation to offer us the opportunity to purchase or construct such assets or to engage in such business opportunities. Moreover, while these affiliates of ArcLight may offer us the opportunity to buy additional assets from them, they are under no contractual obligation to do so and we are unable to predict whether or when such acquisitions might be completed. This may create actual and potential conflicts of interest between us and affiliates of our general partner, and result in less than favorable treatment of us and our unitholders.

The New York Stock Exchange ("NYSE") does not require a publicly traded partnership like us to comply with certain of its corporate governance requirements.

Our common units are listed on the NYSE. Because we are a publicly traded partnership, the NYSE does not require us to have a majority of independent directors on our general partner's board of directors or to establish a compensation committee or a nominating and corporate governance committee. Additionally, any future issuance of additional common units or other securities, including to affiliates, will not be subject to the NYSE's shareholder approval rules. Accordingly, unitholders will not have the same protections afforded to certain corporations that are subject to all of the NYSE corporate governance requirements.

If you are not an eligible holder, you may not receive distributions or allocations of income or loss on your common units and your common units will be subject to redemption.

We have adopted certain requirements regarding those investors who may own our units. Eligible holders are U.S. individuals or entities subject to U.S. federal income taxation on the income generated by us or entities not subject to U.S. federal income taxation on the income generated by us, so long as all of the entity's owners are U.S. individuals or entities subject to such taxation. If you are not an eligible holder, our General Partner may elect not to make distributions or allocate net

income or loss on your units, and you run the risk of having your units redeemed by us at the lower of your purchase price for the units and the then-current market price. The redemption price may be paid in cash or by delivery of a promissory note, as determined by our General Partner.

C ***ommon units held by persons who are non-taxpaying assignees will be subject to the possibility of redemption.***

Our Partnership Agreement gives our General Partner the power to amend the agreement to avoid any adverse effect on the maximum applicable rates chargeable to customers by us under FERC regulations or to reverse an adverse determination that has occurred regarding such maximum rate. If our General Partner determines that our not being treated as an association taxable as a corporation or otherwise taxable as an entity for U.S. federal income tax purposes, coupled with the tax status (or lack of proof thereof) of one or more of our limited partners, has, or is reasonably likely to have, a material adverse effect on the maximum applicable rates chargeable to customers by us, then our General Partner may adopt such amendments to our Partnership Agreement as it determines are necessary or advisable to obtain proof of the U.S. federal income tax status of our limited partners (and their owners, to the extent relevant) and permit us to redeem the units held by any person whose tax status has or is reasonably likely to have a material adverse effect on the maximum applicable rates or who fails to comply with the procedures instituted by our General Partner to obtain proof of the U.S. federal income tax status.

Our partnership agreement requires that we distribute our available cash, which could limit our ability to grow and make acquisitions.

Our partnership agreement requires us to distribute our available cash to our unitholders. Accordingly, we will rely primarily upon external financing sources, including commercial bank borrowings and the issuance of debt and equity securities, to fund our acquisitions and expansion capital expenditures. As a result, to the extent we are unable to finance growth externally, our cash distribution policy will significantly impair our ability to grow.

In addition, because we intend to distribute our available cash, our growth may not be as fast as that of businesses that reinvest their available cash to expand ongoing operations. To the extent we issue additional units in connection with any acquisitions or expansion capital expenditures, the payment of distributions on those additional units may increase the risk that we will be unable to maintain or increase our per unit distribution level. There are no limitations in our partnership agreement, or in our revolving credit facility, on our ability to issue additional units, including units ranking senior to the common units. The incurrence of additional commercial borrowings or other indebtedness to finance our growth strategy would result in increased interest expense, which in turn may impact the available cash that we have to distribute to our unitholders.

Our general partner may limit its liability regarding our obligations.

Our general partner may limit its liability under contractual arrangements so that the counterparties to such arrangements have recourse only against our assets, and not against our general partner or its assets. Our general partner may therefore cause us to incur indebtedness or other obligations that are nonrecourse to our general partner. Our partnership agreement permits our general partner to limit its liability, even if we could have obtained more favorable terms without the limitation on liability. In addition, we are obligated to reimburse or indemnify our general partner to the extent that it incurs obligations on our behalf. Any such reimbursement or indemnification payments would reduce our ability to make cash distributions to our unitholders.

Our Partnership Agreement limits our General Partner's fiduciary duties to us and the holders of our common units.

Our Partnership Agreement contains provisions that modify and reduce the fiduciary duties to which our General Partner would otherwise be held by state fiduciary duty law. 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 or otherwise, free of fiduciary duties to us and our unitholders. This entitles our General Partner to consider only the interests and factors that it desires and relieves it of any duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or our limited partners. Examples of decisions that our General Partner may make in its individual capacity include:

- how to allocate corporate opportunities among us and its affiliates;
- whether to exercise its limited call right;
- how to exercise its voting rights with respect to the units it owns;
- whether to elect to reset target distribution levels; and
- whether or not to consent to any merger or consolidation of the partnership or amendment to the Partnership Agreement.

By purchasing a common unit, a common unitholder agrees to become bound by the provisions in the Partnership Agreement, including the provisions discussed above.

Our Partnership Agreement restricts the remedies available to holders of our common units for actions taken by our General Partner that might otherwise constitute breaches of fiduciary duty.

Our Partnership Agreement contains provisions that restrict the remedies available to unitholders for actions taken by our General Partner that might otherwise constitute breaches of fiduciary duty under state fiduciary duty law. For example, our Partnership Agreement:

- provides that whenever our General Partner makes a determination or takes, or declines to take, any other action in its capacity as our General Partner, our General Partner is required to make such determination, or take or decline to take such other action, in good faith, and will not be subject to any other or different standard imposed by our Partnership Agreement, Delaware law, or any other law, rule or regulation, or at equity;
- provides that our General Partner will not have any liability to us or our unitholders for decisions made in its capacity as a General Partner so long as such decisions are made in good faith, meaning that it believed that the decision was in, or not opposed to, the best interest of our partnership;
- provides that our General Partner and its officers and directors will not be liable for monetary damages to us, our limited partners or their assignees resulting from any act or omission unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our General Partner or its officers and directors, as the case may be, 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 our General Partner will not be in breach of its obligations under the Partnership Agreement or its fiduciary duties to us or our unitholders if a transaction with an affiliate or the resolution of a conflict of interest is:
  a. approved by the Conflicts Committee of the Board of Directors of our General Partner, although our General Partner is not obligated to seek such approval;
  b. approved by the vote of a majority of the outstanding common units, excluding any common units owned by our General Partner and its affiliates;
  c. on terms no less favorable to us than those generally being provided to or available from unrelated third parties; or
  d. fair and reasonable to us, taking into account the totality of the relationships among the parties involved, including other transactions that may be particularly favorable or advantageous to us.

In connection with a situation involving a transaction with an affiliate or a conflict of interest, any determination by our General Partner must be made in good faith. If an affiliate transaction or the resolution of a conflict of interest is not approved by our common unitholders or the Conflicts Committee, and the Board of Directors of our General Partner determines that the resolution or course of action taken with respect to the affiliate transaction or conflict of interest satisfies either of the standards set forth in subclauses (c) and (d) above, then it will be presumed that, in making its decision, the board of directors acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the Partnership, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption.

Our General Partner may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to our General Partner's incentive distribution rights without the approval of the Conflicts Committee of our General Partner's board or our unitholders. This election may result in lower distributions to our common unitholders in certain situations.

Our General Partner has the right, at any time it has received incentive distributions exceeding the target distribution described in our Partnership Agreement for each of the prior four consecutive fiscal quarters, to reset the initial target distribution levels at higher levels based on our cash distribution at the time of the exercise of the reset election. Following a reset election by our General Partner, the minimum quarterly distribution will be reset to an amount equal to the average cash distribution per unit for the two fiscal quarters immediately preceding the reset election (such amount is referred to as the "reset minimum quarterly distribution"), and the target distribution levels will be reset to correspondingly higher levels based on percentage increases above the reset minimum quarterly distribution.

We anticipate that our General Partner would exercise this reset right in order to facilitate acquisitions or internal growth projects that would not be sufficiently accretive to cash distributions per common unit without such conversion; however, it is possible that our General Partner could exercise this reset election at a time when we are experiencing declines in our aggregate cash distributions or at a time when our General Partner expects that we will experience declines in our aggregate cash distributions

in the foreseeable future. In such situations, our General Partner may be experiencing, or may expect to experience, declines in the cash distributions it receives related to its incentive distribution rights and may therefore desire to be issued common units, which are entitled to specified priorities with respect to our distributions and which therefore may be more advantageous for the General Partner to own in lieu of the right to receive incentive distribution payments based on target distribution levels that are less certain to be achieved in the then current business environment. As a result, a reset election may cause our common unitholders to experience dilution in the amount of cash distributions that they would have otherwise received had we not issued common units to our General Partner in connection with resetting the target distribution levels related to our General Partner's incentive distribution rights.

Holders of our common units 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, unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management's decisions regarding our business. Unitholders will have no right on an annual or ongoing basis to elect our General Partner or its board of directors. The Board of Directors of our General Partner will be chosen by HPIP. Furthermore, if the unitholders are dissatisfied with the performance of our General Partner, they will have little ability to remove our General Partner. As a result of these limitations, the price at which the common units will trade could be diminished because of the absence or reduction of a takeover premium in the trading price. Our Partnership Agreement also contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting the unitholders' ability to influence the manner or direction of management.

Even if holders of our common units are dissatisfied, they cannot currently remove our General Partner without its consent.

Our unitholders are unable to remove our General Partner without its consent because our General Partner and its affiliates own sufficient units to be able to prevent its removal. The vote of the holders of at least 66 2/3% of all outstanding limited partner units voting together as a single class is required to remove our General Partner. As of March 20, 2017, ArcLight indirectly held common units or convertible preferred units representing 49.2% of our then-outstanding common units.

Our Partnership Agreement restricts the voting rights of unitholders owning 20% or more of our common units.

Unitholders' voting rights are further restricted by a provision of our Partnership Agreement providing that any units held by a person that owns 20% or more of any class of units then outstanding, other than our General Partner, its affiliates, their transferees and persons who acquired such units with the prior approval of the Board of Directors of our General Partner, cannot vote on any matter.

Our General Partner interest or the control of our General Partner may be transferred to a third party without unitholder consent.

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 the unitholders. Furthermore, our Partnership Agreement does not restrict the ability of HPIP to transfer all or a portion of their ownership interest in our General Partner to a third party. The new owner of our General Partner would then be in a position to replace the board of directors and officers of our General Partner with its own designees and thereby exert significant control over the decisions made by the board of directors and officers.

We may issue additional units without your approval, which would dilute your existing ownership interests.

Our Partnership Agreement does not limit the number of additional limited partner interests that we may issue at any time without the approval of our unitholders. The issuance by us of additional common units or other equity securities of equal or senior rank will have the following effects:

- our existing unitholders' proportionate ownership interest in us will decrease;
- the amount of cash available for distribution on each unit may decrease;
- because of the Series A Units, the risk that a shortfall in the payment of the minimum quarterly distribution will be borne by our common unitholders will increase;
- the ratio of taxable income to distributions may increase;
- the relative voting strength of each previously outstanding unit may be diminished; and
- the market price of the common units may decline.

ArcLight may sell units in the public or private markets, and such sales could have an adverse impact on the trading price of the common units.

As of March 20, 2017, ArcLight held 7,187,358 Series A-1 Units, 3,079,284 Series A-2 Units, 8,792,205 Series C Units and 2,333,333 Series D Units through its affiliates. The Series A-1, A-2, C and D Units are all convertible into common units at the election of ArcLight at any time. In addition, as of March 20, 2017, ArcLight indirectly held 13,977,709 common units, including 1,349,609 common units held by our General Partner, which ArcLight controls. The sale of these units in the public or private markets could have an adverse impact on the price of the common units or on any trading market that may develop.

Our General Partner has a limited call right that may require you to sell your units at an undesirable time or price.

If at any time our General Partner and its affiliates own more than 80% of our common units, our General Partner will have the right, which it may assign to any of its affiliates or to us, but not the obligation, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price that is not less than their then-current market price, as calculated pursuant to the terms of our Partnership Agreement. As a result, you may be required to sell your common units at an undesirable time or price and may not receive any return on your investment. You may also incur a tax liability upon a sale of your units.

Your liability may not be limited if a court finds that unitholder action constitutes control of our business.

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

- we were conducting business in a state but had not complied with that particular state's partnership statute; or
- your 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 constitute "control" of our business.

Unitholders may have liability to repay distributions that were wrongfully distributed to them.

Under certain circumstances, 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 you if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of an impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. Substituted limited partners are liable both for the obligations of the assignor to make contributions to the Partnership that were known to the substituted limited partner at the time it became a limited partner and for those obligations that were unknown if the liabilities could have been determined from the Partnership Agreement. Neither liabilities to partners on account of their partnership interest nor liabilities that are non-recourse to the Partnership are counted for purposes of determining whether a distribution is permitted.

If we are deemed an "investment company" under the Investment Company Act of 1940, it would adversely affect the price of our common units and could have a material adverse effect on our business.

Our assets include 20.1% non-operated interest in Delta House Class A Units, a 16.7% non-operated interest in Tri- States, a 25.3% non-operated interest in Wilprise, a non-operated interest in Mesquite and a 26.3% non- operated interest in Pinto, any of which may be deemed to be an "investment security" within the meaning of the Investment Company Act of 1940, as amended (the "Investment Company Act"). In the future, we may acquire additional minority owned interests that could be deemed "investment securities." If a sufficient amount of our assets are deemed to be "investment securities" within the meaning of the Investment Company Act, we would either have to register as an investment company under the Investment Company Act, obtain exemptive relief from the SEC or modify our organizational structure or our contract rights to fall outside the definition of an investment company. Registering as an investment company could, among other things, materially limit our ability to engage in transactions with affiliates, including the purchase and sale of certain securities or other property to or from our affiliates, restrict our ability to borrow funds or engage in other transactions involving leverage and require us to add additional directors who are independent of us or our affiliates. The occurrence of some or all of these events may have a material adverse effect on our business. Moreover, treatment of us as an investment company would prevent our qualification as a partnership for U.S. federal income tax purposes in which case we would be treated as a corporation for U.S. federal income tax purposes, and be subject to U.S. federal income tax at the corporate tax rate, significantly reducing the cash available for distributions.

Additionally, distributions to our unitholders would be taxed again as corporate distributions and none of our income, gains, losses or deductions would flow through to our unitholders.

Additionally, as a result of our desire to avoid having to register as an investment company under the Investment Company Act, we may have to forego potential future acquisitions of interests in companies that may be deemed to be investment securities within the meaning of the Investment Company Act or dispose of our current interests in any of our assets that are deemed to be "investment securities."

Tax Risks to Common Unitholders

Our tax treatment depends on our status as a partnership for U.S. federal income tax purposes, as well as our not being subject to a material amount of entity-level taxation by individual states. If the Internal Revenue Service ("IRS") treats us as a corporation for U.S. federal income tax purposes or we become subject to material additional amounts of entity-level taxation for state tax purposes, then our cash available for distribution to the unitholders would be substantially reduced.

The anticipated after-tax economic benefit of an investment in the common units depends largely on our being treated as a partnership for U.S. federal income tax purposes. We have not requested, and do not plan to request, a ruling from the IRS on this or any other tax matter affecting us.

Despite the fact that we are a limited partnership under Delaware law, it is possible in certain circumstances for a publicly traded partnership such as ours to be treated as a corporation rather than a partnership for U.S. federal income tax purposes. Although we do not believe based upon our current operations that we are so treated, the IRS could disagree with the positions we take or a change in our business (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 our taxable income at the corporate tax rate, which is currently a maximum of 35%, and would likely pay state income tax at varying rates. Distributions to a unitholder would generally be taxed again as corporate dividends (to the extent of our current and accumulated earnings and profits), and no income, gains, losses, deductions, or credits would flow through to the unitholder. Because a tax would be imposed upon us as a corporation, our cash available for distribution to unitholders would be substantially reduced. Therefore, treatment of us as a corporation for U.S. federal income tax purposes would result in a material reduction in the anticipated cash flow and after-tax return to the unitholders, likely causing a substantial reduction in the value of our common units.

Our Partnership Agreement provides that, if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for federal, state or local income tax purposes, the minimum quarterly distribution amount and the target distribution amounts may be adjusted to reflect the impact of that law on us.

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 interpretation at any time. From time to time, members of the U.S. Congress propose and consider such substantive changes to the existing U.S. federal income tax laws that affect publicly traded partnerships. If successful, such proposals or other similar proposals could eliminate the qualifying income exception to the treatment of all publicly traded partnerships as corporations upon which we rely for our treatment as a partnership for U.S. federal income tax purposes. We are unable to predict whether any of these changes or other proposals will ultimately be enacted, but it is possible that a change in law could affect us and may, if enacted, be applied retroactively. Any such changes could negatively impact the value of an investment in our common units.

On January 24, 2017, the U.S. Treasury Department and the IRS published final regulations (the "Final Regulations") regarding qualifying income under Section 7704(d)(1)(E) of the Code. The Final Regulations treat as qualifying income the income earned from retail sales of propane. We do not believe the Final Regulations adversely affect our ability to qualify as a
partnership for U.S. federal income tax purposes.

Because of widespread state budget deficits and other reasons, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise and other forms of taxation. For example, we are required to pay the State of Texas a margin tax that is assessed at 0.75% of taxable margin apportioned to Texas. Imposition of such a tax

on us by any state will reduce the cash available for distribution to unitholders. The Partnership Agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for federal, state or local income tax purposes, the minimum quarterly distribution amount and the target distribution levels will be adjusted to reflect the impact of that law on us.

Compliance with and changes in tax laws could adversely affect our performance.

We are subject to extensive tax laws and regulations, including federal and state income tax laws and transactional tax laws such as excise, sales/use, payroll, franchise and ad valorem tax laws. New tax laws and regulations and changes in existing tax laws and regulations are continuously being enacted that could result in increased tax expenditures in the future. Further, taxing authorities may change their application of existing taxes, so that additional entities or transactions may become subject to an existing tax. Many of these tax liabilities are subject to audits by the respective taxing authority. These audits may result in additional tax payments, as well as interest and penalties. The costs of these audits are borne indirectly by the unitholders and our General Partner because such costs reduce our cash available for distribution.

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 the 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 conclusions of our counsel expressed in a prospectus or 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 our counsel's conclusions or the positions we take. A court may not agree with some or all of our counsel's conclusions or positions we take. Any contest with the IRS, and the outcome of any such contest, may increase a unitholder's tax liability and result in adjustment to items unrelated to us and could materially and adversely impact the market for our common units and the price at which they trade. The rights of a unitholder owning less than a 1% profits interest in us to participate in the U.S. federal income tax audit process are very limited. In addition, our costs of any contest with the IRS will be borne indirectly by the unitholders and our General Partner because such costs will reduce our cash available for distribution.

If the IRS makes audit adjustments to our income tax returns for tax years beginning after December 31, 2017, it may collect any resulting taxes (including any applicable penalties and interest) directly from us, in which case our cash available for distribution to our unitholders might be substantially reduced.

Pursuant to the Bipartisan Budget Act of 2015, if the IRS makes audit adjustments to our income tax returns for tax years beginning after December 31, 2017, it may collect any resulting taxes (including any applicable penalties and interest) directly from us. We will generally have the ability to shift any such tax liability to our General Partner and our unitholders in accordance with their interests in us during the year under audit, but there can be no assurance that we will be able to (or will choose to) do so under all circumstances, or that we will be able to (or will choose to) effect corresponding shifts in state income or similar tax liability resulting from the IRS adjustment in states in which we do business in the year under audit or in the adjustment year. If we are required to make payments of taxes, penalties and interest resulting from audit adjustments, our cash available for distribution to our unitholders might be substantially reduced.

The unitholders' share of our income will be taxable to them for U.S. federal income tax purposes even if the unitholders do not receive any cash distributions from us.

Because a unitholder will be treated as a partner to whom we will allocate taxable income, which could be different in amount than the cash we distribute, a unitholder's allocable share of our taxable income will be taxable to it, which may require the payment of U.S. federal income taxes and, in some cases, state and local income taxes on its share of our taxable income even if it receives no cash distributions from us. The unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the tax liability that results from that income.

Certain actions that we may take, such as issuing additional units, may increase the U.S. federal income tax liability of unitholders.

In the event we issue additional units or engage in certain other transactions in the future, the allocable share of nonrecourse liabilities allocated to the unitholders will be recalculated to take into account our issuance of any additional units. Any reduction in a unitholder's share of our nonrecourse liabilities will be treated as a distribution of cash to that unitholder and will result in a corresponding tax basis reduction in a unitholder's units. A deemed cash distribution may, under certain circumstances, result in the recognition of taxable gain by a unitholder, to the extent that the deemed cash distribution exceeds such unitholder's tax basis in its units.

In addition, the U.S. federal income tax liability of a unitholder could be increased if we dispose of assets or make a future offering of units and use the proceeds in a manner that does not produce substantial additional deductions, such as to repay indebtedness currently outstanding or to acquire property that is not eligible for depreciation or amortization for U.S. federal income tax purposes or that is depreciable or amortizable at a rate significantly slower than the rate currently applicable to the our assets.

There are limits on the deductibility of losses that may adversely affect unitholders.

In the case of taxpayers subject to the passive loss rules (generally, individuals, closely-held corporations and regulated investment companies), any losses generated by us will only be available to offset our future income and cannot be used to offset income from other activities, including other passive activities or investments. Unused losses may be deducted when the unitholder disposes of the unitholder’s entire investment in us in a fully taxable transaction with an unrelated party. A unitholder’s share of our net passive income may be offset by unused losses from us carried over from prior years, but not by losses from other passive activities, including losses from other publicly traded partnerships.

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

If a unitholder sells its common units, the unitholder will recognize a gain or loss equal to the difference between the amount realized and the unitholder's tax basis in those common units. Because distributions to a unitholder in excess of the total net taxable income allocated to the unitholder decrease the unitholder's tax basis in the unitholder's common units, the amount, if any, of such prior excess distributions with respect to the units sold will, in effect, become taxable income to the unitholder if the unitholder sells the common units at a price greater than the unitholder's tax basis in those common units, even if the price received by the unitholder is less than the original cost. Furthermore, a substantial portion of the amount realized on any sale of a unitholder's common units, whether or not representing gain, may be taxed as ordinary income due to potential recapture items, including depreciation recapture. In addition, because the amount realized includes a unitholder's share of our nonrecourse liabilities, if the unitholder sells its common units, the unitholder may incur a tax liability in excess of the amount of cash the unitholder receives from the sale.

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

Investment in common units by tax-exempt entities, such as individual retirement accounts, or IRAs, other retirement plans and non-U.S. persons 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, which may be taxable to them. Distributions to non-U.S. persons will be reduced by withholding taxes at the highest applicable effective tax rate, and non-U.S. persons will be required to file U.S. federal tax returns and pay tax on their share of our taxable income. If you are a tax-exempt entity or a non-U.S. person, you should consult a tax advisor before investing in our common units.

We 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.

Because we cannot match transferors and transferees of common units and because of other reasons, we have adopted depreciation and amortization positions that may not conform to all aspects of existing Treasury regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to the 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 the unitholders' tax returns.

W ***e 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 this treatment, which could change the allocation of items of income, gain, loss and deduction among the 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, instead of on the basis of the date a particular unit is transferred. Treasury recently adopted final regulations that provide a safe harbor pursuant to which publicly traded partnerships may use a similar monthly simplifying convention to allocate tax items among transferor and transferee unitholders to ours. These regulations apply to certain publicly-traded partnerships, including us, for taxable years beginning on

or after August 3, 2015. However, these regulations do not specifically authorize the use of the proration method we have adopted. If the IRS were to challenge our proration method, we may be required to change the allocation of items of income, gain, loss and deduction among the unitholders.

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

Because a unitholder whose common units are loaned to a "short seller" to cover a short sale of common units may be considered as having disposed of the loaned common units, the unitholder may no longer be treated for tax purposes as a partner with respect to those common units during the period of the loan to the short seller and such 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 common units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those common units could be fully taxable as ordinary income. Therefore, unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged consult a tax advisor to discuss whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from borrowing and lending their common units.

We have adopted certain valuation methodologies for tax purposes that may result in a shift of income, gain, loss and deduction between our General Partner and the unitholders. The IRS may challenge this treatment, which could adversely affect the value of the common units.

When we issue additional units or engage in certain other transactions, we determine the fair market value of our assets and allocate any unrealized gain or loss attributable to our assets to the capital accounts of our unitholders and the General Partner. Our methodology may be viewed as understating the value of our assets. In that case, there may be a shift of income, gain, loss and deduction between certain unitholders and our General Partner, which may be unfavorable to such unitholders. Moreover, subsequent purchasers of common units may have a greater portion of the Code Section 743(b) adjustment allocated to our tangible assets and a lesser portion allocated to our intangible assets. The IRS may challenge our valuation methods, or our allocation of the Code Section 743(b) adjustment attributable to our tangible and intangible assets, and allocations of income, gain, loss and deduction between our General Partner and certain of the unitholders.

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

The sale or exchange of 50% or more of our capital and profits interests during any twelve-month period will result in the termination of our partnership for U.S. federal income tax purposes.

We will be considered to have terminated as a partnership for U.S. federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in our capital and profits within a twelve-month period. For purposes of determining whether the 50% threshold has been met, multiple sales of the same interest will be counted only once. Our termination, among other things, would result in the closing of our taxable year for all unitholders, which would result in us filing two tax returns (and our unitholders could receive two Schedules K-1 if relief from the IRS were not granted, as described below) for one fiscal year and could also result in a deferral of depreciation deductions allowable in computing our taxable income. In the case of a unitholder reporting on a taxable year other than a calendar year, the closing of our taxable year may result in more than twelve months of our taxable income or loss being includable in such unitholder's taxable income for the year of termination. Under current law, such a termination would not affect our classification as a partnership for U.S. federal income tax purposes, but instead, after our termination, we would be treated as a new partnership for tax purposes. If treated as a new partnership, we would be required to make new tax elections and could be subject to penalties if we were unable to determine that a termination occurred. The IRS has announced a relief procedure for publicly traded partnerships that terminate in this manner, whereby, if a publicly traded partnership that has terminated requests and the IRS grants special relief, among other things, such partnership would only have to provide one Schedule K-1 to unitholders for the year notwithstanding two partnership tax years resulting from the termination.

Unitholders may be subject to state and local taxes and return filing requirements in states and jurisdictions where they do not reside as a result of investing in our units.

In addition to U.S. federal income taxes, unitholders may be subject to other taxes, including foreign, 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 own property, even if the unitholders do not live in any of those jurisdictions. Unitholders may be required

to file foreign, state and local income tax returns and pay state and local income taxes in some or all of these jurisdictions. Further, unitholders may be subject to penalties for failure to comply with those requirements. As we make acquisitions or expand our business, we may own assets or do business in additional states that impose a personal income tax or an entity level tax. It is each unitholder's responsibility to file all U.S. federal, foreign, state, local and non-U.S. tax returns.

Some of the states in which we do business or own property may require us to, or we may elect to, withhold a percentage of income from amounts to be distributed to a unitholder who is not a resident of the state. Withholding, the amount of which may be greater or less than a particular unitholder's income tax liability to the state, generally does not relieve the nonresident unitholder from the obligation to file an income tax return. Amounts withheld may be treated as if distributed to unitholders for purposes of determining the amounts distributed by us.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

A description of our properties is contained in "Item 1. Business" of this Annual Report and is incorporated into this Item 2. by reference.

Our principal executive offices are located at 2103 CityWest Blvd., Bldg. 4, Suite 800, Houston, Texas 77042 and our telephone number is 346-241-3400.

Item 3. Legal Proceedings

We are not currently party to any pending litigation or governmental proceedings, other than ordinary routine litigation incidental to our business. While the ultimate impact of any proceedings cannot be predicted with certainly, our management believes that the resolution of any of our pending proceeds will not have a material adverse effect on our financial condition or results of operations.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Unitholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common units have been listed on the New York Stock Exchange ("NYSE") since July 27, 2011, under the symbol "AMID." The following table sets forth the high and low sales prices of our common units, as reported by the NYSE for each quarter during 2016 and 2015 , together with distributions paid subsequent to such quarter for that quarter through December 31, 2016 :

Period Ended	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
2016				
High Price	$ 18.30	$ 15.19	$ 14.00	$ 8.49
Low Price	$ 13.06	$ 10.39	$ 6.18	$ 4.03
Distribution per common unit	$ 0.4125	$ 0.4125	$ 0.4125	$ 0.4125
2015				
High Price	$ 12.70	$ 16.71	$ 19.42	$ 21.17
Low Price	$ 3.80	$ 9.01	$ 15.75	$ 15.71
Distribution per common unit	$ 0.4725	$ 0.4725	$ 0.4725	$ 0.4725

As of March 20, 2017 , there were 206 unitholders of record of our common units. This number does not include unitholders whose units are held in trust by other entities. The actual number of unitholders is greater than the number of holders of record. We have also issued approximately 10,266,642 Series A Units, 8,792,205 Series C Units, 2,333,333 Series D Units and 933,435 General Partner units, for which there is no established trading market. Our General Partner and its affiliates receive quarterly distributions on the General Partner units only after the requisite distributions have been paid on the common units and Series A Units, Series C Units, and Series D Units.

Our Distribution Policy

Our Partnership Agreement requires us to distribute all of our available cash quarterly. Our cash distribution policy reflects our belief that our unitholders will be better served if we distribute rather than retain our available cash. Generally, our available cash is the sum of our i) cash on hand at the end of a quarter after the payment of our expenses and the establishment of cash reserves and ii) cash on hand resulting from working capital borrowings made after the end of the quarter. We pay the cash dividend in one payment to those unitholders of record on the applicable record date, as determined by the General Partner.

The following table sets forth the number of units at December 31, 2016 and 2015 (in thousands):

	December 31,	
	2016	2015
Series A convertible preferred units	10,107	9,210
Series B convertible units (1)	—	1,350
Series C convertible preferred units	8,792	—
Series D convertible preferred units	2,333	—
Limited partner common units	31,237	30,427
General Partner units	680	536

(1) Our General Partner held 1,349,609 Series B convertible units ("Series B Units"), which converted into common units on a one-for-one basis on February 1, 2016.

Our General Partner's initial 2.0% interest in distributions has been reduced to 1.3% due to the issuance of additional units and the General Partner has not contributed a proportionate amount of capital to us to maintain its initial 2.0% General Partner notional interest.

Our cash distribution policy, as expressed in our Partnership Agreement, may not be modified or repealed without amending our Partnership Agreement. The actual amount of our cash distributions for any quarter is subject to fluctuations based on the amount

of cash we generate from our business and the amount of reserves our General Partner establishes in accordance with our Partnership Agreement as described above. We will pay our distributions on or about the 15th of each February, May, August and November to holders of record on or about the 5th of each such month. If the distribution date does not fall on a business day, we will make the distribution on the business day immediately preceding the indicated distribution date.

Series A Units

Distributions on Series A Units can be made with paid-in-kind Series A Units, cash or a combination thereof, at the discretion of the Board of Directors, which began with the distribution for the three months ended June 30, 2014 and continued through the distribution for the quarter ended March 31, 2016. At December 31, 2016 , we accrued $2.5 million of contractual cash distributions on the Series A Units which were paid in February 2017.

Series C Units

Distributions on Series C Units can be made with paid-in-kind Series C Units, cash or a combination thereof, at the discretion of the Board of Directors. At December 31, 2016 , we accrued $3.6 million of contractual cash distributions on the Series C Units which were paid in February 2017.

Series D Units

Distributions on Series D Units are equal to the greater of $0.4125 and the cash distribution that the Series D Units would have received if they had been converted to common units immediately prior to the beginning of the quarter. At December 31, 2016, we accrued $1.0 million of contractual cash distributions on the Series D Units which were paid in February 2017.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table summarizes information about our equity compensation plans as of December 31, 2016:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	275,000	$ 9.03	5,017,528
Total	275,000	9.03	5,017,528

Item 6. Selected Historical Financial and Operating Data

The following table presents selected historical consolidated financial and operating data for the periods and as of the dates indicated. We derived this information from our historical consolidated financial statements and accompanying notes. This information should be read together with, and is qualified in its entirety, by reference to those consolidated financial statements and notes, which for the years 2016 , 2015 , and 2014 begin on F-1 to this Annual Report.

For a detailed discussion of the following table, please read "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Years ended December 31,				
	2016 (1)	2015 (1)	2014 (1)	2013 (1)	2012
	(in thousands, except per unit and operating data)				
Statements of Operations Data:					
Revenues:					
Sales of natural gas, NGLs and condensate	$ 160,950	$ 179,818	$ 255,025	$ 241,401	$ 192,968
Services	72,572	55,216	52,284	52,650	14,308
Gain (loss) on commodity derivatives, net	(840)	1,324	1,091	28	992
Total revenue	232,682	236,358	308,400	294,079	208,268
Operating expenses:					
Purchases of natural gas, NGLs and condensate	92,556	105,883	197,952	215,053	154,472
Direct operating expenses	61,861	60,737	45,919	32,275	17,223
Corporate expenses	54,223	29,818	24,422	21,134	16,052
Depreciation, amortization and accretion expense	46,022	38,014	28,832	30,002	21,287
(Gain) loss on involuntary conversion of property, plant and equipment	—	—	—	(343)	1,021
(Gain) loss on sale of assets, net	591	3,011	122	—	(123)
Loss on impairment of property, plant and equipment	697	—	99,892	18,155	—
Loss on impairment of goodwill	—	118,592	—	—	—
Total operating expenses	255,950	356,055	397,139	316,276	209,932
Operating loss	(23,268)	(119,697)	(88,739)	(22,197)	(1,664)
Other income (expense):					
Interest expense	(15,499)	(14,745)	(7,577)	(9,291)	(4,570)
Other expense	—	—	(670)	—	—
Earnings in unconsolidated affiliates	40,158	8,201	348	—	—
Income (loss) from continuing operations before income taxes	1,391	(126,241)	(96,638)	(31,488)	(6,234)
Income tax (expense) benefit	(2,057)	(1,134)	(557)	495	—
Income (loss) from continuing operations	(666)	(127,375)	(97,195)	(30,993)	(6,234)
Discontinued operations:					
Loss from discontinued operations, net of tax	—	(80)	(611)	(2,413)	(18)
Net loss	(666)	(127,455)	(97,806)	(33,406)	(6,252)
Net income attributable to non-controlling interests	2,804	25	214	633	256
Net loss attributable to the Partnership	$ (3,470)	$ (127,480)	$ (98,020)	$ (34,039)	$ (6,508)
General Partner's Interest in net loss	$ (48)	$ (1,645)	$ (1,279)	$ (1,405)	$ (129)
Limited Partners' Interest in net loss	$ (3,422)	$ (125,835)	$ (96,741)	$ (32,634)	$ (6,379)
Limited Partners' net (loss) per common unit:					
Basic and diluted:					

	2016	2015	2014	2013	2012
Loss from continuing operations	$ (1.11)	$ (6.00)	$ (8.54)	$ (7.15)	$ (0.70)
Loss from discontinued operations	—	—	(0.04)	(0.27)	—
Net loss	$ (1.11)	$ (6.00)	$ (8.58)	$ (7.42)	$ (0.70)
Weighted average number of common units outstanding:					
Basic and diluted (2)	31,043	24,983	13,472	7,525	9,113
Statement of Cash Flow Data:					
Net cash provided by (used in):					
Operating activities	$ 45,362	$ 40,937	$ 21,478	$ 17,223	$ 18,348
Investing activities	(551,441)	(171,692)	(471,870)	(28,214)	(62,427)
Financing activities	509,018	130,256	450,490	10,816	43,784
Other Financial Data:					
Adjusted EBITDA (3)	$ 132,023	$ 66,311	$ 45,551	$ 31,907	$ 18,850
Gross margin (4)	130,065	122,201	102,655	74,821	49,431
Cash distribution declared per common unit	1.71	1.89	1.85	1.75	1.73
Segment gross margin:					
Gathering and Processing	74,582	76,865	50,817	36,985	36,118
Transmission	41,233	35,301	42,828	32,408	13,313
Terminals	14,250	10,035	9,010	5,428	—
Balance Sheet Data (at period end):					
Cash and cash equivalents	$ 2,939	$ —	$ 499	$ 393	$ 576
Accounts receivable and unbilled revenue	29,322	18,740	29,543	29,823	23,470
Property, plant and equipment, net	755,457	655,310	582,182	312,701	223,819
Investments in unconsolidated affiliates	291,987	63,704	22,252	—	—
Restricted cash	323,564	5,037	5,037	3,000	—
Total assets	1,563,495	891,880	913,558	382,075	256,696
Current portion of long-term debt	4,458	2,338	2,908	2,048	—
Long-term debt	711,250	525,100	372,950	130,735	128,285
Operating Data:					
Gathering and processing segment:					
Average throughput (MMcf/d)	393.7	338.2	274.8	277.2	291.2
Average plant inlet volume (MMcf/d) (5)	102.1	120.9	89.1	117.3	116.1
Average gross NGL production (Mgal/d) (5)	192.9	231.1	64.2	52.0	49.9
Average gross condensate production (Mgal/d) (5)	86.6	99.8	75.2	46.2	22.6
Transmission segment:					
Average throughput (MMcf/d)	683.2	708.6	778.9	644.7	398.5
Average firm transportation - capacity reservation (MMcf/d)	688.1	653.7	577.9	640.7	703.6
Average interruptible transportation - throughput (MMcf/d)	354.0	410.3	468.9	389.2	86.6
Terminals segment:					
Storage utilization	92.5%	88.1%	91.4%	95.6%	—%

(1) During these years, we had the following transactions that affect comparability: i) in October 2016 and April 2016 we acquired a 6.2% and a 1% non-operated interest in Delta House Class A Units, respectively; ii) in April 2016, we acquired

membership interests in Destin (49.7%), Tri-States (16.7%), Okeanos (66.7%), and Wilprise (25.3%), which we account for as equity method investments; iii) in April 2016 we acquired a 60% interest in American Panther which we consolidate for financial reporting purposes; iv) in September 2015, we acquired a non-operated 12.9% indirect interest in Delta House Class A Units, which we account for as an equity method investment; and v) in October 2014 and January 2014, we acquired the Costar and Lavaca systems, respectively, both of which are included in our Gathering and Processing segment. vi) in December 2013, we acquired Blackwater, which is included in our Terminals segment; and vii) in April 2013, we acquired the High Point System, which is included in Transmission segment.

(2) Includes unvested phantom units with distribution equivalent rights ("DERs"), which are considered participating securities, of 200,000 at December 31, 2016 and 2015.

(3) For a definition of Adjusted EBITDA and a reconciliation to its most directly comparable financial measure calculated and presented in accordance with GAAP and a discussion of how we use Adjusted EBITDA to evaluate our operating performance, please read "Item 7. Management's Discussion and Analysis — How We Evaluate Our Operations."

(4) For a definition of gross margin and a reconciliation to its most directly comparable financial measure calculated and presented in accordance with GAAP and a discussion of how we use gross margin to evaluate our operating performance, please read "Item 7. Management's Discussion and Analysis — How We Evaluate Our Operations."

(5) Excludes volumes and gross production under our elective processing arrangements. For a description of our elective processing arrangements, please read "Item 7. Management's Discussion and Analysis — Our Operations - Gathering and Processing Segment"

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the audited consolidated financial statements and the related notes thereto included elsewhere in this Annual Report. This discussion contains forward-looking statements that reflect management's current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements or as a result of certain factors such as those set forth below under the caption "Cautionary Statement About Forward-Looking Statements."

Overview

We are a growth-oriented Delaware limited partnership that was formed in August 2009 to own, operate, develop and acquire a diversified portfolio of midstream energy assets. We provide critical midstream infrastructure that links producers of natural gas, crude oil, NGLs, condensate and specialty chemicals to numerous intermediate and end-use markets. Through our three financial reporting segments, (i) gathering and processing, (ii) transmission and (iii) terminals, we engage in the business of gathering, treating, processing, and transporting natural gas; gathering, transporting, storing, treating and fractionating NGLs; gathering, storing and transporting crude oil and condensates; and storing specialty chemical products.

Our primary assets are strategically located in some of the most prolific onshore and offshore producing regions and key demand markets in the United States. Our gathering and processing assets are primarily located in (i) the Permian Basin of West Texas, (ii) the Cotton Valley/Haynesville Shale of East Texas, (iii) the Eagle Ford Shale of South Texas, (iv) the Bakken Shale of North Dakota, and (v) offshore in the Gulf of Mexico. Our transmission and terminal assets are located in key demand markets in Alabama, Louisiana, Mississippi and Tennessee and in the Port of New Orleans in Louisiana and the Port of Brunswick in Georgia.

We own or have ownership interests in more than 3,800 miles of onshore and offshore natural gas, crude oil, NGL and saltwater pipelines across 15 gathering systems, six interstate pipelines and eight intrastate pipelines; eight natural gas processing plants; four fractionation facilities; an offshore semisubmersible floating production system with nameplate processing capacity of 80 MMBbl/d of crude oil and 200 MMcf/d of natural gas; and three marine terminal sites with approximately 2.4 MMBbls of above-ground aggregate storage capacity for petroleum products, distillates, chemicals and agricultural products.

A portion of our cash flow is derived from our investments in unconsolidated affiliates including a 49.7% operated interest in Destin, a natural gas pipeline; a 20.1% non-operated interest in the Class A Units of Delta House, which is a floating production system platform and related pipeline infrastructure; a 16.7% non-operated interest in Tri-States, an NGL pipeline; a 66.7% operated interest in Okeanos, a natural gas pipeline; a 25.3% non-operated interest in Wilprise, a NGL pipeline; and a 66.7% non-operated interest in MPOG, a crude oil gathering and processing system.

Significant financial highlights during the year ended December 31, 2016 , include the following:

- Net loss attributable to the Partnership decreased by $124.0 million for the year ended December 31, 2016 as compared to the same periods in 2015, primarily due to the loss on impairment of goodwill of $118.6 million recognized in 2015 and an increase in earnings in unconsolidated affiliates of $32.0 million primarily from our investments in Delta House and the entities underlying the Emerald Transactions, offset by an increase in corporate expense of $24.4 million due to our corporate relocation and JPE Merger expenses;

- On March 8, 2017, we completed the acquisition of JPE, which resulted in a larger and more diversified midstream business;

- On December 28, 2016, we completed the issuance of the 8.50% Senior Notes which provided net proceeds of approximately $291.3 million after deducting issuances costs;

- On October 31, 2016, we acquired an additional 6.2% non-operated direct interest in Delta House Class A Units for a purchase price of approximately $48.8 million , which was funded with net proceeds of $34.5 million from the issuance of 2,333,333 Series D Units plus $14.3 million of additional borrowings under our Credit Agreement. If any Series D Units remain outstanding on June 30, 2017, the Partnership will issue the Series D unitholders a warrant to purchase up to 700,000 common units at an exercise price of $22.00 per common unit;

- On September 30, 2016, we completed the issuance of the 3.77% Senior Notes, which provided net proceeds of approximately $57.7 million after deducting related issuance costs;

- On April 25, 2016 and April 27, 2016, we acquired a 16.7% non-operated interest in Tri-States, an NGL pipeline; a 66.7% operated interest in Okeanos, a natural gas pipeline; and a 25.3% non-operated interest Wilprise, an NGL pipeline for $211 million . We funded the aggregate purchase price with the issuance of 8,571,429 Series C Units representing limited partnership interests in the Partnership and a warrant to purchase up to 800,000 common units at an exercise price of $7.25 per common unit with a combined value of approximately $120.0 million , plus additional borrowings of $91.0 million under our Credit Agreement;

- On April 25, 2016, the Partnership increased its investment in Delta House through the purchase of 100% of the outstanding membership interests in D-Day, which owned 1.0% of Delta House Class A Units in exchange for approximately $9.9 million;

- Earnings in unconsolidated affiliates were $40.2 million in 2016, an increase of $32.0 million from 2015 primarily due to incremental earnings related to our investments in Delta House and in the interests in the entities underlying the Emerald Transactions;

- Adjusted gross margin increased by $7.9 million , or an increase of 6.5% , as compared to the same period in 2015 primarily attributable to an increase in segment gross margin in our Transmission segment of $5.9 million due to the Pascagoula plant shutdown. The Pascagoula plant is not controlled or owned by the Partnership. As a result of the Pascagoula plant shutdown, volumes were redirected to our High Point system. Our Terminals segment gross margin also increased by $4.3 million as a result of higher storage revenue. These increases were partially offset by a decrease in segment gross margin in our Gathering and Processing segment of $2.3 million as a result of lower NGL and condensate production.

- Adjusted EBITDA increased by $65.7 million , or an increase of 99.1% , as compared to the same period in 2015 primarily due to distribution from our investments in Delta House and entities underlying the Emerald Transactions; and

- We distributed $53.5 million to our Limited Partner common unitholders, or $1.71 per common unit;

Significant operational highlights during the year ended December 31, 2016 , include the following:

- The percentage of gross margin generated from fee-based, fixed-margin, firm and interruptible transportation contracts and firm storage contracts increased to 88.9% compared to 85.7% for 2015;

- Average gross condensate production totaled 86.6 Mgal/d, representing a 13.2 Mgal/d or 13.2% decrease compared to 2015 due to lower condensate prices of 11.3% ;

- Throughput volumes attributable to the Partnership totaled 1,076.9 MMcf/d, representing a 2.9% increase compared to 2015 due to the Pascagoula plant shutdown, which redirected volumes to our High Point system;
- Contracted capacity for our Terminals segment averaged 2,011,133 barrels, representing a 35.2% increase compared to 2015 due to the expansion efforts at our Harvey terminal; and
- Average gross NGL production totaled 192.9 Mgal/d, representing a 38.2 Mgal/d or 16.5% decrease compared to 2015.

Our Operations

We manage our business and analyze and report our results of operations through three business segments:

- ***Gathering and Processing*** . Our Gathering and Processing segment provides "wellhead-to-market" services to producers of natural gas and crude oil, which include transporting raw natural gas and crude oil from various receipt points through gathering systems, treating the raw natural gas, processing raw natural gas to separate the NGLs from the natural gas, fractionating NGLs, and selling or delivering pipeline-quality natural gas, crude oil, and NGLs to various markets and pipeline systems.
- ***Transmission*** . Our Transmission segment transports and delivers natural gas from producing wells, receipt points or pipeline interconnects for shippers and other customers, which include local distribution companies ("LDCs"), utilities and industrial, commercial and power generation customers.
- ***Terminals.*** Our Terminals segment provides above-ground leasable storage operations at our marine terminals that support various commercial customers, including commodity brokers, refiners and chemical manufacturers to store a range of products.

Gathering and Processing Segment

Our results of operations from our Gathering and Processing segment are determined primarily by the volumes of natural gas and crude oil we gather, process and fractionate, the commercial terms in our current contract portfolio and natural gas, crude oil, NGL, and condensate prices. We gather and process natural gas and crude oil primarily pursuant to the following arrangements:

- ***Fee-Based Arrangements.*** Under these arrangements, we generally are paid a fixed fee for gathering, processing and transporting natural gas and crude oil.
- ***Fixed-Margin Arrangements.*** Under these arrangements, we purchase natural gas and off-spec condensate from producers or suppliers at receipt points on our systems at an index price less a fixed transportation fee and simultaneously sell an identical volume of natural gas or off-spec condensate at delivery points on our systems at the same, undiscounted index price. By entering into back-to-back purchases and sales of natural gas or off-spec condensate, we are able to lock in a fixed margin on these transactions. We view the segment gross margin earned under our fixed-margin arrangements to be economically equivalent to the fee earned in our fee-based arrangements.
- ***Percent-of-Proceeds Arrangements ("POP").*** Under these arrangements, we generally gather raw natural gas from producers at the wellhead or other supply points, transport it through our gathering system, process it and sell the residue natural gas, NGLs and condensate at market prices. Where we provide processing services at the processing plants that we own, or obtain processing services for our own account in connection with our elective processing arrangements, we generally retain and sell a percentage of the residue natural gas and resulting NGLs. However, we also have contracts under which we retain a percentage of the resulting NGLs and do not retain a percentage of residue natural gas. Our POP arrangements also often contain a fee-based component.

Gross margin earned under fee-based and fixed-margin arrangements is directly related to the volume of natural gas and crude oil that flows through our systems and is not directly dependent on commodity prices. However, a sustained decline in commodity prices could result in a decline in throughput volumes from producers and, thus, a decrease in our fee-based and fixed-margin gross margin. These arrangements provide stable cash flows, but upside in higher commodity-price environments is limited to an increase in throughput volumes from producers. Under our typical POP arrangement, our gross margin is directly impacted by the commodity prices we realize on our share of natural gas and NGLs received as compensation for processing raw natural gas. However, our POP arrangements also often contain a fee-based component, which helps to mitigate the degree of commodity-

price volatility we could experience under these arrangements. We further seek to mitigate our exposure to commodity price risk through our hedging program. Please read "Item 7A — Quantitative and Qualitative Disclosures about Market Risk — Commodity Price Risk."

Transmission Segment

Results of operations from our Transmission segment are determined by capacity reservation fees from firm transportation contracts and the volumes of natural gas transported on the interstate and intrastate pipelines we own pursuant to interruptible transportation or fixed-margin contracts. Our transportation arrangements are further described below:

- ***Firm Transportation Arrangements.*** Our obligation to provide firm transportation service means that we are obligated to transport natural gas nominated by the shipper up to the maximum daily quantity specified in the contract. In exchange for that obligation on our part, the shipper pays a specified reservation charge, whether or not the shipper utilizes the capacity. In most cases, the shipper also pays a variable-use charge with respect to quantities actually transported by us.

- ***Interruptible Transportation Arrangements.*** Our obligation to provide interruptible transportation service means that we are only obligated to transport natural gas nominated by the shipper to the extent that we have available capacity. For this service, the shipper pays no reservation charge but pays a variable-use charge for quantities actually shipped.

- ***Fixed-Margin Arrangements.*** Under these arrangements, we purchase natural gas from producers or suppliers at receipt points on our systems at an index price less a fixed transportation fee and simultaneously sell an identical volume of natural gas at delivery points on our systems at the same undiscounted index price. We view fixed-margin arrangements to be economically equivalent to our interruptible transportation arrangements.

Terminals Segment

Our Terminals segment provides above-ground leasable storage services at our marine terminals that support various commercial customers, including commodity brokers, refiners and chemical manufacturers to store a range of products, including petroleum products, distillates, chemicals and agricultural products. We generally receive fee-based compensation on guaranteed firm storage contracts, throughput fees charged to our customers when their products are either received or disbursed and other fee-based charges associated with ancillary services provided to our customers, such as excess throughput and truck weighing. Our firm storage contracts are typically multi-year contracts with renewal options.

Contract Mix

For the years ended December 31, 2016 , 2015 , and 2014 , $115.6 million , $104.7 million , and $76.4 million , or 88.9% , 85.7% , and 74.4% , respectively, of our gross margin was generated from fee-based, fixed-margin, firm and interruptible transportation contracts and firm storage contracts.

Set forth below is a table summarizing our average contract mix relative to segment gross margin for the years ended December 31, 2016 , 2015 , and 2014 (in thousands):

	For the Year Ended December 31, 2016		For the Year Ended December 31, 2015		For the Year Ended December 31, 2014	
	Segment Gross Margin	Percent of Segment Gross Margin	Segment Gross Margin	Percent of Segment Gross Margin	Segment Gross Margin	Percent of Segment Gross Margin
Gathering and Processing						
Fee-based	$ 51,834	69.5%	$ 40,278	52.4%	$ 21,394	42.1%
Fixed margin	8,279	11.1%	19,139	24.9%	3,151	6.2%
Percent-of-proceeds	14,469	19.4%	17,448	22.7%	26,272	51.7%
Total	$ 74,582	100.0%	$ 76,865	100.0%	$ 50,817	100.0%
Transmission						
Firm transportation	$ 17,648	42.8%	$ 10,767	30.5%	$ 11,092	25.9%
Interruptible transportation	23,585	57.2%	24,534	69.5%	31,736	74.1%
Total	$ 41,233	100.0%	$ 35,301	100.0%	$ 42,828	100.0%
Terminals						
Firm storage	$ 14,250	100.0%	$ 10,035	100.0%	$ 9,010	100.0%
Total	$ 14,250	100.0%	$ 10,035	100.0%	$ 9,010	100.0%

Cash distributions derived from our unconsolidated affiliates amounted to $83.0 million and $20.6 million for the years ended December 31, 2016 and 2015 , respectively, and are primarily generated from fee-based gathering and processing arrangements.

How We Evaluate Our Operations

Our management uses a variety of financial and operational metrics to analyze our performance. We view these metrics as important factors in evaluating our profitability and review these measurements on at least a monthly basis for consistency and trend analysis. These metrics include throughput volumes, storage utilization, segment gross margin, gross margin, operating margin, direct operating expenses on a segment basis, and Adjusted EBITDA on a company-wide basis.

Throughput Volumes

In our Gathering and Processing segment, we must continually obtain new supplies of natural gas, crude oil, NGLs and condensate to maintain or increase throughput volumes on our systems. Our ability to maintain or increase existing volumes of natural gas, crude oil, NGLs and condensate is impacted by i) the level of work-overs or recompletions of existing connected wells and successful drilling activity of our significant producers in areas currently dedicated to or near our gathering systems, ii) our ability to compete for volumes from successful new wells in the areas in which we operate, iii) our ability to obtain natural gas, crude oil, NGLs and condensate that has been released from other commitments and iv) the volume of natural gas, crude oil, NGLs and condensate that we purchase from connected systems. We actively monitor producer activity in the areas served by our gathering and processing systems to maintain current throughput volumes and pursue new supply opportunities.

In our Transmission segment, the majority of our segment gross margin is generated by firm capacity reservation charges and interruptible transportation services from throughput volumes on our interstate and intrastate pipelines. Substantially all of our Transmission segment gross margin is generated under contracts with shippers, including producers, industrial companies, LDCs and marketers, for firm and interruptible natural gas transportation on our pipelines. We routinely monitor natural gas market activities in the areas served by our transmission systems to maintain current throughput volumes and pursue new shipper opportunities.

In our Terminals segment, we generally receive fee-based compensation on guaranteed firm storage contracts, throughput fees charged to our customers when their products are either received or disbursed, and other operational charges associated with ancillary services provided to our customers, such as excess throughput, steam heating and truck weighing.

Storage Utilization

Storage utilization is a metric that we use to evaluate the performance of our Terminals segment. We define storage utilization as the percentage of the contracted capacity in barrels compared to the design capacity of the tank.

Segment Gross Margin and Gross Margin

Segment gross margin and gross margin are metrics that we use to evaluate our performance. We define segment gross margin in our Gathering and Processing segment as total revenue less unrealized gains or plus unrealized (losses) on commodity derivatives, construction and operating management agreement income and the cost of natural gas, crude oil and NGLs and condensate purchased.

We define segment gross margin in our Transmission segment as total revenue less the cost of natural gas purchased in connection with fixed-margin arrangements. Substantially all of our gross margin in this segment is fee-based or fixed-margin, with little to no direct commodity price risk.

We define segment gross margin in our Terminals segment as total revenue less direct operating expense which includes direct labor, general materials and supplies and direct overhead.

Gross margin is a supplemental non-GAAP financial measure that we use to evaluate our performance. We define gross margin as the sum of the segment gross margins for our Gathering and Processing, Transmission and Terminals segments. The GAAP measure most directly comparable to gross margin is Net income (loss) attributable to the Partnership. For a reconciliation of gross margin to Net income (loss), please see "- Note About Non-GAAP Financial Measures" below.

Operating Margin

Operating margin is a supplemental non-GAAP financial measure that we use to evaluate our performance. We define operating margin as total gross margin less direct operating expenses. The GAAP measure most directly comparable to operating margin is net income (loss) attributable to the Partnership. For a reconciliation of Operating Margin to net income (loss), please see "- Note About Non-GAAP Financial Measures" below.

Direct Operating Expenses

Our management seeks to maximize the profitability of our operations in part by minimizing direct operating expenses without sacrificing safety or the environment. Direct labor costs, insurance costs, ad valorem and property taxes, repair and non-capitalized maintenance costs, integrity management costs, utilities, lost and unaccounted for gas, and contract services comprise the most significant portion of our operating expenses. These expenses are relatively stable and largely independent of throughput volumes through our systems but may fluctuate depending on the activities performed during a specific period.

Adjusted EBITDA

Adjusted EBITDA is a supplemental non-GAAP financial measure used by our management and external users of our financial statements, such as investors, commercial banks, research analysts and others, to assess: the financial performance of our assets without regard to financing methods, capital structure or historical cost basis; the ability of our assets to generate cash flow to make cash distributions to our unitholders and our general partner; our operating performance and return on capital as compared to those of other companies in the midstream energy sector, without regard to financing or capital structure; and the attractiveness of capital projects and acquisitions and the overall rates of return on alternative investment opportunities.

We define Adjusted EBITDA as net income (loss) attributable to the Partnership, plus interest expense, income tax expense, depreciation, amortization and accretion expense attributable to the Partnership, debt issuance costs paid during the period, distributions from investments in unconsolidated affiliates, transaction expenses primarily associated with our JPE Merger, Delta House acquisition, and Emerald transactions, certain non-cash charges such as non-cash equity compensation expense, unrealized (gains) losses on derivatives and selected charges that are unusual, less Construction and operating management agreement income, Other post-employment benefits plan net periodic benefit, earnings in unconsolidated affiliates, gains (losses) on the sale of assets, net, and selected gains that are unusual. The GAAP measure most directly comparable to our performance measure Adjusted EBITDA is net income (loss) attributable to the Partnership. For a reconciliation of Adjusted EBITDA to net income (loss), please see "- Note About Non-GAAP Financial Measures" below.

Note About Non-GAAP Financial Measures

Gross margin, operating margin and Adjusted EBITDA are non-GAAP financial measures. Each has important limitations as an analytical tool because it excludes some, but not all, items that affect the most directly comparable GAAP financial measures. Management compensates for the limitations of these non-GAAP measures as analytical tools by reviewing the comparable GAAP

measures, understanding the differences between the measures and incorporating these data points into management's decision-making process.

You should not consider gross margin, operating margin, or Adjusted EBITDA in isolation or as a substitute for, or more meaningful than analysis of, our results as reported under GAAP. Gross margin, operating margin and Adjusted EBITDA may be defined differently by other companies in our industry. Our definitions of these non-GAAP financial measures may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

The following tables reconcile the non-GAAP financial measures of gross margin, operating margin and Adjusted EBITDA used by management to Net income (loss) attributable to the Partnership, their most directly comparable GAAP measure, for the years ended December 31, 2016 , 2015 and 2014 , respectively (in thousands):

	Years Ended December 31,		
	2016 (1)	2015 (1)	2014 (1)
Reconciliation of Gross Margin to Net income (loss) attributable to the Partnership			
Gathering and processing segment gross margin (2)	$ 74,582	$ 76,865	$ 50,817
Transmission segment gross margin (2)	41,233	35,301	42,828
Terminals segment gross margin (2)	14,250	10,035	9,010
Gross margin	**130,065**	**122,201**	**102,655**
Less:			
Direct operating expenses (2)	53,265	53,017	39,425
Operating margin	**76,800**	**69,184**	**63,230**
Plus:			
Gain (loss) on commodity derivatives, net	(840)	1,324	1,091
Earnings in unconsolidated affiliates	40,158	8,201	348
Less:			
Corporate expenses	54,223	29,818	24,422
Depreciation, amortization and accretion expense	46,022	38,014	28,832
Loss on sale of assets, net	591	3,011	122
Loss on impairment of property, plant and equipment	697	—	99,892
Loss on impairment of goodwill	—	118,592	—
Interest expense	15,499	14,745	7,577
Other expense	—	—	670
Other, net (3)	(2,305)	770	(208)
Income tax expense	2,057	1,134	557
Income from discontinued operations, net of tax	—	80	611
Net income attributable to noncontrolling interest	2,804	25	214
Net income (loss) attributable to the Partnership	**$ (3,470)**	**$ (127,480)**	**$ (98,020)**

(1) During these years, we had the following transactions that affect comparability: i) in October 2016 and April 2016 we acquired a 6.2% and a 1% non-operated interest in Delta House Class A Units, respectively; ii) in April 2016, we acquired membership interests in Destin (49.7%), Tri-States (16.7%), Okeanos (66.7%), and Wilprise (25.3%), which we account for as an equity method investments; iii) in April 2016 we acquired a 60% interest in American Panther which we fully consolidate; iv) in September 2015, we acquired a non-operated 12.9% indirect interest in Delta House, which we account for as an equity method investment; and v) in October 2014 and January 2014, we acquired the Costar and Lavaca systems, respectively, both of which are included in our Gathering and Processing segment.

(2) Direct operating expenses includes Gathering and Processing segment direct operating expenses of $41.3 million , $39.2 million , and $23.8 million , respectively, and Transmission segment direct operating expenses of $11.9 million , $13.8 million , and $15.6 million , respectively, for the year ended December 31, 2016 , 2015 and 2014 , respectively. Direct operating expenses

related to our Terminals segment of $8.6 million , $7.7 million , and $6.5 million , respectively, are included within the calculation of Terminals segment gross margin for the year ended December 31, 2016 , 2015 and 2014 , respectively.

(3) Other, net includes realized gain (loss) on commodity derivatives of $(0.8) million , $1.6 million and $0.7 million and COMA income of $1.5 million , $0.8 million and $0.9 million , respectively, for each of the years ended December 31, 2016 , 2015 , respectively and 2014 , respectively.

	Years Ended December 31,		
	2016	2015	2014
Reconciliation of Net income (loss) attributable to the Partnership to Adjusted EBITDA:			
Net income (loss) attributable to the Partnership	$ (3,470)	$ (127,480)	$ (98,020)
Add:			
Depreciation, amortization and accretion expense	45,252	38,014	28,832
Interest expense	23,586	13,631	6,433
Debt issuance costs paid	11,140	2,238	3,841
Unrealized (gain) loss on derivatives, net	(10,221)	71	(595)
Non-cash equity compensation expense	2,818	3,863	1,626
Corporate office relocation	9,096	—	—
Transaction expenses [1]	9,071	1,426	1,794
Income tax expense	2,057	953	224
Impairment on property, plant and equipment	697	—	99,892
Loss on impairment of noncurrent assets held for sale	—	—	673
Loss on impairment of goodwill	—	118,592	—
Distributions from unconsolidated affiliates	83,046	20,568	1,980
General Partner contribution for cost reimbursement	—	330	—
Deduct:			
Earnings in unconsolidated affiliates	40,158	8,201	348
Construction and operating management agreement income	1,465	841	943
Other post-employment benefits plan net periodic benefit	17	14	45
Loss on sale of assets, net	(591)	(3,161)	(207)
Adjusted EBITDA	**$ 132,023**	**$ 66,311**	**$ 45,551**

(1) Transaction expenses for the year ended December 31, 2016 included JPE Merger costs of $7.2 million. The JPE Merger closed on March 8, 2017.

General Trends and Outlook

During 2017, our business objectives will continue to focus on maintaining stable cash flows from our existing assets and executing on growth opportunities to increase our long-term cash flows. We believe the key elements to stable cash flows are the diversity of our asset portfolio and our fee-based business which represents a significant portion of our estimated margins.

We anticipate maintenance capital expenditures between $8.0 million and $11.0 million , and approved expenditures for expansion capital between $45.0 million and $55.0 million , for the year ending December 31, 2017. Forecasted growth capital expenditures include East Texas Processing consolidation, expansion of the Harvey terminal, continued build-out of the Bakken system, and other organic growth projects.

We expect to continue to pursue a multi-faceted growth strategy, which includes maximizing drop down opportunities provided by our relationship with ArcLight, capitalizing on organic expansion and pursuing strategic third-party acquisitions in order to grow our cash flows. We expect the gradual increase in commodity prices that began in 2016 to continue throughout 2017 and as a result we expect producer and supplier activities to be impacted, which may increase the growth rate of our Gathering and Processing and Transmission segments.

We expect our business to continue to be affected by the key trends discussed below. Our expectations are based on assumptions made by us and information currently available to us. To the extent our underlying assumptions prove to be incorrect, our actual results may vary materially from our expected results.

Gathering and Processing Segment. Except for our fee-based contracts, which may be impacted by throughput volumes, the profitability of our gathering and processing segment is dependent upon commodity prices, natural gas and crude oil supply, and demand for natural gas, crude oil, NGLs and condensate.

Transmission Segment. Profitability of our Transmission segment is dependent upon the demand to transport natural gas pursuant under our firm and interruptible transportation contracts. Throughput volumes could decline should natural gas prices and drilling levels decline.

Terminals Segment. Profitability of our terminals segment is dependent upon the demand from our customers to store their products, which is generally not tied to the crude oil and natural gas commodity markets. Currently, we have not experienced deterioration of terminal gross margin in connection with the volatility of the natural gas, crude oil, NGL or condensate markets. Further, the terms of our firm storage contracts are multiple years, with renewal options.

Average daily prices for NYMEX West Texas Intermediate crude oil ranged from a high of $54.45 per barrel to a low of $26.21 per barrel from January 1, 2016 through March 13, 2017. Average daily prices for NYMEX Henry Hub natural gas ranged from a high of $3.80 per MMBtu to a low of $1.49 per MMBtu from January 1, 2016 through March 13, 2017. We are unable to predict future potential movements in the market price for natural gas, crude oil and NGLs and thus, cannot predict the ultimate impact of prices on our operations. If commodity prices decline, this could lead to reduced profitability and may impact our liquidity, compliance with financial covenants in our Credit Agreement, and our ability to maintain our current distribution levels. Our long-term view is that as economic conditions improve, commodity prices should reach levels that will support continued natural gas and crude oil production in the United States. Reduced profitability may result in future potential non-cash impairments of long-lived assets, goodwill, or intangible assets.

On January 26, 2017 the Board of Directors of our General Partner declared a quarterly cash distribution of $0.4125 per common unit or $1.65 per common unit on an annualized basis. The distribution was paid on February 13, 2017, to unitholders of record as of the close of business on February 6, 2017. The amount of our cash distributions on our units principally depends upon the amount of cash we generate from our operations, which could be adversely impacted by market conditions and factors outside of our control. The Partnership Agreement allows us to reduce or eliminate quarterly distributions, if required to maintain ongoing operations.

Capital Markets. Volatility in the capital markets may impact our operations in multiple ways, including limiting our producers' ability to finance their drilling and workover programs and limiting our ability to fund drop downs, organic growth projects and acquisitions.

Impact of Inflation on Direct Operating Expenses. Inflation has been relatively low in the United States in recent years. However, the inflation rates impacting our operations fluctuate throughout the broad economic and energy business cycles. Consequently, our costs for chemicals, utilities, materials and supplies, labor and major equipment purchases may increase during periods of general business inflation or periods of relatively high-energy commodity prices.

Results of Operations

Net loss attributable to the Partnership decreased by $124.0 million for the year ended December 31, 2016 as compared to 2015 primarily due to the loss on impairment of goodwill of $118.6 million recognized in 2015 and an increase in earnings from unconsolidated affiliates of $32.0 million from our investments in Delta House and the entities underlying the Emerald Transactions, offset by an increase in corporate expense of $24.4 million due to corporate relocation and JPE Merger expenses.

Gross margin increased by $7.9 million , or 6.4% , for the year ended to December 31, 2016 to $130.1 million as compared to the same period in 2015 . The increase in gross margin was primarily due to an increase in our Transmission segment gross margin of $5.9 million as a result of increased revenues received by the Partnership due to the Pascagoula plant shutdown. The Pascagoula plant is not controlled or owned by the Partnership, and the shutdown required volumes to be directed to our High Point system. Gross margin also increased because of an increase in our Terminal segment gross margin of $4.3 million due to an increase in firm storage contracted capacity offset by a decrease in our Gathering and Processing segment gross margin of $2.3 million as a result of lower NGL and condensate production and lower realized prices.

For the year ended December 31, 2016 , Adjusted EBITDA increased by $65.7 million , or 99.1% compared to 2015 . The increase is primarily related to higher distributions from our unconsolidated affiliates of $62.5 million largely due to our investments in Delta House and the entities underlying the Emerald Transactions.

We distributed $53.5 million and $46.6 million to holders of our common units, or $1.71 and $1.89 per common unit, during the year ended December 31, 2016 and 2015 , respectively.

The following table and discussion presents certain of our historical consolidated financial data for the periods indicated.

The results of operations by segment are discussed in further detail following this combined overview (in thousands):

	For the Years Ended December 31,		
	2016	2015	2014
Statements of Operations Data:			
Revenues:			
Sales of natural gas, NGLs and condensate	$ 160,950	$ 179,818	$ 255,025
Services	72,572	55,216	52,284
Gains (losses) on commodity derivatives, net	(840)	1,324	1,091
Total revenue	232,682	236,358	308,400
Operating expenses:			
Purchases of natural gas, NGLs and condensate	92,556	105,883	197,952
Direct operating expenses	61,861	60,737	45,919
Corporate expenses	54,223	29,818	24,422
Depreciation, amortization and accretion expense	46,022	38,014	28,832
Loss on sale of assets, net	591	3,011	122
Loss on impairment of property, plant and equipment	697	—	99,892
Loss on impairment of goodwill	—	118,592	—
Total operating expenses	255,950	356,055	397,139
Operating loss	(23,268)	(119,697)	(88,739)
Other income (expenses):			
Interest expense	(15,499)	(14,745)	(7,577)
Other expense	—	—	(670)
Earnings in unconsolidated affiliates	40,158	8,201	348
Income (loss) from continuing operations before income taxes	1,391	(126,241)	(96,638)
Income tax expense	(2,057)	(1,134)	(557)
Income (loss) from continuing operations	(666)	(127,375)	(97,195)
Loss from discontinued operations, net of tax	—	(80)	(611)
Net income (loss)	(666)	(127,455)	(97,806)
Net income attributable to noncontrolling interests	2,804	25	214
Net income (loss) attributable to the Partnership	$ (3,470)	$ (127,480)	$ (98,020)
Other Financial Data (1):			
Gross margin	$ 130,065	$ 122,201	$ 102,655
Adjusted EBITDA	$ 132,023	$ 66,311	$ 45,551

(1)For definitions of gross margin and Adjusted EBITDA and reconciliations to their most directly comparable financial measure calculated and presented in accordance with GAAP, and a discussion of how we use gross margin and Adjusted EBITDA to evaluate our operating performance, please read the information in this Item under the caption "How We Evaluate Our Operations."

Year ended December 31, 2016 , compared to year ended December 31, 2015

Sales of natural gas, NGLs, and condensate revenue. Our sales of natural gas, NGLs, and condensate revenue for the year ended December 31, 2016 were $161.0 million compared to $179.8 million for the year ended December 31, 2015 . This decrease of $18.8 million was primarily due to the following:

- a decrease in natural gas revenue of $10.7 million primarily due to lower realized natural gas prices of $2.51 /Mcf, which is a decrease of $0.40 /Mcf or 13.7% period over period;
- a decrease in NGL revenues of $6.3 million due to lower gross NGL production volumes of 38.2 Mgal/d from our Gathering and Processing segment and lower realized NGL prices of $0.57 /gal, which is a decrease of $0.01 /gal period over period; and
- a decrease in condensate revenues of $6.7 million due to lower realized condensate prices of $0.11 /gal or 11.3% period over period, and lower condensate production of 13.2 Mgal/d from our Gathering and Processing segment;
- these decreases were partially offset by an increase in crude oil gathering fee-based revenues of $4.7 million.

Service revenue. Our service revenue for the year ended December 31, 2016 was $72.6 million compared to $55.2 million for the year ended December 31, 2015 . This increase of $17.4 million was primarily due to the following:

- an increase in firm and interruptible transportation of $8.5 million primarily as a result of the Pascagoula plant shutdown and additional revenue associated with our Gulf of Mexico Pipeline which we acquired in April 2016. The Pascagoula plant is not controlled or owned by the Partnership, and the shutdown required volumes to be redirected to our High Point system;
- an increase in Terminals segment revenue of $5.0 million as a result of incremental storage utilization and ancillary increases; and
- an increase in management fees of $2.5 million from our acquired Gulf of Mexico Pipeline.

Purchases of Natural Gas, NGLs and Condensate . Our purchases of natural gas, NGLs and condensate for the year ended December 31, 2016 , were $92.6 million compared to $105.9 million in the year ended December 31, 2015 . This decrease of $13.3 million was due to lower NGL and natural gas purchases of $6.1 million and $10.4 million, respectively, offset by an increase in crude oil purchases of $2.8 million related to our Bakken system which commenced operations in the fourth quarter of 2015. The decrease in NGL and natural gas purchases are the result of lower NGL and natural gas prices and lower NGL volumes related to our Gathering and Processing segment.

Gross Margin . Gross margin for the year ended December 31, 2016 , was $130.1 million compared to $122.2 million for the year ended December 31, 2015 . This increase of $7.9 million was primarily due to an increase in our Transmission segment gross margin of $5.9 million due to the Pascagoula plant shutdown, which increased the gross margin on our Highpoint system and a $4.3 million increase in our Terminals segment gross margin as a result of higher storage revenue. These increases were partially offset by a decrease in our Gathering and Processing segment gross margin of $2.3 million as a result of lower NGL and condensate production of 38.2 Mgal/d and 13.2 Mgal/d, respectively.

Direct Operating Expenses . Direct operating expenses for the year ended December 31, 2016 , were $61.9 million compared to $60.7 million for the year ended December 31, 2015 . This increase of 1.2 million was primarily due to an increase of contract services and labor costs.

Corporate expenses . Corporate expenses for the year ended December 31, 2016 , were $54.2 million compared to $29.8 million for the year ended December 31, 2015 . This increase of $24.4 million was primarily due to corporate relocation expenses of $9.1 million, JPE Merger expenses of $7.2 million, and increases in salaries, wages and benefits of $2.6 million due to increased employee expenses as we transitioned our corporate headquarters from Denver to Houston, information and technology maintenance costs of $1.1 million primarily related to systems and licenses that were implemented in the prior year, contract services of $1.0 million, and legal and regulatory compliance fees of $0.7 million in support of corporate activities.

Depreciation, Amortization and Accretion Expense . Depreciation, amortization and accretion expense for the year ended December 31, 2016 , was $46.0 million compared to $38.0 million for the year ended December 31, 2015 . This increase of $8.0 million was primarily due to incremental depreciation of fixed assets related to our Gulf of Mexico Pipeline acquired in April 2016, our Mesquite joint venture and our Bakken system which began operations in October 2015.

Interest Expense . Interest expense for the year ended December 31, 2016 , was $15.5 million compared to $14.7 million for the year ended December 31, 2015 . This increase of $0.8 million was primarily due to higher outstanding borrowings under the Credit Agreement, an increase in our weighted average interest rate of 0.62% offset by $10.2 million of unrealized gains on our interest rate swaps.

Earnings in Unconsolidated Affiliates. Earnings in unconsolidated affiliates for the year ended December 31, 2016 were $40.2 million compared to $8.2 million for the year ended December 31, 2015 . This increase of $32.0 million was primarily due to

incremental earnings of $22.8 million related to our investment in Delta House and $9.7 million related to the interests in the entities underlying the Emerald Transactions which were acquired in April 2016.

Year ended December 31, 2015 , compared to year ended December 31, 2014

Sales of natural gas, NGLs, and condensate revenue . Our sale of natural gas, NGLs, and condensate revenue for the year ended December 31, 2015 was $179.8 million compared to $255.0 million for the year ended December 31, 2014 . This decrease of $75.2 million was primarily due to the following:

- lower realized natural gas prices of $2.91 /Mcf, which is a decrease of $2.01 /Mcf, or 40.9%, period over period;
- lower realized condensate prices of $0.97 /gal, which is a decrease of $0.65 /gal, or 40.1%, period over period, offset by higher gross condensate production volumes of 24.6 Mgal/d, or 32.7% , period over period, from our Gathering and Processing segment; and
- converting fixed-margin contracts in our transmission segment to firm or interruptible transportation contracts;

These decreases were partially offset by:

- an increase in NGL revenues of $15.5 million as a result of higher gross NGL production volumes of 166.9 Mgal/d from our Gathering and Processing segment, which was offset by lower realized NGL prices of $0.58 gal, which is a decrease of $0.33 /gal., period over period; and
- an increase in fee-based revenue of $19.0 million primarily due to increased average throughput volumes in our Gathering and Processing segment of 63.4 MMcf/day, or 23.1% .

Services revenue. Our service revenue for the year ended December 31, 2015 was $55.2 million compared to $52.3 million for the year ended December 31, 2014 . This increase of $2.9 million was primarily due an increase in the Terminals segment revenue of $2.3 million as a result of increased storage utilization from acquiring new customers and contractual storage rate escalations.

Purchases of Natural Gas, NGLs and Condensate . Our purchases of natural gas, NGLs and condensate for the year ended December 31, 2015 were $105.9 million compared to $198.0 million in the year ended December 31, 2014 . This decrease of $92.1 million was due to lower natural gas purchases of $94.3 million primarily as a result of lower natural gas prices and lower natural gas volumes related to our elective processing arrangements in our Gathering and Processing segment, as well as the conversion of certain fixed-margin contracts to interruptible transportation contracts in our Transmission segment as mentioned above.

This decrease was partially offset by incremental NGL, crude oil and condensate purchases of $2.2 million primarily associated with the gathering and processing systems acquired in the Costar Acquisition.

Gross Margin . Gross margin for the year ended December 31, 2015 was $122.2 million compared to $102.7 million for the year ended December 31, 2014 . This increase of $19.5 million was primarily due to an increase in our Gathering and Processing segment gross margin of $26.0 million as a result of higher NGL and condensate production of 166.9 Mgal/d and 24.6 Mgal/d, respectively, and higher throughput volumes of 63.4 MMcf/d, as well as an increase in our Terminals segment gross margin of $1.0 million . These increases were partially offset by a decrease in our Transmission segment gross margin of $7.5 million as a result of a decrease in average throughput volumes.

Direct Operating Expenses . Direct operating expenses for the year ended December 31, 2015 were $60.7 million compared to $45.9 million in the year ended December 31, 2014 . This increase of $14.8 million was primarily due to $13.4 million of incremental operating costs, including costs related to direct labor and benefits, associated with the gathering and processing systems acquired from Costar, and an increase of $2.1 million in operating costs associated with compression rentals used at our Lavaca System. These increases were partially offset by the timing of activities related to our integrity management and plant repair and maintenance programs.

Corporate expenses . Corporate expenses for the year ended December 31, 2015 were $29.8 million compared to $24.4 million for the year ended December 31, 2014 . This increase of $5.4 million was primarily due to personnel costs incurred to manage and integrate our recent acquisitions and support continuing growth.

Depreciation, Amortization and Accretion Expense . Depreciation, amortization and accretion expense for the year ended December 31, 2015 was $38.0 million compared to $28.8 million for the year ended December 31, 2014 . This increase of $9.2 million was primarily due to incremental depreciation of fixed assets and amortization of certain intangible assets associated with the Costar Acquisition and the continuing capital expansion of the Lavaca System.

Loss on Impairment of Property, Plant and Equipment. During the fourth quarter of 2014, management noted the declining commodity markets and related impact on producers and shippers to whom we provide gathering and processing services. The decline in the market price of crude oil has led to a corresponding decrease in crude oil and natural gas production and is impacting the volume of natural and NGLs we gather and process on certain assets. As a result, asset impairment charges of $99.9 million related to certain gathering and processing assets were recorded during the fourth quarter of 2014.

Loss on Impairment of Goodwill. During the fourth quarter of 2015, management performed the Partnership's annual goodwill impairment test. As a result of the continuing decline in commodity prices, as well as the decline in the market price for the Partnership's common units during the fourth quarter, key assumptions relating to expected producer volumes and commodity prices used in management's impairment testing cash flow models were updated. The updated assumptions resulted in the estimated fair value of the Costar and Lavaca reporting units being less than their respective carrying values, indicating that the related goodwill was impaired. After completing an allocation of the estimated fair value of each reporting unit to the associated assets and liabilities, management determined that the goodwill of the Costar and Lavaca reporting units had a nominal fair value and that impairment charges of $118.6 million were required. Such impairment charges were recorded during the fourth quarter of 2015.

Interest Expense . Interest expense for the year ended December 31, 2015 , was $14.7 million compared to $7.6 million for the year ended December 31, 2014 . This increase of $7.1 million was primarily due to higher outstanding borrowings under the Credit Agreement to fund our capital growth projects and the Costar acquisition and Delta House Investment.

Earnings in Unconsolidated Affiliates. Earnings in unconsolidated affiliates for the year ended December 31, 2015 was $8.2 million compared to $0.3 million for the year ended December 31, 2015 . This increase of $7.9 million was due to incremental earnings of $7.5 million related to Delta House, and higher earnings from MPOG of $0.4 million .

Results of Operations — Segment Results

Gathering and Processing Segment

The table below contains key segment performance indicators related to our Gathering and Processing segment (in thousands except operating and pricing data).

	For the Years Ended December 31,		
	2016	**2015**	**2014**
Segment Financial and Operating Data:			
Gathering and Processing segment			
Financial data:			
Sales of natural gas, NGLs and condensate revenue	$ 153,174	$ 170,197	$ 202,035
Services revenue	10,531	3,400	1,581
Gain (loss) on commodity derivatives, net	(836)	1,324	1,091
Total revenue	$ 162,869	$ 174,921	$ 204,707
Purchases of natural gas, NGLs and condensate	87,026	97,580	152,690
Direct operating expenses	41,345	39,249	23,806
Other financial data:			
Segment gross margin	$ 74,582	$ 76,865	$ 50,817
Operating data:			
Average throughput (MMcf/d)	393.7	338.2	274.8
Average plant inlet volume (MMcf/d) (1)	102.1	120.9	89.1
Average gross NGL production (Mgal/d) (1)	192.9	231.1	64.2
Average gross condensate production (Mgal/d) (1)	86.6	99.8	75.2
Average realized prices:			
Natural gas ($/Mcf)	$ 2.51	$ 2.91	$ 4.92
NGLs ($/gal)	$ 0.57	$ 0.58	$ 0.91
Condensate ($/gal)	$ 0.86	$ 0.97	$ 1.62

(1) Excludes volumes and gross production under our elective processing arrangements.

Year Ended December 31, 2016 , Compared to Year Ended December 31, 2015

Sales of natural gas, NGLs, and condensate revenue . Segment sales of natural gas, NGLs, and condensate revenue for the year ended December 31, 2016 were $153.2 million compared to $170.2 million for the year ended December 31, 2015 . This decrease of $17.0 million was primarily due to the following:

- lower realized natural gas, NGL, and condensate prices of 13.7% , 1.7% , and 11.3% , respectively; and
- lower average NGL and condensate production of 38.2 Mgal/d and 13.2 Mgal/d, respectively, primarily due to a decrease in volumes at our Longview system.

Service revenue. Segment service revenue for the year ended December 31, 2016 was $10.5 million compared to $3.4 million for the year ended December 31, 2015 . This increase of $7.1 million was due to higher average throughput volumes of 55.5 MMcf/d and increased management fees due to our acquired Gulf of Mexico Pipeline.

Purchases of Natural Gas, NGLs and Condensate . Purchases of natural gas, NGLs and condensate for the year ended December 31, 2016 were $87.0 million compared to $97.6 million for the year ended December 31, 2015 . This decrease of $10.6 million was due to lower realized commodity prices as well as lower NGL and condensate purchased volumes at the Longview system.

Segment Gross Margin . Segment gross margin for the year ended December 31, 2016 was $74.6 million compared to $76.9 million for the year ended December 31, 2015 . This decrease of $2.3 million was primarily due to lower production on our Longview and Lavaca systems partially offset by increased gross margin from the Gulf of Mexico Pipeline.

Direct Operating Expenses . Direct operating expenses for the year ended December 31, 2016 were $41.3 million compared to $39.2 million for the year ended December 31, 2015 . This increase of $2.1 million was primarily due to operating expenses of $2.6 million incurred at the Gulf of Mexico Pipeline offset by lower compressor rentals due to ongoing cost cutting efforts.

Year Ended December 31, 2015 , Compared to Year Ended December 31, 2014

Sales of natural gas, NGLs, and condensate revenue . Segment sales of natural gas, NGLs, and condensate revenue for the year ended December 31, 2015 were $170.2 million compared to $202.0 million for the year ended December 31, 2014 . This decrease of $31.8 million was primarily due to lower realized natural gas, NGL and condensate prices of 40.9%, 36.3%, and 40.1%, respectively. These decreases were partially offset by higher average NGL and condensate production of 166.9 Mgal/d and 24.6 Mgal/d, respectively.

Service revenue. Segment services revenue for the year ended December 31, 2015 was $3.4 million compared to $1.6 million for the year ended December 31, 2014 . This increase of $1.8 million was primarily due to higher average throughput volumes of 63.4 MMcf/d related to the Costar and Lavaca acquisitions which occurred in 2014.

Purchases of Natural Gas, NGLs and Condensate . Purchases of natural gas, NGLs and condensate for the year ended December 31, 2015 , were $97.6 million compared to $152.7 million for the year ended December 31, 2014 . This decrease of $55.1 million was primarily due to lower purchase costs associated with natural gas and NGLs due to lower realized natural gas and NGL prices and lower natural gas volumes associated with our elective processing arrangements. These decreases were partially offset by incremental purchases associated with off-spec NGL and condensate throughput volumes related to the Longview System.

Segment Gross Margin . Segment gross margin for the year ended December 31, 2015 , was $76.9 million compared to $50.8 million for the year ended December 31, 2014 . This increase of $26.1 million was primarily due to incremental gross margin of $24.2 million related to the Longview, Chapel Hill, Danville, Yellow Rose, and Bakken Systems and higher gross margin of $4.8 million at our Lavaca System. These increases were partially offset by lower NGL and condensate production associated with our elective processing arrangements.

Direct Operating Expenses . Direct operating expenses for the year ended December 31, 2015 , were $39.2 million compared to $23.8 million for the year ended December 31, 2014 . This increase of $15.4 million was primarily due to the incremental operating costs associated with the gathering and processing systems acquired in the Costar and Lavaca acquisitions, partially offset by the timing of activities related to our integrity management and plant repair and maintenance programs.

Transmission Segment

The table below contains key segment performance indicators related to our Transmission segment (in thousands except operating and pricing data).

	For the Years Ended December 31,		
	2016	2015	2014
Segment Financial and Operating Data:			
Transmission segment			
Financial data:			
Sales of natural gas, NGLs and condensate revenue	$ 7,775	$ 9,600	$ 52,881
Services revenue	39,196	34,082	35,308
Loss on commodity derivatives, net	(4)	—	—
Total revenue	$ 46,967	$ 43,682	$ 88,189
Purchases of natural gas, NGLs and condensate	5,530	8,303	45,262
Direct operating expenses	11,920	13,768	15,619
Other financial data:			
Segment gross margin	$ 41,233	$ 35,301	$ 42,828
Operating data:			
Average throughput (MMcf/d)	683.2	708.6	778.9
Average firm transportation - capacity reservation (MMcf/d)	688.1	653.7	577.9
Average interruptible transportation - throughput (MMcf/d)	354.0	410.3	468.9

Sales of natural gas, NGLs, and condensate revenue . Segment sales of natural gas, NGLs, and condensate revenue for the year ended December 31, 2016 , were $7.8 million compared to $9.6 million for the year ended December 31, 2015 . This decrease of $1.8 million in revenue was primarily due to lower average throughput volumes of 25.4 MMcf/d.

Service revenue. Segment services revenue for the year ended December 31, 2016 was $39.2 million compared to $34.1 million for the year ended December 31, 2015 . This increase of $5.1 million in revenue was primarily due to the Pascagoula plant shutdown, which required volumes to be redirected to our High Point system. The Pascagoula plant is not controlled or owned by the Partnership.

Purchases of Natural Gas, NGLs and Condensate . Purchases of natural gas, NGLs and condensate for the year ended December 31, 2016 , were $5.5 million compared to $8.3 million for the year ended December 31, 2015 . This decrease of $2.8 million was primarily due to lower throughput volumes and a decline in realized natural gas prices of $0.40 .

Segment Gross Margin . Segment gross margin for the year ended December 31, 2016 , was $41.2 million compared to $35.3 million for the year ended December 31, 2015 . This increase of $5.9 million was primarily due to increased revenues for our Highpoint system as a result of the shutdown of the Pascagoula plant and other factors discussed above.

Direct Operating Expenses . Direct operating expenses for the year ended December 31, 2016 , were $11.9 million compared to $13.8 million for the year ended December 31, 2015 . This decrease of $1.9 million was primarily related to lower employee costs.

Year Ended December 31, 2015 , Compared to Year Ended December 31, 2014

Sales of natural gas, NGLs, and condensate revenue .Segment sales of natural gas, NGLs, and condensate revenue for the year ended December 31, 2015 was $9.6 million compared to $52.9 million for the year ended December 31, 2014 . This decrease of $43.3 million in revenue was primarily due to converting certain fixed-margin arrangements to interruptible and firm transportation agreements during the first quarter of 2015, which substantially reduced the sales of natural gas throughput volumes and also the need for us to purchase such volumes.

Services revenue. Segment services revenue for the year ended December 31, 2015 was $34.1 million compared to $35.3 million for the year ended December 31, 2014 . This decrease of $1.2 million in revenue was primarily due to lower average throughput volumes.

Purchases of Natural Gas, NGLs and Condensate . Purchases of natural gas, NGLs and condensate for the year ended December 31, 2015 , were $8.3 million compared to $45.3 million for the year ended December 31, 2014 . This decrease of $37.0 million was primarily due to converting certain fixed-margin arrangements to interruptible and firm transportation agreements, and therefore substantially reducing our need to purchase natural gas.

Segment Gross Margin . Segment gross margin for the year ended December 31, 2015 , was $35.3 million compared to $42.8 million for the year ended December 31, 2014 . This decrease of $7.5 million was primarily due to changes in pipeline imbalances and lower interruptible transportation margins due to lower average throughput volumes of 70.3 MMcf/d, or 9.0% .

Direct Operating Expenses . Direct operating expenses for the year ended December 31, 2015 , were $13.8 million compared to $15.6 million for the year ended December 31, 2014 . This decrease of $1.8 million was primarily related to an ongoing cost cutting effort to reduce operating expenses.

Terminals Segment

The table below contains key segment performance indicators related to our Terminals segment (in thousands except operating data).

	For the Years Ended December 31,		
	2016	2015	2014
Segment Financial and Operating Data:			
Terminals segment			
Financial data:			
Services revenue	$ 22,845	$ 17,734	$ 15,395
Sales of natural gas, NGLs and condensate revenue	1	21	109
Total revenue	$ 22,846	$ 17,755	$ 15,504
Direct operating expenses	8,596	7,720	6,494
Other financial data:			
Segment gross margin	$ 14,250	$ 10,035	$ 9,010
Operating data:			
Contracted Capacity (Bbls)	2,011,133	1,487,542	1,247,058
Design Capacity (Bbls)	2,173,717	1,688,950	1,363,817
Storage Utilization (1)	92.5%	88.1%	91.4%

(1) Excludes storage utilization associated with our discontinued operations.

Services revenue. Segment services revenue for the year ended December 31, 2016 , was $22.8 million compared to $17.7 million for the year ended December 31, 2015 . The increase of $5.1 million was primarily attributable to increases in contracted storage capacity due to the expansion efforts at our Harvey terminal.

Direct Operating Expenses . Direct operating expenses for the year ended December 31, 2016 were $8.6 million compared to $7.7 million for the year ended December 31, 2015 . The increase of $0.9 million was primarily related to liability classified awards of $0.4 million and employee severance of $0.3 million.

Segment Gross Margin . Segment gross margin for the year ended December 31, 2016 , was $14.3 million compared to $10.0 million for the year ended December 31, 2015 . The increase of $4.3 million was primarily attributable to an increase in storage revenue that was partially offset by the liability classified awards and severance activity related costs.

Year Ended December 31, 2015 , Compared to Year Ended December 31, 2014 .

Services revenue. Segment services revenue for the year ended December 31, 2015 , was $17.7 million compared to $15.4 million for the year ended December 31, 2014 . The increase of $2.3 million was primarily attributable to increases in contracted storage capacity due to the expansion efforts at the Harvey terminal.

Direct Operating Expenses . Direct operating expenses for the year ended December 31, 2015 , were $7.7 million compared to $6.5 million for the year ended December 31, 2014 . The increase of $1.2 million is primarily attributable to additional direct labor associated with providing ancillary services.

Segment Gross Margin . Segment gross margin for the year ended December 31, 2015 , was $10.0 million compared to $9.0 million for the year ended December 31, 2014 . The increase of $1.0 million was primarily attributable to an increase in storage revenue while managing direct labor costs associated with providing ancillary services.

Liquidity and Capital Resources

Our business is capital intensive and requires significant investment for the maintenance of existing assets and the acquisition and development of new systems and facilities.

Our principal sources of liquidity include cash from operating activities, borrowings under our Credit Agreement (as defined herein), issuance of equity in the capital markets or through private transactions, and financial support from ArcLight, who controls our General Partner. In addition, we may continue to seek to raise capital through the issuance of secured and unsecured senior notes. Given our historical success in accessing various sources of liquidity, we believe that the sources of liquidity described above will be sufficient to meet our short-term working capital requirements, medium-term maintenance capital expenditure requirements, and quarterly cash distributions for at least the next twelve months. In the event these sources are not sufficient, we would pursue other sources of cash funding, including, but not limited to, additional forms of debt or equity financing. In addition, we would reduce non-essential capital expenditures, controllable direct operating expenses and corporate expenses, as necessary, and our Partnership Agreement allows us to reduce or eliminate quarterly distributions, if required to maintain ongoing operations.

Our liquidity for the year ended December 31, 2016 was impacted by the following:

- The issuance of 8,571,429 Series C Units along with warrants to purchase up to 800,000 common units at an exercise price of $7.25 per common unit with a combined value of approximately $120.0 million , proceeds of which were used to partially fund the purchase our membership interests in the entities underlying the Emerald Transactions.
- The issuance of 2,333,333 Series D Units with a value of $34.5 million , the proceeds of which were used to partially fund the purchase of additional Delta House Class A Units. We also agreed to grant the Series D unitholders a warrant to purchase up to 700,000 common units at an exercise price of $22.00 per common unit if the Series D Units are still outstanding at June 30, 2017.
- Credit Agreement borrowings of $351.1 million and repayments of $165.0 million .
- issuance of the 3.77% Senior Notes resulting in net proceeds of approximately $57.7 million .
- issuance of 8.50% Senior Notes resulting in net proceeds of approximately $291.3 million .

Changes in natural gas, crude oil, NGL and condensate prices and the terms of our contracts have a direct impact on our generation and use of cash from operations due to their impact on net income (loss), along with the resulting changes in working capital. During 2016, we mitigated a portion of our anticipated commodity price risk associated with the volumes from our gathering and processing activities with fixed price commodity swaps. For additional information regarding our derivative activities, please read Item 7A, "Quantitative and Qualitative Disclosures about Market Risk."

The counterparties to certain of our commodity swap contracts are investment-grade rated financial institutions. Under these contracts, we may be required to provide collateral to the counterparties in the event that our potential payment exposure exceeds a predetermined collateral threshold. Collateral thresholds are set by us and each counterparty, as applicable, in the master contract that governs our financial transactions based on our and the counterparty's assessment of creditworthiness. The assessment of our position with respect to the collateral thresholds is determined on a counterparty by counterparty basis, and is impacted by the representative forward price curves and notional quantities under our swap contracts. Due to the interrelation between the representative natural gas and crude oil forward price curves, it is not practical to determine a single pricing point at which our swap contracts will meet the collateral thresholds as we may transact multiple commodities with the same counterparty. Depending on daily commodity prices, the amount of collateral posted can go up or down on a daily basis. As of December 31, 2016 , we have not been required to post collateral with our counterparties.

At-The-Market ("ATM") Offering

On October 18, 2015, we filed a prospectus supplement related to the offer and sale from time to time of up to $100 million of our common units through an at-the-market offering program. For the year ended December 31, 2016 , we sold 248,561 common units resulting in net proceeds of $2.9 million , after deducting offering costs of $0.3 million . The net proceeds were used to repay amounts outstanding under the Credit Agreement. As of December 31, 2016 , approximately $96.8 million remained available for sale under the program.

Our Credit Agreement

Effective as of April 25, 2016, the Partnership entered into the Second Amendment to the Amended and Restated Credit Agreement, which provided for maximum borrowings up to $750.0 million , with the ability to further increase the borrowing capacity to $900.0 million subject to lender approval.

On September 30, 2016 and in connection with entering into the 3.77% Note Purchase Agreement, the Partnership entered into the Limited Waiver and Third Amendment to the Amended and Restated Credit Agreement, which among other things, (i) allowed Midla Holdings, for so long as the 3.77% Senior Notes are outstanding, to be excluded from guaranteeing the obligations under the Credit Agreement and being subject to certain covenants thereunder, (ii) released the lien granted under the Credit Agreement related to D-Day's equity interests in Delta FPS, LLC and (iii) deemed the equity interests in Delta House FPS, LLC to be excluded property under the Amended and Restated Credit Agreement.

On November 18, 2016, the Partnership entered into the Fourth Amendment to the Amended and Restated Credit Agreement. The Fourth Amendment (i) modified certain investment covenants to reflect the recently completed incremental acquisition of additional interests in Delta House (ii) permitted JPE's existing credit facility (the "JPE Credit Facility") to remain in place during the time period between (a) the consummation of the JPE Merger and (b) the payoff of the JPE Credit Facility, (iii) permitted the joining of JPE and its subsidiaries as guarantors under the Amended and Restated Credit Agreement, and (iv) permitted the integration of JPE and its subsidiaries into the Partnership's ownership structure

Effective as of the closing of the JPE Merger on March 8, 2017, the Partnership entered into the Second Amended and Restated Credit Agreement, which increased our borrowing capacity from $750.0 million to $900.0 million and provided for an accordion feature that will permit, subject to the customary conditions, the borrowing capacity under the facility to be increased to a maximum of $1.1 billion.

Our obligations under the Second Amended and Restated Credit Agreement are secured by a lien on substantially all of our assets. Advances made under the Second Amended and Restated Credit Agreement are guaranteed on a senior unsecured basis by certain of our subsidiaries (the "Guarantors"). These guarantees are full and unconditional and joint and several among the Guarantors. The terms of the Second Amended and Restated Credit Agreement include covenants that restrict our ability to make cash distributions and acquisitions in some circumstances. The remaining principal balance of loans and any accrued and unpaid interest will be due and payable in full at maturity on September 5, 2019.

The Second Amended and Restated Credit Agreement contains certain financial covenants, including (i) a consolidated total leverage ratio that requires our consolidated total indebtedness not to exceed 5.00 times adjusted consolidated EBITDA (as defined in the Second Amended and Restated Credit Agreement) for the prior twelve month period, adjusted in accordance with the Second Amended and Restated Credit Agreement (except for the current and up to the subsequent two quarters after the consummation of a permitted acquisition, at which time the covenant may be increased to 5.50 times adjusted consolidated EBITDA), (ii) a minimum interest coverage ratio that requires our adjusted consolidated EBITDA to exceed consolidated interest charges by at least 2.50 times for the prior twelve month period, and (iii) a consolidated secured leverage ratio that requires our consolidated secured indebtedness not to exceed 3.50 times adjusted consolidated EBITDA for the prior twelve month period. The financial covenants in the Second Amended and Restated Credit Agreement may limit the amount available to us for borrowing to less than $900.0 million . We can elect to have loans under the Second Amended and Restated Credit Agreement bear interest either at a Eurodollar-based rate plus a margin ranging from 2.00% to 3.25% depending on our total leverage ratio then in effect, or a base rate which is a fluctuating rate per annum equal to the highest of (i) the Federal Funds Rate, plus 0.50%, (ii) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate", or (iii) the Eurodollar Rate plus 1.00%, plus a margin ranging from 1.00% to 2.25% depending on the total leverage ratio then in effect. We also pay a commitment fee ranging between 0.375% to 0.50% per annum, depending on our total leverage ratio then in effect, on the undrawn portion of the revolving loan.

The Second Amended and Restated Credit Agreement also contains customary representations and warranties (including those relating to organization and authorization, compliance with laws, absence of defaults, material agreements and litigation) and customary events of default (including those relating to monetary defaults, covenant defaults, cross defaults and bankruptcy events).

At December 31, 2016 and 2015 , letters of credit outstanding under the Credit Agreement were $7.4 million and $1.8 million , respectively.

As of December 31, 2016 , our consolidated total leverage ratio was 4.07 and our interest coverage ratio was 7.43 , which were both in compliance with the related requirements of our Credit Agreement. At December 31, 2016 , we had approximately $711.3 million of borrowings and $7.4 million in letters of credit outstanding under the $750.0 million Amended and Restated Credit Agreement leaving $31.3 million of available borrowing capacity.

As of December 31, 2016, we were in compliance with the covenants included in the Credit Agreement. Our ability to maintain compliance with the leverage and interest coverage ratios included in the Second Amended and Restated Credit Agreement may be subject to, among other things, the timing and success of initiatives we are pursuing, which may include expansion capital projects, acquisitions, or drop down transactions, as well as the associated financing for such initiatives.

8.50% Senior Notes

On December 28, 2016, the Partnership and American Midstream Finance Corporation, our wholly owned subsidiary (together with the Partnership, the "Issuers") completed the issuance and sale of the 8.50% Senior Notes. The 8.50% Senior Notes were issued at par and provided approximately $294.0 million in proceeds, after deducting initial purchasers' discount of $6.0 million . This amount was deposited into escrow pending completion of the JPE Merger and is included in *Restricted cash* on our consolidated balance sheet as of December 31, 2016. The Partnership also incurred $2.7 million of direct issuance costs resulting in net proceeds related to the 8.50% Senior Notes of $291.3 million.

Under the terms of the escrow agreement governing the disbursement of the net proceeds, upon the closing of the JPE Merger and the satisfaction of the other conditions contained therein, the restricted cash was released from escrow and was used to repay and terminate JPE Credit Facility and reduce borrowings under the Partnership's Credit Agreement.

The 8.50% Senior Notes will mature on December 15, 2021 with interest payable in cash semi-annually in arrears on June 15 and December 15, commencing June 15, 2017.

At any time prior to December 15, 2018, the Issuers may on one or more occasions redeem up to 35% of the aggregate principal amount of 8.50% Senior Notes, at a redemption price of 108.50% of the principal amount, plus accrued and unpaid interest to the redemption date, in an amount not greater than the net cash proceeds of one or more equity offerings by the Partnership, provided that:

- at least 65% of the aggregate principal amount of the 8.50% Senior Notes remains outstanding immediately after such redemption (excluding 8.50% Senior Notes held by the Partnership and its subsidiaries); and

- the redemption occurs within 180 days of the closing of each such equity offering.

Prior to December 15, 2018, the Issuers may redeem all or part of the 8.50% Senior Notes, at a redemption price equal to the sum of:

- the principal amount thereof, plus

- the make whole premium (as defined in the Indenture) at the redemption date, plus

- accrued and unpaid interest, to the redemption date

On and after December 15, 2018, the Issuers may redeem all or a part of the 8.50% Senior Notes, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest to the applicable redemption date, if redeemed during the twelve-month period beginning on December 15 of the years indicated below:

Year	Percentage
2018	104.250%
2019	102.125%
2020 and thereafter	100.000%

The Indenture restricts the Partnership's ability and the ability of certain of its subsidiaries to, among other things: (i) incur, assume or guarantee additional indebtedness, issue any disqualified stock or issue preferred units, (ii) create liens to secure indebtedness, (iii) pay distributions on equity securities, redeem or repurchase equity securities or redeem or repurchase subordinated securities, (iv) make investments, (v) restrict distributions, loans or other asset transfers from restricted subsidiaries, (vi) consolidate with or merge with or into, or sell substantially all of its properties to, another person, (vii) sell or otherwise dispose of assets, including equity interests in subsidiaries, (viii) enter into transactions with affiliates, (ix) engage in certain business activities and (x) enter into sale and leaseback transactions. These covenants are subject to a number of important exceptions and qualifications. If at any time the 8.50% Senior Notes are rated investment grade by either Moody's Investors Service, Inc. or Standard & Poor's Ratings Services and no Default or Event of Default (as each are defined in the Indenture) has occurred and is continuing, many of such covenants will terminate and the Partnership and its subsidiaries will cease to be subject to such covenants.

3.77% Senior Notes

On September 30, 2016, Midla Financing, Midla, and MLGT entered into the 3.77% Senior Note Purchase Agreement with the Purchasers. Pursuant to the 3.77% Senior Note Purchase Agreement, Midla Financing sold $60.0 million in aggregate principal amount of 3.77% Senior Notes. Principal and interest on the 3.77% Senior Notes is payable in installments on the last business day of each quarter beginning June 30, 2017 with the remaining balance payable in full on June 30, 2031. The average quarterly principal payment is approximately $1.1 million . The 3.77% Senior Notes were issued at par and provided net proceeds of approximately $57.7 million after deducting related issuance costs of $2.3 million.

Net proceeds from the 3.77% Senior Notes are restricted and will be used to fund project costs incurred in connection with the construction of the Midla-Natchez Line, the retirement of Midla's existing 1920's pipeline, the move of our Baton Rouge operations to the MLGT system and the reconfiguration of the DeSiard compression system and all related ancillary facilities. These proceeds can also be used to pay costs incurred in connection with the issuance of the 3.77% Senior Notes, and for general corporate purposes of Midla Financing.

The Note Purchase Agreement includes customary representations and warranties, affirmative and negative covenants (including financial covenants), and events of default that are customary for a transaction of his type. Midla Financing must maintain a debt service reserve account containing six months of principal and interest payments, and Midla Financing and the Note Guarantors (including any entities that become guarantors under the terms of the 3.77% Senior Note Purchase Agreement) are restricted from making distributions until June 30, 2017, unless the debt service coverage ratio is not less than, and is not projected to be for the following 12 calendar months less than, 1.20:1.00, and unless certain other requirements are met.

In connection with the 3.77% Senior Note Purchase Agreement, the Note Guarantors guaranteed the payment in full of all Midla Financing's obligations. Also, Midla Financing and the Note Guarantors granted a security interest in substantially all of their tangible and intangible assets, including the membership interests in each Note Guarantor held by Midla Financing, and Financing Holdings pledged the membership interests in Midla Financing to the Collateral Agent.

Working Capital

Working capital is the amount by which current assets exceed current liabilities and is a measure of our ability to pay our liabilities as they become due. Our working capital requirements are primarily driven by changes in accounts receivable and accounts payable. These changes are impacted by changes in the prices of commodities that we buy and sell. In general, our working capital requirements increase in periods of rising commodity prices and decrease in periods of declining commodity prices. However, our working capital needs do not necessarily change at the same rate as commodity prices because both accounts receivable and accounts payable are impacted by the same commodity prices. In addition, the timing of payments received from our customers or paid to our suppliers can also cause fluctuations in working capital because we settle with most of our larger suppliers and customers on a monthly basis and often near the end of the month. We expect that our future working capital requirements will be impacted by these same factors. Our working capital deficit was $28.8 million at December 31, 2016 compared to $10.1 million at December 31, 2015 with the $18.7 million increase due primarily to capital expenditures in connection with the Midla-Natchez Line and convertible preferred unit distributions which were included in *Accrued expenses and other current liabilities* at December

31, 2016. The Partnership plans to utilize the increase in the Second Amended and Restated Credit Agreement of $150.0 million to cover any capital requirements.

Cash Flows

The following table reflects cash flows for the applicable periods (in thousands):

	For the Years Ended December 31,		
	2016	**2015**	**2014**
Net cash provided by (used in):			
Operating activities	$ 45,362	$ 40,937	$ 21,478
Investing activities	(551,441)	(171,692)	(471,870)
Financing activities	509,018	130,256	450,490

Year Ended December 31, 2016 , Compared to Year Ended December 31, 2015

Operating Activities . Net cash provided by operating activities was $45.4 million for the year ended December 31, 2016 , compared to $40.9 million for the year ended December 31, 2015 . Net cash provided by operating activities for the year ended December 31, 2016 , compared to December 31, 2015 increased by $4.5 million mainly driven by an increase in net income of $8.2 million , excluding the $118.6 million goodwill impairment charge recorded in 2015, offset by a decrease in the change in operating assets and liabilities of $2.0 million .

Investing Activities . Net cash used in investing activities was $551.4 million for the year ended December 31, 2016 , compared to $171.7 million for the year ended December 31, 2015 . Cash used in investing activities for the year ended December 31, 2016 increased by $379.7 million period over period primarily due to (i) the change in restricted cash of $325.0 million as a result of the issuance of our 8.50% Senior Notes and our 3.77% Senior Notes, (ii) an increase in the funds used to acquire investments in unconsolidated affiliates specifically for our interests in the Emerald Transactions and additional interests in Delta House Investment of $84.5 million , (iii) higher costs of acquisitions of $10.1 million period over period, and (iv) a $4.7 million decrease in cash proceeds received on the disposition of assets.

These increases in cash used in investing activities were partially offset by $30.5 million of higher cash distributions received from investments in unconsolidated affiliates as a return of capital and $13.9 million of lower capital expenditures as a result of a decrease in growth capital projects in process.

Financing Activities . Net cash provided by financing activities was $509.0 million for the year ended December 31, 2016 , compared to net cash provided by financing activities of $130.3 million for the year ended December 31, 2015 . Cash provided by financing activities for the year ended December 31, 2016 increased by $378.7 million period over period primarily due proceeds from the 8.50% Senior Notes of $294.0 million , proceeds from the 3.77% Senior Notes of $60.0 million , and higher net borrowings primarily on our Credit Facility of $34.0 million , partially offset by an increase in unitholder distributions of $10.7 million .

Year Ended December 31, 2015 , Compared to Year Ended December 31, 2014

Operating Activities . Net cash provided by operating activities was $40.9 million for the year ended December 31, 2015 , compared to $21.5 million for the year ended December 31, 2014 . Net cash provided by operating activities for the year ended December 31, 2015 , increased by $19.4 million period over period primarily due to increased gross margin of $19.5 million , an increase in the change in operating assets and liabilities of $16.1 million and an increase in earnings from unconsolidated affiliates of $7.9 million . These increases in operating cash flows were partially offset by increases in direct operating expenses and corporate expenses of $14.8 million and $5.4 million , respectively, and an increase in interest expense of $7.2 million due to a higher outstanding borrowings as a result of the Costar acquisition and Delta House Investment; as well as, funding our capital growth projects during the current year.

Investing Activities . Net cash used in investing activities was $171.7 million for the year ended December 31, 2015 , compared to $471.9 million for the year ended December 31, 2014 . Cash used in investing activities for the year ended December 31, 2015 decreased by $300.2 million period over period primarily due to no cost of acquisitions for 2015 and cash received from acquisitions of $7.4 million in 2015 as compared to cost of acquisitions of $362.3 million in 2014, primarily related to reimbursement for certain capital expenditures that we have incurred, or will incur, related to the Costar acquisition, return of restricted cash of $15.0 million , and higher cash disbursements received from unconsolidated affiliates in excess of cumulative earnings of $10.7 million

These increases were offset by higher capital expenditures of $40.0 million primarily related to the Lavaca and Bakken Systems, and higher acquisitions of unconsolidated affiliates of $53.7 million related to equity method investments primarily related to the Delta House Investment.

Financing Activities . Net cash provided by financing activities was $130.3 million for the year ended December 31, 2015 , compared to $ 450.5 million for the year ended December 31, 2014. Cash provided by financing activities for the year ended December 31, 2014 , decreased by $320.2 million period over period primarily due to lower proceeds from the issuance of common units to the public of $121.8 million , cash distributions in excess of carrying value received related to the Delta House Investment of $96.3 million , lower net borrowings period over period of $90.1 million the absence of proceeds received from the issuance of Series B Units in 2014, and an increase in unit holder distributions of $25.4 million . These decreases in cash flows provided by financing activities were partially offset by the issuance of Series A-2 units for gross proceeds of $45.0 million.

Off-Balance Sheet Arrangements

We may enter into off-balance sheet arrangements and transactions that can give rise to material off-balance sheet obligations. At December 31, 2016 , our material off-balance sheet arrangements and transactions included operating lease arrangements and service contracts. Please see " *Contractual Obligations* " for more information. There are no other transactions, arrangements, or other relationships associated with our investments in unconsolidated affiliates or related parties that are reasonably likely to materially affect our liquidity or availability of, or requirements for, capital resources.

Capital Requirements

The energy business is capital intensive, requiring significant investment for the maintenance of existing assets and the acquisition and development of new systems and facilities. We categorize our capital expenditures as either:

- maintenance capital expenditures, which are cash expenditures (including expenditures for the addition or improvement to, or the replacement of, our capital assets) made to maintain our operating income or operating capacity; or

- expansion capital expenditures, incurred for acquisitions of capital assets or capital improvements that we expect will increase our operating income or operating capacity over the long term.

Historically, our maintenance capital expenditures have not included all capital expenditures required to maintain volumes on our systems. It is customary in the regions in which we operate for producers to bear the cost of well connections, but we cannot be assured that this will be the case in the future. For the year ended December 31, 2016 , capital expenditures totaled $123.1 million including expansion capital expenditures of $116.3 million , maintenance capital expenditures of $3.1 million and reimbursable project expenditures (capital expenditures for which we expect to be reimbursed for all or part of the expenditures by a third party) of $3.7 million . Although we classified our capital expenditures as expansion and maintenance, we believe those classifications approximate, but do not necessarily correspond to, the definitions of estimated maintenance capital expenditures and expansion capital expenditures under our Partnership Agreement. We anticipate maintenance capital expenditures related to the Partnership between $8.0 million and $11.0 million and expansion capital expenditures between $45.0 million and $55.0 million for the year ending December 31, 2017 . Forecasted growth capital expenditures include East Texas processing consolidation, expansion of the Harvey terminal, continued build-out of the Bakken system and other organic growth projects.

We intend to make cash distributions to our unitholders, convertible preferred unitholders and our General Partner and expect that we will distribute most of the cash generated by our operations.

As a result, we expect to fund acquisitions and future capital expenditures with funds generated from our operations, borrowings under our Credit Agreement, and additional debt and equity issuances. If these sources are not sufficient, we may pursue the divestiture of non-core assets or reduce discretionary spending.

Integrity Management

Certain operating assets require an ongoing integrity management program under regulations of the U.S. Department of Transportation, or DOT. These regulations require transportation pipeline operators to implement continuous integrity management programs over a seven-year cycle. Our total program addresses approximately 106 high consequence areas that require on-going testing pursuant to DOT regulations. Over the course of the seven-year cycle, we expect to incur up to $7.2 million in integrity management testing expenses.

Distributions

We intend to pay a quarterly distribution for the foreseeable future although we do not have a legal obligation to make distributions except as provided in our Partnership Agreement.

On January 26, 2017, we announced that the Board of Directors of our General Partner declared a quarterly cash a distribution of $0.4125 per common unit for the fourth quarter ended December 31, 2016, or $1.65 per common unit on an annualized basis. The cash distribution was paid on February 13, 2017, to unitholders of record as of the close of business on February 6 2017.

Contractual Obligations

The table below summarizes our contractual obligations and other commitments as of December 31, 2016 (in thousands):

	Total	Credit Agreement	3.77% Senior Notes	8.50% Senior Notes	Asset Retirement Obligation	Other
Less Than 1 Year	$ 12,320	$ —	$ 1,677	$ —	$ 6,499	$ 4,144
1 - 3 Years	719,247	711,250	3,039	—	—	4,958
3 - 5 Years	310,702	—	6,729	300,000	—	3,973
More Than 5 Years	106,353	—	48,555	—	44,363	13,435
Total	$ 1,148,622	$ 711,250	$ 60,000	$ 300,000	$ 50,862	$ 26,510

Impact of Seasonality

Results of operations in our Transmission segment are directly affected by seasonality due to higher demand for natural gas during the winter months, primarily driven by our LDC customers. On our AlaTenn system, we offer some customers seasonally-adjusted firm transportation rates that require customers to reserve capacity at rates that are higher in the period from October to March compared to other times of the year. On our Midla system, we offer customers seasonally-adjusted firm transportation reservation volumes that allow customers to reserve more capacity during the period from October to March compared to other times of the year. The combination of seasonally-adjusted rates and reservation volumes, as well as higher volumes overall, result in higher revenue and segment gross margin in our Transmission segment during the period from October to March compared to other times of the year. We generally do not experience seasonality in our Gathering and Processing and Terminals segment.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. The policies and estimates discussed below are considered by our management to be critical to an understanding of the financial statements because their application requires the most significant judgments from management in estimating matters for financial reporting that are inherently uncertain. See the description of our accounting policies in the notes to the financial statements for additional information about our critical accounting policies and estimates.

Use of Estimates. The preparation of financial statements in accordance with GAAP requires management to make estimates and judgments that affect our reported financial positions and results of operations. We review significant estimates and judgments affecting our consolidated financial statements on a recurring basis and record the effect of any necessary adjustments prior to their publication. Estimates and judgments are based on information available at the time such estimates and judgments are made. Adjustments made with respect to the use of these estimates and judgments often relate to information not previously available. Uncertainties with respect to such estimates and judgments are inherent in the preparation of financial statements. Estimates and judgments are used in, among other things, i) estimating unbilled revenue, operating and general and administrative costs, ii) developing fair value assumptions, including estimates of future cash flows and discount rates, iii) analyzing tangible and intangible assets for possible impairment, iv) estimating the useful lives of our assets, v) accounting for income taxes, and vi) determining amounts to accrue for contingencies, guarantees and indemnifications. Actual results could differ materially from our estimates.

Property, Plant and Equipment. In general, depreciation is the systematic and rational allocation of an asset's cost, less its residual value (if any), to the period it benefits. Our property, plant and equipment is depreciated using the straight-line method over the

estimated useful lives of the assets. The costs of renewals and betterments which extend the useful life of property, plant and equipment are also capitalized. The costs of repairs, replacements and maintenance projects are expensed as incurred.

Our estimate of depreciation incorporates assumptions regarding the useful economic lives and residual values of our assets. As circumstances warrant, depreciation estimates are reviewed to determine if any changes are needed. Such changes could involve an increase or decrease in estimated useful lives or salvage values which would impact future depreciation expense.

Impairment of Long-Lived Assets . A long-lived asset is tested for impairment whenever events or changes in circumstances indicate its carrying amount may exceed its fair value. An asset or asset group is considered impaired when the estimated undiscounted cash flows are less than the carrying amount. In that event, an impairment loss is recognized to the extent that the carrying amount of the asset exceeds its fair value as determined by quoted market prices in active markets or present value techniques. The determination of the fair value using present value techniques requires us to make projections and assumptions regarding future cash flows and weighted average cost of capital. Any changes we make to these projections and assumptions could result in significant revisions to our evaluation of the recoverability of our property, plant and equipment and the recognition of an impairment loss in our consolidated statements of operations.

Impairment of Goodwill. We evaluate goodwill for impairment annually in the fourth quarter, and whenever events or changes in circumstances indicate it is more likely than not that the fair value of a reporting unit is less than its carrying amount. We determine fair value using widely accepted valuation techniques, namely discounted cash flow and market multiple analyses. These techniques are also used when allocating the purchase price to acquired assets and liabilities. These types of analyses require us to make assumptions and estimates regarding industry and economic factors and the profitability of future business strategies. It is our policy to conduct impairment testing based on our current business strategy in light of present industry and economic conditions, as well as future expectations.

Investment in unconsolidated affiliates. We hold membership interests in entities that own and operate natural gas pipeline systems and NGL and crude oil pipelines in and around Louisiana, Alabama, Mississippi and the Gulf of Mexico. While we have significant influence over these entities, we do not control them and therefore, they are accounted for using the equity method and are reported in *Investment in unconsolidated affiliates* in the consolidated balance sheets. We evaluate the recoverability of these investments on a regular basis and recognize impairment write-downs if we determine a loss in value represents an other than temporary decline.

Environmental Remediation . We recognize a liability and expense associated with environmental remediation if the existence of a liability is probable and the amount can be reasonably estimated. If governmental regulations change, we could be required to incur remediation costs that may have a material impact on our profitability.

Asset Retirement Obligations. We recorded liabilities for future asset retirement obligations associated with our pipeline and gathering and processing systems. The recognition of an asset retirement obligations requires management to make numerous estimates and judgments including the type, cost and timing of the related remediation activities. Changes in those estimates and judgments may result in changes to both the recorded asset retirement obligation as well as the capitalized asset retirement cost in our consolidated balance sheets at period end as well as the amount of accretion and depreciation expense recognized in our consolidated statements of operations future periods.

Revenue Recognition. We recognize revenue from the sale of commodities (e.g., natural gas, crude oil, NGLs or condensate) as well as from the provision of gathering, processing, transportation or storage services when all of the following criteria are met: i) persuasive evidence of an exchange arrangement exists, ii) delivery has occurred or services have been rendered, iii) the price is fixed or determinable and iv) collectability is reasonably assured. We recognize revenue from the sale of commodities and the related cost of product sold on the gross basis for those transactions where we act as the principal and take title to commodities that are purchased for resale. Revenue from firm storage contracts is recognized ratably, which is typically monthly, over the term of the lease. Revenue from throughput fees and ancillary fees are recognized as services are provided to the customer.

Price Risk Management Activities. We have structured our hedging activities in order to minimize our commodity pricing and interest rate risks and to help maintain compliance with certain financial covenants in our credit agreement. These hedging activities rely upon forecasts of our expected operations and financial structure. If our operations or financial structure are significantly different from these forecasts, we could be subject to adverse financial results as a result of these hedging activities. We mitigate this potential exposure by retaining an operational cushion between our forecasted transactions and the level of hedging activity executed.

From the inception of our hedging program, we used mark-to-market accounting for our commodity hedges and interest rate swaps. We record monthly realized gains and losses on hedge instruments based upon cash settlements information. The settlement

amounts vary due to the volatility in the commodity market prices throughout each month. We also record unrealized gains and losses for the net change in the mark-to-market valuation of the hedges.

Recent Accounting Pronouncements.

For information regarding new accounting policies or updates to existing accounting policies as a result of new accounting pronouncements, please refer to Note 1 "Organization, Basis of Presentation and Summary of Significant Accounting Policies" in Part II, Item 8 of this Annual Report, which is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to certain market risks that are inherent in our financial instruments and arise from changes in commodity prices and interest rates. A discussion of our market risk exposure in financial instruments is presented below.

Commodity Price Risk

We are exposed to the impact of market fluctuations in the prices of natural gas, crude oil, NGLs and condensate in our Gathering and Processing segment. Both our profitability and our cash flow are affected by volatility in the prices of these commodities. Natural gas, crude oil and NGL prices are impacted by changes in the supply and demand for these energy commodities, as well as market uncertainty. For a discussion of the volatility of natural gas, crude oil, and NGL prices, please refer to "Item 1A. Risk Factors." Adverse effects on our cash flow from reductions in natural gas, crude oil and NGL prices could adversely affect our operating cash flows and our ability to make distributions to unitholders. We manage this commodity price exposure through an integrated strategy that includes management of our contract portfolio, optimization of our assets, and the use of derivative contracts. Our overall direct exposure to movements in natural gas prices is minimal as a result of natural hedges inherent in our current contract portfolio. Natural gas prices, however, can also affect our profitability indirectly by influencing the level of drilling activity in our areas of operation. We are a net seller of NGLs, and as such our financial results are exposed to fluctuations in NGLs pricing.

To minimize the effect of commodity prices and maintain our cash flow and the economics of our development plans, we enter into commodity hedge contracts from time to time. The terms of the contracts depend on various factors, including management's view of future commodity prices, acquisition economics on purchased assets and future financial commitments. This hedging program is designed to mitigate the effect of commodity price downturns while allowing us to participate in some commodity price upside. Management regularly monitors the commodity markets and financial commitments to determine if, when, and at what level commodity hedging is appropriate in accordance with policies that are established by the Board of Directors of our General Partner. Historically, the commodity derivatives are in the form of swaps and collars.

We enter into commodity contracts with counterparties. We may be required to post collateral with our counterparties in connection with our derivative positions. As of December 31, 2016 , we have not been required to post collateral with our counterparties. The counterparties are not required to post collateral with us in connection with their derivative positions. Netting agreements are in place with our counterparties that permit us to offset our commodity derivative asset and liability positions.

During 2016, we entered into several commodity contracts with financial counterparties to hedge our 2016 exposure to commodity prices. Due to our overall low commodity exposure relative to fee-based and fixed-margin contract portfolio, management seeks to opportunistically enter into commodity contracts to hedge our equity natural gas, NGL and crude oil exposure. We have not entered into commodity contracts to hedge production in 2017 and beyond as of December 31, 2016 . As of December 31, 2016 and 2015 , we had no commodity derivative contracts outstanding.

Interest Rate Risk

During the year ended December 31, 2016 , we had exposure to changes in interest rates on our indebtedness associated with our Credit Agreement. To manage the impact of the interest rate risk associated with our Credit Agreement, we entered into interest rate swaps.

As of December 31, 2016 , our outstanding interest rate swap contracts consisted of the following (in thousands):

Notional Amount	Term	Fair Value
$200,000	January 3, 2017 thru September 3, 2019	$1,912
$100,000	January 1, 2018 thru December 31, 2021	$3,090
$150,000	January 1, 2018 thru December 31, 2022	$5,219
		$10,221

As of December 31, 2015 , we had no interest rate swap contracts outstanding. Although the credit markets have recently experienced historical lows in interest rates, interest rates have increased recently and may continue to increase in the near future. As the overall economy strengthens, it is possible that monetary policy will begin to tighten, resulting in higher interest rates. Future interest rates on floating rate credit facilities and future debt offerings could be higher than current levels, causing our financing costs to increase accordingly.

A hypothetical increase or decrease in interest rates by 1.0% would have changed our interest expense by $3.2 million for the year ended December 31, 2016 .

Item 8. Financial Statements and Supplementary Data

Our consolidated financial statements, together with the reports of our independent registered public accounting firm, begin on F-1 of this Annual Report.

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

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit to the SEC under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified by the SEC’s rules and forms, and that such information is accumulated and communicated to the management of our General Partner, including our General Partner’s principal executive and principal financial officers as appropriate to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision of the principal executive officer and principal financial officer of our General Partner, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based on our evaluation, our principal executive officer and principal financial officer concluded that the Partnership’s disclosure controls and procedures were not effective as of December 31, 2016 as a result of a material weakness as described below.

Despite the material weakness, our principal executive officer and principal financial officer have concluded that the financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

Inherent Limitations of Internal Controls

Our management does not expect that our disclosure controls and procedures will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Partnership have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Management monitors the Partnership's disclosure controls and procedures and make modifications, as necessary, with the intent that the disclosure controls and procedures will be adequately designed and operating effectively to prevent or detect material misstatements to its consolidated financial statements and to deter fraud.

Management's Annual 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 defined in Exchange Act Rules 13a-15(f) and 15d-15(f)). The Partnership's internal control over financial reporting was designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

Management assessed the effectiveness of the Partnership's internal control over financial reporting as of December 31, 2016, based on criteria set forth in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation of internal control over financial reporting as described above, management concluded that the Partnership did not maintain a sufficient complement of resources with an appropriate level of accounting knowledge, expertise and training commensurate with its financial reporting requirements. Specifically, individuals within the Partnership's financial accounting and reporting functions did not have the appropriate level of expertise to ensure that complex, non-routine transactions of the Partnership were recorded appropriately. This control deficiency resulted in out-of-period adjustments recorded to the consolidated statement of operations in the fourth quarter of 2016 and a revision to the 2015 consolidated balance sheet and consolidated statement of cash flows.

Management concluded that this deficiency in internal control over financial reporting could result in material misstatements of the Partnership's annual or interim consolidated financial statements that would not be prevented or detected on a timely basis. Accordingly, management concluded that this control deficiency constitutes a material weakness.

Because of the above-described material weakness in internal control over financial reporting, management concluded that our internal control over financial reporting was not effective as of December 31, 2016.

PricewaterhouseCoopers LLP, our independent registered public accounting firm that audited the consolidated financial statements included in this Annual Report on Form 10-K, also audited the effectiveness of the Partnership's internal control over financial reporting as of December 31, 2016, as stated in their report included on page F-1 of this Annual Report.

Material Weakness Remediation

Management is actively engaged in the planning for, and implementation of, remediation efforts to address the material weakness identified. Specifically, we are taking numerous steps that we believe will address the underlying causes of the material weakness, primarily through the hiring of additional accounting personnel with technical accounting and financial reporting experience, the enhancement of our training programs within our accounting department, and the enhancement of our internal review procedures during the financial statement preparation process.

Changes in internal control over financial reporting

There were no changes in internal control over financial reporting that occurred during the three months ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The certifications of our principal executive officer and principal financial officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a) are filed with this Annual Report on Form 10-K as Exhibits 31.1 and 31.2. The certifications of our principal executive officer and principal financial officer pursuant to 18 U.S.C. 1350 are furnished with this Annual Report on Form 10-K as Exhibits 32.1 and 32.2.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

We do not have directors or officers, which is commonly the case with publicly traded partnerships. We are managed by the directors and executive officers of our General Partner, American Midstream GP, LLC. Our General Partner is not elected by our unitholders and will not be subject to re-election in the future. HPIP and Magnolia own all of the membership interests in our General Partner. Our General Partner has a board of directors (the "Board"), and our unitholders are not entitled to elect the directors or directly or indirectly participate in our management or operations. Our General Partner owes certain fiduciary duties to our unitholders. Our General Partner is liable, as General Partner, for all of our debts (to the extent not paid from our assets), except for indebtedness or other obligations that are made specifically nonrecourse to it. Whenever possible, we intend to incur indebtedness that is nonrecourse to our General Partner.

Our partnership agreement provides for the Board of Directors of our General Partner to designate a Conflicts Committee ("Conflicts Committee"), as delegated by the Board as circumstances warrant, to review conflicts of interest between us and our General Partner or between us and affiliates of our General Partner. If the Board submits a matter to the Conflicts Committee, which will consist solely of independent directors, for their review and approval, the Conflicts Committee will determine if the resolution of a conflict of interest that has been presented to it by the Board is fair and reasonable to us. The members of the Conflicts Committee may not be executive officers or employees of our General Partner or directors, executive officers or employees of its affiliates. In addition, the members of the Conflicts Committee must meet the independence and experience standards established by the NYSE and the Exchange Act for service on an audit committee of a board of directors. Any matters approved by the Conflicts Committee will be conclusively deemed to be fair and reasonable to us and not a breach by our General Partner of any duties it may owe us or our unitholders. In addition, the Board has an Audit Committee ("Audit Committee"), that complies with the NYSE requirements, a compensation committee ("Compensation Committee"), and a hedge committee that oversees risk management activities.

Even though most companies listed on the NYSE are required to have a majority of independent directors serving on the board of directors of the listed company, the NYSE does not require a listed limited partnership like us to have a majority of independent directors on the Board.

Our General Partner has adopted a Code of Business Conduct and Ethics, or Code of Ethics, that applies to the directors, officers and employees of our General Partner. If our General Partner amends the Code of Ethics or grants a waiver, including an implicit waiver, for the Code of Ethics, we will disclose the information on our website. Our General Partner has also adopted Corporate Governance Guidelines that outline the important policies and practices regarding our governance.

All of the senior officers of our General Partner devote a sufficient portion of their time to overseeing the management, operations, corporate development and future acquisition initiatives of our business; however, they also devote a portion of their time to overseeing the management, operations, corporate development and future acquisition initiatives of our General Partner, which has separate ongoing business operations.

The non-management members of our General Partner's board of directors meet in executive sessions without management participation at least quarterly. These directors do not constitute a committee of the Board and therefore do not take action at such sessions, although the participating directors may make recommendations for consideration by the full board. Executive sessions are chaired by Gerald A. Tywoniuk, the chairman of the Audit Committee according to the charter of the Audit Committee.

Interested parties may communicate directly with the independent directors by submitting a communication in an envelope marked "Confidential" addressed to the "Independent Members of the Board of Directors" in the care of the Secretary of our General Partner at: American Midstream GP, LLC, 2103 CityWest Boulevard, Building #4, Suite 800, Houston, Texas 77042.

We make available free of charge, within the "Investor Relations—Corporate Governance" section of our website at http://www.americanmidstream.com, and in print to any unitholder who so requests, the Code of Ethics and our Corporate Governance Guidelines. Unitholders may request a printed copy of these governance materials or any exhibit to this report by writing to the Secretary, American Midstream GP, LLC, 2103 CityWest Boulevard, Building #4, Suite 800, Houston, Texas 77042. The information contained on, or connected to, our website is not incorporated by reference into this annual report on Form 10-K and should not be considered part of this or any other report that we file with or furnish to the SEC.

The independent directors on our Board are Donald R. Kendall Jr., Peter A. Fasullo and Gerald A. Tywoniuk. Each of our independent directors serves as a member of the Audit Committee, with Mr. Tywoniuk serving as chairman. Our General Partner is generally

required to have at least three independent directors serving on its board at all times. The Board has determined that Mr. Tywoniuk is a financial expert as defined by the NYSE and the Exchange Act and therefore eligible to chair the Audit Committee.

Directors are appointed for a term of one year and hold office until their successors have been elected or qualified or until the earlier of their death, resignation, removal or disqualification. Executive officers serve at the discretion of the Board and are subject to the terms of their employment agreements, if applicable. The following table shows information for the executive officers and directors of our General Partner as of March 20, 2017:

Name	Age	Position with American Midstream GP, LLC
Lynn L. Bourdon III	54	Chairman of the Board, President and Chief Executive Officer
Eric T. Kalamaras	43	Senior Vice President and Chief Financial Officer
Rene L. Casadaban	48	Senior Vice President and Chief Operating Officer
Louis J. Dorey	61	Senior Vice President - Business Development
Regina L. Gregory	46	Senior Vice President, General Counsel, Chief Compliance Officer, and Corporate Secretary
Michael J. Croney	38	Vice President, Chief Accounting Officer and Corporate Controller
Edward E. Greene	54	Vice President - Gathering, Processing, and Terminals
Jon E. Hanna	51	Vice President - Crude Oil Gathering and Logistics
Ryan K. Rupe	41	Vice President - Natural Gas Services and Offshore Pipelines
Bill Webb	60	Vice President - NGL PPL Operations
Cory Willis	40	Vice President - PPE NGL Operations
Stephen W. Bergstrom	59	Director
John F. Erhard	42	Director
Donald R. Kendall Jr.	64	Director
Daniel R. Revers	55	Director
Peter A. Fasullo	63	Director
Joseph W. Sutton	68	Director
Lucius H. Taylor	43	Director
Gerald A. Tywoniuk	55	Director

Executive officers

Lynn L. Bourdon III was appointed Chairman, President and Chief Executive Officer in December 2015. Most recently, Mr. Bourdon served as President and Chief Executive Officer of Enable Midstream Partners, LP. Prior to Enable Midstream, he served as Group Senior Vice President of NGL & Natural Gas Marketing, Petrochemical, Refined Products & Marine at Enterprise Products Partners, LP. Mr. Bourdon joined Enterprise as Senior Vice President of NGL Supply & Marketing in 2003 and served in various senior management positions during his tenure. Prior to his employment at Enterprise Products, Mr. Bourdon served as Senior Vice President and Chief Commercial Officer for Orion Refining Corporation. He also held leadership positions at En*Vantage, PG&E Gas Transmission and Valero, and earlier served in various capacities at the Dow Chemical Company. Lynn received a Bachelor of Science degree in mechanical engineering from Texas Tech University and an MBA from the University of Houston.

Eric T. Kalamaras was appointed Senior Vice President and Chief Financial Officer in July 2016. Prior to his appointment with the General Partner of the Partnership, Mr. Kalamaras served as Executive Vice President and Chief Financial Officer of Azure Midstream Partners, LP and Azure Midstream Company, LLC ("Azure") until his departure in November 2015. On January 30, 2017, Azure filed a voluntary petition under Chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of Texas, Houston Division. Prior to Azure, Mr. Kalamaras served as Chief Financial Officer at Valerus Energy Holdings, Delphi Midstream Partners, and Atlas Pipeline Partners, LP. Prior to Atlas Pipeline Partners, he spent a combined 10 years at Wells Fargo and Bank of America Securities providing investment banking and debt capital markets services to clients in the energy and natural resource industries. Mr. Kalamaras started his career as a financial analyst at Ford Motor Company, and

holds a Bachelor of Science in Business Administration from Central Michigan University and a Master of Business Administration from Wake Forest University.

Rene L. Casadaban , was appointed Senior Vice President and Chief Operating Officer in March 2017. Mr. Casadaban has 26 years of midstream project management and business development experience for onshore, offshore and deepwater pipeline systems. Mr. Casadaban is the former Chief Operating Officer for Summit Midstream Partners, LP ("Summit"). Prior to joining Summit, Mr. Casadaban worked for Enterprise Products Partners LP as the Director for Deepwater Business Development of floating production platforms and offshore pipelines. Mr. Casadaban has also served as an independent consultant to ExxonMobil Corporation and GulfTerra Energy Partners, LP for Gulf of Mexico and international pipeline projects. At Land and Marine Engineering Limited, Mr. Casadaban was responsible for managing domestic and international pipeline river crossings and beach approaches by horizontal directional drilling. Mr. Casadaban began his career as a Field Engineer for McDermott International Inc. He currently serves on the Board of Angel Reach and is a graduate of Auburn University with a Bachelor of Science in Building Construction.

Louis J. Dorey has served as Senior Vice President of Business Development since joining the General Partner of the Partnership, in January of 2014. Previously he served in various capacities at Continuum Energy Services from 2005 to 2014, including strategic planning, mergers and acquisitions, corporate business development, capital markets activities and as interim CFO. During his tenure, Continuum acquired or developed 500 miles of gathering systems, 75 MMcf/d of processing capacity, a rail terminal, a crude oil trucking company and raised two tranches of private equity. Prior to joining Continuum, Mr. Dorey was employed by Dynegy Inc. from 1997 to 2002 where he held positions including Executive Vice President of Strategy and Planning, President of Marketing and Origination, and Interim CFO. He participated in over $2 billion of acquisitions and development transactions, managed five regional wholesale marketing offices and retail marketing group, and worked on the integration of two major mergers. From 1991 to 1997, Mr. Dorey was employed by Destec Energy Inc. where he served as the Vice President of Mergers and Acquisitions, leading the development or acquisition of over $2 billion of power plant transactions and the sale of Destec Energy Inc. to Dynegy Inc. He earned a Bachelor of Business Administration from the University of Oklahoma and a Juris Doctorate from the University of Texas.

Regina L. Gregory has served as our Senior Vice President, General Counsel, Chief Compliance Officer, and Corporate Secretary
of our General Partner since September 2016. Prior to her appointment with the General Partner, she was General Counsel, Vice President and Corporate Secretary of Traverse Midstream Partners, LP. Prior to Traverse, Ms. Gregory served as General Counsel, Vice President, Legal, Corporate Secretary and Compliance Officer at Access Midstream Partners, LP. Preceding Access, she spent a combined eleven years at Midstream Energy Services, LLC, Frontier Energy Services, LLC and other midstream companies providing in-house legal counsel. Ms. Gregory began her career as an associate at Fulbright & Jaworski LLP in the energy and environmental section, focused on litigation and resolution of energy-related issues, general commercial, and contract-related matters. She received a Juris Doctor with highest honors from the University of Oklahoma College of Law and a Bachelor of Science in Business and Marketing from the University of Colorado.

Michael J. Croney was appointed as Vice President, Chief Accounting Officer and Corporate Controller in August 2016. Mr. Croney previously served as the Vice President and Controller for FloWorks International LLC in Houston, Texas. Prior to FloWorks International, he served as controller of North America for AXIP Energy Services and held various management positions at the AES Corporation. Mr. Croney started his career with KPMG and holds a Bachelor of Commerce Honours, Accounting from Nelson Mandela Metropolitan University. Mr. Croney is a licensed Chartered Accountant in South Africa and licensed CPA in the State of Virginia.

Edward E. Greene became Vice President - Gathering, Processing, and Terminals as of the closing of the merger with JPE on March 8, 2017. Mr. Greene joined American Midstream in March, 2016 as Vice President, Onshore Gathering and Processing and NGL Liquids Marketing. Prior to joining American Midstream, he had led the NGL and Crude businesses of Enable Midstream Partners, L.P. Prior to Enable, he served in a number of commercial leadership roles for Enterprise Products, including Vice President of Refined Products and Vice President of Unregulated NGL Assets. Mr. Greene joined Enterprise after over 20 years with the Dow Chemical Company, where he served in various capacities in Commercial Management, R&D, and Sales and Marketing. He received a Bachelor of Science in Chemical Engineering from the Georgia Institute of Technology.

Jon E. Hanna became Vice President - Crude Oil Gathering and Logistics as of the closing of the merger with JPE on March 8, 2017. Prior to his appointment, he served as Executive Vice President-Crude Oil Pipelines and Storage of JPE from September 2015 to March 2017 and served as Executive Vice President-Commercial and Business Development from January 2014 to September 2015. Prior to joining JPE, Mr. Hanna was Vice President-Business Development of Enable Midstream Partners, L.P., a natural gas gathering, processing, transportation and storage partnership, from August 2011 to December 2013. Prior to Enable, Mr. Hanna served as Vice President-Market Development for ONEOK Partners, a natural gas gathering, processing, storage and transportation partnership, from July 2007 to August 2011 and as Vice President-Business Development for ONEOK Hydrocarbon L.P., an NGL

processing, storage and transportation partnership, from July 2005 to July 2007. Mr. Hanna held various other positions with ONEOK NGL Marketing, L.P. and ONEOK Energy Marketing from September 2000 to July 2005. Prior to joining ONEOK, Mr. Hanna held positions with Texaco Inc. relating to its NGL and natural gas businesses from November 1989 to September 2000. Mr. Hanna earned a Bachelor of Science in Business Administration from Drake University.

Ryan K. Rupe became Vice President - Natural Gas Services and Offshore Pipelines as of the closing of the merger with JPE on March 8, 2017. Previously, Mr. Rupe served as our Vice President of Natural Gas Services and Offshore Pipelines and as our Vice President of Commercial Operations. Prior to his appointment as an officer of American Midstream, he was a partner and served as Director of Commercial Operations for High Point Energy, LLC. Mr. Rupe joined High Point Energy from CIMA Energy, where he was an owner and served as Director of Gas Control/Scheduling and Manager of Gulf Coast Trading. Mr. Rupe is a graduate of Texas A&M University and is a member of the Texas A&M Athletic Hall of Fame and Major League Baseball Players Alumni Association.

Bill Webb became Vice President - NGL PPL Operations as of the closing of the merger with JPE on March 8, 2017. Mr. Webb previously served as the Senior Vice President of NGL Operations for the general partner of JPE. Mr. Webb joined JPE in October 2011 as the Regional Vice President of Operations with Pinnacle Propane. From May 2003 to Oct, 2011, Mr. Webb managed sales and business development for retail and commercial operations in the Midwest and South East US as Division Vice President of Sales and Marketing of Inergy, LLC. Mr. Webb served in various leadership positions with AmeriGas and AmeriGas Cylinder Exchange (PPX) from July 2000 to May 2003, and managed operations, sales, and logistics as Vice President of Operations, Airgas Southwest, September 1997 to July 2000. Mr. Webb also founded MCS, Supply Inc., a gas and industrial products supplier, in March 1989 and served as its President of retail and commercial operations prior to its acquisition by Airgas Southwest in September 1997. From June 1985 to March 1989, Mr. Webb managed construction and development of terminal, station and underground storage installations as Vice President of Operations and Project Management R&W Inc. Mr. Webb served in the United States Army as a Specialist in CIDPERS with Army Central Intelligence Division prior to his undergraduate work in electrical engineering at the University of Oklahoma.

Cory Willis became Vice President - PPE NGL Operations as of the closing of the merger with JPE on March 8, 2017. Mr. Willis previously served as the Senior Vice President-Terminals and Distribution of the general partner of JPE from September 2015 to March 2017 and as Vice President-Natural Gas Liquids of the general partner of JPE from March 2015 to September 2015. Mr. Willis provided independent consulting services to clients engaged in the acquisition, development, and operation of energy assets from October 2013 to February 2015. From September 2012 to September 2013, Mr. Willis was the Vice President, Asset Management - West for Atlantic Power Corporation. Mr. Willis joined Atlantic Power as Director, Asset Management in March 2011 and was Atlantic Power’s Vice President and Chief Administrative Officer from June 2011 through September 2012, leading the company’s Human Resources, Information Technology, and Environmental Health & Safety functions. From 2003 through February 2011, Mr. Willis worked for Goldman Sachs & Co. and its Cogentrix Energy subsidiary in various positions, including as Vice President, Development & Asset Management. Mr. Willis holds a Bachelor’s Degree in Information and Operations Management from Texas A&M University.

Directors

Stephen W. Bergstrom was elected as a member of the Board in April 2013 and was elected President and Chief Executive Officer in May 2013 and served as President and Chief Executive Officer until retiring from those positions in December 2015. He remains a member of the Board. He was appointed to the Board in connection with his affiliation with ArcLight, which controls our General Partner, and due to his breadth of experience in the energy industry. Mr. Bergstrom acted as an exclusive consultant to ArcLight from 2002 to 2015, assisting ArcLight in connection with its energy investments. Prior to his consultancy with ArcLight, Mr. Bergstrom worked from 1986 to 2002 for Natural Gas Clearinghouse, which became Dynegy, Inc. Mr. Bergstrom acted in various capacities at Dynegy, ultimately acting as its President and Chief Operating Officer. Prior to his time at Dynegy, Mr. Bergstrom acted as a gas supply representative for Northern Natural Gas from 1981 to 1986. Mr. Bergstrom began his career at Transco from 1980-1981. Mr. Bergstrom earned a Bachelor of Science from Iowa State University in 1979. We believe that Mr. Bergstrom's breadth of experience in the energy industry provide him with the necessary skills to be a member of the Board.

John F. Erhard was elected as a member of the Board in April 2013 and was appointed to the Board in connection with his affiliation with ArcLight. Mr. Erhard, a Partner at ArcLight, joined the firm in 2001 and has 15 years of energy finance and private equity experience. Prior to joining ArcLight, he was an Associate at Blue Chip Venture Company, a venture capital firm focused on the information technology sector. Mr. Erhard began his career at Schroders, where he focused on mergers and acquisitions. Mr. Erhard earned a Bachelor of Arts in Economics from Princeton University and a Juris Doctor from Harvard Law School. Mr. Erhard previously served on the Board of Directors of Patriot Coal. In addition, Mr. Erhard has experience in the MLP sector having served on the board of directors of Buckeye GP Holdings, the publicly traded General Partner of Buckeye Partners (NYSE:

BPL). We believe that Mr. Erhard's 14 years of energy finance and private equity experience provide him with the necessary skills to be a member of the Board.

Donald R. Kendall, Jr. was elected a member of the Board in July 2013. Mr. Kendall serves as an independent director and as a member of the Audit Committee. Mr. Kendall is currently Managing Director and Chief Executive Officer of Kenmont Capital Partners, LP, an investment management firm based in Houston specializing in alternative investments and private equity. Previously, Mr. Kendall was a Portfolio Manager for Carlson Capital, L.P., President of Cogen Technologies Capital Company, L.P., Chairman and Chief Executive Officer of Palmetto Partners, Ltd., and a Managing Director in the project finance and leasing group at Credit Suisse First Boston. He also currently serves as a director and audit committee chairperson of SolarCity and Stream Energy and as a director of Tangent Energy Solutions. In addition, Mr. Kendall serves in various capacities at not-for-profit organizations, including The Jane Goodall Institute, The Houston Zoo Conservation Committee, and Earthwatch International. He also is on the Board of Overseers of the Amos Tuck School of Business Administration at Dartmouth College. Mr. Kendall received a B.A. degree from Hamilton College and an M.B.A. with high honors from The Amos Tuck School of Business Administration. He was a Tuck Scholar and a recipient of the W. M. Bollenbach, Jr. Fellowship. We believe that Mr. Kendall's investment experience and general business knowledge qualifies him to be a member of the Board. With respect to the Audit Committee, he also qualifies as an "audit committee financial expert."

Daniel R. Revers was elected as a member of the board of directors in April 2013 and was appointed to the Board in connection with his affiliation with ArcLight. Mr. Revers is Managing Partner of and a co-founder of ArcLight and has 25 years of energy finance and private equity experience. Mr. Revers manages the Boston office of ArcLight and is responsible for overall investment, asset management, strategic planning, and operations of ArcLight and its funds. Prior to forming ArcLight in 2000, Mr. Revers was a Managing Director in the Corporate Finance Group at John Hancock Financial Services ("John Hancock"), where he was responsible for the origination, execution, and management of a $6 billion portfolio consisting of debt, equity, and mezzanine investments in the energy industry. Prior to joining John Hancock in 1995, Mr. Revers held various financial positions at Wheelabrator Technologies, Inc., where he specialized in the development, acquisition, and financing of domestic and international power and energy projects. Mr. Revers serves in various capacities for a number of not-for-profit organizations, currently serving on the Board of Overseers at the Amos Tuck School of Business Administration, and the Board of Directors of The Citizen Schools. Mr. Revers earned a Bachelor of Arts in Economics from Lafayette College and a Master of Business Administration from the Amos Tuck School of Business Administration at Dartmouth College. We believe that Mr. Revers' 25 years of energy finance and private equity experience provide him with the necessary skills to be a member of the Board.

Peter A. Fasullo was elected as a member of the Board in June 2016. Mr. Fasullo serves as an independent director and as a member of the Audit Committee. Mr. Fasullo has 40 years of experience in the midstream and refining industries and currently serves as a Principal of En*Vantage, Inc. Mr. Fasullo co-founded En*Vantage, Inc., in March 1999, an energy investment and strategic management consulting firm that provides advisory services to energy and financial companies, having advised more than 300 clients in the energy and financial industries. In March 2016, En*Vantage was cited by Morgan Stanley as a leading energy consultancy. Prior to forming En*Vantage, Mr. Fasullo was with Valero Energy in various executive management positions in Valero’s midstream and refining businesses from 1983 to 1997. Shortly thereafter, Mr. Fasullo was hired to lead MAPCO Inc.'s corporate and business development department and helped merge MAPCO into the Williams Companies in 1998. From 1976 to 1980, Mr. Fasullo was a process engineer with M.W. Kellogg and from 1980 to 1983, he was a market consultant with PACE Consultants and Engineers advising midstream and refining companies. Mr. Fasullo earned a Bachelor of Arts and a Master of Chemical Engineering degree from Rice University, and a MBA from the University of Houston.

Joseph W. Sutton was elected as a member of the Board in May 2013 and was appointed to the Board in connection with his affiliation with ArcLight. He is a founder of High Point Energy a precursor company to the Partnership. Since 2000, Mr. Sutton has been the manager of Sutton Ventures Group, LLC, an energy investment firm that he founded, which has investments in many energy companies In 2007, he founded and has since led Consolidated Asset Management Services, or CAMS, which provides asset management, operations and maintenance, information technology, budgeting, contract management and development services to power plant ventures, oil and gas companies, renewable energy companies and other energy businesses. From 1992 to November 2000, Mr. Sutton worked for Enron Corporation, an energy company, where he most recently served as vice chairman and as chief executive officer of Enron International. We believe that Mr. Sutton's over 20 years of energy finance experience provide him with the necessary skills to be a member of the Board.

Lucius H. Taylor was elected as a member of the Board in April 2013 and was appointed to the Board in connection with his affiliation with ArcLight. Mr. Taylor joined ArcLight in 2007. He has 16 years of experience in energy and natural resource finance and engineering. Prior to joining ArcLight, Mr. Taylor was a Vice President in the Energy and Natural Resource Group at FBR Capital Markets where he focused on raising public and private capital for companies in the power and energy sectors. Mr. Taylor began his career as a geologist and project manager at CH2M HILL, Inc., a global engineering, construction, and operations firm. Mr. Taylor earned a Bachelor of Arts in Geology from Colorado College, a Master of Science in Hydrogeology from the University

of Nevada, and a Master of Business Administration from the Wharton School at the University of Pennsylvania. We believe that Mr. Taylor's 16 years of energy finance and private equity experience provide him with the necessary skills to be a member of the Board.

Gerald A. Tywoniuk was elected as a member of the Board in May 2011. From May 2010 to the present, Mr. Tywoniuk has provided interim and project CFO services. He also currently serves as a director and audit committee chairperson on the board of the General Partner of Westmoreland Resource Partners, LP (NYSE:WMLP) and serves as a director and audit committee member on the board of the General Partner of Landmark Infrastructure Partners LP (NASDAQ:LMRK). From June 2008 through August 2013, Mr. Tywoniuk served Pacific Energy Resources Ltd. in various senior roles (Senior Vice President, Finance beginning June 2008, Chief Financial Officer beginning August 2008, acting Chief Executive Officer and CFO beginning September 2009, Plan Representative beginning December 2010). He held these positions as an employee until May 2010 and as a consultant on a part-time basis until August 2013. Pacific Energy Resources Ltd. was an oil and gas acquisition, exploitation and development company. Mr. Tywoniuk joined the company in June 2008 to help the management team work through the company's financially distressed situation. The board of the company elected to file for Chapter 11 protection in March 2009. In December 2009, the company completed the sale of its assets, and in August 2013 completed its liquidation. Prior to joining Pacific Energy Resources Ltd., Mr. Tywoniuk acted as an independent consultant in accounting and finance from March 2007 to June 2008. From December 2002 through November 2006, Mr. Tywoniuk was Senior Vice President and Chief Financial Officer of Pacific Energy Partners, LP. From November 2006 to March 2007, Mr. Tywoniuk assisted with the integration of Pacific Energy Partners, LP after it was acquired by Plains All American Pipeline, L.P. Mr. Tywoniuk holds a Bachelor of Commerce degree from The University of Alberta, Canada, and is a Canadian chartered accountant. Mr. Tywoniuk has 34 years of experience in accounting and finance, including 12 years as the Chief Financial Officer of three public companies and four years as Vice President/Controller of a fourth public company. Mr. Tywoniuk's extensive accounting, financial and executive management experience, and his prior experience with publicly traded partnerships, provide him with the necessary skills to be a member of the Board and a member and the chairman of the Audit Committee. With respect to the Audit Committee, he also qualifies as an "audit committee financial expert."

Family Relationships

There are no family relationships among any of the Partnership's directors and executive officers.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our General Partner's board of directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file with the SEC, and any exchange or other system on which such securities are traded or quoted, initial reports of ownership and reports of changes in ownership of our common units and other equity securities. Officers, directors and greater than 10% unitholders are required by the SEC's regulations to furnish to us and any exchange or other system on which such securities are traded or quoted with copies of all Section 16(a) forms they file with the SEC.

Based solely on our review of the copies of such forms received by us, or written representations from reporting persons, we believe that during the year ended December 31, 2016 , all filing requirements applicable to our officers, directors, and greater than 10% beneficial owners were met in a timely manner, except as set forth below:

- Late filing of a Form 4 for Eric Kalamaras related to grant of phantom units on July 26, 2016;
- Late filing of a Form 4 for Energy Spectrum Securities Corporation related to the disposition of common units on February 16, 2016;
- Late filing of a Form 4 for Louis Dorey related to grant of phantom units on February 26, 2016;
- Late filing of a Form 4 for Matt Rowland related to grant of phantom units on February 26, 2016;
- Late filing of a Form 4 for Ryan Rupe related to grant of phantom units on February 26, 2016;
- Late filing of a Form 4 for Dan Campbell related to grant of phantom units on February 26, 2016;
- Late filing of a Form 4 for Bill Mathews related to grant of phantom units on February 26, 2016;
- Late filing of a Form 4 for Tom Brock related to grant of phantom units on February 26, 2016;
- Late filing of a Form 4 for Michael Suder related to grant of phantom units on February 26, 2016;
- Late filing of a Form 4 for Tim Balaski related to grant of phantom units on February 26, 2016;
- Late filing of a Form 4 for Tim Balaski related to grant of phantom units on July 1, 2016; and
- Late filing of a Form 4 for Ryan Rupe related to grant of phantom units on July 1, 2016.

Item 11. Executive Compensation

Our General Partner, under the direction of the Board is responsible for managing our operations and employs all of the employees that operate our business. The compensation payable to the officers of our General Partner is paid by our General Partner and such payments are reimbursed by us on a dollar-for-dollar basis.

The following is a discussion of the compensation policies and decisions of the Compensation Committee of the Board, with respect to the following individuals, who are executive officers of our General Partner and referred to as the "named executive officers" for the fiscal year ended December 31, 2016 :

Name	Position with American Midstream GP, LLC
Lynn L. Bourdon III	Chairman of the Board, President, and Chief Executive Officer
Eric T. Kalamaras	Senior Vice President and Chief Financial Officer (appointed July 2016)
Daniel C. Campbell	Senior Vice President and Chief Financial Officer (until resignation July 2016)
Matthew W. Rowland	Senior Vice President and Chief Operating Officer (until resignation March 2017)
Regina L. Gregory	Senior Vice President, General Counsel, Chief Compliance Officer, and Corporate Secretary
Ryan K. Rupe	Vice President - Natural Gas Services and Offshore Pipelines
Michael D. Suder	Former President and Chief Executive Officer of Blackwater Midstream Corporation
William B. Mathews	Former Vice President Legal Affairs, General Counsel and Secretary

Our compensation program is designed to recognize key managers are critical to our Partnership's profitability and growth. We utilize compensation to attract and retain management talent and to motivate key employees to focus consistently on growth and value creation. In addition, our compensation program aligns incentives for management and unitholders, focusing on long-term value creation rather than short-term gain. To do this, our compensation program for key managers is made up of the following main components: i) base salary, designed to compensate our executives for work performed during the fiscal year; ii) short-term incentive programs, designed to reward our executives for our yearly performance and for their individual performances during the fiscal year; and iii) equity-based awards, meant to align our executives interests with our long-term performance.

This section should be read together with the compensation tables that follow, which disclose the compensation awarded to, earned by, or paid to, the named executive officers with respect to the three years ended December 31, 2016 .

Role of the Board, the Compensation Committee and Management

The Board has appointed the Compensation Committee to assist the Board in discharging its responsibilities relating to compensation matters, including matters relating to compensation programs for directors and executive officers of the General Partner. The Compensation Committee has overall responsibility for evaluating and approving our compensation plans, policies and programs, setting the compensation and benefits of executive officers, and granting awards under and administering our equity compensation plans. The Compensation Committee is charged with, among other things, establishing compensation practices and programs that are i) designed to attract, retain and motivate exceptional leaders, ii) structured to align compensation with our overall performance and growth in distributions to unitholders, iii) implemented to promote achievement of short-term and long-term business objectives consistent with our strategic plans, and iv) applied to reward performance.

As described in further detail below under "— Elements of the Compensation Programs," the compensation programs for our executive officers consist of base salaries, annual incentive bonuses and awards under the American Midstream GP, LLC, Long-Term Incentive Plan, which we refer to as our LTIP, currently in the form of equity-based phantom units, as well as other customary employment benefits such as a 401(k) plan, and health and welfare benefits. We expect that total compensation of our executive officers and the components of compensation and allocation among components of their annual compensation will be reviewed on at least an annual basis by the Compensation Committee.

During 2016 , the Compensation Committee discussed executive compensation issues at several meetings, and the Compensation Committee expects to hold additional executive compensation-related meetings in 2017 and in future years. Topics discussed and to be discussed at these meetings included and will include, among other things, i) assessing the performance of the Chief Executive Officer, with respect to our results for the prior year, ii) reviewing and assessing the personal performance of the executive officers and other key managers for the preceding year and iii) determining the amount of the bonus pool to be paid to our executives and other key managers for a given year after taking into account the target bonus amounts established for those executives and other key managers at the outset of the year. In addition, at these meetings, and after taking into account the recommendations of our Chief Executive Officer only with respect to executive officers and key managers other than our Chief Executive Officer, base

salary levels and target bonus amounts (representing the bonus that may be awarded expressed as a dollar amount or as a percentage of base salary for the year) for our executive officers will be established by the Compensation Committee. In addition, the Compensation Committee will make its decisions with respect to any awards under the LTIP and recommend awards to the Board. Our Chief Executive Officer will provide periodic recommendations to the Compensation Committee regarding the performance and compensation of the other named executive officers as well as the amounts allocated to the short-term incentive plan and LTIP compensation pools.

Compensation Objectives and Methodology

The principal objective of our executive compensation program is to attract and retain individuals of demonstrated competence, experience and leadership who share our business aspirations, values, ethics and culture. A further objective is to provide incentives to and reward our executive officers and other key employees for positive contributions to our business and operations, and to align their interests with our unitholders' interests.

In setting our compensation programs, we consider the following objectives:

- to create unitholder value through sustainable earnings and cash available for distribution;
- to provide a significant percentage of total compensation that is "at-risk" or variable;
- to encourage significant equity holdings to align the interests of executive officers and other key employees with those of unitholders;
- to provide competitive, performance-based compensation programs that allow us to attract and retain superior talent; and
- to develop a strong linkage between business performance, safety, environmental stewardship, cooperation and executive compensation.

Taking account of the foregoing objectives, we structure total compensation for our executives to provide a guaranteed amount of cash compensation in the form of base salaries, while also providing a meaningful amount of annual cash compensation that is at risk and dependent on our performance and individual performance of the executives, in the form of discretionary annual bonuses. We also seek to provide a portion of total compensation in the form of equity-based awards under our LTIP, in order to align the interests of executives and other key employees with those of our unitholders and for retention purposes.

Compensation decisions for individual executive officers are the result of the subjective analysis of a number of factors, including the individual executive officer's experience, skills or tenure with us and changes to the individual executive officer's position. In evaluating the contributions of executive officers and our performance, although no pre-determined numerical goals were established, a variety of financial measures have been generally considered, including non-GAAP financial measures used by management to assess our financial performance, such as Adjusted EBITDA and distributable cash flow. For a definition of Adjusted EBITDA and a reconciliation to its most directly comparable financial measure calculated and presented in accordance with GAAP and a discussion of how we use Adjusted EBITDA to evaluate our operating performance, please read "Management's Discussion and Analysis —How We Evaluate Our Operations". In addition, a variety of factors related to the individual performance of the executive officer were taken into consideration.

In making individual compensation decisions, the Compensation Committee historically has not relied on pre-determined performance goals or targets. Instead, determinations regarding compensation have resulted from the exercise of judgment based on all reasonably available information and, to that extent, were discretionary. The amount of each executive officer's current compensation will be considered as a base against which determinations are made as to whether increases are appropriate to retain the executive officer in light of competition or in order to provide continuing performance incentives. Subject to the provisions contained in the executive officer's employment agreement, if any, the Compensation Committee has discretion to adjust any of the components of compensation to achieve our goal of recruiting, promoting and retaining executive officers and key individuals with the skills necessary to execute our business strategy and develop, grow and manage our business.

The Compensation Committee has also utilized benchmarking compensation levels across a range of publicly traded Master Limited Partnerships operating in the midstream market to inform specific award levels for named executive officers and key managers. Going forward, we expect that the Compensation Committee will make compensation decisions taking into account trends occurring within our industry, including from a peer group of companies, which we expect will include, but not be limited to, the following similar publicly traded partnerships: Blueknight Energy Partners LP, Crestwood Midstream Partners LP, Genesis Energy LP, JP Energy Partners LP, Martin Midstream Partners LP, and Rose Rock Midstream, LP.

Elements of the Compensation Programs

Overall, the executive officer compensation programs are designed to be consistent with the philosophy and objectives set forth above. The principal elements of our executive officer compensation programs are summarized in the table below, followed by a more detailed discussion of each compensation element.

Element	Characteristics	Purpose
Base Salaries	Fixed annual cash compensation. Executive officers are eligible for periodic increases in base salaries. Increases may be based on performance or such other factors as the Compensation Committee may determine.	Keep our annual compensation competitive with the defined market for skills and experience necessary to execute our business strategy.
Annual Incentive Bonuses	Performance-related annual cash incentives earned based on our objectives and individual performance of the executive officers. Increases or adjustments may be made based on both company and individual performance or such factors as the Compensation Committee may determine.	Align performance to our objectives that drive our business and reward executive officers for achieving our yearly performance objectives and for their individual contributions to these objectives during the fiscal year.
Equity-Based Awards (Phantom-units and Distribution Equivalent Rights)	Performance-related, equity-based awards granted at the discretion of the Compensation Committee. Awards are based on our performance and we take into account competitive practices at peer companies. Grants typically consist of phantom units that vest ratably over four years and may be settled upon vesting with either a net cash payment or an issuance of Common Units, at the discretion of the Board. Distribution Equivalent Rights, or DERs, and options have been granted on a limited basis. Future awards, such as options and DERs may be granted at the discretion of the Compensation Committee and subject to the approval of the Board.	Align interests of executive officers with unitholders and motivate and reward executive officers to increase unitholder value over the long term. Ratable vesting over a four-year period is designed to facilitate retention of executive officers.
Retirement Plan	Qualified retirement plan benefits are available for our executive officers and all other regular full-time employees. At our formation, we adopted and are maintaining a tax-deferred or after-tax 401(k) plan in which all eligible employees can elect to defer compensation for retirement up to IRS imposed limits. The 401(k) plan permits us to make annual discretionary matching contributions to the plan. For 2016, we matched employee contributions to 401(k) plan accounts up to a maximum employer contribution of 5% of the employee's eligible compensation.	Provide our executive officers and other employees with the opportunity to save for their future retirement.
Health and Welfare Benefits	Health and welfare benefits (medical, dental, vision, disability insurance and life insurance) are available for our executive officers and all other regular full-time employees.	Provide benefits to meet the health and wellness needs of our executive officers, other employees and their families.

Base Salaries

Base salaries for our executive officers will be determined annually by an assessment of our overall financial and operating performance, each executive officer's performance evaluation and changes in executive officer responsibilities. While many aspects of performance can be measured in financial terms, senior management will also be evaluated in areas of performance that are more subjective. These areas include development and execution of strategic plans, leading the development of management and other employees, innovation and improvement in our business activities and each executive officer's involvement in industry groups and in the communities that we serve. We seek to compensate executive officers for their performance throughout the year with annual base salaries that are fair and competitive within our marketplace. We believe that executive officer base salaries should be competitive with salaries for executive officers in similar positions and with similar responsibilities in our marketplace and adjusted for financial and operating performance and each executive officer's performance evaluation, length of service with us and previous work experience. Individual salaries have historically been established by the Compensation Committee based on the general industry knowledge and experience of its members, in alignment with these considerations, to ensure the attraction, development and retention of superior talent. Going forward, we expect that salary decisions will continue to focus on the above considerations and will also take into account relevant market data, including the market data and peer group data.

We expect that base salaries will be reviewed annually to ensure continuing consistency with market levels and our level of financial performance during the previous year. Future adjustments to base salaries and salary ranges will reflect movement in the competitive market as well as individual performance. Annual base salary adjustments, if any, for the Chief Executive Officer will be determined by the Compensation Committee. Annual base salary adjustments, if any, for the other executive officers will be determined by the Compensation Committee, taking into account input from the Chief Executive Officer.

The Compensation Committee approved the following base salaries for 2016 for the named executive officers as provided in the table below.

Name	Base Salary at the end of 2016
Lynn L. Bourdon III	$500,000
Eric T. Kalamaras	285,000
Daniel C. Campbell (resigned July 2016)	285,000
Matthew W. Rowland	285,000
Regina L. Gregory	275,000
Ryan K. Rupe	250,000
Michael D. Suder (resigned November 2016)	300,000
William B. Mathews (resigned October 2016)	265,000

Annual Incentive Bonuses

As one way of accomplishing our compensation objectives, executive officers are rewarded for their contribution to our financial and operational success through the award of discretionary annual cash incentive bonuses. Annual cash incentive awards, if any, for the Chief Executive Officer are determined by the Compensation Committee. Annual cash incentive awards, if any, for the other executive officers are determined by the Compensation Committee taking into account input from the Chief Executive Officer.

We expect to review cash bonus awards for the named executive officers annually to determine award payments for the prior fiscal year, as well as to establish target bonus amounts for the current fiscal year. At the beginning of each year, the Compensation Committee meets with the Chief Executive Officer to discuss Partnership and individual goals for the year and what each executive is expected to contribute in order to help the Partnership achieve those goals. However, the amounts of the annual bonuses have been and are determined at the discretion of the Compensation Committee with input from the Chief Executive Officer.

While target bonuses for our executive officers have been initially set at dollar amounts that are between 75% to 100% of their base salaries, the Compensation Committee has had broad discretion to retain, reduce or increase the award amounts when making its final bonus determinations. Bonuses (similar to other elements of the compensation provided to executive officers) historically have not been solely based on a prescribed formula or pre-determined goals, specified performance targets but rather have been determined on a discretionary basis and generally have been based on a subjective evaluation of individual, company-wide and industry performances. Target bonus amounts for 2016 for all of the executive officers are set forth in the table below.

The Board and the Compensation Committee believe that this approach to assessing performance results in a more comprehensive evaluation for compensation decisions. In 2017, the Compensation Committee recognized the following factors in making discretionary annual bonus recommendations and determinations:

- a subjective company performance evaluation based on company-wide financial performance including actual EBITDA versus budgeted EBITDA to assess company performance and adjusted as needed for new acquisitions and major capital expenditure programs in 2016;
- a subjective individual performance evaluation for executive officers and other factors deemed relevant; and
- the scope, level of expertise and experience required for the executive officer's position.

These factors were selected as the most appropriate measures upon which to base the annual incentive cash bonus decisions because our Compensation Committee believes that they help to align individual compensation with performance and contribution. With respect to its evaluation of company-wide financial performance, although no pre-determined numerical goals were established, the Compensation Committee generally reviewed our results with respect to Adjusted EBITDA as compared to operating budget and cash available for distribution in making annual bonus determinations.

Following its performance assessment, and based on our financial performance with respect to these criteria and the Compensation Committee's qualitative assessment of individual performance, the Compensation Committee determined to award the base salary and incentive bonus amounts, which may be paid in cash or Common Units, set forth in the table below to our named executive officers for performance in 2016.

Name	2016 Base Salary	2016 Target Bonus	2016 Bonus Earned
Lynn L. Bourdon III	$500,000	$ 500,000	$ 750,000
Eric T. Kalamaras	285,000	106,875	92,000
Daniel C. Campbell (resigned July 2016)	285,000	—	—
Matthew W. Rowland	285,000	213,750	213,750
Regina L. Gregory	275,000	103,125	120,000
Ryan K. Rupe	250,000	150,000	160,000
Michael D. Suder (resigned November 2016)	300,000	—	—
William B. Mathews (resigned October 2016)	265,000	—	—

For 2016, the Compensation Committee determined base annual incentive compensation award recommendations on additional company-wide criteria as well as industry criteria, recognizing the following factors as part of its determination of annual incentive bonuses (without assigning any particular weight to any factor):

- financial performance for the prior fiscal year, including Adjusted EBITDA and distributable cash flow;
- distribution performance for the prior fiscal year;
- unitholder total return for the prior fiscal year; and
- competitive compensation data of executive officers.

These factors were selected as the most appropriate measures upon which to base the annual cash incentive bonus decisions going forward because the Compensation Committee believes that they will most directly correlate to increases in long-term value for our unitholders.

Equity-Based Awards

Design. The LTIP was adopted in November 2009 in connection with our formation and was most recently amended and restated in 2016. In adopting the LTIP, the Board recognized that it needed a source of equity to attract new members to and retain members of the management team, as well as to provide an equity incentive to other key employees and non-employee directors. We believe the LTIP promotes a long-term focus on results and aligns executive and unitholder interests.

The LTIP is designed to encourage responsible and profitable growth while taking into account non-routine factors that may be integral to our success. Long-term incentive compensation in the form of equity grants are used to provide incentives for performance that leads to enhanced unitholder value, encourage retention and closely align the executive officers' interests with unitholders' interests. Equity grants provide a vital link between the long-term results achieved for our unitholders and the rewards provided to executive officers and other key employees.

Phantom Units. A phantom unit is a notional unit granted under the LTIP that entitles the holder to receive an amount of cash equal to the fair market value of one Common Unit upon vesting of the phantom unit, unless the Board elects to pay such vested phantom unit with a common unit in lieu of cash. Unless an individual award agreement provides otherwise, the LTIP provides that unvested phantom units are forfeited at the time the holder terminates employment or Board membership, as applicable. The terms of the award agreements of our named executive officers provide that a termination due to death or long-term disability results in full acceleration of vesting. In general, phantom units awarded under our LTIP vest as to 25% of the award on each of the first four anniversaries of the date of grant.

Equity-Based Award Policies. The LTIP is administered by the Compensation Committee of the Board. The Compensation Committee, at its discretion, may elect to settle such vested phantom units with a number of units equivalent to the fair market value of a Common Unit at the date of vesting in lieu of cash.

Generally, grants issued under the LTIP vest in increments of 25% on each grant anniversary date and do not contain any vesting requirements other than continued employment. Ownership in the awards is subject to forfeiture until the vesting date.

Unit Options. A unit option is a right to purchase a Common Unit at the fair market value per Common Unit on the date of grant. The Compensation Committee has utilized unit option grants in special circumstances associated with the new hire or promotion of a named executive officer, and each award has unique vesting terms.

Deferred Compensation. Tax-qualified retirement plans are a common way that companies assist employees in preparing for retirement. We provide our eligible executive officers and other employees with an opportunity to save for their retirement by participating in our 401(k) plan. The 401(k) plan allows our executive officers and other employees to defer compensation (up to IRS imposed limits) for retirement and permits us to make annual discretionary matching contributions to the plan. For 2016, we matched employee contributions to 401(k) plan accounts up to a maximum employer contribution of 5% of the employee's eligible compensation. Decisions regarding this element of compensation do not impact any other element of compensation.

Other Benefits. Each of the named executive officers is eligible to participate in our employee benefit plans which provide for medical, dental, vision, disability insurance and life insurance benefits, which are provided on the same terms as available generally to all salaried employees.

Recoupment Policy. We currently do not have a recoupment policy applicable to annual incentive bonuses or equity awards. The Compensation Committee expects to continue to evaluate the need to adopt such a policy in 2017, in light of current legislative policies as well as economic and market conditions.

Employment, Change in Control and Severance Arrangements. The Board and the Compensation Committee consider the maintenance of a sound management team to be essential to protecting and enhancing our best interests. To that end, we recognize that the uncertainty that may exist among management with respect to their "at-will" employment with our General Partner may result in the departure or distraction of management personnel to our detriment. Accordingly, our General Partner has agreed to severance arrangements for Messrs. Bourdon and Kalamaras and Ms. Gregory that we believed were appropriate to encourage the continued attention and dedication of members of our management. These severance arrangements are described more fully below under "— Employment Agreements with Named Executive Officers."

Summary Compensation Table for the Three Years ended December 31, 2016

The following table sets forth certain information with respect to the compensation paid to the named executive officers for the three years ended December 31, 2016 .

	Year	Salary	Bonus	Unit Awards [(1)]	All Other Compensation	Total Compensation
Lynn L. Bourdon III [(2)]	2016	$ 500,000	$ 750,000	$ 598,812	$ 15,838	$ 1,864,650
Chairman of the Board, President and Chief Executive Officer	2015	32,692	—	1,501,952	—	1,534,644
Eric T. Kalamaras [(3)] [(9)]	2016	137,019	92,000	359,730	240,189	828,938
Senior Vice President and Chief Financial Officer						
Daniel C. Campbell [(4)] [(9)]	2016	209,019	—	34,622	666,768	910,409
Senior Vice President and Chief Financial Officer	2015	295,962	28,000	515,658	—	839,620
	2014	285,000	250,000	300,982	10,413	846,395
Matthew W. Rowland [(5)]	2016	285,000	213,750	34,622	13,702	547,074
Senior Vice President and Chief Operating Officer	2015	295,962	28,000	349,328	1,644	674,934
	2014	285,000	250,000	300,982	—	835,982
Regina L. Gregory [(6)] [(10)]	2016	89,375	120,000	515,344	86,904	811,623
Senior Vice President, General Counsel, Chief Compliance Officer, and Corporate Secretary						
Ryan K. Rupe	2016	250,000	160,000	243,727	—	653,727
Vice President Commercial Operations						
Michael D. Suder [(7)] [(11)]	2016	279,665	461,500	24,296	34,615	800,076
President and Chief Executive Officer of Blackwater Midstream	2015	311,538	28,000	371,600	—	711,138
	2014	304,423	40,625	256,163	—	601,211
William B. Mathews [(8)]	2016	235,952	—	21,461	370,962	628,375
Vice President Legal Affairs, General Counsel and Secretary	2015	272,115	120,000	324,816	13,096	730,027
	2014	245,000	150,000	202,020	8,952	605,972

(1) Amounts shown in this column do not reflect dollar amounts actually received by each of our named executive officers. Instead, these amounts reflect the aggregate grant date value of each phantom unit award or unit options award granted in each of the three years ended December 31, 2016. In general, employees are not entitled to distributions declared on the underlying unit while the phantom unit is unvested; therefore, the grant date fair value of the phantom units is calculated by reducing the grant date price, by the present value of the distributions expected to be paid on the underlying units during the requisite service period. For additional information on the assumptions used to calculate the grant date fair value of equity incentive awards, refer to Note 16 "Long-Term Incentive Plan" of this Annual Report, incorporated herein by reference.

2016 Unit Awards

	Grant date value of phantom units before distributions	Present value of distributions	Grant date value of phantom units less distributions
Lynn L. Bourdon III	$1,344,193	$745,381	$598,812
Eric T. Kalamaras *	$480,000	$195,600	$284,400
Daniel C. Campbell	$383,099	$348,477	$34,622
Matthew W. Rowland	$383,099	$348,477	$34,622
Regina L. Gregory *	$681,750	$289,800	$391,950
Ryan K. Rupe	$542,759	$299,032	$243,727
Michael D. Suder	$268,839	$244,543	$24,296
William B. Mathews	$237,474	$216,013	$21,461

* Does not include unit options awarded.

(2) Other compensation includes $12,438 of matching contributions that we make on account of employee contributions under our 401(k) Savings Plan and $3,400 of insurance premiums.

(3) Other compensation includes $236,078 of relocation expenses and $4,111 of matching contributions that we make on account of employee contributions under our 401(k) Savings Plan.

(4) Other compensation includes $657,451 of severance payments and $9,317 of matching contributions that we make on account of employee contributions under our 401(k) Savings Plan.

(5) Other compensation includes $13,702 of matching contributions that we make on account of employee contributions under our 401(k) Savings Plan.

(6) Other compensation includes $82,895 of relocation expenses and $4,009 of matching contributions that we make on account of employee contributions under our 401(k) Savings Plan.

(7) Other compensation represents severance payments.

(8) Other compensation includes $359,847 of severance payments and $11,115 of matching contributions that we make on account of employee contributions under our 401(k) Savings Plan.

(9) Mr. Campbell resigned and Mr. Kalamaras was appointed to serve as Senior Vice President and Chief Financial Officer in July 2016.

(10) Ms. Gregory was appointed Senior Vice President, General Counsel, Chief Compliance Officer, and Corporate Secretary in September 2016.

(11) Mr. Suder resigned as President and Chief Executive Officer of Blackwater Midstream in November 2016.

Grants of Plan-Based Awards for 2016

Name	Number of Securities Underlying Award	Type of Award	Exercise Price of Option Awards ($/Unit)	Grant Date Fair Value of Unit Awards ($) (1)
Lynn L. Bourdon III				
02/26/2016 Grant	66,021	Phantom Units		$ 329,445
02/26/2016 Grant	198,064	Phantom Units		269,367
Eric T. Kalamaras				
07/26/2016 Grant	40,000	Phantom Units		284,400
08/26/2016 Grant (2)	30,000	Options	$ 12.00	75,330
Daniel C. Campbell				
02/26/2016 Grant	75,265	Phantom Units		34,622
Matthew W. Rowland				
02/26/2016 Grant	75,265	Phantom Units		34,622
Regina L. Gregory				
09/08/2016 Grant	45,000	Phantom Units		391,950
09/19/2016 Grant (3)	45,000	Options	$ 13.88	123,394
Ryan K. Rupe				
02/26/2016 Grant	35,493	Phantom Units		16,327
07/01/2016 Grant	30,000	Phantom Units		227,400
Michael D. Suder				
02/26/2016 Grant (4)	52,817	Phantom Units		24,296
William B. Mathews				
02/26/2016 Grant (5)	46,655	Phantom Units		21,461

(1) Amounts shown in this column do not reflect dollar amounts actually received by our named executive officers. Instead, these amounts reflect the aggregate grant date value. For additional information on the assumptions used to calculate the grant date fair value of equity incentive awards, refer to Note 16 "Long-Term Incentive Plan" of this Annual Report, which is incorporated herein by reference.

(2) The options will vest on July 31, 2019, subject to continued employment, and will expire on July 31st of the calendar year following the calendar year in which it vests.

(3) The options will vest at a rate of 25% per year. The options will expire on September 30th of the calendar year following the calendar year in which it vests.

(4) All unvested grants of phantom units were forfeited upon resignation from office.

(5) Half of the unvested grants of phantom units were forfeited upon resignation from office.

Employment Agreements with Named Executive Officers

Our General Partner has entered into an employment agreement with Lynn L. Bourdon III. The employment agreement with Mr. Bourdon has an initial term of three years, which will be automatically extended for successive one-year terms until either party elects to terminate the agreement by providing written notice at least 60 days prior to the end of the expiration of the initial or extended term, as applicable. The base salary and target bonus amounts set forth in Mr. Bourdon’s employment agreement is shown in the table below and the employment agreement provides that the base salary may be increased but not decreased. Mr. Bourdon’s employment agreement provides that he will be provided with the opportunity to earn an annual cash bonus, a certain percentage of which will be conditioned and determined on the attainment of personal performance goals and the balance of which will be conditioned and determined on the attainment of organizational performance goals, in each case as set by, and

based on performance criteria established by, the Compensation Committee. Mr. Bourdon's employment agreement also provides that the executive may also be eligible to receive awards under the LTIP as determined by the Compensation Committee.

Mr. Bourdon's employment agreement also contains certain confidentiality covenants prohibiting him from, among other things, disclosing confidential information relating to our General Partner or any of its affiliates, including us. The employment agreement also contains non-competition and non-solicitation restrictions, which apply during the term of Mr. Bourdon's employment with our General Partner and, with certain exceptions, continue for a period of 6-12 months following termination for any reason. Mr. Campbell was party to an employment agreement with the General Partner that terminated on July 11, 2016 and Mr. Rowland was party to an employment agreement with the General Partner that expired according to its terms on July 31, 2016. Both of the employment agreements for Mr. Campbell and Mr. Rowland contain certain non-competition and non-solicitation restrictions that have survived termination.

Mr. Bourdon's employment agreement also provides for, among other things, the payment of severance benefits under certain circumstances. The General Partner has also agreed to pay certain severance benefits under certain circumstances to Mr. Kalamaras and Ms. Gregory. Please refer to "- Potential Payment Upon Termination or Change in Control - Employment Agreements and Severance Agreements with Named Executive Officers" below for a description of these benefits under these agreements.

Outstanding Equity-Based Awards at December 31, 2016

The following table provides information regarding outstanding equity-based awards held by the named executive officers as of December 31, 2016 . All such equity-based awards consist of phantom units and unit options granted under the LTIP.

	Unit Awards			
Name	**Number of Unvested Phantom Awards**	**Market Value [(1)]**	**Number of Unexercised Option Award**	**Option Exercise Price**
Lynn L. Bourdon III [(2)]	398,064	$ 7,244,765	200,000	$ 7.50
Eric T. Kalamaras [(3)]	40,000	728,000	30,000	$ 12.00
Daniel C. Campbell	—	—	—	—
Matthew W. Rowland	93,567	1,702,919	—	—
Regina L. Gregory [(4)]	45,000	819,000	45,000	$ 13.88
Ryan K. Rupe	77,434	1,409,299	—	—
Michael D. Suder	—	—	—	—
William B. Mathews	—	—	—	—

(1) The market value of phantom units that had not vested as of December 31, 2016 was calculated based on the fair market value of our Common Units as of December 31, 2016 which was $18.20 multiplied by the number of unvested phantom units. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates Equity-Based Awards" in the 2016 Annual Report.

(2) In conjunction with the execution of Mr. Bourdon's employment agreement effective December 10, 2015, the Board approved an option grant to purchase 200,000 Common Units of the Partnership.The phantom units contain DERs based on the extent to which the Partnership's Series A Preferred Unitholders receive distributions in cash. The grant will vest on January 1, 2019, subject to acceleration in certain circumstances and will expire on March 15th of the calendar year following the calendar year in which it vests.

(3) Effective August 2016, the Board approved the grant of an option to purchase 30,000 common units. The grant will vest on July 31, 2019, subject to continued employment, and will expire on July 31st of the calendar year following the calendar year in which it vests.

(4) Effective September 2016, the Board approved the grant of an option to purchase 45,000 common units. The options will vest at a rate of 25% per year, subject to continued employment. The options will expire on September 30th of the calendar year following the calendar year in which it vests.

Units Vested in 2016

The following table shows the phantom unit awards that vested during 2016 .

	2016		
Name	Number of Units Acquired on Vesting	Fair Market Value per Unit Upon Vesting	Value Realized on Vesting (1)
Lynn L. Bourdon III			
02/26/2016 vest	66,021	$ 4.99	$ 329,445
Eric T. Kalamaras	—	—	—
Daniel C. Campbell			
02/19/2016 vest	3,712	6.61	24,536
02/23/2016 vest	4,533	6.19	28,059
09/02/2016 vest	21,021	13.62	286,306
Matthew W. Rowland			
02/19/2016 vest	3,712	6.61	24,536
02/23/2016 vest	3,626	6.19	22,445
08/22/2016 vest	8,334	12.12	101,008
Regina L. Gregory	—	—	—
Ryan K. Rupe			
02/19/2016 vest	2,123	6.61	14,033
02/23/2016 vest	2,565	6.19	15,877
Michael D. Suder			
02/19/2016 vest	3,160	6.61	20,888
02/23/2016 vest	3,817	6.19	23,627
William Mathews			
02/19/2016 vest	2,491	6.61	16,466
02/23/2016 vest	3,372	6.19	20,873

(1) The value realized upon vesting of phantom units is calculated based on the fair market value of our common units on the applicable vesting date.

Long-Term Incentive Plan

The Board has adopted a LTIP for employees, consultants and directors of our General Partner and affiliates who perform services for us. The plan provides for the issuance of options, unit appreciation rights, restricted units, phantom units, other unit-based awards, unit awards or replacement awards, as well as tandem DERs granted with respect to an award. To date, phantom units, phantom units with DERs, and options have been issued under the LTIP.

As of December 31, 2016 , 1,245,843 unvested phantom units were outstanding under our LTIP and 275,000 unit options. A phantom unit is a notional unit granted under the LTIP that entitles the holder to receive an amount of cash equal to the fair market value of one common unit upon vesting of the phantom unit, unless the Board elects to settle such vested phantom unit with a common unit in lieu of cash. DERs may be granted in tandem with phantom units. Except as otherwise provided in an award agreement, DERs that are not subject to a restricted period are currently paid to the participant at the time a distribution is made to the unitholders, and DERs that are subject to a restricted period are paid to the participant in a single lump sum no later than the 15th day of the third calendar month following the date on which the restricted period ends. A unit option is a right to purchase our Common Units at a price equal to the fair market value of a Common Unit on the grant date.

The number of units that may be delivered with respect to awards under the LTIP may not exceed 7,175,352 units, subject to specified anti-dilution adjustments. However, if any award is terminated, canceled, forfeited or expires for any reason without the actual delivery of units covered by such award or units are withheld from an award to satisfy the exercise price or the employer's tax withholding obligation with respect to such award, such units will again be available for issuance pursuant to other awards granted under the LTIP. In addition, any units allocated to an award will, to the extent such award is paid in cash, be again available for delivery under the LTIP with respect to other awards. There is no limitation on the number of awards that may be granted under the LTIP and paid in cash. The LTIP provides that it is to be administered by the Board, provided that the Board may delegate

authority to administer the LTIP to a committee of non-employee directors. As of March 9, 2017, there were 5,073,617 units available for future grant awards.

The LTIP may be terminated or amended at any time, including increasing the number of units that may be granted, subject to unitholder approval as required by the NYSE rules. However, no change in any outstanding grant may be made that would materially reduce the benefits of the participant without the consent of the participant. The LTIP will terminate on the earliest of i) its termination by the Board or the Compensation Committee, ii) the tenth anniversary of the date the LTIP was adopted or iii) when units are no longer available for delivery pursuant to awards under the LTIP. Unless expressly provided for in the LTIP or an applicable award agreement, any award granted prior to the termination of the LTIP, and the authority of the Board or the Compensation Committee to amend, adjust or terminate such award or to waive any conditions or rights under such award, will extend beyond the termination date.

Assumed JPE Equity Plan

Pursuant to the JPE Merger, we assumed the JP Energy Partnership 2014 Long-Term Incentive Plan, which will be renamed the American Midstream Partners, LP Amended and Restated 2014 Long Term Incentive Plan (the "Assumed LTIP"). As of March 9, 2017, there were 312,736 Common Units available for awards under the Assumed Plan, as adjusted to reflect the JPE Merger. Following the JPE Merger, we plan to settle the existing awards made under the Assumed LTIP with the Common Units reserved under the Assumed LTIP.

Potential Payments Upon Termination or Change in Control

Employment Agreement with Lynn L. Bourdon III

The employment agreement with Lynn L. Bourdon III provides for, among other things, the payment of severance benefits following certain terminations of employment by our General Partner or the termination of employment by Mr. Bourdon for "Good Reason" (as defined below). If Mr. Bourdon's employment is terminated by our General Partner other than for "Cause" (as defined below) or other than on Mr. Bourdon's death or disability, or if Mr. Bourdon terminates his employment for Good Reason, Mr. Bourdon will receive a cash amount equal to his annual base salary in effect on the date of terminations plus the amount of his current year annual cash bonus for the year of termination at the target calculated as if all goals for a target bonus have been achieved. In these circumstances, Mr. Bourdon would also receive certain medical premium reimbursements and either accelerated or continued vesting of certain equity incentive awards. The severance benefits contained in his employment agreement are conditioned on Mr. Bourdon executing a release of claims in favor of our General Partner and its affiliates, including the Partnership. In the event that such a termination of his employment occurs within two years after a change in control, Mr. Bourdon may be entitled to receive two times the severance amount.

- "Cause" means Executive has (i) engaged in gross negligence in the performance of the duties required of him; (ii) engaged in willful misconduct in the performance of the duties required of him resulting in a material detriment to our General Partner; (iii) unlawfully used (including being under the influence of) or possessed illegal drugs on our General Partner's (or any of its affiliate's) premises or while performing his duties or responsibilities; (iv) committed a material act of fraud or embezzlement against our General Partner, its affiliates, or any of their respective equityholders; (v) been convicted of (or pleaded guilty or no contest to) a felony, other than a non-injury vehicular offense, that could be reasonably expected to reflect unfavorably and materially on our General Partner; or (vi) materially breached or violated any material provision of the agreement or violated any material provision of any material written company policy that has been previously provided or made available to Executive.

- "Good Reason" means, in connection with or based upon a nonconsensual (i) material alteration in Executive's responsibilities, duties, authority or titles or the assignment to Executive of duties or responsibilities inconsistent with Executive's status and titles as the most senior officer of our General Partner; (ii) assignment of Executive to a principal office located beyond a 30-mile radius of Executive's then current work place; or (iii) material breach by any party to the agreement other than Executive of any material provision of the agreement.

The employment agreement provides that for a period of twelve months following a termination of employment by Mr. Bourdon for Good Reason (or nine months following a termination of employment of Mr. Bourdon by our General Partner or Mr. Bourdon due to the Company's non-renewal of the employment agreement or a termination of employment by the Company without Cause), Mr. Bourdon will be subject to a non-competition covenant. Furthermore, if our General Partner elects to pay Mr. Bourdon a cash amount equal to half of the severance amount following a termination of Mr. Bourdon's employment by our General Partner for

Cause or by Mr. Bourdon without Good Reason, then Mr. Bourdon will be subject to a six month non-competition covenant. Mr. Bourdon is also subject to a non-solicitation covenant for a period of twelve months following the termination of his employment.

Mr. Bourdon has received an award of phantom units under the LTIP. The terms of the phantom unit award agreement provide that a termination without Cause, for Good Reason, or due to death or disability, results in full acceleration of vesting of any outstanding phantom units.

Severance Agreement with Eric T. Kalamaras

Mr. Kalamaras' offer letter for his employment as our Chief Financial Officer provides for the payment of severance benefits following certain terminations of employment by our General Partner. Under the terms of the offer letter, if Mr. Kalamaras' employment is terminated by the General Partner other than for "Cause" (as defined below) prior to July 11, 2017, Mr. Kalamaras will have the right to severance in an amount equal to twelve months of his base salary plus the amount, if any, paid to him as an annual cash bonus for the calendar year 2016. The foregoing severance benefit is conditioned on Mr. Kalamaras executing a release of claims in favor of our General Partner and its affiliates, including us, and his compliance with the provisions regarding protection of confidential information, non-competition and non-solicitation outlined in Mr. Kalamaras' offer letter.

> "Cause" is defined in Mr. Kalamaras' offer letter as Mr. Kalamaras having (A) engaged in gross negligence, gross incompetence or willful misconduct in the performance of the duties required of him in connection with his employment by the General Partner; (B) refused without proper reason to perform the duties and responsibilities required of him in connection with his employment by the General Partner; (C) willfully engaged in conduct that is materially injurious to the General Partner or its affiliates (which term includes, without limitation, the Partnership) (monetarily or otherwise); (D) committed an act of fraud, embezzlement or willful breach of fiduciary duty to the General Partner or its affiliates (including the unauthorized disclosure of confidential or proprietary material information of the Company or its affiliates); (E) alcohol or substance abuse that has impaired or could reasonably be expected to impair his ability to perform the duties and responsibilities required of him in connection with his employment by the General Partner; (F) failure to comply with the General Partner's or the Partnership's policies in any material respect (including those regarding harassment and discrimination) or (G) been convicted of (or pleaded no contest to) a crime involving fraud, dishonesty, moral turpitude or any felony.

The foregoing severance benefit is conditioned on Mr. Kalamaras executing a release of claims in favor of our General Partner and its affiliates, including us, his compliance with the provisions regarding protection of confidential information and his agreement to a one-year non-competition period and a one-year non-solicitation period.

Severance Agreement with Regina L. Gregory

Ms. Gregory's offer letter for her employment as our Senior Vice President, General Counsel, Chief Compliance Officer, and Corporate Secretary provides for the payment of severance benefits following certain terminations of employment by our General Partner. Under the terms of the offer letter, if Ms. Gregory's employment is terminated by the General Partner other than for "Cause", Ms. Gregory will have the right to severance in an amount equal to twelve months of her base salary plus the amount, if any, paid to her as an annual cash bonus for the prior calendar year. The foregoing severance benefit is conditioned on Ms. Gregory executing a release of claims in favor of our General Partner and its affiliates, including us, and her compliance with the provisions regarding protection of confidential information, non-competition and non-solicitation outlined in Ms. Gregory's offer letter.

> "Cause" is defined in Ms. Gregory's offer letter as Ms. Gregory having (A) engaged in gross negligence, gross incompetence or willful misconduct in the performance of the duties required of her in connection with her employment by the general partner; (B) refused without proper reason to perform the duties and responsibilities required of her in connection with her employment by the general partner; (C) willfully engaged in conduct that is materially injurious to the general partner or its affiliates (which term includes, without limitation, the Partnership) (monetarily or otherwise); (D) committed an act of fraud, embezzlement or willful breach of fiduciary duty to the general partner or its affiliates (including the unauthorized disclosure of confidential or proprietary material information of the general partner or its affiliates); (E) alcohol or substance abuse that has impaired or could reasonably be expected to impair her ability to perform the duties and responsibilities required of her in connection with her employment by the general partner; (F) failure to comply with the general partner's or the Partnership's policies in any material respect (including those regarding harassment and discrimination) or (G) been convicted of (or pleaded no contest to) a crime involving fraud, dishonesty, moral turpitude or any felony.

Separation Agreement with Michael D. Suder

Effective November 21, 2016, Michael D. Suder resigned as President and Chief Executive Officer of American Midstream Terminaling, LLC, American Midstream Blackwater, LLC, Blackwater Investments, Inc., Blackwater Midstream Corp., Blackwater New Orleans, L.L.C., Blackwater Georgia, L.L.C., Blackwater Maryland, L.L.C. and Blackwater Harvey, LLC, all wholly-owned, indirect subsidiaries of the Partnership. In connection with the resignation, the Partnership and Mr. Suder entered into a Separation Agreement and Release and Waiver (the “Suder Separation Agreement”), pursuant to which the Partnership agreed to pay Mr. Suder $300,000 in bi-weekly installments for 52 weeks. Additionally, during the 12-month period following November 21, 2016, to the extent that Mr. Suder is eligible for and elects to continue coverage under the Partnership’s medical, vision and dental benefit plans, the Partnership will pay to the benefit administrator on behalf of Mr. Suder an amount equal to the amount the Partnership contributes towards the cost of coverage for a similarly situated active employee. The Suder Separation Agreement also terminates the employment agreement by and between the Partnership and Mr. Suder originally entered into on October 9, 2012, except that Mr. Suder must continue to comply with certain provisions related to the protection of confidential information under such agreement. There were no disagreements between Mr. Suder and the General Partner, the Partnership or any officer or Director of the General Partner which led to Mr. Suder’s resignation.

Each of Messrs. Bourdon and Kalamaras and Ms. Gregory has received an award of phantom units under the LTIP. The terms of the phantom unit award agreements of these named executive officers provide that a termination due to death or disability results in full acceleration of vesting of any outstanding phantom units.

The following table shows the value of the severance benefits and other benefits for the named executive officers under the employment agreements and phantom unit grant agreements at December 31, 2016 :

Name	Benefit Type	Death or Disability	Before Change in Control Termination without cause or for Good Reason or upon expiration	After Change in Control Termination without cause or for Good Reason or upon expiration	Certain Changes of Control (3)
Lynn L. Bourdon III	Severance payment per employment agreement [2] [4]	None	$1,000,000	$2,000,000	None
	COBRA payment per employment agreement.	None	$18,870	$18,870	None
	Accelerated vesting of phantom unit awards per award agreement [1]	$7,244,764	$7,244,764	$7,244,764	$7,244,764
	Accelerated vesting of options awards per award agreement [1]	$2,140,000	$2,140,000	$2,140,000	$2,140,000
	Total	$9,384,764	$10,403,634	$11,403,634	$9,384,764
Eric T. Kalamaras	Severance payment per offer [5]	None	$285,000	$285,000	None
Regina L. Gregory	Severance payment per offer	None	$275,000	$275,000	None
	Accelerated vesting of phantom unit awards per award agreement [6]	$819,000	None	None	None
	Total	$819,000	$275,000	$275,000	

(1) The amounts shown in this row are calculated based on the fair market value of our Common Units which we have assumed were $18.20, which was the closing price of our Common Units on December 31, 2016, multiplied by the number of

phantom units that would have vested as of December 31, 2016. The market value of the Option Grant that has not vested as of December 31, 2016 for Mr. Bourdon is $10.70, per Common Unit subject to the option, which is the difference between the closing price of our Common Units on December 31, 2016 and the exercise price.

(2) In connection with a termination of the executive's employment upon expiration of the initial or extended term of the agreement by either party pursuant to the terms of the employment agreement, the Board may, in its discretion, release the executive from being subject to the non-competition covenant following termination of employment; however, in such case, the executive would not be entitled to receive the severance payment.

(3) Pursuant to the employment agreement, accelerated vesting of all unvested long-term equity incentive awards under the LTIP would only occur under certain types of change of control transactions.

(4) In the event that Mr. Bourdon is terminated without cause or resigns for Good Reason within two years after a change in control, Mr. Bourdon may be entitled to receive two times the severance amount or $2,000,000.

(5) This individual is an at will employee and does not have an employment agreement that would trigger any payment upon expiration of its term or upon termination by the employee for Good Reason.

(6) The amounts shown are calculated based on the fair market value of our Common Units which we have assumed were $18.20, which was the closing price of our Common Units on December 31, 2016, multiplied by the number of phantom units that would have vested as of December 31, 2016.

Compensation of Directors

Compensation Committee Interlocks and Insider Participation

The Compensation Committee of the Board was comprised of Messrs. Bourdon and Erhard as of December 31, 2016. The Compensation Committee makes compensation decisions regarding the executive officers of our General Partner. With the exception of Mr. Bourdon, none of the members of the Compensation Committee is or has been one of our officers or employees, and none of our executive officers served during 2016 on a board of directors or compensation committee of another entity which has employed any of the members of our Board or Compensation Committee.

Director Fees

Each director who is not an officer or employee of our General Partner receives compensation for attending meetings of the Board of Directors, as well as committee meetings, as follows:

- a $50,000 annual cash retainer;
- a $50,000 annual unit grant;
- where applicable, a variable fee for service rendered as member of the Conflicts Committee to the Board; and
- where applicable, a committee chair retainer of $10,000 for each committee chaired.

In addition, each non-employee director will receive per meeting fees of:

- $1,000 for meetings attended in person;
- where applicable, $500 for committee meetings attended in person; and
- $500 for telephonic meetings and committee meetings greater than one hour in length.

Generally, non-employee directors listed in the table below are reimbursed for out-of-pocket expenses in connection with attending meetings of the Board of Directors or its committees. Each director will be fully indemnified by us for actions associated with being a director of our General Partner to the extent permitted under Delaware law.

Director Compensation Table for 2016

The following table sets forth the compensation paid to our non-employee directors for the year ended December 31, 2016 , as described above. The compensation paid in 2016 to Mr. Bourdon as an executive officer is set forth in the summary compensation tables above. Mr. Bourdon did not receive any additional compensation related to his service as a director.

	Fees Earned or Paid in Cash	Unit Awards (1)	All Other Compensation	Total Compensation
Stephen W. Bergstrom	$ 26,250	$ 26,250	$ —	$ 52,500
John F. Erhard	—	—	—	—
Donald R. Kendall Jr.	60,250	60,250		120,500
Daniel R. Revers	—	—	—	—
Rose M. Robeson	44,415	44,415		88,830
Peter A. Fasullo	16,585	16,585		33,170
Joseph W. Sutton	—	—	—	—
Lucius H. Taylor	—	—	—	—
Gerald A. Tywoniuk	68,250	68,250		136,500

(1) The amount reported in this column represents the aggregate grant date value of the unit award granted during 2016.

Compensation Committee Report

During 2016 , the Compensation Committee of the Board was comprised of two directors (Messrs. Bourdon and Erhard).

The Compensation Committee has discussed and reviewed the above Compensation Discussion and Analysis for fiscal year 2016 with management. Based on this review and discussion, the Compensation Committee recommended to the Board that this Compensation Discussion and Analysis be included in this Annual Report on Form 10-K for the fiscal year 2016 .

Lynn L. Bourdon III
John F. Erhard

Compensation Practices as They Relate to Risk Management

We do not believe that our compensation policies and practices create risks that are reasonably likely to have a material adverse effect on the Partnership. We believe our compensation programs do not encourage excessive and unnecessary risk taking by executive officers (or other employees). Short-term annual incentives are generally paid pursuant to discretionary bonuses enabling the CEO and Compensation Committee to assess the actual behavior of our employees as it relates to risk taking in awarding a bonus. Our use of equity based long-term compensation serves our compensation program's goal of aligning the interests of executives and unitholders, thereby reducing the incentives to unnecessary risk taking.

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

The following table sets forth certain information regarding the beneficial ownership of units as of March 20, 2017 and the related transactions by:

- each person who is known to us to beneficially own 5% or more of such units to be outstanding;
- our General Partner;
- each of the directors and named executive officers of our General Partner; and
- all of the directors and executive officers of our General Partner as a group.

All information with respect to beneficial ownership has been furnished by the respective directors, officers or 5% or more unitholders as the case may be.

Our General Partner is owned 77% by HPIP and 23% by Magnolia Infrastructure Holding, LLC, both controlled by ArcLight.

The amounts and percentage 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. In computing the number of common units beneficially owned by a person and the percentage ownership of that person, common units subject to options or warrants held by that person that are currently exercisable or exercisable within 60 days of March 20, 2017 , if any, are deemed outstanding, but are not deemed outstanding for computing the percentage ownership of any other person. Except as indicated by footnote, the persons named in the table below 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 of Beneficial Owner	Common Units Beneficially Owned	Percentage of Common Units Beneficially Owned	Preferred Series A Units Beneficially Owned	Preferred Series C Units Beneficially Owned	Preferred Series D Units Beneficially Owned	Percentage of Total Common Units Beneficially Owned on a Fully Converted Basis [8]
ArcLight Capital Partners, LLC [1]	13,977,709	27.1 %	10,266,642	8,792,205	2,333,333	49.2 %
Swank Capital, LLC [2]	2,557,100	5.0 %	—	—	—	3.5 %
Oppenheimer Funds, Inc. [3]	5,402,942	10.5 %	—	—	—	7.3 %
Lynn L. Bourdon III [4]	150,042	*	—	—	—	*
Eric T. Kalamaras [4]	—	*	—	—	—	
Daniel C. Campbell [4]	40,970	*	—	—	—	*
Regina L. Gregory	—	*	—	—	—	
Michael D. Suder [4] [5]	70,210	*	—	—	—	*
Matthew W. Rowland [4] [5]	50,500	*	—	—	—	*
Ryan K. Rupe	16,983	*	—	—	—	*
William B. Mathews [5]	99,532	*	—	—	—	*
Daniel R. Revers [1][2][4]	13,977,709	27.1 %	10,266,642	8,792,205	2,333,333	49.2 %
John F. Erhard [4]	—	*	—	—	—	*
Stephen W. Bergstrom [4]	47,023	*	—	—	—	*
Donald R. Kendall Jr. [4]	27,275	*	—	—	—	*
Peter A. Fasullo [4][6]	5,605	*	—	—	—	*
Joseph W. Sutton [4]	—	*	—	—	—	*
Lucius H. Taylor [4]	—	*	—	—	—	*
Gerald A. Tywoniuk [5][7]	24,231	*	—	—	—	*
All directors and executive officers as a group (consisting of 19 persons)	14,291,904	27.7 %	10,266,642	8,792,205	2,333,333	49.6 %

* An asterisk indicates that the person or entity owns less than one percent.

(1) Includes 7,187,358 Series A-1 Convertible Preferred Units ("Series A-1 Units") held by High Point Infrastructure Partners,

LLC ("High Point"), convertible into 7,925,500 common units of the Issuer ("Common Units"), which are indirectly owned by Magnolia Infrastructure Partners, LLC ("Magnolia"), 3,079,284 Series A-2 Convertible Preferred Units ("Series A-2 Units") held by Magnolia, convertible into 3,395,526 Common Units, 8,792,205 Series C Convertible Preferred Units ("Series C Units") held by Magnolia Infrastructure Holdings, LLC ("Magnolia Holdings"), convertible into 8,823,857 Common Units, 2,333,333 Series D Convertible Preferred Units ("Series D Units") held directly by Magnolia Holdings convertible into 2,333,333 Common Units, 9,753,425 Common Units held by Magnolia Holdings 1,349,609 Common Units held by American Midstream GP, LLC, which is approximately 77% owned by High Point and approximately 23% owned by Magnolia Holdings, 618,921 Common Units held by Magnolia and 2,255,754 Common Units held by Busbar II, LLC ("Busbar").

ArcLight Capital Holdings, LLC ("ArcLight Holdings") is the sole manager and member of ArcLight Capital Partners, LLC. ArcLight Holdings is the investment adviser to ArcLight Energy Partners Fund V, L.P. ("Fund V") and ArcLight PEF GP V, LLC ("Fund GP") is the general partner of Fund V. HPIP is controlled by Magnolia, which is in turn controlled by Fund V. Busbar is a wholly owned, direct subsidiary of Fund V (collectively, Busbar HPIP, Magnolia, Fund V, Fund GP, ArcLight Holdings and ArcLight are the "ArcLight Entities"). ArcLight is the manager of the general partner of Fund V. Mr. Daniel R. Revers is a manager of ArcLight Holdings and a managing partner of ArcLight and has certain voting and dispositive rights as a member of ArcLight's investment committee. Fund V, through indirectly controlled subsidiaries, owns approximately 90% of the ownership interest in HPIP. As a result, the ArcLight Entities and Mr. Revers may be deemed to indirectly beneficially own the securities of the Partnership held by HPIP and our General Partner, but disclaim beneficial ownership except to the extent of their respective pecuniary interests therein. The address for this person or entity is 200 Claredon Street, 55th Floor, Boston, MA 02117. This information is based solely on information included in the Schedule 13D/A filed by the beneficial owner on March 14, 2017.

(2) The common units were purchased by Cushing Asset Management, LP, a Texas limited partnership ("Cushing Management"), through the accounts of certain private funds and managed accounts (collectively, the "Cushing Accounts"). Cushing Management serves as the investment adviser to the Cushing Accounts and may direct the vote and dispose of the 2,557,100 Common Units held by the Cushing Accounts. Swank Capital, L.L.C. ("Swank Capital") serves as the general partner of Cushing Management and may direct Cushing Management to direct the vote and disposition of the 2,557,100 Common Units held by the Cushing Accounts. As the principal of Swank Capital, Mr. Jerry V. Swank may direct the vote and disposition of the 2,557,100 Common Units held by the Cushing Accounts. The address for such persons is 8117 Preston Road, Suite 440, Dallas, Texas 75225. This information is based solely on information included in the Schedule 13G filed by the beneficial owner on February 14, 2017.

(3) The Oppenheimer Funds, Inc. ("Oppenheimer") is an investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E). Oppenheimer shares voting and dispositive power over 5,402,942 Common Units with Oppenheimer SteelPath MLP Income Fund ("Oppenheimer SteelPath"), which is an investment company registered under Section 8 of the Investment Company Act of 1940.The address for these entities is Two World Financial Center, 225 Liberty Street, New York, NY 10281. This information is based solely on information included in the Schedule 13G filed by the beneficial owner on February 1, 2016.

(4) The address for this person or entity is c/o American Midstream Partners, LP, 2103 CityWest Blvd, Bldg. 4, Suite 800, Houston, TX 77042.

(5) This information is based solely the latest Form 4 filed for this beneficial owner.

(6) Includes 5,605 Common Units held in Fasullo Family Revocable Trust, for which Mr. Fasullo is the trustee.

(7) Includes 22,231 Common Units held in The Gerald Allen Tywoniuk Trust dated June 25, 2010, for which Mr. Tywoniuk is the trustee.

(8) The percentage of units beneficially owned is based on a total of 51,585,690 common units and 10,266,642 Series A Units, 8,792,205 Series C Units, and 2,333,333 Series D Units, as applicable, outstanding at March 20, 2017.

Securities Authorized for Issuance Under Equity Compensation Plans

Our General Partner manages our operations and activities and employs the personnel who provide support to our operations. On November 2, 2009, the Board of Directors of our General Partner adopted a long-term incentive plan for its employees, consultants and directors who perform services for it or its affiliates. On May 25, 2010, the Board of Directors of our General Partner adopted an Amended and Restated Long-Term Incentive Plan. On July 11, 2012, the Board of Directors of our General Partner adopted a Second Amended and Restated Long-Term Incentive Plan that effectively increased available awards by 871,750 units. On November 19, 2015, the Board of Directors of our General Partner approved the Third Amended and Restated Long-Term Incentive Plan, which, subject to unitholder approval, would increase the number of common units authorized for issuance by 6,000,000 common units. On February 11, 2016, the unitholders approved the Third Amended and Restated Long-Term Incentive Plan to increase available awards by 6,000,000 common units. At December 31, 2016 , 2015 and 2014, there were 5,017,528 ; 15,484 ; and

688,976 common units, respectively, available for future issuance under the LTIP. In addition, the information provided under "Item 5. Market for Registrant's Common Equity, Related Unitholder Matters and Issuer Purchases of Equity Securities" is incorporated by reference.

Item 13. Certain Relationships and Related Transactions and Director Independence

As of March 20, 2017 , HPIP controlled and owned 77% of the General Partner of the Partnership, and Magnolia Infrastructure Holdings, LLC owned 23%, of our General Partner, which owned an approximate 1.3% General Partner interest in us and all of our incentive distribution rights. HPIP and Magnolia Infrastructure Partners ("MIP") hold 7,187,358 Series A-1 Units and 3,079,284 Series A-2 Units, respectively, and control our General Partner which held 1,349,609 common units.

Distributions and Payments to our General Partner and its Affiliates

The following summarizes the distributions and payments to be made by us to our General Partner and its affiliates in connection with our formation, ongoing operation and any liquidation of the Partnership. These distributions and payments were determined by and among affiliated entities and, consequently, are not the result of arm's-length negotiations.

Distributions of available cash to our General Partner and its affiliates:

HPIP, as the holder of 7,187,358 Series A-1 Units, MIP (an affiliate of HPIP), as the holder of 3,079,284 Series A-2 Units, and Magnolia Infrastructure Holdings, LLC (an affiliate of HPIP), as the holder of 8,792,205 Series C Units, are entitled to receive cumulative distributions consisting of cash and Series A and C PIK preferred units, respectively, prior to any other distributions made in respect of any other partnership interests (the "Series A and C Quarterly Distribution") in accordance with our Partnership Agreement, as amended (the "Partnership Agreement"). With respect to the coupon conversion quarter (as defined in our Partnership Agreement) and all quarters thereafter, the Series A Quarterly Distribution shall be paid entirely in cash in accordance with our Partnership Agreement. To the extent that any portion of a Series A Quarterly Distribution to be paid in cash with respect to any quarter exceeds the amount of available cash for such quarter, an amount of cash equal to the available cash for such quarter will be paid to the Series A and C unitholders and the balance of such Series A and C Quarterly Distribution shall be unpaid, constitute an arrearage and accrue interest.

After making the Series A and C convertible preferred quarterly distribution and paying any arrearage and accrued interest with respect to the Series A Units, we will distribute available cash from operating surplus for any quarter 98.7% to our common unitholders, and 1.3% to our General Partner in respect of its general partnership interest, assuming it makes any capital contributions necessary to maintain its 1.3% General Partner interest in us. In addition, if distributions exceed the minimum quarterly distribution and target distribution levels, the holders of our incentive distribution rights will be entitled to increasing percentages of the distributions, up to 48.0% of the distributions above the highest target distribution level.

Magnolia Infrastructure Holdings, LLC (an affiliate of HPIP), as the holder of 2,333,333 Series D Units is entitled to receive cumulative distributions consisting of cash, in the same priority as the Series A Units and the Series C Units and prior to any other distributions made in respect of any other partnership interests (the "Series D Quarterly Distribution") in accordance with our Partnership Agreement.

Payments to our General Partner and its affiliates

Our General Partner will not receive a management fee or other compensation for its management of us. However, we will reimburse our General Partner and its affiliates for all expenses incurred on our behalf. Our Partnership Agreement provides that our General Partner will determine the amount of these reimbursed expenses.

Withdrawal or removal of our General Partner

If our General Partner withdraws or is removed, its General Partner interest and its incentive distribution rights will either be sold to the new General Partner for cash or converted into common units, in each case for an amount equal to the fair market value of those interests.

Liquidation Stage

Upon our liquidation, our partners, including our General Partner, will be entitled to receive liquidating distributions according to their particular capital account balances.

Ownership Interests of Certain Executive Officers and Directors of Our General Partner

HPIP controls and owns 77%, and Magnolia Infrastructure Holdings, LLC owns 23%, of our General Partner.

In addition to the approximate 1.3% General Partner interest in us, our General Partner owns the incentive distribution rights, which entitle the holder to increasing percentages, up to a maximum of 48.0%, of the cash we distribute in excess of $0.4125 per unit per quarter.

Agreements with Affiliates

We and other parties have or may enter into the various documents and agreements with certain of our affiliates, as described in more detail below. These agreements have been negotiated among affiliated parties and, consequently, are not the result of arm's-length negotiations.

Business Development Activity. For the years ended December 31, 2016 , 2015 and 2014, our General Partner incurred approximately $0.8 million , $1.5 million , and $0.9 million respectively, of costs related to business development compensation that were funded by the Partnership. As of December 31, 2016, the Partnership has been reimbursed for these costs. For the years ended December 31, 2016 , 2015 and 2014 , our General Partner incurred approximately less than $0.1 million , $0.1 million and $ 0.1 million of costs associated with other business development activities, respectively. If the business development activities result in a project that will be pursued and funded by the Partnership, we will reimburse our General Partner for the business development costs related to that project.

Related Party Transactions

Michael D. Rupe, the brother of Ryan Rupe (AMID's Vice President - Natural Gas Services and Offshore Pipelines), is the Chief Financial Officer of CIMA Energy Ltd., a crude oil and natural gas marketing company ("CIMA"). AMID regularly engages in purchases and sales of crude oil and natural gas with CIMA. During fiscal year 2016, AMID paid $4.3 million to CIMA and CIMA paid AMID $3.6 million in connection with such transactions.

On April 25, 2015, we issued 8,571,429 Series C Units to Magnolia Infrastructure Holdings, LLC, an ArcLight affiliate ("Magnolia Holdings"), and a warrant to purchase 800,000 common units in a private placement for approximately $120.0 million in gross proceeds. All of the proceeds of the offering plus additional borrowings of $91.0 million under our Credit Agreement were paid to Emerald Midstream, LLC, an ArcLight affiliate, for the Emerald Transactions.

On October 31, 2016, we issued the 2,333,333 Series D Units to Magnolia Holdings in a private placement for $15.00 per unit, less a closing fee of 1.5%, for approximately $34.4 million in net proceeds. If any Series D Units remain outstanding on June 30, 2017, the Partnership will issue a warrant to purchase up to 700,000 common units representing limited partnership interests in the Partnership at an exercise price of $22.00 per common unit.

Procedures for Review, Approval and Ratification of Related-Person Transactions

The Board has adopted a code of business conduct and ethics that provides that the Board of Directors of our General Partner or its authorized committee will periodically review all related-person transactions that are required to be disclosed under SEC rules and, when appropriate, initially authorize or ratify all such transactions. In the event that the Board of Directors of our General Partner or its authorized committee considers ratification of a related-person transaction and determines not to so ratify, the code of business conduct and ethics will provide that our management will make all reasonable efforts to cancel or annul the transaction.

The Code of Ethics provides that, in determining whether to recommend the initial approval or ratification of a related-person transaction, the Board of Directors of our General Partner or its authorized committee should consider all of the relevant facts and circumstances available, including (if applicable) but not limited to: i) whether there is an appropriate business justification for the transaction; ii) the benefits that accrue to us as a result of the transaction; iii) the terms available to unrelated third parties entering into similar transactions; iv) the impact of the transaction on director independence (in the event the related person is a director, an immediate family member of a director or an entity in which a director or an immediate family member of a director is a partner, shareholder, member or executive officer); v) the availability of other sources for comparable products or services; vi) whether it is a single transaction or a series of ongoing, related transactions; and vii) whether entering into the transaction would be consistent with the code of business conduct and ethics.

The Code of Ethics described above was adopted in connection with the closing of our initial public offering, and as a result the transactions described above were not reviewed under such policy.

In addition, our Partnership Agreement provides for the Conflicts Committee, as delegated by the Board as circumstances warrant, to review conflicts of interest between us and our General Partner or between us and affiliates of our General Partner. If a matter is submitted to the Conflicts Committee, which will consist solely of independent directors, for their review and approval, the Conflicts Committee will determine if the resolution of a conflict of interest that has been presented to it by the Board of Directors of our General Partner is fair and reasonable to us. The members of the Conflicts Committee may not be executive officers or employees of our General Partner or directors, executive officers or employees of its affiliates. In addition, the members of the Conflicts Committee must meet the independence and experience standards established by the NYSE and the Exchange Act for service on an audit committee of a board of directors. Any matters approved by the Conflicts Committee will be conclusively deemed to be fair and reasonable to us, approved by all of our partners and not a breach by our General Partner of any duties it may owe us or our unitholders.

Item 14. Principal Accountant Fees and Services

We have engaged PricewaterhouseCoopers LLP as our principal accountant. The following table summarizes fees we were billed or expect to be billed by PricewaterhouseCoopers LLP for audit, audit-related, tax and other services for each of the last two years:

	Years Ended December 31,	
	2016	2015
	(in thousands)	
Audit fees (1)	$ 1,994	$ 1,308
Audit related fees (2)	409	24
Tax fees (3)	332	325
All other fees (4)	—	—
	$ 2,735	$ 1,657

(1) Audit fees relate to professional services provided in connection with audits of our annual financial statements and internal control over financial reporting; reviews of our interim financial statements; audits of the annual financial statements of certain of our subsidiaries or affiliates pursuant to regulatory or contractual requirements; and, services provided in connection with the Partnership's filings with the U.S. Securities and Exchange Commission, including the issuance of comfort letters and consents.
(2) Audit-related fees relate to professional services provided for accounting consultations as well as assurance services relating to proposed transactions.
(3) Tax fees relate to professional services provided in connection with tax compliance, tax advice and tax planning. This category primarily includes services relating to the preparation of K-1 statements for our unitholders.
(4) All other fees relate to professional services provided which do not fit into one of the preceding categories.

Our Audit Committee approved the use of PricewaterhouseCoopers LLP as our independent registered public accounting firm to conduct the audit of our consolidated financial statements for the year ended December 31, 2016. All services provided by our independent auditor are subject to pre-approval by the Audit Committee. The Audit Committee is informed of each engagement of the independent auditor to provide services to us.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)(1) Financial Statements

Our consolidated financial statements are included under Part II, Item 8 of the Annual Report. For a listing of these items and accompanying footnotes, see "Index to Financial Statements": beginning on Page F-1 of this Annual Report.

(a)(2) Financial Statement Schedules

All other schedules have been omitted because they are either not applicable, not required or the information called for therein appears in the consolidated financial statements or notes thereto or will be filed within the required timeframe.

(a)(3) Exhibits

1.1	ATM Equity Offering Sales Agreement by and among Merrill Lynch, Pierce, Fenner & Smith, Inc., SunTrust Robinson Humphrey, Inc., American Midstream Partners, L.P., American Midstream GP, LLC and American Midstream, LLC (incorporated by reference to Exhibit 1.1 to the Current Report on Form 8-K filed on October 10, 2015 [File No. 001-35257])
2.1	Purchase and Sale Agreement by and between Toga Offshore, LLC and American Midstream Delta House, LLC, dated August 10, 2015 (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on August 12, 2015 [File No. 001-35257])
2.2	Purchase and Sale Agreement, dated October 13, 2014, by and among American Midstream, LLC, Energy Spectrum Partners VI LP and Costar Midstream Energy, LLC (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed October 15, 2014 [File No. 001-35257]).
2.3	Purchase and Sale Agreement by and between Emerald Midstream, LLC and American Midstream Emerald, LLC, dated April 25, 2016 (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on April 29, 2016 File [No. 001-35257])
2.4	Purchase and Sale Agreement by and between Emerald Midstream, LLC and American Midstream Emerald, LLC, LLC, dated April 27, 2016 (incorporated by reference to Exhibit 2.2 to the Current Report on Form 8-K filed on April 29, 2016 [File No. 001-35257])
2.5	Purchase Agreement by and between Magnolia Infrastructure Holdings, LLC and American Midstream Delta House, LLC, dated April 25, 2016 (incorporated by reference to Exhibit 2.3 to the Current Report on Form 8-K filed on April 29, 2016 [File No. 001-35257])
2.6	Agreement and Plan of Merger, by and between American Midstream Partners, LP, American Midstream GP, LLC, JP Energy Partners LP, JP Energy GP II LLC, Argo Merger Sub, LLC and Argo Merger GP Sub, LLC dated October 23, 2016 (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on October 24, 2016 [File No. 001-35257])
2.7	Unit Purchase Agreement by and between Red Willow Offshore, LLC and D-Day Offshore Holdings, LLC dated October 31, 2016 (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on November 11, 2016 [File No. 001-35257])
2.8	Unit Purchase Agreement by and between ILX Prospect Niedermeyer, LLC and D-Day Offshore Holdings, LLC dated October 31, 2016 (incorporated by reference to Exhibit 2.2 to the Current Report on Form 8-K filed on November 11, 2016 [File No. 001-35257])

2.9	Unit Purchase Agreement by and between ILX Prospect Diller, LLC and D-Day Offshore Holdings, LLC dated October 31, 2016 (incorporated by reference to Exhibit 2.3 to the Current Report on Form 8-K filed on November 11, 2016 [File No. 001-35257])
2.10	Unit Purchase Agreement by and between ILX Prospect Marmalard, LLC and D-Day Offshore Holdings, LLC dated October 31, 2016 (incorporated by reference to Exhibit 2.4 to the Current Report on Form 8-K filed on November 11, 2016 [File No. 001-35257])
2.11	Unit Purchase Agreement by and between LLOG Bluewater Holdings, L.L.C. and D-Day Offshore Holdings, LLC dated October 31, 2016 (incorporated by reference to Exhibit 2.5 to the Current Report on Form 8-K filed on November 11, 2016 [File No. 001-35257])
2.12	Unit Purchase Agreement by and between Ridgewood Energy Investment Funds and D-Day Offshore Holdings, LLC dated October 31, 2016 (incorporated by reference to Exhibit 2.6 to the Current Report on Form 8-K filed on November 11, 2016 [File No. 001-35257])
3.1	Certificate of Limited Partnership of American Midstream Partners, LP (incorporated by reference to Exhibit 3.1 to American Midstream Partners, LP, Form S-1 filed March 31, 2011 [File No. 333-173191])
3.2	Fourth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, LP (incorporated by reference to Exhibit 3.1 to American Midstream Partners, LP, Form 8-K filed August 15, 2013 [File No 001-35257])
3.3	First Amendment to Fourth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, LP (incorporated by reference to Exhibit 3.1 to American Midstream Partners, LP, Form 8-K filed November 1, 2013 [File No. 001-35257])
3.4	Amendment No. 2 to Fourth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, LP. (incorporated by reference to Exhibit 3.1 to American Midstream Partners, LP, Form 8-K filed February 4, 2014 [File No. 001-35257])
3.5	Amendment No. 3 to Fourth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, L.P., dated January 31, 2014 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed August 6, 2014 [File No. 001-35257])
3.6	Amendment No. 4 to Fourth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, L.P., dated March 30, 2015 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed March 31, 2015 [File No. 001-35257])
3.7	Amendment No. 5 to Fourth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, L.P., dated July 27, 2015 (incorporated by reference Exhibit 3.1 to the Current Report on Form 8-K filed on July 28, 2015 [File No. 001-35257])
3.8	Amendment No. 6 to Fourth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, L.P., dated September 9, 2015 (incorporated by reference to Exhibit 3.1 the Current Report on Form 8-K filed on November 9, 2015 [File No. 001-35257])
3.9	Certificate of Formation of American Midstream GP, LLC (incorporated by reference to Exhibit 3.4 to American Midstream Partners, LP, Form S-1 filed March 31, 2011 [File No. 333-173191])

3.10	Second Amended and Restated Limited Liability Company Agreement of American Midstream GP, LLC (incorporated by reference to Exhibit 3.2 to American Midstream Partners, LP Form 8-K filed April 19, 2013 [File No. 000-35257])
3.11	Amendment No. 1 to Second Amended and Restated Limited Liability Company Agreement of American Midstream GP, LLC (incorporated by reference to Exhibit 3.1 to American Midstream Partners, LP Form 8-K filed February 10, 2014 [File No.001-35257])
3.12	Amendment No. 2 to Second Amended and Restated Limited Liability Company Agreement of American Midstream GP, LLC, dated August 7, 2015 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on August 12, 2015 [File No. 001-35257])
3.13	Amendment No. 3 to Second Limited Liability Company Agreement of American Midstream GP, LLC, dated November 3, 2015 (incorporated by reference Exhibit 3.2 to the Current Report on Form 8-K filed on November 9, 2015 [File No. 001-35257])
3.14	Fifth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, LP dated April 25, 2016 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on April 29, 2016 [File No. 001-35257])
3.15	Third Amended and Restated Limited Liability Company Agreement of American Midstream GP, LLC, dated May 2, 2016 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on May 6, 2016 [File No. 001-35257])
3.16	Amendment No. 1 to Fifth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, LP dated April 25, 2016 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on June 22, 2016 [File No. 001-35257])
3.17	Amendment No. 2 to Fifth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, LP dated April 25, 2016 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on November 4, 2016 [File No. 001-35257])
3.18	Amendment No. 3 to Fifth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, LP dated April 25, 2016 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on March 8, 2017 [File No. 001-35257])
3.19*	Composite Agreement of Limited Partnership of American Midstream Partners, LP
4.1	Securities Agreement, dated October 13, 2014, by and among American Midstream Partners, LP, Energy Spectrum Partners VI LP and Costar Midstream Energy, LLC (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed October 15, 2014 [File No. 001-35257])
10.1	Amended and Restated Credit Agreement, dated as of September 5, 2014, by and among American Midstream Partners, LP, American Midstream, LLC, Blackwater Investments, Inc., Bank of America, N.A., Wells Fargo Bank, National Association, BBVA Compass, Capital One National Association, Citicorp North America, Inc., Comerica Bank, SunTrust Bank, Merrill, Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC and the lenders party thereto. (incorporated by reference to Exhibit 10.1 to American Midstream Partners, LP, Form 8-K filed September 10, 2014 [File No. 001-35257])
10.2	Third Amended and Restated American Midstream GP, LLC Long-Term Incentive Plan (incorporated by reference to Appendix A of the Registrant's Definitive Proxy Statement on Schedule 14A filed on January 11, 2016 (File No. 001-35257

10.3	Form of American Midstream Partners, LP Long-Term Incentive Plan Grant of Phantom Units (incorporated by reference to Exhibit 10.8 to American Midstream Partners, LP, Form S-1/A filed June 9, 2011 [File No. 333-173191])
10.4	Gas Processing Agreement between American Midstream (Louisiana Intrastate), LLC, and Enterprise Gas Processing, LLC, dated June 1, 2011 (incorporated by reference to Exhibit 10.9 to American Midstream Partners, LP Form S-1/A filed July 15, 2011 [File No. 333-173191])
10.5	Firm Gas Gathering Agreement Between American Midstream (Seacrest) LP, and Contango Resources Company (incorporated by reference to Exhibit 10.10 to American Midstream Partners, LP, Form S-1/A filed June 2, 2011 [File No. 333-173191])
10.6	Amendment to Firm Gas Gathering Agreement between American Midstream Offshore (Seacrest) LP (formerly Enbridge Offshore Pipelines [Seacrest [L.P.), and Contango Operators, Inc. (formerly Contango Resources Company) dated as of August 1, 2008 (incorporated by reference to Exhibit 10.11 to American Midstream Partners, LP, Form S-1/A filed June 2, 2011 [File No. 333-173191])
10.7	Base Contract for Sale and Purchase of Natural Gas Between Exxon Gas & Power Marketing Company and Mid Louisiana Gas Transmission, LLC (incorporated by reference to Exhibit 10.12 to American Midstream Partners, LP, Form S-1/A filed June 2, 2011 [File No. 333-173191])
10.8	Gas Processing Agreement Between American Midstream (Mississippi) LLC and Venture Oil and Gas, Inc. (incorporated by reference to Exhibit 10.13 to American Midstream Partners, LP, Form S-1/A filed June 2, 2011 [File No. 333-173191])
10.9	Gas Transportation Contract between Midcoast Interstate Transmission, Inc. and City of Decatur Utilities (incorporated by reference to Exhibit 10.14 to American Midstream Partners, LP, Form S-1/A filed June 9, 2011 [File No. 333-173191])
10.10	Amendment No. 1 to Gas Transportation Contract between Enbridge Pipelines (AlaTenn) Inc. and the City of Decatur, Alabama (incorporated by reference to Exhibit 10.15 to American Midstream Partners, LP, Form S-1/A filed June 9, 2011 [File No. 333-173191])
10.11	Natural Gas Pipeline Construction and Transportation Agreement between Bamagas Company and Calpine Energy Services, L.P. (incorporated by reference to Exhibit 10.16 to American Midstream Partners, LP Form S-1/A filed June 9, 2011 (File No. 333-173191))
10.12	First Amendment to Natural Gas Pipeline Construction and Transportation Agreement dated June 28, 2000 between Bamagas Company and Calpine Energy Services, L.P. (incorporated by reference to Exhibit 10.17 to American Midstream Partners, LP, Form S-1/A filed June 9, 2011 [File No. 333-173191])
10.13	Natural Gas Pipeline Transportation Agreement between Bamagas Company and Calpine Energy Services, L.P. (incorporated by reference to Exhibit 10.18 to American Midstream Partners, LP, Form S-1/A filed June 9, 2011 [File No. 333-173191])
10.14	First Amendment to Natural Gas Pipeline Transportation Agreement dated June 28, 2000 between Bamagas Company and Calpine Energy Services, L.P. (incorporated by reference to Exhibit 10.19 to American Midstream Partners, LP, Form S-1/A filed June 9, 2011 [File No. 333-173191])
10.15	Gas Transport Contract between Enbridge Pipelines (AlaTenn), L.L.C., and the City of Huntsville (incorporated by reference to Exhibit 10.20 to American Midstream Partners, LP, Form S-1/A filed June 9, 2011 [File No. 333-173191])
10.16	Service Agreement between Enbridge Pipelines (Midla), L.L.C., and Enbridge Marketing (US), LP, dated September 1, 2008 (incorporated by reference to Exhibit 10.21 to American Midstream Partners, LP, Form S-1/A filed June 9, 2011 [File No. 333-173191])

10.17	Service Agreement between Enbridge Pipelines (Midla), L.L.C., and Enbridge Marketing (US), LP, dated September 1, 2008 (incorporated by reference to Exhibit 10.22 to American Midstream Partners, LP, Form S-1/A filed June 9, 2011 [File No. 333-173191])
10.18	Gas Processing Agreement TOCA Gas Processing Plant between American Midstream, LLC, and Enterprise Gas Processing, LLC, dated July 1, 2010 (incorporated by reference to Exhibit 10.23 to American Midstream Partners, LP Form S-1/A filed June 9, 2011 [File No. 333-173191])
10.19	Gas Processing Agreement TOCA Gas Processing Plant between American Midstream, LLC, and Enterprise Gas Processing, LLC, dated November 1, 2010 (incorporated by reference to Exhibit 10.24 to American Midstream Partners, LP, Form S-1/A filed June 9, 2011 [File No. 333-173191])
10.20	Gas Processing Agreement TOCA Gas Processing Plant between American Midstream, LLC, and Enterprise Gas Processing, LLC, dated April 1, 2011 (incorporated by reference to Exhibit 10.25 to American Midstream Partners, LP, Form S-1/A filed June 30, 2011 [File No. 333-173191])
10.21+	Form of Amendment of Grant of Phantom Units Under the American Midstream Partners, LP, Long-Term Incentive Plan (incorporated by reference to Exhibit 10.28 to American Midstream Partners, LP, Form S-1/A filed June 9, 2011 [File No. 333-173191])
10.22+	Employment Agreement by and between American Midstream GP, LLC, and Daniel C. Campbell (incorporated by reference to Exhibit 10.1 to American Midstream Partners, LP, Form 8-K filed April 16, 2012 [File No. 001-35257]).
10.23	Purchase and Sale Agreement, dated May 25, 2012, by and between Quantum Resources A1, LP, QAB Carried WI, LP, QAC Carried WI, LP and Black Diamond Resources, LLC, collectively as Seller and Quantum Resources Management, LLC, and American Midstream Chatom Unit 1, LLC, American Midstream Chatom Unit 2, LLC, collectively as Buyer (incorporated by reference to Exhibit 10.3 to American Midstream Partners, LP, Amendment No. 1 to Form 10-Q filed November 13, 2012 [File No. 001-35257]).
10.24	Contribution Agreement by and between High Point Infrastructure Partners, LLC, and American Midstream Partners, LP, dated April 15, 2013 (incorporated by reference to Exhibit 10.1 to American Midstream Partners, LP, Form 8-K filed April 19, 2013 [File No. 001-35257])
10.25	Equity Restructuring Agreement by and among American Midstream Partners, LP, American Midstream GP, LLC, and High Point Infrastructure Partners, LLC, dated August 9, 2013 (incorporated by reference to Exhibit 10.1 to American Midstream Partners, LP, Form 8-K filed August 15, 2013 [File No. 001-35257])
10.26+	Employment Agreement between Matthew W. Rowland and American Midstream GP, LLC, dated August 22, 2013 (incorporated by reference to Exhibit 10.1 to American Midstream Partners, LP, Form 8-K filed August 28, 2013 [File No. 001-35257])
10.27	Series B PIK Unit Purchase Agreement by and among American Midstream Partners, LP, American Midstream GP, LLC, and High Point Infrastructure Partners, LLC, dated January 22, 2014 (incorporated by reference to Exhibit 10.1 to American Midstream Partners, LP, Form 8-K filed January 22, 2014 [File No. 001-35257])
10.28	First Amendment to Series B PIK Unit Purchase Agreement by and among American Midstream Partners, LP, American Midstream GP, LLC, and High Point Infrastructure Partners, LLC, dated January 22, 2014 (incorporated by reference to Exhibit 10.2 to American Midstream Partners, LP, Form 8-K filed February 4, 2014 [File No. 001-35257])
10.29	Construction and Field Gathering Agreement by and between HPIP Lavaca, LLC, and Penn Virginia Oil & Gas, L.P., dated January 31, 2014 (incorporated by reference to Exhibit 10.1 to American Midstream Partners, LP, Form 8-K filed February 4, 2014 [File No. 001-35257])
10.30	Change of Control Severance Agreement, dated June 5, 2014, by and between American Midstream GP, LLC and Tom L. Brock (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed June 11, 2014 [File No. 001-35257])

10.31	Common Unit Purchase Agreement, dated July 14, 2014, by and among American Midstream Partners, LP and the purchasers named therein (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed Jul 15, 2014 [File No. 001-35257])
10.32	Waiver of Condition and First Amendment to Common Unit Purchase Agreement, dated August 15, 2014 by and among American Midstream Partners, LP and the purchasers named therein (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed August 20, 2014 [File No. 001-35257])
10.33	Amended and Restated Credit Agreement, dated as of September 5, 2014, by and among American Midstream Partners, LP, American Midstream, LLC, Blackwater Investments, Inc., Bank of America, N.A., Wells Fargo Bank, National Association, BBVA Compass, Capital One National Association, Citicorp North America, Inc., Comerica Bank, SunTrust Bank, Merrill, Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed September 10, 2014 [File No. 001-35257])
10.34	Series A-2 Convertible Preferred Unit Purchase Agreement by and between American Midstream Partners and L.P. and Magnolia Infrastructure Partners, LLC, dated March 30, 2015 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on March 31, 2015 [File No. 001-35257])
10.35	Second Series A-2 Convertible Preferred Unit Purchase Agreement by and between American Midstream Partners, L.P. and Magnolia Infrastructure Partners, LLC, dated June 30, 2015 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on July 2, 2015 [File No. 001-35257])
10.36	First Amendment and Incremental Commitment Agreement by and among American Midstream, LLC, Blackwater Investments, Inc., American Midstream Partners, L.P., Bank of America, N.A., as Administrative Agent, and the lenders party thereto (incorporated by reference to the Current Report on Form 8-K filed on September 21, 2015 [File No. 001-35257])
10.37+	Employment Agreement by and between American Midstream GP, LLC and Michael D. Suder dated October 9, 2012
10.38+	Employment Agreement by and between American Midstream GP, LLC and Lynn L. Bourdon III, dated December 10, 2015 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on December 14, 2015 [File No. 001-35257])
10.39+	Phantom Unit Award Agreement by and between American Midstream GP, LLC and Lynn L. Bourdon III, dated December 10, 2015 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on December 14, 2015 [File No. 001-35257])
10.40+	Unit Purchase Option Grant Agreement by and between American Midstream GP, LLC and Lynn L. Bourdon III, dated December 10, 2015 (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed on December 14, 2015 [File No. 001-35257])
10.41+	First Amendment to Employment Agreement by and between American Midstream GP, LLC and Michael D. Suder dated November 4, 2015 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on November 9, 2015 [File No. 001-35257])
10.41+	Employment Agreement by and between American Midstream GP, LLC and Michael D. Suder dated December 13, 2015 (incorporated by reference to Exhibit 10.37 to the Annual Report on Form 10-K filed on March 7, 2016 [File No. 001-35257])
10.42+	Second Amendment to Employment Agreement by and between American Midstream GP, LLC and Michael D. Suder dated March 7, 2016 (incorporated by reference to Exhibit 10.37 to the Annual Report on Form 10-K filed on March 7, 2016 [File No. 001-352571])

10.43	Securities Purchase Agreement by and between American Midstream Partners, LP and Magnolia Infrastructure Holdings, LLC dated April 25, 2016 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on April 29, 2016 [File No. 001-35257])
10.44	Second Amendment to Amended and Restated Credit Agreement and First Amendment to Amended and Restated Guaranty and Collateral Agreement by and between American Midstream, LLC, Blackwater Investments, Inc., American Midstream Partners, LP and Bank of America, N.A. dated April 25, 2016 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on April 29, 2016 [File No. 001-35257])
10.45	Form of Warrant to Purchase Common Units of American Midstream Partners, LP (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed on April 29, 2016 [File No. 001-35257])
10.46	Class C Membership Interest Award Agreement by and between American Midstream GP, LLC and LB3 Services dated May 2, 2016 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on May 6, 2016 [File No. 001-35257])
10.47	Note Purchase and Guaranty Agreement by and between American Midstream Midla Financing, LLC, American Midstream (Midla), LLC, Mid Louisiana Gas Transmission, LLC and the other parties thereto dated September 30, 2016 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on October 6, 2016 [File No. 001-35257])
10.48	Limited Waiver and Third Amended and Restated Credit Agreement by and between American Midstream, LLC, Blackwater Investments, Inc., American Midstream Partners, LP and Bank of America, N.A. dated September 30, 2016 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on October 6, 2016 [File No. 001-35257])
10.49	Distribution Support and Expense Reimbursement Agreement by and among American Midstream Partners, LP, American Midstream GP, LLC and Magnolia Infrastructure Holdings, LLC dated October 23, 2016 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on October 24, 2016 [File No. 001-35257])
10.50	Securities Purchase Agreement by and between American Midstream Partners, LP and Magnolia Infrastructure Holdings, LLC dated October 31, 2016 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on November 4, 2016 [File No. 001-35257])
10.51+	Unit Purchase Option Grant Notice dated August 26, 2016 (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q filed on November 8, 2016 [File No. 001-35257])
10.52+	Long-Term Incentive Plan Grant of Phantom Units dated July 26, 2016 (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed on November 8, 2016 [File No. 001-35257])
10.53+	Transition and Release and Waiver Agreement between Daniel C. Campbell and American Midstream GP, LLC dated September 2, 2016 (incorporated by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q filed on November 8, 2016 [File No. 001-35257])
10.54+	Letter from American Midstream GP, LLC to Eric Kalamaras dated July 6, 2016 (incorporated by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q filed on November 8, 2016 [File No. 001-35257])
10.55+	Letter from American Midstream GP, LLC to Michael Croney dated June 13, 2016 (incorporated by reference to Exhibit 10.7 to the Quarterly Report on Form 10-Q filed on November 8, 2016 [File No. 001-35257])
10.56	Fourth Amendment to Amended and Restated Credit Agreement and Amendment and Restatement Agreement by and between American Midstream, LLC, Blackwater Investments, Inc., American Midstream Partners, LP and Bank of America, N.A. dated November 18, 2016 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on November 23, 2016 [File No. 001-35257])

10.57	Purchase Agreement by and between American Midstream Partners, LP, American Midstream Finance Corporation, Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and the parties thereto dated December 13, 2016 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on December 16, 2016 [File No. 001-35257])
10.58	Second Amended and Restated Credit Agreement, dated as of March 8, 2017, by and among American Midstream, LLC, Blackwater Investments, Inc., American Midstream Partners, LP, Bank of America, N.A., Wells Fargo Bank, National Association Bank of Montreal, Capital One National Association, Citibank, N.A., SunTrust Bank, Natixis New York Branch, ABN AMRO Capital USA, LLC, Barclays Bank PLC, Royal Bank of Canada, Santander Bank N.A., Merrill Lynch ,Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC and the lenders party thereto. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on March 14, 2017 [File No. 001-35257])
10.59+*	Offer Letter by and between Regina Gregory and American Midstream GP, LLC, dated August 2, 2016
10.60+*	American Midstream GP, LLC Long-Term Incentive Plan Grant of Phantom Units by and between Regina Gregory and American Midstream GP, LLC, dated September 8, 2016.
10.61+*	Unit Purchase Option Grant Notice, by and between American Midstream GP, LLC and Regina Gregory, dated September 19, 2016.
10.62+*	Separation Agreement and Release and Waiver, by and between American Midstream GP, LLC and Michael D. Suder, dated effective November 21, 2016.
10.63+*	Separation Agreement and Release, between Matthew W. Rowland and American Midstream GP, LLC, dated January 17, 2017.
10.64	American Midstream Partners, LP Amended and Restated 2014 Long Term Incentive Plan (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-8 filed on March 9, 2017 [File No.333-216585])
21.1*	American Midstream Partners, LP, List of Subsidiaries
23.1*	Consent of Independent Registered Public Accounting Firm
23.2*	Consent of Independent Auditors - BDO USA, LLP
23.3*	Consent of Independent Auditors - BDO USA, LLP
23.4*	Consent of Independent Auditors - PricewaterhouseCoopers LLP
23.5*	Consent of Independent Auditors - PricewaterhouseCoopers LLP
23.6*	Consent of Independent Auditors - Deloitte & Touche LLP
23.7*	Consent of Independent Auditors - Ernst & Young LLP
23.8*	Consent of Independent Auditors - Ernst & Young LLP
23.9*	Consent of Independent Auditors - Ernst & Young LLP

23.10*	Consent of Independent Auditors - Ernst & Young LLP
23.11*	Consent of Independent Auditors - BDO USA, LLP
23.12*	Consent of Independent Auditors - BDO USA, LLP
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934
32.1*	Certification of Chief Executive Officer 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 Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1*	2016 and 2015 Pinto Offshore Holdings, LLC Financial Statements
99.2*	2016 and 2015 Delta House FPS, LLC Financial Statements
99.3*	2016 and 2015 Delta House Oil and Gas Lateral, LLC Financial Statements
99.4*	2016 Destin Pipeline Company, L.L.C. Financial Statements
99.5*	2016 Tri-States NGL Pipeline, L.L.C. Financial Statements
99.6*	2016 Okeanos Gas Gathering Company, LLC Financial Statements
99.7*	2016 and 2015 Main Pass Oil Gathering Company, L.L.C. Financial Statements
99.8*	2015 and 2014 Okeanos Gas Gathering Company, LLC Financial Statements
99.9*	2015 and 2014 Destin Pipeline Company, L.L.C. Financial Statements
99.10*	2015 and 2014 Tri-States NGL Pipeline, L.L.C. Financial Statements
99.11*	2014 Delta House Oil and Gas Lateral, LLC Financial Statements
99.12*	2014 Delta House FPS,LLC Financial Statements
99.13*	2014 and 2013 Main Pass Oil Gathering Company Financial Statements
**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
*	Filed herewith.

+ Management contract or compensatory plan arrangement.

** Submitted electronically herewith.

SIGNATURES

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

American Midstream Partners, LP

(Registrant)

By: American Midstream GP, LLC, its general partner

By: /s/ Eric T. Kalamaras

Eric T. Kalamaras
Senior Vice President & Chief Financial Officer
(Principal Financial Officer)

Date: March 27, 2017

Pursuant to the requirements of the Securities Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on March 27, 2017 .

Signatures	Title
/s/ Lynn L. Bourdon III Lynn L. Bourdon III	Chairman of the Board, President and Chief Executive Officer of American Midstream GP, LLC (Principal Executive Officer)
/s/ Eric T. Kalamaras Eric T. Kalamaras	Senior Vice President and Chief Financial Officer of American Midstream GP, LLC (Principal Financial Officer)
/s/ Michael J. Croney Michael J. Croney	Vice President, Chief Accounting Officer and Corporate Controller of American Midstream GP, LLC (Principal Accounting Officer)
/s/ Stephen W. Bergstrom Stephen W. Bergstrom	Director, American Midstream GP, LLC
/s/ John F. Erhard John F. Erhard	Director, American Midstream GP, LLC
/s/ Donald R. Kendall Jr. Donald R. Kendall Jr.	Director, American Midstream GP, LLC
/s/ Daniel R. Revers Daniel R. Revers	Director, American Midstream GP, LLC
/s/ Peter A. Fasullo Peter A. Fasullo	Director, American Midstream GP, LLC
/s/ Joseph W. Sutton Joseph W. Sutton	Director, American Midstream GP, LLC
/s/ Lucius H. Taylor Lucius H. Taylor	Director, American Midstream GP, LLC
/s/ Gerald A. Tywoniuk Gerald A. Tywoniuk	Director, American Midstream GP, LLC

Item 16. Form 10-K Summary

None.

AMERICAN MIDSTREAM PARTNERS, LP
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Consolidated Statements of Operations for the Years Ended December 31, 2016, 2015 and 2014	F-3
Consolidated Statements of Comprehensive Income (Loss) for the Years Ended December 31, 2016, 2015 and 2014	F-4
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Report of Independent Registered Public Accounting Firm

To the Partners of American Midstream Partners, LP

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of comprehensive income (loss), of changes in partners' capital and noncontrolling interests and of cash flows present fairly, in all material respects, the financial position of American Midstream Partners, LP and its subsidiaries ("the Partnership") at December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Partnership did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) because a material weakness in internal control over financial reporting existed as of that date related to the Partnership not maintaining a sufficient complement of resources with an appropriate level of accounting knowledge, expertise and training commensurate with its financial reporting requirements. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness referred to above is described in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. We considered this material weakness in determining the nature, timing and extent of audit tests applied in our audit of the 2016 consolidated financial statements, and our opinion regarding the effectiveness of the Partnership's internal control over financial reporting does not affect our opinion on those consolidated financial statements. The Partnership's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in management's report referred to above. Our responsibility is to express opinions on these financial statements and on the Partnership's internal control over financial reporting based on our audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (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 receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) 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/ PricewaterhouseCoopers LLP
Houston, Texas
March 24, 2017

American Midstream Partners, LP, and Subsidiaries
Consolidated Balance Sheets
(In thousands, except unit amounts)

	December 31,	
	2016	2015
Assets		
Current assets		
Cash and cash equivalents	$ 2,939	$ —
Accounts receivable, net of allowance for doubtful accounts of $630 in 2016	9,523	3,181
Unbilled revenue	19,799	15,559
Other current assets	16,470	10,459
Total current assets	48,731	29,199
Property, plant and equipment, net	755,457	655,310
Restricted cash	323,564	5,037
Investment in unconsolidated affiliates	291,987	63,704
Intangible assets, net	107,898	112,849
Goodwill	16,262	16,262
Risk management assets	10,401	—
Other assets, net	9,195	9,519
Total assets	$ 1,563,495	$ 891,880
Liabilities and Partners' Capital		
Current liabilities		
Accounts payable	$ 3,555	$ 6,389
Accrued gas purchases	7,891	7,281
Accrued expenses and other current liabilities	61,578	23,313
Current portion of debt	4,458	2,338
Total current liabilities	77,482	39,321
Asset retirement obligations	44,363	28,549
Other liabilities	1,488	1,001
3.77% Senior notes	55,979	—
8.50% Senior notes	291,309	—
Revolving credit agreement	711,250	525,100
Deferred tax liabilities	7,858	5,826
Total liabilities	1,189,729	599,797
Commitments and contingencies (see Note 18)		
Convertible preferred units	334,090	169,712
Equity and partners' capital		
General Partner Interest (680 thousand and 536 thousand units issued and outstanding as of December 31, 2016 and December 31, 2015, respectively)	(105,223)	(104,853)
Limited Partner Interests (31,237 thousand and 30,427 thousand units issued and outstanding as of December 31, 2016 and December 31, 2015, respectively)	135,142	188,477
Series B convertible units (1,350 thousand units issued and outstanding as of December 31, 2015)	—	33,593
Accumulated other comprehensive income	(40)	40
Total partners' capital	29,879	117,257
Noncontrolling interests	9,797	5,114
Total equity and partners' capital	39,676	122,371
Total liabilities, equity and partners' capital	$ 1,563,495	$ 891,880

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

American Midstream Partners, LP, and Subsidiaries
Consolidated Statements of Operations
(In thousands, except per unit amounts)

	Years Ended December 31,		
	2016	2015	2014
Revenues:			
Sales of natural gas, NGLs and condensate	$ 160,950	$ 179,818	$ 255,025
Services	72,572	55,216	52,284
Gains (losses) on commodity derivatives, net	(840)	1,324	1,091
Total revenue	232,682	236,358	308,400
Operating expenses:			
Purchases of natural gas, NGLs and condensate	92,556	105,883	197,952
Direct operating expenses	61,861	60,737	45,919
Corporate expenses	54,223	29,818	24,422
Depreciation, amortization and accretion expense	46,022	38,014	28,832
Loss on sale of assets, net	591	3,011	122
Loss on impairment of property, plant and equipment	697	—	99,892
Loss on impairment of goodwill	—	118,592	—
Total operating expenses	255,950	356,055	397,139
Operating loss	(23,268)	(119,697)	(88,739)
Other income (expense):			
Interest expense	(15,499)	(14,745)	(7,577)
Other expense	—	—	(670)
Earnings in unconsolidated affiliates	40,158	8,201	348
Income (loss) from continuing operations before income taxes	1,391	(126,241)	(96,638)
Income tax expense	(2,057)	(1,134)	(557)
Income (loss) from continuing operations	(666)	(127,375)	(97,195)
Loss from discontinued operations, net of tax	—	(80)	(611)
Net income (loss)	(666)	(127,455)	(97,806)
Net income attributable to noncontrolling interests	2,804	25	214
Net income (loss) attributable to the Partnership	$ (3,470)	$ (127,480)	$ (98,020)
General Partner's interest in net income (loss)	$ (48)	$ (1,645)	$ (1,279)
Limited Partners' interest in net income (loss)	$ (3,422)	$ (125,835)	$ (96,741)
Distribution declared per common unit (1)	$ 1.71	$ 1.89	$ 1.85
Limited Partners' net income (loss) per common unit (See Note 3 and Note 15):			
Basic and diluted:			
Loss from continuing operations	$ (1.11)	$ (6.00)	$ (8.54)
Loss from discontinued operations	—	$ —	(0.04)
Net loss	$ (1.11)	$ (6.00)	$ (8.58)
Weighted average number of common units outstanding:			
Basic and diluted	31,043	24,983	13,472

(1) Declared and paid during the years ended December 31, 2016 , 2015 and 2014 .

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

American Midstream Partners, LP, and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
(In thousands)

	Years Ended December 31,		
	2016	**2015**	**2014**
Net income (loss)	$ (666)	$ (127,455)	$ (97,806)
Unrealized gains (losses) relating to postretirement benefit plan	(80)	38	(102)
Comprehensive income loss	$ (746)	$ (127,417)	$ (97,908)
Less: Comprehensive income attributable to noncontrolling interests	2,804	$ 25	$ 214
Comprehensive loss attributable to Partnership	$ (3,550)	$ (127,442)	$ (98,122)

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

American Midstream Partners, LP, and Subsidiaries
Consolidated Statements of Changes in Partners' Capital and Noncontrolling Interests
(In thousands)

	General Partner Interest	Limited Partner Interests	Series B Convertible Units	Accumulated Other Comprehensive Income (loss)	Total Partners' Capital	Non controlling Interests
Balances at December 31, 2013	$ 2,696	$ 71,039	$ —	$ 104	$ 73,839	$ 4,628
Net income (loss)	(1,279)	(96,741)	—	—	(98,020)	214
Issuance of common units, net of offering costs	—	351,551	—	—	351,551	—
Issuance of Series B Units	—	—	32,220	—	32,220	
Unitholder contributions	5,678	—	—	—	5,678	—
Unitholder distributions	(2,913)	(39,150)	—	—	(42,063)	—
Issuance and exercise of warrants	(7,164)	7,164	—	—	—	—
Contributions from noncontrolling interest owners	—	21	—	—	21	219
Distributions to noncontrolling interest owners	—	—	—	—	—	(344)
LTIP vesting	(824)	1,067	—	—	243	—
Tax netting repurchases	—	(256)	—	—	(256)	—
Equity compensation expense	1,356	—	—	—	1,356	—
Post-retirement benefit plan	—	—	—	(102)	(102)	—
Balances at December 31, 2014	$ (2,450)	$ 294,695	$ 32,220	$ 2	$ 324,467	$ 4,717
Net income (loss)	(1,645)	(125,835)	—	—	(127,480)	25
Issuance of common units, net of offering costs	—	82,421	—	—	82,421	—
Issuance of Series B Units	—	—	1,373	—	1,373	—
Unitholder contributions	1,996	—	—	—	1,996	—
Unitholder distributions	(7,023)	(64,714)	—	—	(71,737)	—
Unitholder distributions for Delta House	(96,297)	—	—	—	(96,297)	—
Contributions from noncontrolling interest owners	—	—	—	—	—	739
Distributions to noncontrolling interest owners	—	(20)	—	—	(20)	(367)
LTIP vesting	(2,490)	2,686	—	—	196	—
Tax netting repurchases	—	(756)	—	—	(756)	—
Equity compensation expense	3,056	—	—	—	3,056	—
Post-retirement benefit plan	—	—	—	38	38	—
Balances at December 31, 2015	$ (104,853)	$ 188,477	$ 33,593	$ 40	$ 117,257	$ 5,114
Net income (loss)	(48)	(3,422)	—	—	(3,470)	2,804
Cancellation of escrow units	—	(6,817)	—	—	(6,817)	—
Conversion of Series B Units	—	33,593	(33,593)	—	—	—
Issuance of warrants	4,481	—	—	—	4,481	—
Issuance of common units, net of offering costs	—	2,871	—	—	2,871	—
Unitholder contributions	1,998	—	—	—	1,998	—
Unitholder distributions	(7,938)	(82,700)	—	—	(90,638)	—
Unitholder contribution for Emerald transactions	990	—	—	—	990	—
Contributions from noncontrolling interest owners	—	—	—	—	—	3,366
Distributions to noncontrolling interest owners	—	—	—	—	—	(1,487)
LTIP vesting	(3,487)	3,487	—	—	—	—
Tax netting repurchases	—	(347)	—	—	(347)	—
Equity compensation expense	3,634	—	—	—	3,634	—
Post-retirement benefit plan	—	—	—	(80)	(80)	—
Balances at December 31, 2016	$ (105,223)	$ 135,142	$ —	$ (40)	$ 29,879	$ 9,797

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

American Midstream Partners, LP, and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

	Years Ended December 31,		
	2016	2015	2014
Cash flows from operating activities			
Net income (loss)	$ (666)	$ (127,455)	$ (97,806)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation, amortization and accretion expense	46,022	38,014	28,832
Amortization of deferred financing costs	2,267	1,482	2,212
Amortization of weather derivative premium	966	912	1,035
Unrealized (gain) loss on derivative contracts, net	(10,221)	71	(595)
Non-cash compensation expense	3,634	3,863	1,626
Postretirement benefit plan benefit	(17)	(14)	(45)
Loss on sale of assets, net	591	3,161	207
Loss on impairment of property, plant and equipment	697	—	99,892
Loss on impairment of noncurrent assets held for sale	—	—	673
Loss on impairment of goodwill	—	118,592	—
Earnings in unconsolidated affiliates	(40,158)	(8,201)	(348)
Distributions from unconsolidated affiliates	40,158	8,201	348
Deferred tax expense	2,057	953	213
Allowance for bad debts	630	—	—
Changes in operating assets and liabilities, net of effects of assets acquired and liabilities assumed:			
Accounts receivable	(6,972)	1,743	13,067
Unbilled revenue	(4,240)	9,060	2,272
Risk management assets and liabilities	(1,030)	(875)	(809)
Other current assets	(2,817)	(962)	(7,533)
Other assets, net	841	(522)	6,049
Accounts payable	(827)	(1,921)	(12,026)
Accrued gas purchases	610	(7,045)	(5,540)
Accrued expenses and other current liabilities	14,212	1,135	(9,149)
Asset retirement obligations	(858)	(90)	(1,030)
Other liabilities	483	835	(67)
Net cash provided by operating activities	45,362	40,937	21,478
Cash flows from investing activities			
Cost of acquisitions, net of cash acquired and settlements	(2,676)	7,383	(362,316)
Acquisition of investments in unconsolidated affiliates	(150,179)	(65,701)	(12,000)
Additions to property, plant and equipment	(123,078)	(137,029)	(96,998)
Proceeds from disposal of property, plant and equipment	133	4,813	6,323
Distributions from unconsolidated affiliates, return of capital	42,886	12,367	1,632
Restricted cash	(318,527)	6,475	(8,511)
Net cash used in investing activities	(551,441)	(171,692)	(471,870)

Cash flows from financing activities			
Proceeds from issuance of common units, net of offering costs	2,825	82,488	204,255
Unitholder contributions	1,998	1,905	5,588
Unitholder distributions	(64,075)	(53,386)	(28,009)
Issuance of convertible preferred units, net of offering costs	34,413	44,768	—
Issuance of Series B Units	—	—	30,000
Unitholder distributions for common control transactions	—	(96,297)	—
Contributions from noncontrolling interest owners	3,366	584	—
Distributions to noncontrolling interest owners	(1,487)	(114)	(322)
LTIP tax netting unit repurchases	(347)	(756)	(256)
Payment of financing costs	(5,140)	(2,238)	(3,841)
Proceeds from 3.77% Senior Notes	60,000	—	—
Proceeds from 8.50% Senior Notes	294,000	—	—
Payments on other debt	(2,685)	(3,557)	(2,589)
Borrowings on other debt	—	4,709	3,449
Payments on Credit Agreement	(164,950)	(189,150)	(250,870)
Borrowings on Credit Agreement	351,100	341,300	493,085
Net cash provided by financing activities	509,018	130,256	450,490
Net increase (decrease) in cash and cash equivalents	2,939	(499)	98
Cash and cash equivalents			
Beginning of period	—	499	401
End of period	$ 2,939	$ —	$ 499

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

1. Organization, Basis of Presentation and Summary of Significant Accounting Policies

General

American Midstream Partners, LP (the “Partnership”, “we”, “us”, or “our”) is a growth-oriented Delaware limited partnership that was formed on August 20, 2009 to own, operate, develop and acquire a diversified portfolio of midstream energy assets. The Partnership’s general partner, American Midstream GP, LLC (the “General Partner”), is 95% owned by High Point Infrastructure Partners, LLC (“HPIP”) and 5% owned by Magnolia Infrastructure Holdings, LLC, both of which are affiliates of ArcLight Capital Partners, LLC ("ArcLight"). Our capital accounts consist of notional General Partner units and units representing limited partner interests.

Nature of business

We provide critical midstream infrastructure that links producers of natural gas, crude oil, NGLs, condensate and specialty chemicals to numerous intermediate and end-use markets. Through our three reportable segments, (i) gathering and processing, (ii) transmission and (iii) terminals, we engage in the business of gathering, treating, processing, and transporting natural gas; gathering, transporting, storing, treating and fractionating NGLs; gathering, storing and transporting crude oil and condensates; and storing specialty chemical products.

Our primary assets are strategically located in some of the most prolific onshore and offshore producing regions and key demand markets in the United States. Our gathering and processing assets are primarily located in (i) the Permian Basin of West Texas, (ii) the Cotton Valley/Haynesville Shale of East Texas, (iii) the Eagle Ford Shale of South Texas, (iv) the Bakken Shale of North Dakota, and (v) offshore in the Gulf of Mexico. Our transmission and terminal assets are located in key demand markets in Alabama, Louisiana, Mississippi and Tennessee and in the Port of New Orleans in Louisiana and the Port of Brunswick in Georgia.

We own or have ownership interests in more than 3,800 miles of onshore and offshore natural gas, crude oil, NGL and saltwater pipelines across 15 gathering systems, six interstate pipelines and eight intrastate pipelines; eight natural gas processing plants; four fractionation facilities; an offshore semisubmersible floating production system with nameplate processing capacity of 80 MMBbl/d of crude oil and 200 MMcf/d of natural gas; and three marine terminal sites with approximately 2.4 MMBbls of above-ground aggregate storage capacity for petroleum products, distillates, chemicals and agricultural products. A portion of our cash flow is derived from our investments in unconsolidated affiliates.

Basis of presentation

We have prepared the accompanying consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The results of operations for acquisitions accounted for as business combinations have been included in the consolidated financial statements since their respective acquisition dates. See *Note 2 - Acquisitions* for further information.

Revisions and out of period adjustments

Revenues - Historically, we presented revenue from the sales of natural gas, NGLs and condensate and from the provision of midstream services on an aggregate basis in our consolidated statements of operations. Beginning in 2016, we have broken those amounts into separate line items in our consolidated statements of operations. Our financial statements for prior years have been revised to conform to the new presentation.

Collaborative arrangements - As part of the Costar Midstream, L.L.C. acquisition in October 2014, we acquired a 50% interest in a project to process unstablized condensate and off-spec NGLs. We accounted for this project, which commenced operations during the second quarter of 2016, as an investment in an unconsolidated affiliate under the equity method. During the fourth quarter of 2016, we determined that this accounting method was incorrect and that the project should have been accounted for as a collaborative arrangement. We corrected the cumulative impact of this error with an out of period adjustment in the fourth quarter of 2016, resulting in an increase in services revenue of $1.2 million , offset by an increase in depreciation, amortization and accretion expense of $1.0 million and a reduction in earnings in unconsolidated affiliates of $0.5 million . On a net basis, the correction resulted in a $0.3 million decrease in net income for the fourth quarter of 2016; there was no impact on our results for the year

ended December 31, 2016. We also revised our consolidated balance sheet as of December 31, 2015 to correct the related classification errors. Such revision resulted in increases in property, plant and equipment of $7.3 million and intangible assets of $ 11.9 million , offset by a decrease in investment in unconsolidated affiliates of $18.6 million , and an increase in non-controlling interests of $0.6 million . Finally, we revised our consolidated statement of cash flows for the year ended December 31, 2015 to increase additions to property plant and equipment by $6.5 million , reduce investments in unconsolidated affiliates by $5.9 million and increase non-controlling interests by $0.6 million .

Earnings in unconsolidated affiliates - During the fourth quarter of 2016, we were notified by one of our unconsolidated affiliates that it had identified an error in the financial information it had previously reported to us. Specifically, the affiliate advised that its depreciation expense in prior periods was understated and as a result, its net income for those periods was overstated. As we account for our investment in this affiliate on the equity method, our related earnings were overstated by our pro rata share of this error. We corrected the cumulative impact of this error with an out of period adjustment of $1.4 million to reduce earnings for unconsolidated affiliates in the fourth quarter of 2016. Of this amount, $0.4 million related to 2015 while the remaining $1.0 million related to the first nine months of 2016.

We evaluated the impact of the errors referred to above and concluded that they were not material, individually or in the aggregate, to the financial statements of any previous annual or interim period and that correction of the errors in the fourth quarter of 2016 was not material to the 2016 financial statements.

Transactions between entities under common control

We may enter into transactions with ArcLight affiliates whereby we receive midstream assets or other businesses in exchange for cash or Partnership equity. We account for the net assets acquired at the affiliate's historical cost basis as the transactions are between entities under common control. In certain cases, our historical financial statements will be revised to include the results attributable to the assets acquired from the later of April 15, 2013 (the date Arclight affiliates obtained control of our General Partner) or the date the ArcLight affiliate obtained control of the assets acquired.

Consolidation policy

The accompanying consolidated financial statements include accounts of American Midstream Partners, LP, and its controlled subsidiaries. All significant inter-company accounts and transactions have been eliminated in the preparation of the accompanying consolidated financial statements.

Use of estimates

When preparing consolidated financial statements in conformity with GAAP, management must make estimates and assumptions based on information available at the time. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosures of contingent assets and liabilities as of the date of the financial statements. Estimates and assumptions are based on information available at the time such estimates and assumptions are made. Adjustments made with respect to the use of these estimates and assumptions often relate to information not previously available. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements. Estimates and assumptions are used in, among other things, i) estimating unbilled revenues, product purchases and operating and general and administrative costs, ii) developing fair value assumptions, including estimates of future cash flows and discount rates, iii) analyzing long-lived assets, goodwill and intangible assets for possible impairment, iv) estimating the useful lives of assets and v) determining amounts to accrue for contingencies, guarantees and indemnifications. Actual results, therefore, could differ materially from estimated amounts.

Cash, cash equivalents and restricted cash

We consider all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short term to maturity of these investments.

From time to time we are required to maintain cash in separate accounts the use of which is restricted by the terms of our debt agreements or asset retirement obligations. Such amounts are included in *Restricted cash* in our consolidated balance sheets.

Allowance for doubtful accounts

We establish provisions for losses on accounts receivable when we determine that we will not collect all or part of an outstanding balance. Collectability is reviewed regularly and an allowance is established or adjusted, as necessary, using the specific identification method. As of December 31, 2016 , the Partnership recorded allowances for doubtful accounts of $0.6 million .

Derivative financial instruments

Our net income (loss) and cash flows are subject to volatility stemming from changes in interest rates on our variable rate debt, commodity prices and fractionation margins (the relative difference between the price we receive from NGL sales and the corresponding cost of natural gas purchases). In an effort to manage the risks to unitholders, we use a variety of derivative financial instruments including swaps, collars and interest rate caps to create offsetting positions to specific commodity or interest rate exposures. In accordance with the authoritative accounting guidance, we record all derivative financial instruments in our consolidated balance sheets at fair value as current and long-term assets or liabilities on a net basis by counterparty. We record changes in the fair value of our commodity derivatives in *Gains (losses) on commodity derivatives, net* while changes in the fair value of our interest rate swaps are included in *Interest expense* in our consolidated statements of operations.

Our hedging program provides a control structure and governance for our hedging activities specific to identified risks and time periods, which are subject to the approval and monitoring by the Board of Directors of our General Partner. We employ derivative financial instruments in connection with an underlying asset, liability or anticipated transaction, and we do not use derivative financial instruments for speculative or trading purposes.

The price assumptions we use to value our derivative financial instruments can affect net income (loss) for each period. We use published market price information where available, or quotations from over-the-counter, market makers to find executable bids and offers. The valuations also reflect the potential impact of conditions, including credit risk of our counterparties. The amounts reported in our consolidated financial statements change quarterly as these valuations are revised to reflect actual results, changes in market conditions or other factors, many of which are beyond our control.

Fair value measurements

We apply the authoritative accounting provisions for measuring the fair value of our derivative financial instruments and disclosures associated with our outstanding indebtedness. We define fair value as an exit price representing the expected amount we would receive when selling an asset or pay to transfer a liability in an orderly transaction with market participants at the measurement date.

We use various assumptions and methods in estimating the fair values of our financial instruments. The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable approximated their fair value due to the short-term maturity of these instruments.

We employ a hierarchy which prioritizes the inputs we use to measure recurring fair value into three distinct categories based upon whether such inputs are observable in active markets or unobservable. We classify assets and liabilities in their entirety based on the lowest level of input that is significant to the fair value measurement. Our methodology for categorizing assets and liabilities that are measured at fair value pursuant to this hierarchy gives the highest priority to unadjusted quoted prices in active markets and the lowest level to unobservable inputs as outlined below:

- Level 1 – Inputs represent unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs include quoted prices for similar assets and liabilities in active markets that are either directly or indirectly observable; and
- Level 3 – Inputs are unobservable and considered significant to fair value measurement.

We utilize a mid-market pricing convention, or the "market approach," for valuation for assigning fair value to our derivative assets and liabilities. Our credit exposure for over-the-counter derivatives is directly with our counterparty and continues until the maturity or termination of the contracts. As appropriate, valuations are adjusted for various factors such as credit and liquidity considerations.

Property, plant and equipment

We capitalize expenditures related to property, plant and equipment that have a useful life greater than one year. We also capitalize expenditures that improve or extend the useful life of an asset. Maintenance and repair costs, including any planned major maintenance activities, are expensed as incurred.

We record property, plant, and equipment at cost and recognize depreciation expense on a straight-line basis over the related estimated useful lives of the assets which range from 3 to 40 years. Our determination of the useful lives of property, plant and equipment requires us to make various assumptions, including the supply of and demand for hydrocarbons in the markets served by our assets, normal wear and tear of the facilities, and the extent and frequency of maintenance programs. We record depreciation using the group method of depreciation, which is commonly used by pipelines, utilities and similar assets.

We classify long-lived assets to be disposed of through sales that meet specific criteria as held for sale. We cease depreciating those assets effective on the date the asset is classified as held for sale. We record those assets at the lower of their carrying value or the estimated fair value less the cost to sell. Until the assets are disposed of, our estimate of fair value is re-determined when related events or circumstances change.

Impairment of long lived Assets

We evaluate the recoverability of our property, plant and equipment and intangible assets with definite lives when events or circumstances indicate we may not recover the carrying amount of the assets. We continually monitor our operations, the market, and business environment to identify indicators that could suggest an asset or asset group may not be recoverable. We evaluate the asset or asset group for recoverability by estimating the undiscounted future cash flows expected to be derived from their use and disposition. These cash flow estimates require us to make projections and assumptions for many years into the future for pricing, demand, competition, operating cost, contract renewals, and other factors. An asset or asset group is considered impaired when the estimated undiscounted cash flows are less than the carrying amount. In that event, an impairment loss is recognized to the extent that the carrying amount of the asset or asset group exceeds its fair value as determined by quoted market prices in active markets or present value techniques. The determination of fair values using present value techniques requires us to make projections and assumptions regarding future cash flows and weighted average cost of capital. Any changes we make to these projections and assumptions could result in significant revisions to our evaluation of the recoverability of our property, plant and equipment and the recognition of an impairment loss in our consolidated statements of operations.

Goodwill and intangible assets

We record goodwill for the excess of the cost of an acquisition over the fair value of the net assets of the acquired business. Goodwill is reviewed for impairment at least annually or more frequently if an event or change in circumstance indicates that an impairment may have occurred. We first assess qualitative factors to evaluate whether it is more likely than not that an impairment has occurred and it is therefore necessary to perform the two-step goodwill impairment test. If the two-step goodwill impairment test indicates that the goodwill is impaired, an impairment loss is recorded.

We record the estimated fair value of acquired customer contracts, relationships and dedicated acreage agreements as intangible assets. These intangible assets have definite lives and are subject to amortization on a straight-line basis over their economic lives, currently ranging between 10 years and 30 years . We assess intangible assets for impairment together with related underlying long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Investment in unconsolidated affiliates

We hold membership interests in entities that own and operate natural gas pipeline systems and NGL and crude oil pipelines in and around Louisiana, Alabama, Mississippi and the Gulf of Mexico. While we have significant influence over these entities, we do not control them and therefore, they are accounted for using the equity method and are reported in *Investment in unconsolidated affiliates* in the consolidated balance sheets. We evaluate the recoverability of these investments on a regular basis and recognize impairment write downs if we determine a loss in value represents an other than temporary decline.

Deferred financing costs

Costs incurred in connection with our Credit Agreement are deferred and charged to interest expense over the term of the related credit arrangement. Such amounts are included in *Other assets, net* in our consolidated balance sheet. Costs incurred in connection with our 8.50% Senior Notes and 3.77% Senior Notes are also deferred and charged to interest expense over the respective term of the agreements; however, these amounts are reflected as a reduction of the related obligation. Gains or losses on debt repurchases or extinguishment include any associated unamortized deferred financing costs.

Asset retirement obligations

Asset retirement obligations ("ARO") are legal obligations associated with the retirement of tangible long-lived assets that result from the asset's acquisition, construction, development and operation. An ARO is initially measured at its estimated fair value. Upon initial recognition, we also record an increase to the carrying amount of the related long-lived asset. We depreciate the asset using the straight-line method over the period during which it is expected to provide benefits. After initial recognition, we revise the ARO to reflect the passage of time and for changes in the estimated amount or timing of cash flows.

We have legal obligations requiring us to decommission our offshore pipeline systems at retirement. In certain rate jurisdictions, we are permitted to include annual charges for removal costs in the regulated cost of service rates we charge our customers. Additionally, legal obligations exist for certain of our offshore right-of-way agreements due to requirements or landowner options to compel us to remove the pipe at final abandonment. Sufficient data exists with certain onshore pipeline systems to reasonably estimate the cost of abandoning or retiring a pipeline system. However, in some cases, there is insufficient information to reasonably determine the timing and/or method of settlement for purposes of estimating the fair value of the asset retirement obligation. In these cases, the asset retirement obligation cost is considered indeterminate because there is no data or information that can be derived from past practice, industry practice, management's experience, or the asset's estimated economic life. The useful lives of most pipeline systems are primarily derived from available supply resources and ultimate consumption of those resources by end users. Variables can affect the remaining lives of the assets which preclude us from making a reasonable estimate of the asset retirement obligation. Indeterminate asset retirement obligation costs will be recognized in the period in which sufficient information exists to reasonably estimate potential settlement dates and methods.

Commitments, contingencies and environmental liabilities

We expense or capitalize, as appropriate, expenditures for ongoing compliance with environmental regulations that relate to past or current operations. We expense amounts we incur from the remediation of existing environmental contamination caused by past operations that do not benefit future periods by preventing or eliminating future contamination. We record liabilities for environmental matters when assessments indicate that remediation efforts are probable and the costs can be reasonably estimated. Estimates of environmental liabilities are based on currently available facts, existing technology and presently enacted laws and regulation taking into consideration the likely effects of inflation and other factors. These amounts also take into account our prior experience in remediating contaminated sites, other companies' clean-up experience and data released by government organizations. Our estimates are subject to revision in future periods based on actual cost or new information. We evaluate recoveries from insurance coverage separately from the liability and, when recovery is probable, we record an asset separately from the associated liability in our consolidated financial statements.

We recognize liabilities for other commitments and contingencies when, after fully analyzing the available information, we determine it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. When a range of probable loss can be estimated, we accrue the most likely amount or if no amount is more likely than another, we accrue the minimum of the range of probable loss. We expense legal costs associated with loss contingencies as such costs are incurred.

Noncontrolling interests

Noncontrolling interests represent the minority interest holders' proportionate share of the equity in certain of our consolidated subsidiaries and are adjusted for the minority interest holders' proportionate share of the subsidiaries' earnings or losses each period.

Revenue recognition

We recognize revenue from the sale of commodities (e.g., natural gas, crude oil, NGLs or condensate) as well as from the provision of gathering, processing, transportation or storage services when all of the following criteria are met: i) persuasive evidence of an exchange arrangement exists, ii) delivery has occurred or services have been rendered, iii) the price is fixed or determinable, and iv) collectability is reasonably assured. We recognize revenue from the sale of commodities and the related cost of product sold on a gross basis for those transactions where we act as the principal and take title to commodities that are purchased for resale.

Purchases of natural gas, NGLs and condensate

Purchases of natural gas, NGLs and condensate represent the cost of commodities purchased for resale or obtained in connection with certain of our customer revenue arrangements. These costs do not include an allocation of depreciation expense or direct operating costs.

Corporate expenses

Corporate expenses include compensation costs for executives and administrative personnel, professional service fees, rent expense and other general and administrative expenses and are recognized as incurred.

Operational balancing agreements and natural gas imbalances

To facilitate deliveries of natural gas and provide for operational flexibility, we have operational balancing agreements in place with other interconnecting pipelines. These agreements ensure that the volume of natural gas a shipper schedules for transportation between two interconnecting pipelines equals the volume actually delivered. If natural gas moves between pipelines in volumes that are more or less than the volumes the shipper previously scheduled, a natural gas imbalance is created. The imbalances are settled through periodic cash payments or repaid in-kind through future receipt or delivery of natural gas. Natural gas imbalances are recorded in *Other current assets* or *Accrued expenses and other current liabilities* on our consolidated balance sheets at cost which approximates fair value.

Equity-based compensation

We award equity-based compensation to management, non-management employees and directors under our Long-Term Incentive Plan ("LTIP"), which provides for the issuance of options, unit appreciation rights, restricted units, phantom units, other unit-based awards, unit awards or replacement awards, as well as tandem Distribution Equivalent Rights ("DERs"). Compensation expense is measured by the fair value of the award at the date of grant as determined by management. Compensation expense is recognized in *Corporate expenses and Direct operating expenses* over the requisite service period of each award.

Income taxes

The Partnership is not a taxable entity for U.S. federal income tax purposes or for the majority of states that impose an income tax. Taxes on our net income are generally borne by our unitholders through the allocation of taxable income. American Midstream Blackwater, LLC, a subsidiary of the Partnership, owns a subsidiary that has operations which are subject to both federal and state income taxes. We account for income taxes of that subsidiary using an asset and liability approach for financial accounting and reporting of income taxes. If it is more than likely that a deferred tax asset will not be realized, a valuation allowance is recognized.

Margin tax expense results from the enactment of laws by the State of Texas that apply to entities organized as partnerships and is included in *Income tax expense* in our consolidated statements of operations. The Texas margin tax is computed on the portion of our taxable margin which is apportioned to Texas.

Net income (loss) for financial statement purposes may differ significantly from taxable income (loss) allocable to unitholders as a result of differences between the financial reporting and income tax bases of our assets and liabilities and the taxable income allocation requirement under our Partnership Agreement. The aggregate difference in the basis of our net assets for financial and tax reporting purposes cannot be readily determined because information regarding each partner's tax attributes in us is not available.

Accumulated other comprehensive income (loss)

Accumulated other comprehensive income (loss) is comprised solely of adjustments related to the Partnership's postretirement benefit plan.

Limited partners' net income (loss) per unit

We compute earnings per unit using the two-class method. The two-class method requires that securities that meet the definition of a participating security be considered for inclusion in the computation of basic earnings per unit. Under the two-class method, earnings per unit is calculated as if all of the earnings for the period were distributed under the terms of the Partnership Agreement, regardless of whether the General Partner has discretion over the amount of distributions to be made in any particular period, whether those earnings would actually be distributed during a particular period from an economic or practical perspective, or whether the General Partner has other legal or contractual limitations on its ability to pay distributions that would prevent it from distributing all of the earnings for a particular period.

The two-class method does not impact our overall net income or other financial results; however, in periods in which aggregate net income exceeds our aggregate distributions for such period, it will have the impact of reducing net income per limited partner unit. This result occurs as a larger portion of our aggregate earnings, as if distributed, is allocated to the incentive distribution rights of the General Partner, even though we make distributions on the basis of available cash and not earnings. In periods in

which our aggregate net income does not exceed our aggregate distributions for such period, the two-class method does not have any impact on our calculation of earnings per limited partner unit.

New Accounting Pronouncements

Recently Adopted Accounting Standards

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03, Simplifying the Presentation of Debt Issuance Costs. This update requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for fiscal years beginning after December 15, 2015, including interim periods therein, and is applied retrospectively. Early adoption is permitted for financial statements that have not been previously issued. ASU 2015-15, Presentation and Subsequent Measurement of Debt Issue Costs Associated with Line of Credit Arrangements, was subsequently issued to address the absence of authoritative guidance for debt issuance costs related to line-of-credit arrangements and states that the Securities and Exchange Commission ("SEC") staff will not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement.
The Partnership adopted the requirements of ASU No. 2015-03 effective January 1, 2016 and classifies the debt issuance costs applicable to its 8.50% Senior Notes and 3.77% Senior Notes as a reduction of the related debt obligation. Additionally, the Partnership continues to classify the debt issuance costs relating to its Credit Agreement within *Other assets, net* as allowed by ASU No. 2015-15.

In September 2015, the FASB issued ASU No. 2015-16, Business Combinations (Topic 805). This update requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. ASU 2015-16 is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. Early adoption is permitted for financial statements that have not been issued. The Partnership adopted the updated guidance effective January 1, 2016 without impact to its financial statements.

Accounting Standards Issued Not Yet Adopted

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which amends the existing accounting guidance for revenue recognition. The update requires an entity to recognize revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU No. 2015-14 was subsequently issued and deferred the effective date to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that period. In March 2016, the FASB issued ASU No. 2016-08, Revenue from Contracts with Customers (Topic 606): Principal Versus Agent Considerations, as further clarification on principal versus agent considerations. In April 2016, the FASB issued ASU No. 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing as further clarification on identifying performance obligations and the licensing implementation guidance. In May 2016, the FASB issued ASU No. 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients, as clarifying guidance on specific narrow scope improvements and practical expedients. We are in the process of reviewing our various customer arrangements in order to determine the impact that these updates will have on our consolidated financial statements and related disclosures. We have engaged a third-party consultant to assist with our review, which we currently expect to complete in the third quarter of 2017.

In February 2016, the FASB issued ASU No. 2016-02 (Topic 842) "Leases" which supersedes the lease recognition requirements in Accounting Standards Codification Topic 840, "Leases". Under ASU No. 2016-02 lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. Leases will continue to be classified as either finance or operating. ASU No. 2016-02 is effective for annual reporting periods, and interim periods within those years beginning after December 15, 2018. Entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements, and there are certain optional practical expedients that an entity may elect to apply. Full retrospective application is prohibited and early adoption by public entities is permitted. Based upon our evaluation to date, we anticipate that the adoption of ASU 2016-02 will have a material effect on our consolidated financial statements as we will be required to reflect our various lease obligations and associated asset use rights on our consolidated balance sheets. The adoption may also impact our debt covenant compliance and may require us to modify or replace certain of our existing information systems. We have not yet determined the timing or manner in which we will implement the updated guidance.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 320): Classification of Cash Receipts and Cash Payments, which addresses eight specific cash flow issues with the objective of reducing the existing diversity of presentation and classification in the statement of cash flows. ASU No. 2016-15 is effective for fiscal years beginning after December 15, 2017,

including interim periods within those fiscal periods. Early adoption is permitted, but only if all aspects are adopted in the same period. The Partnership is currently evaluating the impact this update will have on its consolidated statements of cash flows and related disclosures.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, which aims to improve the disclosure of the change during the period in total cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash or restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts on the statement of cash flows. The update is effective beginning first quarter of 2018. Early adoption is permitted, but it must occur in the first interim period. Any adjustments required in early adoption of this update should be reflected as of the beginning of the fiscal year that includes the interim period and should be applied using a retrospective transition method to each period. The Partnership is evaluating the impact that this update will have on our consolidated statement of cash flows and related disclosures.

2. Acquisitions and Divestitures

JP Energy Partners

On March 8, 2017, the Partnership completed the acquisition of JPE, an entity controlled by ArcLight affiliates, in a unit-for-unit merger. In connection with the transaction, each JPE common or subordinated unit held by investors not affiliated with ArcLight was converted into the right to receive 0.5775 of a Partnership common unit, and each JPE common or subordinated unit held by ArcLight affiliates was converted into the right to receive 0.5225 of a Partnership common unit. The Partnership issued a total of 20.2 million of its common units to complete the acquisition, including 9.8 million common units to ArcLight affiliates.

As both the Partnership and JPE were controlled by ArcLight affiliates, the acquisition represents a transaction among entities under common control and will be accounted for as a common control transaction. Although the Partnership is the legal acquirer, JPE is considered to be the acquirer for accounting purposes as ArcLight obtained control of JPE prior to obtaining control of the Partnership on April 15, 2013. As a result, JPE will record the acquisition of the Partnership at ArcLight's historical cost basis. The Partnership will file recast historical cost financial statements for the combined entity in May 2017.

JPE owns, operates and develops a diversified portfolio of midstream energy assets with three business segments (i) crude oil pipelines and storage, (ii) refined products terminals and storage and (iii) NGL distribution and sales, which together provide midstream infrastructure solutions for the growing supply of crude oil, refined products and NGLs, in the United States.

Delta House Investment

On September 18, 2015, the Partnership acquired a 26.3% interest in Pinto Offshore Holdings, LLC ("Pinto"), an entity that owns 49% of the Class A Units of Delta House FPS LLC and of Delta House Oil and Gas Lateral LLC (collectively referred to herein as "Delta House"), a floating production system platform with associated crude oil and gas export pipelines, located in the Mississippi Canyon region of the deepwater Gulf of Mexico ("Delta House").

We acquired our 26.3% non-operated interest in Pinto in exchange for $ 162.0 million in cash, funded by the proceeds of a public offering of 7.5 million of the Partnership's common units and with borrowings under the Partnership's Amended and Restated Credit Agreement (the "Credit Agreement"). As a result, we own a minority interest in Pinto, which represents an indirect interest in 12.9% of Delta House's Class A Units. Pursuant to the Pinto LLC Agreement, we have no management control or authority over the day-to-day operations. Our interest in Pinto is accounted for as an equity method investment in the consolidated financial statements.

Because our interest in Delta House was previously owned by an ArcLight affiliate, we accounted for our investment at the affiliate's historical cost basis of $65.7 million and was recorded in *Investments in unconsolidated affiliates* in our consolidated balance sheets and as an investing activity within the related consolidated statement of cash flows. The amount by which the total consideration exceeded affiliate's historical cost basis was $96.3 million and is recorded as a distribution within the consolidated statements of changes in partners' capital and noncontrolling interests and a financing activity in the consolidated statement of cash flows.

On April 25, 2016, the Partnership increased its investment in Delta House through the purchase of 100% of the outstanding membership interests in D-Day Offshore Holdings, LLC ("D-Day"), an Arclight affiliate which owned 1.0% of Delta House Class A Units in exchange for approximately $9.9 million in cash funded with borrowings under the Partnership's Credit Agreement.

Because the additional investment in Delta House was previously owned by an ArcLight affiliate, we recorded our investment in D-Day at the affiliate's historical cost basis of $9.9 million in *Investments in unconsolidated affiliates* on our consolidated balance sheet and as an investing activity within our condensed consolidated statements of cash flows.

On October 31, 2016, D-Day acquired an additional 6.2% direct interest in Delta House Class A Units from unrelated parties for approximately $48.8 million which was funded with $34.5 million in net proceeds from the issuance of 2,333,333 Series D convertible preferred units ("Series D Preferred Units") to an ArcLight affiliate, plus $14.3 million in cash funded with borrowings under our Credit Agreement.

Our investments in D-Day and Pinto result in the Partnership holding a 20.1% non-operated direct and indirect interests in the Class A units of Delta House as of December 31, 2016 . The Partnership's interest in Delta House consists of a 20.1% interest in Class A Units of Delta House FPS, which are currently entitled to receive 100% of the distributions from Delta House FPS until a certain payout threshold is met. Once the payout threshold is met, approximately 7% of distributions from Delta House FPS will be paid to the Class B membership interests in Delta House FPS.

Emerald Transactions

On April 25, 2016 and April 27, 2016, American Midstream Emerald, LLC ("Emerald"), a wholly-owned subsidiary of the Partnership, entered into two purchase and sale agreements with Emerald Midstream, LLC, an ArcLight affiliate, for the purchase of membership interests in certain midstream entities.

On April 25, 2016, Emerald entered into the first purchase and sale agreement for the purchase of membership interests in entities that own and operate natural gas pipeline systems and NGL pipelines in and around Louisiana, Alabama, Mississippi, and the Gulf of Mexico (the "Pipeline Purchase Agreement"). Pursuant to the Pipeline Purchase Agreement, Emerald acquired (i) 49.7% of the issued and outstanding membership interests of in Destin Pipeline Company, L.L.C. ("Destin"), (ii) 16.7% of the issued and outstanding membership interests of Tri-States NGL Pipeline, L.L.C. ("Tri-States"), and (iii) 25.3% of the issued and outstanding membership interests of Wilprise Pipeline Company, L.L.C. ("Wilprise"), in exchange for approximately $183.6 million (the "Pipeline Transaction").

The Destin pipeline is a FERC-regulated, 255 -mile natural gas transportation system with total capacity of 1.2 Bcf/d. The system originates offshore in the Gulf of Mexico and includes connections with four producing platforms and six producer-operated laterals, including Delta House. The 120 -mile offshore portion of the Destin system terminates at the Pascagoula processing plant, which is owned by Enterprise Products Partners, LP, and is the single source of raw natural gas to the plant. The onshore portion of Destin is the sole delivery point for merchant-quality gas from the Pascagoula processing plant and extends 135 miles north in Mississippi. Destin currently serves as the primary transfer of gas flows from the Barnett and Haynesville shale plays to Florida markets through interconnections with major interstate pipelines. Contracted volumes on the Destin pipeline are based on life-of-field dedications, dedicated volumes over a given period, or interruptible volumes as capacity permits. We became the operator of the Destin pipeline on November 1, 2016. The Tri-States pipeline is a FERC-regulated, 161 -mile NGL pipeline and sole form of transport to Louisiana-based fractionators for NGLs produced at the Pascagoula plant served by Destin and other facilities. The Wilprise pipeline is a FERC-regulated, approximately 30 -mile NGL pipeline that originates at the Kenner Junction and terminates in Sorrento, Louisiana, where volumes flow via pipeline to a Baton Rouge fractionator.

On April 27, 2016, Emerald entered into a second purchase and sale agreement for the purchase of 66.7% of the issued and outstanding membership interests of Okeanos Gas Gathering Company, LLC ("Okeanos"), in exchange for a cash purchase price of approximately $27.4 million (such Purchase and Sale Agreement, the "Okeanos Purchase Agreement," and such transaction, the "Okeanos Transaction," and together with the Pipeline Transaction, the "Emerald Transactions"). The Okeanos pipeline is a 100 -mile natural gas gathering system located in the Gulf of Mexico with a total capacity of 1.0 Bcf/d. The Okeanos pipeline connects two platforms and one lateral, terminating at the Destin Main Pass 260 platform in the Mississippi Canyon region of the Gulf of Mexico. Contracted volumes on the Okeanos pipeline are based on life-of-field dedication. We became the operator of the Okeanos pipeline on November 1, 2016.

The Partnership funded the aggregate purchase price for the Emerald Transactions with the issuance of 8,571,429 Series C convertible preferred units (the "Series C Units") representing limited partnership interests in the Partnership and a warrant (the " Series C Warrant") to purchase up to 800,000 common units representing limited partnership interests in the Partnership ("common units") at an exercise price of $7.25 per common unit amounting to a combined value of approximately $120.0 million , plus additional borrowings of $91.0 million under our Credit Agreement. ArcLight affiliates hold and participate in distributions on our Series C Units with such distributions being made in paid-in-kind Series C Units, cash or a combination thereof at the election of the Board of Directors of our General Partner.

Because our interests in the entities underlying the Emerald Transactions were previously owned by an ArcLight affiliate, we accounted for our investments at the affiliate's historical cost basis of $212.0 million , and recorded them in *Investment in unconsolidated affiliates* in our consolidated balance sheet, and as an investing activity of $100.9 million within the consolidated statement of cash flows. The amount by which the affiliate's historical basis exceeded total consideration paid was $1.0 million and is recorded as a contribution from our General Partner in the consolidated statement of changes in partners' capital and noncontrolling interests.

Gulf of Mexico Pipeline

On April 15, 2016, American Panther LLC, ("American Panther"), a 60% -owned subsidiary of the Partnership, acquired approximately 200 miles of crude oil, natural gas, and salt water onshore and offshore Gulf of Mexico pipelines ("Gulf of Mexico Pipeline") from Chevron Pipeline Company and Chevron Midstream Pipeline, LLC for approximately $2.7 million in cash and the assumption of certain asset retirement obligations. The Partnership controls American Panther and therefore consolidates it for financial reporting purposes.

The American Panther acquisition was accounted for using the acquisition method of accounting and as a result, the purchase price was allocated to the assets acquired and liabilities assumed based on their respective estimated fair values as of the acquisition date. The purchase price allocation included $16.6 million in pipelines, $0.4 million in land, $14.3 million in asset retirement obligations, and $1.8 million in noncontrolling interests.

American Panther contributed revenue of $13.2 million and operating income of $7.4 million to the Partnership for the year ended December 31, 2016 . Such amounts are included in the Partnership's Gathering and Processing segment. During the year ended December 31, 2016 , the Partnership incurred $0.3 million of transaction costs related to the American Panther acquisition which are included in *Corporate expenses* in our consolidated statements of operations for the periods.

Unaudited pro forma financial information depicting what the Partnership's revenue, net income and per unit amounts would have been had the American Panther acquisition occurred on January 1, 2016, is not available because Chevron Pipeline Company and Chevron Midstream Pipeline, LLC did not historically operate the acquired assets as a standalone business.

Costar Acquisition

On October 14, 2014, the Partnership acquired 100% of the membership interests of Costar Midstream, L.L.C. ("Costar") from Energy Spectrum Partners VI LP and Costar Midstream Energy, LLC, in exchange for cash and common units with an aggregate value of $405.3 million . Costar is an onshore gathering and processing company with its primary gathering, processing, fractionation, and off-spec condensate treating and stabilization assets in East Texas and the Permian basin, with a significant crude oil gathering system project in the Bakken oil play.

The Costar acquisition was accounted for using the acquisition method of accounting and as a result, the purchase price was allocated to the assets acquired and liabilities assumed based on their respective fair values as of the acquisition date. The excess of the aggregate purchase price of the fair values of the assets acquired, liabilities assumed and the noncontrolling interest was classified as goodwill, which was attributable to future prospective customer agreements expected to be obtained as a result of the acquisition. The operating systems acquired have been included in the Partnership's Gathering and Processing segment from the acquisition date.

During 2015, the Partnership reached agreements with the Costar sellers regarding certain matters which resulted in a return of $7.4 million of cash to the Partnership and related reductions in the goodwill initially recorded. Additionally, in February 2016, the Partnership reached a settlement of certain indemnification claims with the Costar sellers whereby 1,034,483 common units held in escrow with a fair value of $6.8 million were returned to the Partnership, while the Partnership agreed to pay the Costar sellers an additional $0.3 million . The net impact of this settlement was recorded as a reduction in property, plant and equipment in the first quarter of 2016. The Partnership recognized a $95.0 million impairment of the remaining Costar goodwill in fourth quarter of 2015.

Lavaca Acquisition

On January 31, 2014, the Partnership acquired approximately 120 miles of high- and low-pressure pipelines and associated facilities located in the Eagle Ford shale in Gonzales and Lavaca Counties, Texas from Penn Virginia Corporation (NYSE: PVA) ("PVA") for $104.4 million in cash. The Lavaca acquisition was financed with proceeds from the Partnership's January 2014 equity offering and from the issuance of Series B Units to our General Partner.

The Lavaca acquisition was accounted for using the acquisition method of accounting and, as a result, the purchase price was allocated to the assets acquired upon their respective fair values as of the acquisition date. The excess of the purchase price over the fair value of the assets acquired was classified as goodwill, which was attributable to future prospective customer agreements expected to be obtained as a result of the acquisition. The operating systems acquired have been included in the Partnership's Gathering and Processing segment from the acquisition date. The Partnership recognized a $23.6 million impairment of the remaining Lavaca goodwill in the fourth quarter of 2015.

3. Discontinued Operations

On December 17, 2013, the Partnership acquired Blackwater Midstream Holdings LLC ("Blackwater") from an ArcLight affiliate. As part of the Blackwater acquisition, we acquired certain long-lived terminal assets which were immediately classified as held for sale. Due to deteriorating market conditions, the Partnership recognized an impairment charge on these assets of $0.7 million in 2014. These assets were sold during the third quarter of 2015 at a nominal loss.

We classified these assets as discontinued operations within our consolidated statements of operations, but elected not to separately present the related operating, investing and financing cash flows in our consolidated statements of cash flows as the related activity was immaterial for all periods presented.

The following table presents the revenue, expense and (loss) gain from discontinued operations associated with the assets classified as held for sale for the years ended December 31, 2015 and 2014 (in thousands, except per unit amounts):

	Years Ended December 31,	
	2015	**2014**
Revenue	$ 74	$ 474
Expense	(196)	(658)
Impairment	—	(673)
Loss on sale of assets	(150)	(87)
Income tax benefit	192	333
Loss from discontinued operations, net of tax	$ (80)	$ (611)
Limited partners' net income (loss) per unit from discontinued operations (basic and diluted)	$ —	$ (0.04)

4. Concentration of Credit Risk and Trade Accounts Receivable

Our primary assets, which are strategically located in Alabama, Georgia, Louisiana, Mississippi, North Dakota, Tennessee, Texas and the Gulf of Mexico, provide critical infrastructure that links customers of natural gas, crude oil, NGLs, condensate and specialty chemicals to numerous intermediate and end-use markets. As a result of recent acquisitions and geographic diversification, we have reduced the concentration our of trade receivable balances. Our customers' historical financial and operating information is analyzed prior to extending credit. We manage our exposure to credit risk through credit analysis, credit approvals, credit limits and monitoring procedures, and for certain transactions, we may request letters of credit, prepayments or guarantees. We record allowances for potentially uncollectible accounts receivable when necessary. For the year ended December 31, 2016 , we recorded an allowance of $0.6 million .

Significant customers are defined as those who represent 10% of more of our consolidated revenue during the year. In 2016, we had one such customer who accounted for 10% of our consolidated revenue. In 2015, we had one such customer who accounted for 10% of our consolidated revenue. In 2014, we had three such customers who accounted for 22% , 12% and 10% , respectively, of our consolidated revenue.

5. Other Current Assets

Other current assets consists of the following (in thousands):

	December 31,	
	2016	2015
Prepaid insurance	$ 4,308	$ 3,948
Other receivables	2,376	1,573
Due from related parties	4,206	64
Risk management assets	429	365
Other prepaids	2,967	2,866
Miscellaneous	2,184	1,643
	$ 16,470	$ 10,459

6. Risk Management Activities

Commodity Derivatives

To limit the effect of commodity price changes and maintain our cash flow and the economics of our development plans, we enter into commodity derivative contracts from time to time. The terms of the contracts depend on various factors, including management's view of future commodity prices, economics on purchased assets and future financial commitments. This hedging program is designed to mitigate the effect of commodity price declines while allowing us to participate in some commodity price increases. Management regularly monitors the commodity markets and financial commitments to determine if, when, and at what level commodity hedging is appropriate in accordance with policies that are established by the board of directors of our General Partner.

We enter into commodity contracts with multiple counterparties, and in some cases, may be required to post collateral with our counterparties in connection with our derivative positions. The counterparties are not required to post collateral with us in connection with their derivative positions. Netting agreements are in place that permit us to offset our commodity derivative asset and liability positions with our counterparties.

As of December 31, 2016 and 2015 , we did not have any outstanding commodity derivative contracts.

Interest Rate Swaps

To manage the impact of the interest rate risk associated with our Credit Agreement, we enter into interest rate swaps from time to time, effectively converting a portion of the cash flows related to our long-term variable rate debt into fixed rate cash flows.

As of December 31, 2016, our outstanding interest rate swap contracts consist of the following (in thousands):

Notional Amount	Term	Fair Value
$200,000	January 3, 2017 thru September 3, 2019	$1,912
$100,000	January 1, 2018 thru December 31, 2021	$3,090
$150,000	January 1, 2018 thru December 31, 2022	$5,219
		$10,221

The fair value of our interest rate swaps was estimated using a valuation methodology based upon forward interest rate and volatility curves as well as other relevant economic measures, if necessary. Discount factors may be utilized to extrapolate a forecast of future cash flows associated with long dated transactions or illiquid market points. The inputs, which represent Level 2 inputs in the valuation hierarchy, are obtained from independent pricing services and we have made no adjustments to those prices.

Weather Derivative

In the second quarters of 2016 and 2015, we entered into weather derivatives to mitigate the impact of potential unfavorable weather to our operations under which we could receive payments totaling up to $30.0 million in the event that a hurricane or hurricanes of certain strength pass through the area as identified in the related agreement. The weather derivatives, which are accounted for using the intrinsic value method, were entered into with a single counterparty and we were not required to post collateral.

We paid premiums of $1.0 million and $0.9 million in 2016 and 2015, respectively, which are amortized to *Direct operating expenses* on a straight-line basis over the 1 year term of the contract. Unamortized amounts associated with weather derivatives were approximately $0.4 million at December 31, 2016 and 2015 , and are included in *Other current assets* on the consolidated balance sheets.

Our interest rate swaps and weather derivatives were recorded in our consolidated balance sheets, under the following captions (in thousands):

	Gross Risk Management Position		Netting Adjustment		Net Risk Management Position	
Balance Sheet Classification	**December 31, 2016**	**December 31, 2015**	**December 31, 2016**	**December 31, 2015**	**December 31, 2016**	**December 31, 2015**
Other current assets	$ 487	$ 365	$ (58)	$ —	$ 429	$ 365
Risk management assets	10,401	—	—	—	10,401	—
Total assets	$ 10,888	$ 365	$ (58)	$ —	$ 10,830	$ 365
Accrued expenses and other liabilities	$ (238)	$ —	$ 58	$ —	$ (180)	$ —
Total liabilities	$ (238)	$ —	$ 58	$ —	$ (180)	$ —

For the years ended December 31, 2016 , 2015 and 2014 , the realized and unrealized gains (losses) associated with our commodity, interest rate and weather derivative instruments were recorded in our consolidated statements of operations, under the captions as follows (in thousands):

	Realized	**Unrealized**
2016		
Gains (losses) on commodity derivatives, net	$ (840)	$ —
Interest expense	—	10,221
Direct operating expenses	(966)	—
Total	$ (1,806)	$ 10,221
2015		
Gains (losses) on commodity derivatives, net	$ 1,610	$ (286)
Interest expense	(240)	215
Direct operating expenses	(913)	—
Total	$ 457	$ (71)
2014		
Gains (losses) on commodity derivatives, net	$ 735	$ 356
Interest expense	(433)	239
Direct operating expenses	(1,035)	—
Total	$ (733)	$ 595

7. Property, Plant and Equipment, Net

Property, plant and equipment, net. consists of the following (in thousands):

	Useful Life (in years)	December 31, 2016	December 31, 2015
Land	N/A	$ 15,112	$ 10,319
Construction in progress	N/A	122,884	45,383
Buildings and improvements	4 to 40	12,413	10,871
Processing and treating plants	8 to 40	134,434	115,568
Pipelines and compressors	3 to 40	554,965	538,402
Storage	20 to 40	58,786	58,220
Equipment	5 to 20	39,470	22,510
Total property, plant and equipment		938,064	801,273
Less accumulated depreciation		(182,607)	(145,963)
Property, plant and equipment, net		$ 755,457	$ 655,310

At December 31, 2016 and 2015 , gross property, plant and equipment included $231.1 million and $160.4 million , respectively, related to our FERC regulated interstate and intrastate assets.

Depreciation expense totaled $38.3 million , $31.9 million and $23.9 million for the years ended December 31, 2016 , 2015 and 2014 , respectively. Capitalized interest was $2.7 million , $1.9 million and $0.8 million for the years ended December 31, 2016 , 2015 and 2014 , respectively.

During the fourth quarter of 2014, management noted the declining commodity markets and related impact on producers and shippers to whom we provide gathering and processing services. The decline in the market price of crude oil led to a corresponding decrease in natural gas and crude oil production impacting the volume of natural gas and NGLs we gather and process on certain assets. As a result, an asset impairment charge of $99.9 million was recorded to reduce the carrying value of the impacted assets to their estimated fair value. The related fair value measurements were based on significant inputs not observable in the market and thus represented Level 3 measurements as defined by ASC 820. Primarily using the income approach, the fair value estimates were based on i) present value of estimated EBITDA, ii) an assumed discount rate of 9.5% , and iii) the expected remaining useful life of the asset or asset group.

8. Goodwill and Intangible Assets, Net

Management performs an annual goodwill assessment at the reporting unit level. We first assess qualitative factors to evaluate whether it is more likely than not that an impairment has occurred and if it is then necessary to perform the two-step goodwill impairment test. The two-step goodwill impairment test involves fair value measurements that are based on significant inputs not observable in the market and thus represent Level 3 measurements as defined by ASC 820. In the two-step assessment, management primarily uses a discounted cash flow analysis, supplemented by a market approach analysis. Key assumptions in the discounted cash flow analysis include an appropriate discount rate, estimated volumes, storage utilization, terminal year multiples, operating costs and maintenance capital expenditures. In estimating cash flows, management incorporates current market information, as well as historical and other factors into the forecasted commodity prices and contracted rates used.

In 2015, management utilized the approach described above in performing the first step of its annual goodwill impairment test. As a result of our step one analysis, we determined that the estimated fair value of certain reporting units within our Gathering and Processing reportable segment were less than their respective carrying amounts, primarily due to changes in assumptions related to commodity prices, timing of estimated drilling by producers, and discount rates. These assumptions were adversely impacted by the continuing decline in market conditions within the energy sector.

The second step of the goodwill impairment test involved allocating the estimated fair value of each reporting unit among the assets and liabilities of the reporting unit in a hypothetical purchase price allocation. The results of the hypothetical purchase price allocation indicated there was no fair value attributable to goodwill of the reporting units within our Gathering and Processing reportable segment. As a result, we recognized a goodwill impairment charge of $118.6 million during the fourth quarter which
consisted of $95.0 million and $23.6 million related to the Costar and Lavaca acquisitions, respectively.

At December 31, 2016 and 2015, our goodwill relates to the Blackwater reporting unit within our Terminals segment. During the fourth quarter of 2016, we assessed qualitative factors to evaluate whether it was more likely than not that a related goodwill impairment had occurred. Based on that assessment, which considered the amount by which the fair value of the Blackwater reporting unit exceeded its related carrying value at the time of the last annual impairment test coupled with the continued

performance of that reporting unit, we concluded that the goodwill was not impaired and that completion of the two-step impairment test was not necessary.

Intangible assets, net, consists of customer relationships, dedicated acreage agreements, and collaborative arrangements identified as part of the Costar, Lavaca and Blackwater acquisitions. These intangible assets have definite lives and are subject to amortization on a straight-line basis over their economic lives, currently ranging from approximately 10 years to 30 years . Intangible assets, net, consist of the following (in thousands):

	December 31,	
	2016	2015
Gross carrying amount:		
Customer relationships	$ 53,400	$ 53,400
Dedicated acreage	53,350	53,350
Collaborative arrangements	11,884	11,884
	$ 118,634	$ 118,634
Accumulated amortization:		
Customer relationships	$ (5,696)	$ (3,124)
Dedicated acreage	(4,439)	(2,661)
Collaborative arrangements	(601)	—
	$ (10,736)	$ (5,785)
Net carrying amount:		
Customer relationships	$ 47,704	$ 50,276
Dedicated acreage	48,911	50,689
Collaborative arrangements	11,283	11,884
	$ 107,898	$ 112,849

For the years ended December 31, 2016 , 2015 and 2014 , amortization expense on our intangible assets totaled $4.6 million , $5.3 million and $4.1 million , respectively. Estimated amortization expense for each of the next five fiscal years (2017 – 2021) is approximately $ 4.6 million per year and $ 85.0 million thereafter.

9. Investment in Unconsolidated Affiliates

The following table presents activity in the Partnership's investments in unconsolidated affiliates (in thousands):

	Delta House [(1)]		Emerald Transactions					
	FPS	OGL	Destin	Tri-States	Okeanos	Wilprise	MPOG	Total
Ownership % at December 31, 2016	20.1%	20.1%	49.7%	16.7%	66.7%	25.3%	66.7%	
Balance at December 31, 2013	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Investment	—	—	—	—	—	—	12,000	12,000
Earnings in unconsolidated affiliates	—	—	—	—	—	—	348	348
Contributions	—	—	—	—	—	—	—	—
Distributions	—	—	—	—	—	—	(1,980)	(1,980)
Balance at December 31, 2014	—	—	—	—	—	—	10,368	10,368
Investment	40,559	25,144	—	—	—	—	—	65,703
Earnings in unconsolidated affiliates	5,457	2,013	—	—	—	—	731	8,201
Contributions	—	—	—	—	—	—	—	—
Distributions	(12,551)	(4,097)	—	—	—	—	(3,920)	(20,568)
Balance at December 31, 2015	33,465	23,060	—	—	—	—	7,179	63,704
Investment	55,461	3,255	122,830	56,681	27,451	5,064	—	270,742
Earnings in unconsolidated affiliates	21,022	9,260	3,946	1,633	3,642	437	218	40,158
Contributions	—	—	—	—	—	—	430	430
Distributions	(45,465)	(10,125)	(15,894)	(3,292)	(4,034)	(557)	(3,679)	(83,046)
Balance at December 31, 2016	$ 64,483	$ 25,450	$ 110,882	$ 55,022	$ 27,059	$ 4,944	$ 4,148	$ 291,988

(1) Represents direct and indirect ownership interests in Class A Units.

We have included the audited financial statements for each of the unconsolidated affiliates listed above, except Wilprise, as exhibits to this Form 10-K. As of December 31, 2016, Wilprise had current assets of $1.6 million , non-current assets (primarily property, plant and equipment) of $12.0 million , liabilities of $0.3 million , and members' equity of $13.3 million . Additionally, for the year ended December 31, 2016, Wilprise had revenues of $5.1 million , operating expenses of $1.9 million , and net income of $3.2 million .

Our investments in the unconsolidated affiliates underlying the Emerald Transactions were acquired in late April 2016. The following table presents information for each of these affiliates for the portion of 2016 that we held the related investments:

	Emerald Transactions			
	Destin	Tri-States	Okeanos	Wilprise
Revenues	34,360	25,557	10,453	3,306
Net income	8,272	15,983	1,911	2,028
Partnership ownership %	49.7%	16.7%	66.7%	25.3%
Partnership share of investee net income	4,109	2,664	1,274	513
Basis difference amortization	(163)	(1,031)	2,368	(76)
Earnings in unconsolidated affiliates	3,946	1,633	3,642	437

The unconsolidated affiliates were determined to be variable interest entities due to disproportionate economic interests and decision making rights. In each case, the Partnership lacks the power to direct the activities that most significantly impact the unconsolidated affiliate's economic performance. As the Partnership does not hold a controlling financial interest in these affiliates, the Partnership accounts for its related investments using the equity method. Additionally, the Partnership’s maximum exposure to loss related to each entity is limited to its equity investment as presented on the consolidated balance sheet, as it is not obligated to absorb losses greater than its proportional ownership percentages indicated above. The Partnership’s right to receive residual returns is not limited to any amount less than the ownership percentages indicated above.

10. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consists of the following (in thousands):

	December 31,	
	2016	2015
Capital expenditures	$ 13,319	$ 3,984
Convertible preferred unit distributions	7,103	—
Current portion of asset retirement obligations	6,499	6,822
Accrued interest	5,743	1,411
Additional Blackwater acquisition consideration	5,000	—
Employee compensation	4,226	3,114
Due to related parties	3,895	3,894
Transaction costs	3,000	—
Deferred financing costs	2,743	—
Gas imbalances payable	1,098	413
Other	8,952	3,675
	$ 61,578	$ 23,313

11. Asset Retirement Obligations

The following table presents activity in the Partnership's asset retirement obligations (in thousands):

	Years Ended December 31,	
	2016	2015
Beginning balance	$ 35,371	$ 34,645
Liabilities assumed (1)	14,542	—
Revision in estimate	230	—
Expenditures	(858)	(91)
Accretion expense	1,577	817
Ending balance	50,862	35,371
Less: current portion	6,499	6,822
Noncurrent asset retirement obligation	$ 44,363	$ 28,549

(1) $14.3 million of the liability is a result of the Gulf of Mexico Pipeline acquisition.

We are required to establish security against potential obligations relating to the abandonment of certain transmission assets that may be imposed on the previous owner by applicable regulatory authorities. We have deposited $5.0 million with a third party to secure our performance on these potential obligations. These deposits are included in *Restricted cash* in our consolidated balance sheets as of December 31, 2016 and 2015 .

12. Debt Obligations

Our outstanding debt consists of the following as of December 31, 2016 (in thousands):

	Credit Agreement [1]	8.5% Senior Notes due 2021	3.77% Senior Notes due 2031	Other Debt	Total
Balance	$ 711,250	$ 300,000	$ 60,000	$ 2,782	$ 1,074,032
Less unamortized deferred financing costs and discount	—	(8,691)	(2,345)	—	(11,036)
Subtotal	711,250	291,309	57,655	2,782	1,062,996
Less current portion	—	—	(1,676)	(2,782)	(4,458)
Non-current portion	$ 711,250	$ 291,309	$ 55,979	$ —	$ 1,058,538

Our outstanding debt consists of the following as of December 31, 2015 (in thousands):

	Credit Agreement [1]	Other Debt	Total
Balance	$ 525,100	$ 2,338	$ 527,438
Less current portion	—	(2,338)	(2,338)
Non-current portion	$ 525,100	$ —	$ 525,100

(1) Unamortized deferred financing costs related to the Credit Agreement are included in *Other assets, net.*

Credit Agreement

Effective as of April 25, 2016, the Partnership entered into the Second Amendment to the Amended and Restated Credit Agreement (as amended, the "Credit Agreement"), which provides for maximum borrowings up to $750.0 million , with the ability to further increase the borrowing capacity to $900.0 million subject to lender approval. We can elect to have loans under our Credit Agreement bear interest either at a Eurodollar-based rate, plus a margin ranging from 2.00% to 3.25% depending on our total leverage ratio then in effect, or a base rate which is a fluctuating rate per annum equal to the highest of (i) the Federal Funds Rate plus 0.50% , (ii) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate," or (iii) the Eurodollar Rate plus 1.00% plus a margin ranging from 1.00% to 2.25% depending on the total leverage ratio then in effect. We also pay a commitment fee of 0.50% per annum on the undrawn portion of the revolving loan under the Credit Agreement.

Our obligations under the Credit Agreement are secured by a lien on substantially all of our assets. Advances made under the Credit Agreement are guaranteed on a senior unsecured basis by certain of our subsidiaries (the “Guarantors”). These guarantees are full and unconditional and joint and several among the Guarantors. The terms of the Credit Agreement include covenants that restrict our ability to make cash distributions and acquisitions in some circumstances. The remaining principal balance and any accrued and unpaid interest will be due and payable in full at maturity, on September 5, 2019.

On September 30, 2016, in connection with the 3.77% Senior Note Purchase Agreement, the Partnership entered into the Limited Waiver and Third Amendment to the Credit Agreement, which among other things, (i) allows Midla Holdings (as defined below), for so long as the 3.77% Senior Notes are outstanding, to be excluded from guaranteeing the obligations under the Credit Agreement and being subject to certain convents thereunder, (ii) releases the lien granted under the original credit agreement on D-Day’s equity interests in Delta House FPS, LLC, and (iii) deems the equity interests in Delta House FPS, LLC to be excluded property under the Credit Agreement. All other terms under the Credit Agreement remain the same.

On November 18, 2016, the Partnership entered into the Fourth Amendment to the Amended and Restated Credit Agreement. The Fourth Amendment (i) modifies certain investment covenants to reflect the recently completed incremental acquisition of additional interests in Delta House Class A Units (ii) permits JPE’s existing credit facility (the “JPE Credit Facility”) to remain in place during the time period between (a) the consummation of the JPE Merger and (b) the payoff of the JPE Credit Facility, (iii) permits the joining of JPE and its subsidiaries as guarantors under the Credit Agreement, and (iv) permits the integration of JPE and its subsidiaries into the Partnership’s ownership structure.

The Credit Agreement contains certain financial covenants, including a consolidated total leverage ratio which requires our indebtedness not to exceed 4.75 times adjusted consolidated EBITDA for the prior twelve month period adjusted in accordance with the Credit Agreement (except for the current and subsequent two quarters after the consummation of a permitted acquisition, at which time the covenant is increased to 5.25 times adjusted consolidated EBITDA) and a minimum interest coverage ratio that requires our adjusted consolidated EBITDA to exceed consolidated interest charges by not less than 2.50 times. The financial covenants in our Credit Agreement may limit the amount available to us for borrowing to less than $750.0 million . In addition to the financial covenants described above, the Credit Agreement also contains customary representations and warranties (including those relating to organization and authorization, compliance with laws, absence of defaults, material agreements and litigation) and customary events of default (including those relating to monetary defaults, covenant defaults, cross defaults and bankruptcy events).

For the years ended December 31, 2016 , 2015 and 2014 , the weighted average interest rate on borrowings under our Credit Agreement was approximately 4.29% , 3.67% , and 3.80% , respectively.

As of December 31, 2016 , our consolidated total leverage ratio was 4.07 and our interest coverage ratio was 7.43 , which were both in compliance with the related requirements of our Credit Agreement. At December 31, 2016 and 2015 , letters of credit outstanding under the Credit Agreement were $7.4 million and $1.8 million , respectively. As of December 31, 2016, we had approximately $711.3 million of borrowings and $7.4 million of letters of credit outstanding under the Credit Agreement resulting in $ 31.3 million of available borrowing capacity.

As of December 31, 2016 , we were in compliance with the covenants included in the Credit Agreement. Our ability to maintain compliance with the leverage and interest coverage ratios included in the Credit Agreement may be subject to, among other things, the timing and success of initiatives we are pursuing, which may include expansion capital projects, acquisitions, or drop down transactions, as well as the associated financing for such initiatives.

The carrying value of amounts outstanding under the Partnership's Credit Agreement approximates the related fair value, as interest charges vary with market rates conditions. On March 8, 2017, the Partnership entered into the Second Amended and Restated Credit Agreement, which increased our borrowing capacity from $750.0 million to $900.0 million and provided for an accordion feature that will permit, subject to the customary conditions, the borrowing capacity under the facility to be increased to a maximum of $1.1 billion . Please see Note 23.

8.50% Senior Notes

On December 28, 2016, the Partnership and American Midstream Finance Corporation, our wholly-owned subsidiary (the "Co-Issuer" and together with the Partnership, the "Issuers"), completed the issuance and sale of the 8.50% Senior Notes. The 8.50% Senior Notes are jointly and severally guaranteed by the Partnership's existing direct and indirect wholly owned subsidiaries (other than the Co-Issuer) and certain of the Partnership's future subsidiaries (the "Guarantors"). The 8.50% Senior Notes rank equal in right of payment with all existing and future senior indebtedness of the Issuers, and senior in right of payment to any future subordinated indebtedness of the Issuers. The 8.50% Senior Notes were issued at par and provided approximately $294.0 million in proceeds, after deducting the initial purchasers' discount of $6.0 million . This amount was deposited into escrow pending completion of the JPE Merger and is included in *Restricted cash* on our consolidated balance sheet as of December 31, 2016 . The Partnership also incurred $2.7 million of direct issuance costs resulting in net proceeds related to the 8.50% Senior Notes of $291.3 million .

Upon the closing of the JPE Merger and the satisfaction of other conditions related thereto, the restricted cash was released from escrow and was used to repay and terminate JPE's revolving credit facility and reduce borrowings under the Partnership's Credit Agreement.

The 8.50% Senior Notes will mature on December 15, 2021 with interest payable in arrears on June 15 and December 15, commencing June 15, 2017.

At any time prior to December 15, 2018, the Issuers may redeem up to 35% of the aggregate principal amount of 8.50% Senior Notes, at a redemption price of 108.50% of the principal amount, plus accrued and unpaid interest to the redemption date, in an amount not greater than the net cash proceeds of one or more equity offerings by the Partnership, provided that:

- at least 65% of the aggregate principal amount of the 8.50% Senior Notes remains outstanding immediately after such redemption (excluding 8.50% Senior Notes held by the Partnership and its subsidiaries); and

- the redemption occurs within 180 days of the closing of each such equity offering.

Prior to December 15, 2018, the Issuers may redeem all or part of the 8.50% Senior Notes, at a redemption price equal to the sum of:

- the principal amount thereof, plus
- the make whole premium (as defined in the Indenture) at the redemption date, plus
- accrued and unpaid interest, to the redemption date.

On and after December 15, 2018, the Issuers may redeem all or a part of the 8.50% Senior Notes, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if redeemed during the twelve-month period beginning on December 15 of the years indicated below:

Year	Percentage
2018	104.250%
2019	102.125%
2020 and thereafter	100.000%

The Indenture restricts the Partnership's ability and the ability of certain of its subsidiaries to, among other things: (i) incur, assume or guarantee additional indebtedness, issue any disqualified stock or issue preferred units, (ii) create liens to secure indebtedness, (iii) pay distributions on equity securities, redeem or repurchase equity securities or redeem or repurchase subordinated securities, (iv) make investments, (v) restrict distributions, loans or other asset transfers from restricted subsidiaries, (vi) consolidate with or merge with or into, or sell substantially all of its properties to, another person, (vii) sell or otherwise dispose of assets, including equity interests in subsidiaries, (viii) enter into transactions with affiliates, (ix) engage in certain business activities and (x) enter into sale and leaseback transactions. These covenants are subject to a number of important exceptions and qualifications. If at any time the 8.50% Senior Notes are rated investment grade by either Moody's Investors Service, Inc. or Standard & Poor's Ratings Services and no Default or Event of Default (as each are defined in the Indenture) has occurred and is continuing, many of such covenants will terminate and the Partnership and its subsidiaries will cease to be subject to such covenants.

The carrying value of the 8.50% Senior Notes as of December 31, 2016 approximates the related fair value as of that date as the Senior Notes were issued on December 28, 2016.

3.77% Senior Notes

On September 30, 2016, Midla Financing, LLC ("Midla Financing"), American Midstream (Midla), LLC ("Midla"), and Mid Louisiana Gas Transmission LLC ("MLGT" and together with Midla, the "Note Guarantors") entered into a Note Purchase and Guaranty Agreement with certain institutional investors (the "Purchasers") whereby Midla Financing issued $60.0 million in aggregate principal amount of 3.77% Senior Notes due June 30, 2031. Principal and interest on the 3.77% Senior Notes is payable in installments on the last business day of each quarter beginning June 30, 2017 with the remaining balance payable in full on June 30, 2031. The average quarterly principal payment is approximately $1.1 million . The 3.77% Senior Notes were issued at par and provided net proceeds of approximately $57.7 million after deducting related issuance costs of $2.3 million .

Net proceeds from the 3.77% Senior Notes are restricted and will be used to fund project costs incurred in connection with the construction of the Midla-Natchez Line, the retirement of Midla's existing 1920's pipeline, the move of our Baton Rouge operations to the MLGT system, and the reconfiguration of the DeSiard compression system and all related ancillary facilities. These proceeds can also be used to pay costs incurred in connection with the issuance of the 3.77% Senior Notes, and for general corporate purposes of Midla Financing. As of December 31, 2016 , *Restricted cash* includes $24.5 million from the issuance of the 3.77% Senior Notes.

The Note Purchase Agreement includes customary representations and warranties, affirmative and negative covenants (including financial covenants), and events of default that are customary for a transaction of this type. Midla Financing must maintain a debt service reserve account containing six months of principal and interest payments, and Midla Financing and the Note Guarantors (including any entities that become guarantors under the terms of the 3.77% Senior Note Purchase Agreement) are restricted from making distributions until June 30, 2017, unless the debt service coverage ratio is not less than, and is not projected to be for the following 12 calendar months less than, 1.20 :1.00, and unless certain other requirements are met.

In connection with the 3.77% Senior Note Purchase Agreement, the Note Guarantors guaranteed the payment in full of all Midla Financing's related obligations. Also, Midla Financing and the Note Guarantors granted a security interest in substantially all of their tangible and intangible personal assets, including the membership interests in each Note Guarantor held by Midla Financing, and Midla Holdings pledged the membership interests in Midla Financing to the Collateral Agent.

As of December 31, 2016 , the fair value of the 3.77% Senior Notes was $54.6 million .This estimate was based on similar private placement transactions along with changes in market interest rates which represent a Level 2 measurement.

13. Convertible Preferred Units

Our convertible preferred units consist of the following (in thousands):

	Series A		Series C		Series D	
	Units	$	Units	$	Units	$
December 31, 2013	5,279	$ 94,811	—	$ —	—	$ —
Issuance of units	—	—	—	—	—	—
Paid in kind unit distributions	466	13,154	—	—	—	—
December 31, 2014	5,745	107,965	—	—	—	—
Issuance of units	2,571	44,769	—	—	—	—
Paid in kind unit distributions	894	16,978	—	—	—	—
December 31, 2015	9,210	169,712	—	—	—	—
Issuance of units	—	—	8,571	115,457	2,333	34,475
Paid in kind unit distributions	897	11,674	221	2,772	—	—
December 31, 2016	10,107	$ 181,386	8,792	$ 118,229	2,333	$ 34,475

Affiliates of our General Partner hold and participate in quarterly distributions on our convertible preferred units, with such distributions being made in cash, paid-in-kind units or a combination thereof, at the election of the Board of Directors of our General Partner, although quarterly distribution on our Series D Units will only be paid in cash. The convertible preferred unitholders have the right to receive cumulative distributions in the same priority and prior to any other distributions made in respect of any other partnership interests.

To the extent that any portion of a quarterly distribution on our convertible preferred units to be paid in cash exceeds the amount of cash available for such distribution, the amount of cash available will be paid to our convertible preferred unitholders on a pro rata basis while the difference between the distribution and the available cash will become arrearages and accrue interest until paid.

Series A-1 Convertible Preferred Units

On April 15, 2013, the Partnership, our General Partner and AIM Midstream Holdings entered into agreements with HPIP, pursuant to which HPIP acquired 90% of our General Partner and all of our subordinated units from AIM Midstream Holdings and contributed the High Point System and $15.0 million in cash to us in exchange for 5,142,857 of our Series A-1 Units.

The Series A-1 Units receive distributions prior to distributions to our common unitholders. The distributions on the Series A-1 Units are equal to the greater of $0.50 per unit or the declared distribution to common unitholders. The Series A-1 Units may be converted into common units on a one -to-one basis, subject to customary anti-dilutive adjustments, at the option of the unitholders on or any time after January 1, 2014. As of December 31, 2016, the conversion price is $15.87 .

Upon any liquidation and winding up of the Partnership or the sale of substantially all of its assets, the holders of Series A-1 Units will generally be entitled to receive, in preference to the holders of any of the Partnership's other equity securities, but in parity with all convertible preferred units, an amount equal to the sum of $15.87 multiplied by the number of Series A-1 Units owned by such holders, plus all accrued but unpaid distributions on such Series A Units.

Prior to the consummation of any recapitalization, reorganization, consolidation, merger, spin-off or other business combination in which the holders of common units are to receive securities, cash or other assets (a "Partnership Event"), we are obligated to

make an irrevocable written offer, subject to consummation of the Partnership Event, to each holder of Series A Units to redeem all (but not less than all) of such holder's Series A-1 Units for a per unit price payable in cash as described in the Partnership Agreement.

Upon receipt of such a redemption offer from us, each holder of Series A-1 Units may elect to receive such cash amount or a preferred security issued by the person surviving or resulting from such Partnership Event and containing provisions substantially equivalent to the provisions set forth in the Partnership Agreement with respect to the Series A-1 Units without material abridgement.

Except as provided in the Partnership Agreement, the Series A-1 Units have voting rights that are identical to the voting rights of the common units and will vote with the common units as a single class, with each Series A-1 Unit entitled to one vote for each common unit into which such Series A-1 Unit is convertible.

As conversion is at the option of the holder and redemption is contingent upon a future event which is outside the control of the Partnership, the Series A-1 Units have been classified as mezzanine equity in the consolidated balance sheets.

Under the Partnership Agreement, distributions on Series A-1 Units were made with paid-in-kind Series A-1 Units, cash or a combination thereof, at the discretion of the Board of Directors, through the distribution for the quarter ended March 31, 2016. The Partnership was previously required to pay distributions on the Series A-1 Units with a combination of paid-in-kind units and cash.

Series A-2 Convertible Preferred Units

On March 30, 2015 and June 30, 2015, we entered into two Series A-2 Convertible Preferred Unit Purchase Agreements with Magnolia Infrastructure Partners ("Magnolia") an affiliate of HPIP pursuant to which the Partnership issued, in separate private placements, newly-designated Series A-2 Units (the "Series A-2 Units") representing limited partnership interests in the Partnership. As a result, the Partnership issued a total of 2,571,430 Series A-2 Units for approximately $45.0 million in aggregate proceeds during the year ended December 31, 2015. The Series A-2 Units will participate in distributions of the Partnership along with common units in a manner identical to the existing Series A-1 Units (together with the Series A-2 Units, the "Series A Units"), with such distributions being made in cash or with paid-in-kind Series A Units at the election of the Board of Directors of our General Partner.

On July 27, 2015, we amended our Partnership Agreement to grant us the right (the "Call Right") to require the holders of the Series A-2 Units to sell, assign and transfer all or a portion of the then outstanding Series A-2 Units to us for a purchase price of $17.50 per Series A-2 Unit (subject to appropriate adjustment for any equity distribution, subdivision or combination of equity interests in the Partnership). We may exercise the Call Right at any time, in connection with our or our affiliate's acquisition of assets or equity from ArcLight Energy Partners Fund V, L.P., or one of its affiliates, for a purchase price in excess of $100 million . We may not exercise the Call Right with respect to any Series A-2 Units that a holder has elected to convert into common units on or prior to the date we have provided notice of our intent to exercise the Call Right, and we may also not exercise the Call Right if doing so would result in a default under any of our or our affiliates' financing agreements or obligations. As of December 31, 2016, the conversion price is $15.87 .

Series C Convertible Preferred Units

On April 25, 2016, the Partnership issued 8,571,429 of its Series C Units to an ArcLight affiliate in connection with the Emerald Transactions described in Note 2.

The Series C Units have voting rights that are identical to the voting rights of the common units and will vote with the common units as a single class on an as converted basis, with each Series C Unit initially entitled to one vote for each common unit into which such Series C Unit is convertible. The Series C Units also have separate class voting rights on any matter, including a merger, consolidation or business combination, that adversely affects, amends or modifies any of the rights, preferences, privileges or terms of the Series C Units. The Series C Units are convertible in whole or in part into common units at any time. The number of common units into which a Series C Unit is convertible will be an amount equal to the sum of $14.00 plus all accrued and accumulated but unpaid distributions, divided by the conversion price. The sale of the Series C Units was exempt from registration under Securities Act pursuant to Rule 4(a)(2) under the Securities Act.

In the event that the Partnership issues, sells or grants any common units or convertible securities at an indicative per common unit price that is less than $14.00 per common unit (subject to customary anti-dilution adjustments), then the conversion price will be adjusted according to a formula to provide for an increase in the number of common units into which Series C Units are convertible. As of December 31, 2016, the conversion price is $13.95 .

Prior to consummating any recapitalization, reorganization, consolidation, merger, spin-off or other business combination in which the holders of common units are to receive securities, cash or other assets, we are obligated to make an irrevocable written offer, subject to consummating the Partnership Event, to the holders of Series C Units to redeem all (but not less than all) of the Series C Units for a price per Series C Unit payable in cash as described in the Partnership Agreement.

Upon receipt of a redemption offer, each holder of Series C Preferred Units may elect to receive the cash amount or a preferred security issued by the person surviving or resulting from the Partnership Event and containing provisions substantially equivalent to the provisions set forth in the Fifth Amended and Restated Partnership Agreement with respect to the Series C Preferred Units without material abridgement.

Upon any liquidation and winding up of the Partnership or the sale of substantially all of the assets of the Partnership, the holders of Series C Units generally will be entitled to receive, in preference to the holders of any of the Partnership's other equity securities but in parity with all convertible preferred units, an amount equal to the sum of the $14.00 multiplied by the number of Series C Units owned by such holders, plus all accrued but unpaid distributions.

At any time prior to April 25, 2017, the Partnership has the right (the “Series C Call Right”) to require the holders of the Series C Units to sell, assign and transfer all or a portion of the then outstanding Series C Units for a purchase price of $14.00 per Series C Unit (subject to customary anti-dilution adjustments), plus all accrued but unpaid distributions on each Series C Unit.

The Partnership may not exercise the Series C Call Right if the holder has elected to convert it into common units on or prior to the date the Partnership has provided notice of its intent to exercise its Series C Call Right, and may not exercise the Series C Call Right if doing so would violate applicable law or result in a default under any financing agreement or obligation of the Partnership or its affiliates.

In connection with the issuance of the Series C Units, the Partnership issued the holders a warrant to purchase up to 800,000 common units at an exercise price of $7.25 per common unit (the "Series C Warrant"). The Series C Warrant is subject to standard anti-dilution adjustments and is exercisable for a period of seven years.

On April 25, 2017, the number of common units that may be purchased pursuant to the exercise of the Series C Warrant will be adjusted by an amount, rounded to the nearest whole common unit, equal to the product obtained by the following calculation: (i) 400,000 multiplied by (ii) (A) the Series C Issue Price multiplied by the number of Series C Units then outstanding less $45.0 million divided by (B) the Series C Issue Price multiplied by the number of Series C Units issued, less $45.0 million .

Any Series C Units issued in-kind as a distribution to holders of Series C Units (“Series C PIK Units”) will increase the number of common units that can be purchased upon exercise of the Series C Warrant by an amount, rounded to the nearest whole common unit, equal to the product obtained by the following calculation: (i) the total number of common units into which each Series C Warrant may be exercised immediately prior to the most recent issuance of the Series C PIK Units multiplied by (ii) (A) the total number of outstanding Series C Units immediately after the most recent issuance of Series C PIK Units divided by (B) the total number of outstanding Series C Units immediately prior to the most recent issuance of Series C PIK Units.

The fair value of the Series C Warrant was determined using a market approach that utilized significant inputs which are not observable in the market and thus represent a Level 3 measurement as defined by ASC 820. The estimated fair value of $4.41 per warrant unit was determined using a Black-Scholes model and the following significant assumptions: i) a dividend yield of 18% , ii) common unit volatility of 42% and iii) the seven -year term of the warrant to arrive at an aggregate fair value of $4.5 million .

Series D Convertible Preferred Units

On October 31, 2016, Partnership issued 2,333,333 shares of its newly-designated Series D Units to an ArcLight affiliate at a price of $15.00 per unit, less a 1.5% closing fee, in connection with the Delta House transaction described in Note 2. The related agreement provides that if any of the Series D Units remain outstanding on June 30, 2017, the Partnership will issue the holder of the Series D Units a warrant (the “Series D Warrant”) to purchase 700,000 common units representing limited partnership interests with an exercise price of $22.00 per common unit. The fair value of the conditional Series D Warrant at the time of issuance was immaterial.

The Series D Units are entitled to quarterly distributions payable in arrears equal to the greater of $0.4125 and the cash distribution that the Series D Units would have received if they had been converted to common units immediately prior to the beginning of the the quarter. The Series D Units also have separate class voting rights on any matter, including a merger, consolidation or business combination, that adversely affects, amends or modifies any of the rights, preferences, privileges or terms of the Series

D Units. The Series D Units are convertible in whole or in part into common units at the election of the holder of the Series D Unit at any time after June 30, 2017. As of the date of issuance, the conversion rate for each Series D Unit was one -to-one (the "Conversion Rate"). As of December 31, 2016, the conversion price is $14.98 .

In the event that the Partnership issues, sells or grants any common units or securities convertible into common units at an indicative per common unit price that is less than $15.00 per unit (subject to customary anti-dilution adjustments), then the Conversion Rate will be adjusted according to a formula to provide for an increase in the number of common units into which Series D Units are convertible.

Prior to the consummation of any recapitalization, reorganization, consolidation, merger, spin-off or other business combination in which the holders of Common Units are to receive securities, cash or other assets (a "Partnership Event"), the Partnership is obligated to make an irrevocable written offer, subject to consummation of the Partnership Event, to the holders of Series D Units to redeem all (but not less than all) of the Series D Units for a price per Series D Unit payable in cash as described in the Partnership Agreement.

Upon receipt of a redemption offer, each holder of Series D Units may elect to receive the cash amount or a preferred security issued by the person surviving or resulting from the Partnership Event.

Upon any liquidation and winding up of the Partnership or the sale of substantially all of the assets of the Partnership, the holders of Series D Units generally will be entitled to receive, in preference to the holders of any of the Partnership's other equity securities but in parity with all convertible preferred units, an amount equal to the sum of the $15.00 multiplied by the number of Series D Units owned by such holders, plus all accrued but unpaid distributions.

At any time prior to June 30, 2017, the Partnership has the right (the "Series D Call Right") to redeem the Series D Units for the product of (i) the sum of $15.00 and all accrued and accumulated but unpaid distributions for each Series D Unit (including a proportionate amount of the distribution on each Series D Unit that has accrued for the quarter in which the redemption occurs); and (ii) 1.03 .

14. Partners' Capital

Outstanding Units

The following table presents unit activity (in thousands):

	General Partner Interest	Limited Partner Interest	Series B Convertible Units
Balances at December 31, 2013	185	7,414	—
Initial issuance of Series B Units	—	—	1,168
Issuance of Series B Units	—	—	87
LTIP vesting	—	41	—
Issuance of GP units	207	—	—
Exercise of warrants	—	300	—
Issuance of common units	—	14,915	—
Balances at December 31, 2014	392	22,670	1,255
Issuance of Series B Units	—	—	95
LTIP vesting	—	105	—
Exercise of unit options	—	152	—
Issuance of GP units	144	—	—
Issuance of common units	—	7,500	—
Balances at December 31, 2015	536	30,427	1,350
Conversion of Series B Units	—	1,350	(1,350)
Return of escrow units	—	(1,034)	—
LTIP vesting	—	246	—
Issuance of GP units	144	—	—
Issuance of common units	—	248	—
Balances at December 31, 2016	680	31,237	—

Our capital accounts are comprised of approximately 1.3% notional General Partner interest and 98.7% limited partner interests as of December 31, 2016 . Our limited partners have limited rights of ownership as provided for under our Partnership Agreement and the right to participate in our distributions. Our General Partner manages our operations and participates in our distributions, including certain incentive distributions pursuant to the incentive distribution rights that are non-voting limited partner interests held by our General Partner. Pursuant to our Partnership Agreement, our General Partner participates in losses and distributions based on its interest. The General Partner's participation in the allocation of losses and distributions are not limited and therefore, such participation can result in a deficit to its respective capital account. As such, allocation of losses and distributions for previous transactions between entities under common control have resulted in a deficit to the General Partner's capital account included in our consolidated balance sheets.

Series B Convertible Preferred Units

Effective January 31, 2014, the Partnership issued 1,168,225 Series B Units to its General Partner in exchange for approximately $30.0 million to fund a portion of the Lavaca acquisition described in Note 2. The Series B Units participated in distributions of the Board of Directors of our General Partner along with common units, with such distributions being made in cash distributions or with paid-in-kind Series B Units at the election of the Partnership. The Series B Units were issued in a private placement in reliance upon an exemption from the registration requirements of the Securities Act of 1933 pursuant to Section 4(a)(2) thereof and the safe harbor provided by Rule 506 of Regulation D promulgated thereunder. On February 1, 2016, all outstanding Series B Units were converted on a one -for-one basis into common units.

The Board of Directors of our General Partner elected to pay the Series B distributions using paid-in-kind Series B Units. For the years ended December 31, 2015 and 2014 , the Partnership issued 94,923 and 86,461 , respectively, of paid-in-kind Series B Units with a fair value of $1.4 million and $2.2 million , respectively.

Equity Offerings

In October 2015, the Partnership and certain of its affiliates entered into an agreement with a group of investment banks under which it may issue up to $100 million of its common units in at the market (“ATM”) offerings. During 2016, the Partnership issued 248,561 common units under this program resulting in net proceeds of $2.9 million after deducting related offering costs of $0.3 million . The net proceeds were used to repay amounts outstanding under the Credit Agreement. At December 31, 2016, $96.8 million remained available under the ATM program.

In September 2015, the Partnership sold 7,500,000 of its common units in a public offering at a price to the public of $11.31 per common unit. The net proceeds of approximately $81.0 million were used to fund a portion of the Delta House investment described in Note 2. In October 2016, the Partnership issued an additional 151,937 common units at a price of $11.31 per unit pursuant to the partial exercise of the underwriters' overallotment option, resulting in net proceeds of approximately $1.7 million .

In October 2014, the Partnership acquired Costar from Energy Spectrum Partners VI LP and Costar Midstream Energy, LLC which was funded, in part, with 6,892,931 of common units issued directly to Energy Spectrum and Costar Midstream Energy LLC. In February 2016, the Partnership reached a settlement of certain indemnification claims with the Costar sellers whereby approximately 1,034,483 common units held in escrow were returned to the Partnership.

In July 2014, the Partnership entered into a common unit purchase agreement with certain institutional investors, which was subsequently amended on August 15, 2014, to provide for the sale of 4,622,352 common units representing limited partner interests in the Partnership in a private placement at a price of $25.8075 per common unit (reflecting an adjustment for the Partnership's second quarter distribution of $0.4625 per unit), for cash consideration of $119.3 million .

In January 2014, the Partnership sold 3,400,000 of its common units in a public offering at a price of $26.75 per common unit. The Partnership used the net proceeds of $86.9 million to fund a portion of the Lavaca Acquisition described in Note 2.

General Partner Units

In order to maintain its ownership percentage, we received proceeds of $2.0 million from our General Partner as consideration for the issuance of 143,900 additional notional general partner units for the year ended December 31, 2016 and proceeds of $1.9 million for the issuance of 143,517 additional notional general partner units for the year ended December 31, 2015 .

Distributions

We made the following distributions (in thousands):

	Years Ended December 31,		
	2016	2015	2014
Series A Units			
Cash:			
Paid	$ 4,935	$ —	$ 2,658
Accrued	2,514	—	—
Paid-in-kind units	11,674	16,978	13,154
Total	19,123	16,978	15,812
Series B Units			
Paid-in-kind units	—	1,373	2,220
Total	—	1,373	2,220
Series C Units			
Cash:			
Paid	3,089	—	—
Accrued	3,626	—	—
Paid-in-kind units	2,772	—	—
Total	9,487	—	—
Series D Units			
Cash:			
Paid	—	—	—
Accrued	963	—	—
Paid-in-kind units	—	—	—
Total	963	—	—
Limited Partner Units			
Cash:			
Paid	53,500	46,597	22,656
Accrued	—	—	—
Total	53,500	46,597	22,656
General Partner Units			
Cash:			
Paid	2,551	6,789	2,695
Accrued	—	—	—
Additional Blackwater acquisition consideration	5,000	—	—
Total	7,551	6,789	2,695
Summary			
Cash			
Paid	64,075	53,386	28,009
Accrued	7,103	—	—
Paid-in-kind units	14,446	18,351	15,374
Additional Blackwater acquisition consideration	5,000	—	—
Total	$ 90,624	$ 71,737	$ 43,383

On January 26, 2017 , the Board of Directors of our General Partner declared a quarterly cash distribution of $0.4125 per common unit or $1.65 per common unit on an annualized basis. The distribution was paid on February 13, 2017 , to unitholders of record

as of the close of business on February 6, 201 7. Accrued cash distributions on our preferred convertible units were also paid in February 2017.

The fair value of the paid-in-kind distributions was determined using the market and income approaches, requiring significant inputs which are not observable in the market and thus represent a Level 3 measurements as defined by ASC 820. Under the income approach, the fair value estimates for all years presented were based on i) present value of estimated future contracted distributions, ii) option values ranging from $0.02 per unit to $9.68 per unit using a Black-Scholes model, iii) assumed discount rates ranging from 5.57% to 10.0% and iv) assumed growth rates of 1.0% .

15. Net Income (Loss) per Limited Partner Unit

Net income (loss) is allocated to the General Partner and the limited partners in accordance with their respective ownership percentages, after giving effect to distributions on our convertible preferred units and General Partner units, including incentive distribution rights. Unvested unit-based compensation awards that contain non-forfeitable rights to distributions (whether paid or unpaid) are classified as participating securities and are included in our computation of basic and diluted net limited partners' net income (loss) per common unit. Basic and diluted limited partners' net income (loss) per common unit is calculated by dividing limited partners' interest in net income (loss) by the weighted average number of outstanding limited partner units during the period.

The calculation of basic and diluted limited partners' net income (loss) per common unit is summarized below (in thousands, except per unit amounts):

	Years Ended December 31,		
	2016	2015	2014
Net income (loss) from continuing operations	$ (666)	$ (127,375)	$ (97,195)
Less: Net income attributable to noncontrolling interests	2,804	25	214
Net (income) loss from continuing operations attributable to the Partnership	(3,470)	(127,400)	(97,409)
Less:			
Distributions on Series A Units	19,138	16,978	14,492
Distributions on Series C Units	9,487	—	—
Distributions on Series D Units	963	—	—
Distributions on Series B Units	—	1,373	2,220
General partner's distributions	2,550	6,790	2,694
General partner's share in undistributed loss	(1,140)	(2,569)	(1,820)
Net loss from continuing operations attributable to Limited Partners	(34,468)	(149,972)	(114,995)
Net loss from discontinued operations attributable to Limited Partners	—	(80)	(603)
Net loss attributable to Limited Partners	$ (34,468)	$ (150,052)	$ (115,598)
Weighted average number of common units used in computation of Limited Partners' net loss per common unit - basic and diluted	31,043	24,983	13,472
Limited Partners' net loss from continuing operations per unit (basic and diluted)	$ (1.11)	$ (6.00)	$ (8.54)
Limited Partners' net loss from discontinued operations per unit (basic and diluted)	—	—	(0.04)
Limited Partners' net loss per common unit - basic and diluted (1)	$ (1.11)	$ (6.00)	$ (8.58)

(1) Potential common unit equivalents are antidilutive for all periods and, as a result, have been excluded from the determination of diluted limited partners' net income (loss) per common unit.

16. Long-Term Incentive Plan

Our General Partner manages our operations and activities and employs the personnel who provide support to our operations. On November 19, 2015, the Board of Directors of our General Partner approved the Third Amended and Restated Long-Term Incentive Plan to, among other things, increase the number of common units authorized for issuance by 6,000,000 common units. On February 11, 2016, the unitholders approved the Third Amended and Restated Long-Term Incentive Plan (as amended and as currently in effect as of the date hereof, the "LTIP"). At December 31, 2016 , 2015 and 2014 , there were 5,017,528 , 15,484 and 688,976 common units, respectively, available for future grant under the LTIP.

All equity-based awards issued under the LTIP consist of phantom units, distribution equivalent rights ("DER") or option grants. DERs and options have been granted on a limited basis. Future awards may be granted at the discretion of the Compensation Committee and subject to approval by the Board of Directors of our General Partner.

Phantom Unit Awards. Ownership in the phantom unit awards is subject to forfeiture until the vesting date. The LTIP is administered by the Compensation Committee of the Board of Directors of our General Partner, which at its discretion, may elect to settle such vested phantom units with a number of common units equivalent to the fair market value at the date of vesting in lieu of cash. Although our General Partner has the option to settle vested phantom units in cash, our General Partner has not historically settled these awards in cash. Under the LTIP, phantom units typically vest in increments of 25% on each grant anniversary date and do not contain any vesting requirements other than continued employment.

In December 2015, the Board of Directors of our General Partner approved a grant of 200,000 phantom units under the LTIP which contain DERs to the extent the Partnership's Series A Preferred Unitholders receive distributions in cash. These units will vest on the three year anniversary of the date of grant, subject to acceleration in certain circumstances.

The following table summarizes activity in our phantom unit-based awards for the years ended December 31, 2016, 2015 and 2014:

	Units	Weighted-Average Grant Date Fair Value Per Unit	Aggregate Intrinsic Value (1) (In thousands)
Outstanding shares at December 2013	75,529	$ 17.62	$ 2,045
Granted	188,946	20.80	
Forfeited	(12,009)	(18.28)	
Vested	(51,334)	(20.89)	
Outstanding shares at December 2014	201,132	$ 19.85	$ 3,964
Granted	546,329	12.25	
Forfeited	(31,298)	(15.62)	
Vested	(146,404)	(18.47)	
Outstanding shares at December 2015	569,759	$ 13.15	$ 4,609
Granted	1,374,226	2.14	
Forfeited	(411,794)	(2.60)	
Vested	(286,348)	(12.18)	
Outstanding shares at December 2016	1,245,843	$ 4.72	$ 22,674

(1) The intrinsic value of phantom units was calculated by multiplying the closing market price of our underlying stock on December 31, 2016, 2015 and 2014 by the number of phantom units.

The fair value of our phantom units, which are subject to equity classification, is based on the fair value of our common units at the grant date. Compensation expense related to these awards for the years ended December 31, 2016 , 2015 , and 2014 was $3.6 million , $3.8 million and $1.5 million , respectively, and is included in *Corporate expenses and Direct operating expenses* in our consolidated statements of operations and the *equity compensation expense* in our consolidated statements of changes in partners' capital and noncontrolling interests.

The total fair value of units at the time of vesting was $2.4 million , $2.6 million , and $1.4 million for the years ended December 31, 2016 , 2015 , and 2014 , respectively.

Equity compensation expense related to unvested phantom awards not yet recognized at December 31, 2016 was $4.2 million and the weighted average period over which this expense is expected to be recognized as of December 31, 2016 is approximately 2.2 years.

Performance and Service Condition Awards . In November 2015, the Board of Directors of our General Partner modified awards that introduced certain performance and service conditions that were probable of being achieved, amounting to $2.0 million payable to certain employees. During the third quarter of 2016, we settled $1.0 million of the obligation in cash while in the fourth quarter of 2016, forfeitures reduced the total payable amount from $2.0 million to $1.5 million . These awards are accounted for as liability classified awards. Compensation expense related to these awards for the years ended December 31, 2016 and 2015 was $0.9 million and $0.5 million , respectively, and is included in *Direct operating expenses* in our consolidated statements of operations. Compensation expense related to unvested awards not yet recognized at December 31, 2016 was $0.1 million .

Option to Purchase Common Units . In December 2015, the Board of Directors of our General Partner approved the grant of an option to purchase 200,000 common units at an exercise price per unit equal to $7.50 . The grant will vest on January 1, 2019, subject to acceleration in certain circumstances, and will expire on March 15th of the calendar year following the calendar year in which it vests.

In August 2016, the Board of Directors of our General Partner approved the grant of an option to purchase 30,000 common units at an exercise price per unit equal to $12.00 . The grant will vest on July 31, 2019, subject to continued employment, and will expire on July 31st of the calendar year following the calendar year in which it vests.

In September 2016, the Board of Directors of our General Partner approved the grant of an option to purchase 45,000 common units of the Partnership at an exercise price per unit equal to $13.88 . The options will vest at a rate of 25% per year. The options will expire on September 30th of the calendar year following the calendar year in which it vests.

The Black-Scholes pricing model was used to determine the fair value of our options grants using the following assumptions:

	Years Ended December 31,	
	2016	**2015**
Weighted average common unit price volatility	61.1%	47.0%
Expected distribution yield	12.6%	26.3%
Weighted average expected term (in years)	4.10	3.5
Weighted average risk-free rate	1.1%	1.3%

The weighted average unit price volatility was based upon the historical volatility of our common units. The expected distribution yield was based on an annualized distribution divided by the closing unit price on the date of grant. The risk-free rate was based on the U.S. Treasury yield curve in effect on the date of grant.

Compensation expense related to these awards was not material for the years ended December 31, 2016 and 2015. Compensation cost related to unvested awards not yet recognized at December 31, 2016 was $0.2 million .

The following table summarizes our option activity for the years ended December 31, 2016 and 2015:

	Units	**Weighted-Average Exercise Price**	**Weighted-Average Grant Date Fair Value per Unit**	**Aggregate Intrinsic Value [1] (In thousands)**	**Weighted Average Remaining Contractual Life (Years)**
Outstanding at December 31, 2014	—	$ —	$ —	$ —	—
Granted	200,000	7.50	0.33	—	—
Vested	—	—		—	—
Forfeited	—	—		—	—
Outstanding at December 31, 2015	200,000	$ 7.50	$ 0.33	$ 118	4.2
Granted	75,000	13.13	2.65	—	—
Vested	—	—		—	—
Forfeited	—	—		—	—
Outstanding at December 31, 2016	275,000	$ 9.03	$ 0.96	$ 2,522	5.0

(1) The intrinsic value of the stock option is the amount by which the current market value of the underlying stock exceeds the exercise price of the option.

17. Income Taxes

With the exception of certain subsidiaries in our Terminals Segment, the Partnership is not subject to U.S. federal or state income taxes as such income taxes are generally borne by our unitholders through the allocation of our taxable income (loss) to them. The State of Texas does impose a franchise tax that is assessed on the portion of our taxable margin which is apportioned to Texas.

Income tax (expense) benefit for the years ended December 31, 2016, 2015 and 2014 is as follows:

	Years Ended December 31,		
	2016	2015	2014
Current income tax expense	$ —	$ —	$ (10)
Deferred income tax expense	(2,057)	(1,134)	(547)
Effective income tax rate	147.9%	0.9%	0.6%

A reconciliation of our expected income tax (expense) benefit calculated at the U.S. federal statutory rate of 34% to our actual tax (expense) for the years ended December 31, 2016, 2015 and 2014 is as follows:

	Years Ended December 31,		
	2016	2015	2014
Net income (loss) before income tax expense	$ 1,391	$ (126,241)	$ (96,638)
US Federal statutory tax rate	34%	34%	34%
Federal income tax (expense) benefit at statutory rate	(473)	42,922	32,857
Reconciling items:			
Partnership loss not subject to income tax	(1,300)	(43,812)	(33,216)
State and local tax expense	(279)	(103)	(159)
Other	(5)	(141)	(39)
Income tax expense	$ (2,057)	$ (1,134)	$ (557)

The Partnership's deferred tax assets and liabilities as of December 31, 2016 and 2015 are summarized below:

	December 31,	
	2016	2015
Deferred tax assets:		
Net operating loss carryforwards	$ 6,300	$ 7,570
Other	577	493
Total deferred tax assets	6,877	8,063
Deferred tax liabilities:		
Property, plant and equipment	(14,735)	(13,889)
Deferred income tax liability, net	$ (7,858)	$ (5,826)

As of December 31, 2016 , certain subsidiaries in our Terminals Segment had net operating loss carryforwards for federal income tax purposes of approximately $16.1 million which begin to expire in 2028.

We recognize the tax benefits from uncertain tax positions if it is more likely than not that the position will be sustained on examination by the taxing authorities. As of December 31, 2016, we have not recognized tax benefits relating to uncertain tax positions.

The preparation of our income tax returns requires the use of management's estimates and interpretations which may be subjected to review by the respective taxing authorities and may result in an assessment of additional taxes, penalties and interest. Tax years subsequent to 2010 remain subject to examination by federal and state taxing authorities.

18. Commitments and Contingencies

Legal proceedings

We are not currently party to any pending litigation or governmental proceedings, other than ordinary routine litigation incidental to our business. While the ultimate impact of any proceedings cannot be predicted with certainly, our management believes that the resolution of any of our pending proceeds will not have a material adverse effect on our financial condition or results of operations.

Environmental matters

We are subject to federal and state laws and regulations relating to the protection of the environment. Environmental risk is inherent in our operations and we could, at times, be subject to environmental cleanup and enforcement actions. We attempt to manage this environmental risk through appropriate environmental policies and practices to minimize any impact our operations may have on the environment.

Regulatory matters

On October 8, 2014, American Midstream (Midla), LLC ("Midla") reached an agreement in principle with its customers regarding the interstate pipeline that traverses Louisiana and Mississippi in order to provide continued service to its customers while addressing safety concerns with the existing pipeline.

On April 16, 2015, FERC approved the stipulation and agreement (the “Midla Agreement”) relating to the October 8, 2014 regulatory matter and allowing Midla to retire the existing 1920’s pipeline and replace it with the Midla-Natchez Line to serve existing residential, commercial, and industrial customers. Under the Midla Agreement, customers not served by the new Midla-Natchez Line will be connected to other interstate or intrastate pipelines, other gas distribution systems, or offered conversion to propane service. On June 29, 2015, the Partnership filed with FERC for authorization to construct the Midla-Natchez pipeline, which was approved on December 17, 2015. Construction commenced in the second quarter of 2016 with service expected to begin in the first six months of 2017. Under the Midla Agreement, Midla plans to execute long-term agreements seeking to recover its investment in the Midla-Natchez Line.

Exit and disposal costs

On March 9, 2016, management committed to a corporate headquarters relocation plan and communicated that plan to the impacted employees. The plan included relocation assistance or one-time termination benefits for employees who rendered service until their respective termination dates. Charges associated with these termination benefits, which totaled $9.1 million were recognized ratably over the requisite service period and are presented in *Corporate expenses* in our consolidated statement of operations. At December 31, 2016 , payments under the plan had been completed.

Commitments and contractual obligations

The Partnership had the following non-cancelable contractual commitments as of December 31, 2016 (in thousands):

	Credit Agreement	3.77% Senior Notes	8.50% Senior Notes	Asset Retirement Obligation	Other [(1)]	Total
2017	$ —	$ 1,677	$ —	$ 6,499	$ 4,144	$ 12,320
2018	—	806	—	—	2,411	3,217
2019	711,250	2,233	—	—	2,547	716,030
2020	—	2,299	—	—	2,081	4,380
2021	—	4,430	300,000	—	1,892	306,322
Thereafter	—	48,555	—	44,363	13,435	106,353
	$ 711,250	$ 60,000	$ 300,000	$ 50,862	$ 26,510	$ 1,148,622

(1) Minimum payments have not been reduced by minimum sublease rentals of $0.2 million.

For the years ended December 31, 2016 , 2015 and 2014 , total rental expenses were $13.4 million , $12.0 million , and $5.8 million , respectively.

19. Related-Party Transactions

As described in Note 3, in December 2013 the Partnership acquired Blackwater Midstream Holdings, LLC (“Blackwater”) from affiliates of ArcLight. The acquisition agreement included a provision whereby an ArcLight affiliate would be entitled to an additional $5.0 million of merger consideration based on Blackwater meeting certain operating targets. During the third quarter of 2016, the Partnership determined that it was probable the operating targets would be met in early 2017 and recorded a $5.0 million accrued distribution to the ArcLight affiliate which is included in *Accrued expenses and other current liabilities* in the accompanying consolidated balance sheet at December 31, 2016 .

Employees of our General Partner are assigned to work for the Partnership or other affiliates of our General Partner. Where directly attributable, all compensation and related expenses for these employees are charged directly by our General Partner to American Midstream, LLC, which, in turn, charges the appropriate subsidiary or affiliate. Our General Partner does not record any profit or margin on the expenses charged to us. During the years ended December 31, 2016 , 2015 , and 2014 , related expenses of $ 41.6 million , $28.7 million , and $22.6 million respectively,which were charged to the Partnership by our General Partner.

During the second quarter of 2014, the Partnership and an affiliate of its General Partner entered into a Management Service Fee arrangement under which the affiliate pays a monthly fee to reimburse the Partnership for administrative expenses incurred on the affiliate’s behalf. For the years ended December 31, 2016 , 2015 , and 2014 , the Partnership recognized related management fee income of $ 0.8 million , $1.4 million and $0.9 million respectively, under this agreement and recorded such amounts as a reduction of *Corporate expenses* in the consolidated statements of operations.

As of December 31, 2016 , and 2015 , the Partnership had $ 3.9 million and $ 3.8 million , respectively, due to our General Partner, which has been recorded in *Accrued expenses and other current liabilities* and relates primarily to compensation. This payable is generally settled on a quarterly basis related to the foregoing transactions.

On November 1, 2016, the Partnership became operator of the Destin and Okeanos pipelines and entered into an operating and administrative management agreements under which the affiliates pay a monthly fee for general and administrative services provided by the Partnership. In addition, the affiliates reimburses the Partnership for certain transition related expenses. For the year ended December 31, 2016 , the Partnership recognized $0.4 million of management fee income and $1.0 million as reimbursement of transition related expenses.

A merican Panther, LLC ("American Panther") is a 60% -owned subsidiary of the Partnership which is consolidated for financial reporting purposes. Pursuant to a related agreement which began in the second quarter of 2016, an affiliate of the non-controlling interest holder provides services to American Panther in exchange for related fees, which in 2016 totaled $0.8 million of *Direct operating expenses* and $0.4 million of *Corporate expenses* in the consolidated statement of operations.

The Partnership enters into purchases and sales of natural gas and crude oil with a company whose chief financial officer is the brother of one of our executive officers. During the years ended December 31, 2016 , 2015 , and 2014 , the Partnership recognized revenue of $3.6 million , $6.2 million and $10.1 million , respectively, while purchases from the company totaled $4.3 million , $5.9 million , and $3.7 million , respectively.

20. Supplemental Cash Flow Information

Supplemental cash flows and non-cash transactions consists of the following (in thousands):

	Years Ended December 31,		
	2016	2015	2014
Supplemental cash flow information			
Interest payments, net of capitalized interest	$ 16,922	$ 12,013	$ 6,726
Supplemental non-cash information			
Increase (decrease) in accrued property, plant and equipment purchases	$ 7,353	$ (25,637)	$ 31,390
Issuance of Series C Units and Warrant in connection with the Emerald Transactions	120,000	—	—
Accrued cash distributions on convertible preferred units	7,103	—	—
Paid-in-kind distributions on convertible preferred units	14,446	16,978	13,154
Paid-in-kind distributions on Series B Units	—	1,373	2,220
Cancellation of escrow units	6,817	—	—
Additional Blackwater acquisition consideration	5,000	—	—
Common unit issuance related to Costar Acquisition	—	—	147,296

21. Reportable Segments

Our operations are located in the United States and are organized into the following reportable segments:

Gathering and Processing

Our Gathering and Processing segment provides "wellhead-to-market" services to producers of natural gas and crude oil, which include transporting raw natural gas and crude oil from various receipt points through gathering systems, treating the raw natural gas, processing raw natural gas to separate the NGLs from the natural gas, fractionating NGLs, and selling or delivering pipeline-quality natural gas and NGLs to various markets and pipeline systems.

In 2016, the Gathering and Processing segment had one customer who accounted for 11% of its segment revenue. In 2015, the segment had two customers who each accounted for 12% its segment revenue. In 2014, the segment had two customers who accounted for 33% and 12% , respectively, of its segment revenue.

Transmission

Our Transmission segment transports and delivers natural gas from producing wells, receipt points or pipeline interconnects for shippers and other customers, including local distribution companies ("LDCs"), utilities and industrial, commercial and power generation customers.

In 2016, the Transmission segment had two customers who accounted for 14% and 13% , respectively, of its segment revenue. In 2015, the segment had two customers who accounted for 19% and 16% , respectively, of its segment revenue. In 2014, the segment had two customers who accounted for 43% and 16% , respectively, of its segment revenue.

Terminals

Our Terminals segment provides above-ground storage services at our marine terminals that support various commercial customers, including commodity brokers, refiners and chemical manufacturers to store a range of products, including petroleum products, distillates, chemicals and agricultural products.

In 2016, the Terminals segment had three customers who accounted for 23% , 17% , and 12% , respectively, of its segment revenue. In 2015, the segment had four customers who accounted for 21% , 13% , 13% , and 13% , respectively, of its segment revenue. In 2014, the segment had four customers who accounted for 20% , 19% , 15% , and 11% , respectively, of its segment revenue.

These segments are monitored separately by management for performance and are consistent with the Partnership's internal financial reporting. These segments have been identified based on the differing products and services, regulatory environment and the expertise required for these operations. Gross margin is a performance measure utilized by management to monitor the results of each segment.

The following tables set forth our segment financial information for the periods indicated (in thousands):

	December 31, 2016			
	Gathering and Processing	Transmission	Terminals	Total
Sales of natural gas, NGLs and condensate revenue	$ 153,174	$ 7,775	$ 1	$ 160,950
Services revenue	10,531	39,196	22,845	72,572
Loss on commodity derivatives, net	(836)	(4)	—	(840)
Total revenue	162,869	46,967	22,846	232,682
Operating expenses:				
Purchases of natural gas, NGL's and condensate	87,026	5,530	—	92,556
Direct operating expenses	41,345	11,920	8,596	61,861
Corporate expenses				54,223
Depreciation, amortization and accretion expense				46,022
Loss on sale of assets, net				591
Loss on impairment of property, plant and equipment				697
Interest expense				15,499
Earnings in unconsolidated affiliates				(40,158)
Income tax expense				2,057
Net income				(666)
Less: Net income attributable to noncontrolling interests				2,804
Net loss attributable to the Partnership				$ (3,470)
Segment gross margin (1)	$ 74,582	$ 41,233	$ 14,250	

(1) Segment gross margin for our Gathering and Processing segment consists of total revenue less construction and operating management agreement income of $1.3 million and purchases of natural gas, NGLs and condensate.

Segment gross margin for our Transmission segment consists of total revenue less construction and operating management agreement income of less than $0.2 million and purchases of natural gas, NGLs and condensate.

Segment gross margin for our Terminals segment consists of total revenue less direct operating expenses.

	Year Ended December 31, 2015			
	Gathering and Processing	Transmission	Terminals	Total
Sales of natural gas, NGLs and condensate revenue	$ 170,197	$ 9,600	$ 21	$ 179,818
Services revenue	3,400	34,082	17,734	55,216
Gain on commodity derivatives, net	1,324	—	—	1,324
Total revenue	174,921	43,682	17,755	236,358
Operating expenses:				
Purchases of natural gas, NGL's and condensate	97,580	8,303	—	105,883
Direct operating expenses	39,249	13,768	7,720	60,737
Corporate expenses				29,818
Depreciation, amortization and accretion expense				38,014
Loss on sale of assets, net				3,011
Loss on impairment of goodwill				118,592
Interest expense				14,745
Earnings in unconsolidated affiliates				(8,201)
Income tax expense				1,134
Loss from discontinued operations, net of tax				80
Net Loss				(127,455)
Less: Net income attributable to noncontrolling interests				25
Net loss attributable to the Partnership				$ (127,480)
Segment gross margin (1)	$ 76,865	$ 35,301	$ 10,035	

(1) Segment gross margin for our Gathering and Processing segment consists of total revenue less unrealized gain on commodity derivatives of $0.3 million , construction and operating management agreement income of $0.8 million and purchases of natural gas, NGLs and condensate.

Segment gross margin for our Transmission segment consists of total revenue less construction and operating management agreement income of less than $0.1 million and purchases of natural gas, NGLs and condensate.

Segment gross margin for our Terminals segment consists of total revenue less direct operating expenses.

	Year Ended December 31, 2014			
	Gathering and Processing	Transmission	Terminals (b)	Total
Sales of natural gas, NGLs and condensate revenue	$ 202,035	$ 52,881	$ 109	$ 255,025
Services revenue	1,581	35,308	15,395	52,284
Gain on commodity derivatives, net	1,091	—	—	1,091
Total revenue	204,707	88,189	15,504	308,400
Operating expenses:				
Purchases of natural gas, NGL's and condensate	152,690	45,262	—	197,952
Direct operating expenses	23,806	15,619	6,494	45,919
Corporate expenses				24,422
Depreciation, amortization and accretion expense				28,832
Loss on impairment of property, plant and equipment				99,892
Loss on sale of assets, net				122
Other expense				670
Interest expense				7,577
Earnings in unconsolidated affiliates				(348)
Income tax expense				557
Loss from discontinued operations, net of tax				611
Net Loss				(97,806)
Less: Net income attributable to noncontrolling interests				214
Net loss attributable to the Partnership				$ (98,020)
Segment gross margin (1)	$ 50,817	$ 42,828	$ 9,010	

(1) Segment gross margin for our Gathering and Processing segment consists of total revenue less unrealized gain on commodity derivatives of $0.4 million , construction and operating management agreement income of $0.8 million , and purchases of natural gas, NGLs and condensate.

Segment gross margin for our Transmission segment consists of total revenue less construction and operating management agreement income of less than $0.1 million and purchases of natural gas, NGLs and condensate.

Segment gross margin for our Terminals segment consists of total revenue less direct operating expenses.

A reconciliation of total assets by segment to the amounts included in the consolidated balance sheets is as follows:

	December 31,	
	2016	2015
Segment assets:		
Gathering and Processing	$ 537,658	$ 573,408
Transmission	142,404	133,870
Terminals	45,226	84,449
Other (1)	838,207	100,153
Total assets	$ 1,563,495	$ 891,880

(1) Other assets not allocable to segments consist of investment in unconsolidated affiliates, restricted cash and other assets.

22. Quarterly Financial Data (Unaudited)

Summarized unaudited quarterly financial data for 2016 and 2015 are as follows (in thousands, except per unit amounts):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter (2)
Total revenues	$ 46,020	$ 55,382	$ 63,818	$ 67,462
Gross margin [(1)(3)]	27,291	31,809	34,312	36,653
Operating loss	(5,116)	(6,191)	(2,717)	(9,244)
Net income (loss)	(3,964)	(3,591)	2,679	4,210
Net income (loss) attributable to the Partnership	(3,951)	(4,583)	1,483	3,581
General Partner's Interest in net income (loss)	(52)	(61)	19	46
Limited Partners' Interest in net income (loss)	$ (3,899)	$ (4,522)	$ 1,464	$ 3,535
Limited Partners' income (loss) per unit:				
Loss from continuing operations	$ (0.33)	$ (0.36)	$ (0.22)	$ (0.20)
Net income (loss)	$ (0.33)	$ (0.36)	$ (0.22)	$ (0.20)
Year Ended December 31, 2015				
Total revenues	$ 64,609	$ 67,509	$ 55,641	$ 48,599
Gross margin [(1) (3)]	33,776	31,917	28,854	27,654
Operating income (loss)	3,434	1,867	(1,523)	(123,475)
Net income (loss) from continuing operations	835	(2,002)	(4,574)	(121,634)
Income (loss) from discontinued operations, net of tax	5	(31)	(53)	(1)
Net income (loss) attributable to noncontrolling interest	14	32	34	(55)
Net income (loss) attributable to the Partnership	826	(2,065)	(4,661)	(121,580)
General Partner's Interest in net income (loss)	10	(25)	(60)	(1,570)
Limited Partners' Interest in net income (loss)	$ 816	$ (2,040)	$ (4,601)	$ (120,010)
Limited Partners' income (loss) per unit:				
Loss from continuing operations	$ (0.19)	$ (0.35)	$ (0.48)	$ (4.16)
Net loss	$ (0.19)	$ (0.35)	$ (0.48)	$ (4.16)

(1) For a definition of gross margin and a reconciliation to its most directly comparable financial measure calculated and presented in accordance with GAAP and a discussion of how we use gross margin to evaluate our operating performance, please read Item 7. "Management's Discussion and Analysis, How We Evaluate Our Operations."
(2) In the fourth quarter of 2015, we recognized a goodwill impairment charge of $118.6 million .
(3) Amounts are different than previously reported due to reclassifying a portion of equity compensation expense into *Direct operating expense* for the Terminals segment.

23. Subsequent Event

Distribution

On January 26, 2017, we announced that the Board of Directors of our General Partner declared a quarterly cash distribution of $0.4125 per common unit for the fourth quarter ended December 31, 2016, or $1.65 per common unit on an annualized basis. The cash distribution was paid on February 13, 2017, to unitholders of record as of the close of business on February 6, 2017.

Dakota Access Connection Agreement

On March 1, 2017, the Partnership announced it has entered a connection agreement with Dakota Access Pipeline ("DAPL"), the 1,172-mile pipeline that extends from the Partnership's Bakken formation production area in North Dakota to Patoka, Illinois. The new DAPL interconnect will tie into the Partnership's Bakken crude oil gathering system which consists of interstate pipelines with capacity to transport up to approximately 40,000 barrels per day of crude oil.

JP Energy Partners

On March 8, 2017, the Partnership completed the acquisition of JPE, an entity controlled by ArcLight affiliates, in a unit-for-unit merger. In connection with the transaction, each JPE common or subordinated unit held by investors not affiliated with ArcLight was converted into the right to receive 0.5775 of a Partnership common unit, and each JPE common or subordinated unit held by ArcLight affiliates was converted into the right to receive 0.5225 of a Partnership common unit. The Partnership issued a total of 20.2 million of its common units to complete the acquisition, including 9.8 million common units to ArcLight affiliates. In connection with the completion of the JPE Merger, the Partnership entered into a supplemental indenture pursuant to which the JPE Entities jointly and severally, fully and unconditionally, guarantee the 8.50% Senior Notes.

As both the Partnership and JPE were controlled by ArcLight affiliates, the acquisition represents a transaction among entities under common control and will be accounted for as a common control transaction. Although the Partnership is the legal acquirer, JPE is considered to be the acquirer for accounting purposes as ArcLight obtained control of JPE prior to obtaining control of the Partnership on April 15, 2013. As a result, JPE will record the acquisition of the Partnership at ArcLight's historical cost basis. The Partnership will file recast historical cost financial statements for the combined entity in May 2017.

Upon the closing of the JPE Merger and the satisfaction of other related conditions the restricted cash proceeds from the 8.50% Senior Notes was released from escrow on March 8, 2017. The Partnership used the net proceeds to repay and terminate JPE's revolving credit facility and to reduce borrowings under the Partnership's Credit Agreement.

JPE owns, operates and develops a diversified portfolio of midstream energy assets with three business segments (i) crude oil pipelines and storage, (ii) refined products terminals and storage and (iii) NGL distribution and sales, which together provide midstream infrastructure solutions for the growing supply of crude oil, refined products and NGLs, in the United States.

Second Amended and Restated Credit Agreement

On March 8, 2017 the Partnership entered into the Second Amended and Restated Credit Agreement, which increased our borrowing capacity from $750 million to $900.0 million and provided for an accordion feature that will permit, subject to the customary conditions, the borrowing capacity under the Credit Agreement to be increased to a maximum of $1.1 billion .

COMPOSITE FIFTH AMENDED AND RESTATED

AGREEMENT OF LIMITED PARTNERSHIP

OF

AMERICAN MIDSTREAM PARTNERS, LP

(as amended on May 1, 2016, October 31, 2016 and March 8, 2017)

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COMPOSITE FIFTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF AMERICAN MIDSTREAM PARTNERS, LP

THIS COMPOSITE FIFTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF AMERICAN MIDSTREAM PARTNERS, LP dated as of April 25, 2016, as amended on May 1, 2016, October 31, 2016 and March 8, 2017 (this " ***Agreement*** "), is entered into by and between American Midstream GP, LLC, a Delaware limited liability company, as the General Partner, and the Persons who are now or become Partners in the Partnership or parties hereto as provided herein.

WHEREAS, the General Partner and the Limited Partners entered into that certain First Amended and Restated Agreement of Limited Partnership dated as of November 4, 2009;

WHEREAS, the General Partner and the Limited Partners entered into that certain Second Amended and Restated Agreement of Limited Partnership dated as of August 1, 2011;

WHEREAS, the General Partner and the Limited Partners entered into that certain Third Amended and Restated Agreement of Limited Partnership dated as of April 15, 2013 (the " ***Third A/R Partnership Agreement*** ");

WHEREAS, the General Partner and the Limited Partners entered into that certain Fourth Amended and Restated Agreement of Limited Partnership dated as of August 9, 2013, as amended from time to time thereafter (as amended, the " ***Fourth A/R Partnership Agreement*** ");

WHEREAS, Magnolia Infrastructure Holdings, LLC, a Delaware limited liability company (" ***MIH*** "), the General Partner and the Partnership have entered into that certain Securities Purchase Agreement, dated the date hereof (the " ***Series C Unit Purchase Agreement*** "), pursuant to which MIH will contribute cash to the Partnership in exchange for 8,571,429 Series C Convertible Preferred Units and the Series C Warrant;

WHEREAS, pursuant to the Series C Unit Purchase Agreement, the Fourth A/R Partnership Agreement is required to be amended to reflect the issuance of the Series C Convertible Preferred Units and the Series C Warrant;

WHEREAS, there are certain other corrections and correlative clarifications to the Fourth A/R Partnership Agreement that the General Partner believes are appropriate;

WHEREAS, Section 5.6 of the Fourth A/R Partnership Agreement provides that the General Partner, without the approval of any Limited Partner except as otherwise provided in the Fourth A/R Partnership Agreement, may, for any Partnership purpose, at any time or from time to time, issue additional Partnership Interests and warrants to such Persons for such consideration and on such terms and conditions as shall be established by the General Partner;

WHEREAS, Section 13.1(d)(i) of the Fourth A/R Partnership Agreement provides that the General Partner may amend any provision of the Fourth A/R Partnership Agreement without the

approval of any Partner to reflect a change that the General Partner determines does not adversely affect in any material respect the Limited Partners considered as a whole or any particular class of Partnership Interests as compared to the other classes of Partnership Interests;

WHEREAS, Section 13.1(g) of the Fourth A/R Partnership Agreement provides that the General Partner, without the approval of any Partner, may amend any provision of the Fourth A/R Partnership Agreement to reflect an amendment that, the General Partner determines, is necessary or appropriate in connection with the creation, authorization or issuance of any class or series of Partnership Interests or warrants pursuant to Section 5.6 of the Fourth A/R Partnership Agreement;

WHEREAS, the General Partner has determined that the amendments to the Fourth A/R Partnership Agreement effected hereby are required to reflect the issuance of the Series C Convertible Preferred Units and the Series C Warrant and to make other corrections and correlative clarifications, which corrections and clarifications do not adversely affect in any material respect the Limited Partners considered as a whole or any particular class of Partnership Interests as compared to other classes of Partnership Interests, other than the Series A Preferred Units, the holders of which have approved the amendments;

WHEREAS, to the extent required by Sections 5.12(b) and 7.3 of the Fourth A/R Partnership Agreement, the holder of the Series A Preferred Units has consented to the amendments effected hereby and has waived the second paragraph of Section 5.12(b)(viii)(D); and

WHEREAS, the General Partner has determined that the amendments to the Fourth A/R Partnership Agreement effected hereby are necessary and appropriate in connection with the creation, authorization and issuance of the Series C Convertible Preferred Units and the Series C Warrant, as contemplated by the Series C Unit Purchase Agreement.

NOW, THEREFORE, the General Partner does hereby amend and restate the Fourth A/R Partnership Agreement to provide in its entirety as follows:

Article I

DEFINITIONS

Section 1.1 Definitions .

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

" ***Acquisition*** " means any transaction in which any Group Member acquires (through an asset acquisition, merger, stock acquisition or other form of investment) control over all or a portion of the assets, properties or business of another Person for the purpose of increasing the long-term operating capacity or operating income of the Partnership Group from the operating capacity or operating income of the Partnership Group existing immediately prior to such transaction.

“ ***Additional Book Basis*** ” means the portion of any remaining Carrying Value of an Adjusted Property that is attributable to positive adjustments made to such Carrying Value as a result of Book-Up Events. For purposes of determining the extent that Carrying Value constitutes Additional Book Basis:

(a) Any negative adjustment made to the Carrying Value of an Adjusted Property as a result of either a Book-Down Event or a Book-Up Event shall first be deemed to offset or decrease that portion of the Carrying Value of such Adjusted Property that is attributable to any prior positive adjustments made thereto pursuant to a Book-Up Event or Book-Down Event.

(b) If Carrying Value that constitutes Additional Book Basis is reduced as a result of a Book-Down Event and the Carrying Value of other property is increased as a result of such Book-Down Event, an allocable portion of any such increase in Carrying Value shall be treated as Additional Book Basis; *provided* , that the amount treated as Additional Book Basis pursuant hereto as a result of such Book-Down Event shall not exceed the amount by which the Aggregate Remaining Net Positive Adjustments after such Book-Down Event exceeds the remaining Additional Book Basis attributable to all of the Partnership’s Adjusted Property after such Book-Down Event (determined without regard to the application of this clause (b) to such Book-Down Event).

“ ***Additional Book Basis Derivative Items*** ” means any Book Basis Derivative Items that are computed with reference to Additional Book Basis. To the extent that the Additional Book Basis attributable to all of the Partnership’s Adjusted Property as of the beginning of any taxable period exceeds the Aggregate Remaining Net Positive Adjustments as of the beginning of such period (the “ ***Excess Additional Book Basis*** ”), the Additional Book Basis Derivative Items for such period shall be reduced by the amount that bears the same ratio to the amount of Additional Book Basis Derivative Items determined without regard to this sentence as the Excess Additional Book Basis bears to the Additional Book Basis as of the beginning of such period. With respect to a Disposed of Adjusted Property, the Additional Book Basis Derivative Items shall be the amount of Additional Book Basis taken into account in computing gain or loss from the disposition of such Disposed of Adjusted Property.

“ ***Additional Limited Partner*** ” means a Person admitted to the Partnership as a Limited Partner pursuant to Section 10.1(b) and who is shown as such on the books and records of the Partnership.

“ ***Adjusted Capital Account*** ” means the Capital Account maintained for each Partner as of the end of each taxable period of the Partnership, (a) increased by any amounts that such Partner is obligated to restore under the standards set by Treasury Regulation Section 1.704-1(b)(2)(ii)(c) (or is deemed obligated to restore under Treasury Regulation Sections 1.704-2(g) and 1.704-2 (i)(5)) and (b) decreased by (i) the amount of all losses and deductions that, as of the end of such taxable period, are reasonably expected to be allocated to such Partner in subsequent taxable periods under Sections 704(e)(2) and 706(d) of the Code and Treasury Regulation Section 1.751-1(b)(2)(ii), and (ii) the amount of all distributions that, as of the end of such taxable period, are reasonably expected to be made to such Partner in subsequent taxable periods in accordance with the terms of this Agreement or otherwise to the extent they exceed offsetting increases to such Partner’s Capital Account that are reasonably expected to occur during (or prior to) the taxable period in which such

distributions are reasonably expected to be made (other than increases as a result of a minimum gain chargeback pursuant to Section 6.1(d)(i) or Section 6.1(d)(ii)). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith. The " *Adjusted Capital Account* " of a Partner in respect of a Partnership Interest shall be the amount that such Adjusted Capital Account would be if such Partnership Interest were the only interest in the Partnership held by such Partner from and after the date on which such Partnership Interest was first issued.

" ***Adjusted Operating Surplus*** " means, with respect to any period, (a) Operating Surplus generated with respect to such period, less (b) (i) any net increase in Working Capital Borrowings with respect to that period and (ii) any net decrease in cash reserves for Operating Expenditures with respect to such period not relating to an Operating Expenditure made with respect to such period, and plus (c) (i) any net decrease in Working Capital Borrowings with respect to that period, (ii) any net decrease made in subsequent periods in cash reserves for Operating Expenditures initially established with respect to such period to the extent such decrease results in a reduction in Adjusted Operating Surplus in subsequent periods pursuant to clause (b)(ii) above and (iii) any net increase in cash reserves for Operating Expenditures with respect to such period required by any debt instrument for the repayment of principal, interest or premium. Adjusted Operating Surplus does not include that portion of Operating Surplus included in clause (a) (i) of the definition of Operating Surplus.

" ***Adjusted Property*** " means any property the Carrying Value of which has been adjusted pursuant to Section 5.5(d) .

" ***Affiliate*** " means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Person in question. As used herein, the term " *control* " means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

" ***Aggregate Quantity of IDR Reset Common Units*** " has the meaning assigned to such term in Section 5.11(a) .

" ***Aggregate Remaining Net Positive Adjustments*** " means, as of the end of any taxable period, the sum of the Remaining Net Positive Adjustments of all the Partners.

" ***Agreed Allocation*** " means any allocation, other than a Required Allocation, of an item of income, gain, loss or deduction pursuant to the provisions of Section 6.1 , including a Curative Allocation (if appropriate to the context in which the term " *Agreed Allocation* " is used).

" ***Agreed Value*** " of any Contributed Property means the fair market value of such property or other consideration at the time of contribution and in the case of an Adjusted Property, the fair market value of such Adjusted Property on the date of the revaluation event as described in Section 5.5(d) , in both cases as determined by the General Partner.

“ ***Agreement*** ” means this Fifth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, LP, as it may be amended, supplemented or restated from time to time.

“ ***AIM Midstream*** ” means AIM Midstream Holdings, LLC, a Delaware limited liability company.

“ ***AIM Warrant*** ” means that certain warrant to purchase up to 300,000 Common Units with a $0.01 per warrant exercise price, issued pursuant to the requirements of the Purchase Agreement, which warrant shall, for tax purposes, be treated as a “noncompensatory option” within the meaning of Treasury Regulations Sections 1.721-2(f) and 1.761-3(b)(2) and not treated as a partnership interest pursuant to Treasury Regulations Section 1.761-3(a).

“ ***American Midstream GP*** ” means American Midstream GP, LLC, a Delaware limited liability company.

“ ***Associate*** ” means, when used to indicate a relationship with any Person, (a) any corporation or organization of which such Person is a director, officer, partner or managing member or is, directly or indirectly, the owner of 20% or more of any class of voting stock or other voting interest; (b) any trust or other estate in which such Person has at least a 20% beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity; and (c) any relative or spouse of such Person, or any relative of such spouse, who has the same principal residence as such Person.

“ ***Available Cash*** ” means, with respect to any Quarter ending prior to the Liquidation Date:

(a) the sum of:

(i) all cash and cash equivalents of the Partnership Group (or the Partnership’s proportionate share of cash and cash equivalents in the case of Subsidiaries that are not wholly owned) on hand at the end of such Quarter; and

(ii) if the General Partner so determines, all or any portion of additional cash and cash equivalents of the Partnership Group (or the Partnership’s proportionate share of cash and cash equivalents in the case of Subsidiaries that are not wholly owned) on hand on the date of determination of Available Cash with respect to such Quarter resulting from Working Capital Borrowings made subsequent to the end of such Quarter;

(b) less the amount of any cash reserves (or the Partnership’s proportionate share of cash reserves in the case of Subsidiaries that are not wholly owned) established by the General Partner to:

(i) provide for the proper conduct of the business of the Partnership Group (including reserves for future capital expenditures, for anticipated future credit needs of the Partnership Group and for refunds of collected rates reasonably likely to be refunded as a result of a settlement or hearing relating to FERC rate proceedings or rate proceedings under applicable state law, if any) subsequent to such Quarter;

(ii) comply with applicable law or any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which any Group Member is a party or by which it is bound or its assets are subject; or

(iii) provide funds for distributions under Section 6.4 or Section 6.5 in respect of any one or more of the next four Quarters;

provided, however , that the General Partner may not establish cash reserves pursuant to clause (iii) above if the effect of establishing such reserves would be that the Partnership is unable to distribute the Minimum Quarterly Distribution on all Common Units, plus any Cumulative Common Unit Arrearage on all Common Units, with respect to such Quarter; and, *provided further* , that disbursements made by a Group Member or cash reserves established, increased or reduced after the end of such Quarter but on or before the date of determination of Available Cash with respect to such Quarter shall be deemed to have been made, established, increased or reduced, for purposes of determining Available Cash, within such Quarter if the General Partner so determines.

Notwithstanding the foregoing, " *Available Cash* " with respect to the Quarter in which the Liquidation Date occurs and any subsequent Quarter shall equal zero.

" ***Board of Directors*** " means the board of directors of the General Partner.

" ***Book Basis Derivative Items*** " means any item of income, deduction, gain or loss that is computed with reference to the Carrying Value of an Adjusted Property (*e.g.* , depreciation, depletion, or gain or loss with respect to an Adjusted Property).

" ***Book-Down Event*** " means an event that triggers a negative adjustment to the Capital Accounts of the Partners pursuant to Section 5.5(d) .

" ***Book-Tax Disparity*** " means with respect to any item of Contributed Property or Adjusted Property, as of the date of any determination, the difference between the Carrying Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for federal income tax purposes as of such date. A Partner's share of the Partnership's Book-Tax Disparities in all of its Contributed Property and Adjusted Property will be reflected by the difference between such Partner's Capital Account balance as maintained pursuant to Section 5.5 and the hypothetical balance of such Partner's Capital Account computed as if it had been maintained strictly in accordance with federal income tax accounting principles.

" ***Book-Up Event*** " means an event that triggers a positive adjustment to the Capital Accounts of the Partners pursuant to Section 5.5(d) .

" ***Business Day*** " means Monday through Friday of each week, except that a legal holiday recognized as such by the government of the United States of America or the State of Texas shall not be regarded as a Business Day.

" ***Capital Account*** " means the capital account maintained for a Partner pursuant to Section 5.5 . The " ***Capital Account*** " of a Partner in respect of a Partnership Interest shall be the amount that

such Capital Account would be if such Partnership Interest were the only interest in the Partnership held by such Partner from and after the date on which such Partnership Interest was first issued.

" ***Capital Contribution*** " means (i) any cash, cash equivalents or the Net Agreed Value of Contributed Property that a Partner contributes to the Partnership or that is contributed or deemed contributed to the Partnership on behalf of a Partner (including, in the case of an underwritten offering of Units, the amount of any underwriting discounts or commissions) or (ii) current distributions that a Partner is entitled to receive but otherwise waives.

" ***Capital Improvement*** " means any (a) addition or improvement to the capital assets owned by any Group Member, (b) acquisition (through an asset acquisition, merger, stock acquisition or other form of investment) of existing, or the construction of new or improvement or replacement of existing, capital assets (including gathering systems, compressors, processing plants, transmission lines and related or similar midstream assets) or (c) capital contribution by a Group Member to a Person that is not a Subsidiary in which a Group Member has, or after such capital contribution will have, an equity interest to fund such Group Member's pro rata share of the cost of the addition or improvement to or the acquisition (through an asset acquisition, merger, stock acquisition or other form of investment) of existing, or the construction of new or replacement of existing, capital assets (including gathering systems, compressors, processing plants, transmission lines and related or similar midstream assets) by such Person, in each case if and to the extent such addition, improvement, acquisition, construction or replacement is made to increase the long-term operating capacity or operating income of the Partnership Group, in the case of clauses (a) and (b), or such Person, in the case of clause (c), from the operating capacity or operating income of the Partnership Group or such Person, as the case may be, existing immediately prior to such addition, improvement, acquisition, construction or replacement.

" ***Capital Surplus*** " has the meaning assigned to such term in Section 6.3(a) .

" ***Carrying Value*** " means (a) with respect to a Contributed Property or Adjusted Property, the Agreed Value of such property reduced (but not below zero) by all depreciation, amortization and cost recovery deductions charged to the Partners' Capital Accounts in respect of such Contributed Property or Adjusted Property, and (b) with respect to any other Partnership property, the adjusted basis of such property for federal income tax purposes, all as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Section 5.5(d) and to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Partnership properties, as deemed appropriate by the General Partner.

" ***Cause*** " means a court of competent jurisdiction has entered a final, non-appealable judgment finding the General Partner liable for actual fraud or willful misconduct in its capacity as a general partner of the Partnership.

" ***Certificate*** " means (a) a certificate (i) substantially in the form of Exhibit A to this Agreement, (ii) issued in global form in accordance with the rules and regulations of the Depository or (iii) in such other form as may be adopted by the General Partner, in each case issued by the Partnership evidencing ownership of one or more Common Units or (b) a certificate, in such form

as may be adopted by the General Partner, issued by the Partnership evidencing ownership of one or more other Partnership Interests.

" ***Certificate of Limited Partnership*** " means the Certificate of Limited Partnership of the Partnership filed with the Secretary of State of the State of Delaware as referenced in Section 7.2 , as such Certificate of Limited Partnership may be amended, supplemented or restated from time to time.

" ***Citizenship Eligibility Trigger*** " has the meaning assigned to such term in Section 4.9(a)(ii) "claim" (as used in Section 7.12(c)) has the meaning assigned to such term in Section 7.12(c) .

" ***claim*** " (as used in Section 7.12(c)) has the meaning assigned to such term in Section 7.12(c) .

" ***Closing Date*** " means November 4, 2009.

" ***Closing Price*** " means, in respect of any class of Limited Partner Interests, as of the date of determination, the last sale price on such day, regular way, or in case no such sale takes place on such day, the average of the closing bid and asked prices on such day, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the principal National Securities Exchange on which the respective Limited Partner Interests are listed or admitted to trading or, if such Limited Partner Interests are not listed or admitted to trading on any National Securities Exchange, the last quoted price on such day or, if not so quoted, the average of the high bid and low asked prices on such day in the over-the-counter market, as reported by the primary reporting system then in use in relation to such Limited Partner Interests of such class, or, if on any such day such Limited Partner Interests of such Series are not quoted by any such organization, the average of the closing bid and asked prices on such day as furnished by a professional market maker making a market in such Limited Partner Interests of such class selected by the General Partner, or if on any such day no market maker is making a market in such Limited Partner Interests of such class, the fair value of such Limited Partner Interests on such day as determined by the General Partner.

" ***Code*** " means the Internal Revenue Code of 1986, as amended and in effect from time to time. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of any successor law.

" ***Combined Interest*** " has the meaning assigned to such term in Section 11.3(a) .

" ***Commences Commercial Service*** " means the date a Capital Improvement is first put into or commences commercial service following completion of construction, acquisition, development and testing, as applicable.

" ***Commission*** " means the United States Securities and Exchange Commission or any successor agency having jurisdiction under the Securities Act.

“ ***Commodity Hedge Contract*** ” means any commodity exchange, swap, forward, cap, floor, collar or other similar agreement or arrangement entered into for the purpose of hedging the Partnership Group’s exposure to fluctuations in the price of hydrocarbons or other commodities in their operations and not for speculative purposes.

“ ***Common Unit*** ” means a Partnership Interest representing a fractional part of the Partnership Interests of all Limited Partners, and having the rights and obligations specified with respect to Common Units in this Agreement. The term “Common Unit” does not refer to, or include, any Incentive Distribution Rights, any HPIP Equity Interest, any Series A Preferred Unit prior to the conversion of such Series A Preferred Unit into a Common Unit pursuant to the terms thereof, any Series C Preferred Unit prior to the conversion of such Series C Preferred Unit into a Common Unit pursuant to the terms thereof, any Series D Preferred Unit prior to the conversion of such Series D Preferred Unit into a Common Unit pursuant to the terms thereof, or, except as otherwise provided in this Agreement, any Series B Unit prior to the conversion of such Series B Unit into a Common Unit pursuant to the terms thereof.

“ ***Common Unit Arrearage*** ” means, with respect to any Common Unit, whenever issued, as to any Quarter after the Closing Date, the excess, if any, of (a) the Minimum Quarterly Distribution with respect to a Common Unit in respect of such Quarter over (b) the sum of all Available Cash distributed with respect to a Common Unit in respect of such Quarter pursuant to Section 6.4(b)(i) .

“ ***Conflicts Committee*** ” means a committee of the Board of Directors composed of one or more Independent Directors.

“ ***Contributed Property*** ” means each property or other asset, in such form as may be permitted by the Delaware Act, but excluding cash, contributed to the Partnership. Once the Carrying Value of a Contributed Property is adjusted pursuant to Section 5.5(d) , such property shall no longer constitute a Contributed Property, but shall be deemed an Adjusted Property.

“ ***Convertible Securities*** ” has the meaning assigned to such term in Section 5.12(b)(viii)(D) .

“ ***Cumulative Common Unit Arrearage*** ” means, with respect to any Common Unit, whenever issued, and as of the end of any Quarter, the excess, if any, of (a) the sum resulting from adding together the Common Unit Arrearage as to an IPO Common Unit for each of the Quarters after the Closing Date over (b) the sum of any distributions theretofore made pursuant to Section 6.4(b)(ii) and the second sentence of Section 6.5 with respect to an IPO Common Unit (including any distributions to be made in respect of the last of such Quarters).

“ ***Curative Allocation*** ” means any allocation of an item of income, gain, deduction, loss or credit pursuant to the provisions of Section 6.1(d)(xi) .

“ ***Current Market Price*** ” means, in respect of any class of Limited Partner Interests, as of the date of determination, the average of the daily Closing Prices per Limited Partner Interest of such class for the 20 consecutive Trading Days immediately prior to such date.

" ***Delaware Act*** " means the Delaware Revised Uniform Limited Partnership Act, 6 Del. C. Section 17-101, et seq. as amended, supplemented or restated from time to time, and any successor to such statute.

" ***Departing General Partner*** " means a former general partner from and after the effective date of any withdrawal or removal of such former general partner pursuant to Section 11.1 or Section 11.2 .

" ***Depository*** " means, with respect to any Units issued in global form, The Depository Trust Company and its successors and permitted assigns.

" ***Disposed of Adjusted Property*** " has the meaning ascribed to such term in Section

6.1(d)(xii)(B) .

" ***Economic Risk of Loss*** " has the meaning set forth in Treasury Regulation Section

1.752-2(a).

" ***Eligibility Certificate*** " has the meaning assigned to such term in Section 4.9(b) .

" ***Eligible Holder*** " means a Limited Partner whose (a) federal income tax status would not, in the determination of the General Partner, have the material adverse effect described in Section 4.9(a)(i) or (b) nationality, citizenship or other related status would not, in the determination of the General Partner, create a substantial risk of cancellation or forfeiture as described in Section 4.9(a)(ii) .

" ***Estimated Incremental Quarterly Tax Amount*** " has the meaning assigned to such term in Section 6.9 .

" ***Estimated Maintenance Capital Expenditures*** " means an estimate made in good faith by the Board of Directors (with the concurrence of the Conflicts Committee) of the average quarterly Maintenance Capital Expenditures that the Partnership will incur over the long term. The Board of Directors (with the concurrence of the Conflicts Committee) will be permitted to make such estimate in any manner it determines reasonable. The estimate will be made annually and whenever an event occurs that is likely to result in a material adjustment to the amount of Maintenance Capital Expenditures on a long term basis. The Partnership shall disclose to its Partners any change in the amount of Estimated Maintenance Capital Expenditures in its reports made in accordance with Section 8.3 to the extent not previously disclosed. Any adjustments to Estimated Maintenance Capital Expenditures shall be prospective only.

" ***Event of Withdrawal*** " has the meaning assigned to such term in Section 11.1(a) .

" ***Expansion Capital Expenditures*** " means cash expenditures for Acquisitions or Capital Improvements, and shall not include Maintenance Capital Expenditures or Investment Capital Expenditures. Expansion Capital Expenditures shall include interest (and related fees) on debt incurred and distributions on equity issued, in each case, to finance the construction of a Capital

Improvement and paid in respect of the period beginning on the date that the Group Member enters into a binding obligation to commence construction of a Capital Improvement and ending on the earlier to occur of the date that such Capital Improvement Commences Commercial Service and the date that such Capital Improvement is abandoned or disposed of. Debt incurred or equity issued to fund such construction period interest payments or such construction period distributions on equity paid during such period, shall also be deemed to be debt incurred or equity issued, as the case may be, to finance the construction of a Capital Improvement. Expansion Capital Expenditures will include cash contributed by a Group Member to an entity of which such Group Member is, or after such contribution will be, directly or indirectly, an equity owner to be used by such entity for Acquisitions or Capital Improvements. Where capital expenditures are made in part for Expansion Capital Expenditures and in part for other purposes, the General Partner, with the concurrence of the Conflicts Committee, shall determine the allocation of such expenditures between Expansion Capital Expenditures and expenditures made for other purposes.

" ***FERC*** " means the Federal Energy Regulatory Commission, or successor to powers thereof.

" ***Follow-On Price*** " has the meaning assigned to such term in Section 5.12(b)(viii)(E) .

" ***Follow-On Units*** " has the meaning assigned to such term in Section 5.12(b)(viii)(E) .

" ***Former IDRs*** " has the meaning assigned to such term in the recitals to this Agreement.

" ***Fourth A/R Partnership Agreement*** " has the meaning assigned to such term in the recitals to this Agreement.

" ***Fully Diluted Weighted Average Basis*** " means, when calculating the number of Outstanding Units for any period, a basis that includes (a) the weighted average number of Outstanding Units plus (b) all Partnership Interests and options, rights, warrants, phantom units and appreciation rights relating to an equity interest in the Partnership (i) whose conversion, exercise or exchange price is less than the Current Market Price on the date of such calculation, (ii) that may be converted into or exercised or exchanged for such Units prior to or during the Quarter immediately following the end of the period for which the calculation is being made without the satisfaction of any contingency beyond the control of the holder other than the payment of consideration and the compliance with administrative mechanics applicable to such conversion, exercise or exchange and (iii) that were not converted into or exercised or exchanged for such Units during the period for which the calculation is being made; *provided, however* , that if consideration will be paid to any Group Member in connection with such conversion, exercise or exchange, the number of Units to be included in such calculation shall be that number equal to the difference between (x) the number of Units issuable upon such conversion, exercise or exchange and (y) the number of Units that such consideration would purchase at the Current Market Price.

" ***General Partner*** " means American Midstream GP and its successors and permitted assigns that are admitted to the Partnership as general partner of the Partnership, in its capacity as general partner of the Partnership (except as the context otherwise requires).

“ ***General Partner Interest*** ” means the ownership interest of the General Partner in the Partnership (in its capacity as a general partner without reference to any Limited Partner Interest held by it) that is evidenced by Notional General Partner Units and includes any and all benefits to which the General Partner is entitled as provided in this Agreement, together with all obligations of the General Partner to comply with the terms and provisions of this Agreement.

“ ***Gross Liability Value*** ” means, with respect to any Liability of the Partnership described in Treasury Regulation Section 1.752-7(b)(3)(i), the amount of cash that a willing assignor would pay to a willing assignee to assume such Liability in an arm’s length transaction.

“ ***Group*** ” means a Person that with or through any of its Affiliates or Associates has any contract, arrangement, understanding or relationship for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent given to such Person in response to a proxy or consent solicitation made to 10 or more Persons), exercising investment power or disposing of any Partnership Interests with any other Person that beneficially owns, or whose Affiliates or Associates beneficially own, directly or indirectly, Partnership Interests.

“ ***Group Member*** ” means a member of the Partnership Group.

“ ***Group Member Agreement*** ” means the partnership agreement of any Group Member, other than the Partnership, that is a limited or general partnership, the limited liability company agreement of any Group Member that is a limited liability company, the certificate of incorporation and bylaws or similar organizational documents of any Group Member that is a corporation, the joint venture agreement or similar governing document of any Group Member that is a joint venture and the governing or organizational or similar documents of any other Group Member that is a Person other than a limited or general partnership, limited liability company, corporation or joint venture, as such may be amended, supplemented or restated from time to time.

“ ***Holder*** ” as used in Section 7.12 , has the meaning assigned to such term in Section 7.12(a) .

“ ***HPIP*** ” has the meaning assigned to such term in the recitals to this Agreement.

“ ***HPIP Equity Interest*** ” means a non-voting Limited Partner Interest, which Limited Partner Interest will confer upon the holder thereof only the rights and obligations specifically provided in this Agreement with respect to the HPIP Equity Interest (and no other rights otherwise available to or other obligation of a holder of a Partnership Interest). Notwithstanding anything in this Agreement to the contrary, the holder of the HPIP Equity Interest shall not be entitled to vote such HPIP Equity Interest on any Partnership matter except as may otherwise be required by law.

“ ***IDR Reset Common Unit*** ” has the meaning assigned to such term in Section 5.11(a) .

“ ***IDR Reset Election*** ” has the meaning assigned to such term in Section 5.11(a) .

“ ***Incentive Distribution Right*** ” means a Limited Partner Interest issued to American Midstream GP, which Limited Partner Interest will confer upon the holder thereof only the rights

and obligations specifically provided in this Agreement with respect to Incentive Distribution Rights (and no other rights otherwise available to or other obligations of a holder of a Partnership Interest). Notwithstanding anything to the contrary in this Agreement, the holder of an Incentive Distribution Right shall not be entitled to vote such Incentive Distribution Right on any Partnership matter except as may otherwise be required by law or contemplated by Section 11.2 .

" ***Incentive Distributions*** " means any amount of cash distributed to the holders of the Incentive Distribution Rights (in such capacity, but not in any other capacity) pursuant to Section 6.4 .

" ***Incremental Income Taxes*** " has the meaning assigned to such term in Section 6.9 .

" ***Indebtedness*** " means any of the following: (a) the principal of and accrued interest or premium (if any) and premiums or penalties that would arise as a result of prepayment of (i) any indebtedness for borrowed money, (ii) any obligations evidenced by bonds, debentures, notes or other similar instruments, and (iii) any obligations, contingent or otherwise, under banker's acceptance credit, or similar facilities; (b) any obligations to pay the deferred purchase price of property or services, except trade accounts payable and other current liabilities arising in the ordinary course of business; (c) any obligations with respect to hedging, swaps or similar arrangements; and (d) any guaranty of any of the foregoing.

" ***Indemnified Persons*** " has the meaning assigned to such term in Section 7.12(c) .

" ***Indemnitee*** " means (a) the General Partner, (b) any Departing General Partner, (c) any Person who is or was an Affiliate of the General Partner or any Departing General Partner, (d) any Person who is or was a manager, managing member, general partner, director, officer, employee, agent, fiduciary or trustee of any Group Member, the General Partner or any Departing General Partner or any Affiliate of any Group Member, the General Partner or any Departing General Partner, (e) any Person who is or was serving at the request of the General Partner or any Departing General Partner or any Affiliate of the General Partner or any Departing General Partner as a manager, managing member, general partner, director, officer, employee, agent, fiduciary or trustee of another Person owing a fiduciary duty to any Group Member; provided that a Person shall not be an Indemnitee by reason of providing, on a fee-for-services basis, trustee, fiduciary or custodial services, (f) any Person who controls a General Partner or Departing General Partner and (g) any Person the General Partner designates as an Indemnitee for purposes of this Agreement.

" ***Independent Director*** " means any director that (a) is not a security holder, officer or employee of the General Partner, (b) is not an officer, director or employee of any Affiliate of the General Partner, (c) is not a holder of any ownership interest in the Partnership Group other than Common Units and awards that may be granted to such director under the Long Term Incentive Plan (or similar plan implemented by the General Partner or the Partnership) and (d) meets the independence standards required of directors who serve on an audit committee of a board of directors established by the Securities Exchange Act and the rules and regulations of the Commission promulgated thereunder and by any National Securities Exchange on which the Common Units are listed or admitted to trading.

" ***Ineligible Holder*** " has the meaning assigned such term in Section 4.9(c) .

" ***Initial Limited Partners*** " means AIM Midstream, the LTIP Partners and the General Partner (with respect to the Common Units and Incentive Distribution Rights held by them).

" ***Initial Public Offering*** " means the initial offering and sale of Common Units to the public, as described in the Registration Statement.

" ***Initial Unit Price*** " means (a) with respect to the Common Units, the IPO Price, (b) with respect to the Series B Units (including each Series B PIK Unit), the Series B Issue Price, or (c) with respect to any other class or series of Units, the price per Unit at which such class or series of Units is initially issued by the Partnership, as determined by the General Partner, in each case adjusted as the General Partner determines to be appropriate to give effect to any distribution, subdivision or combination of Units.

" ***Interest Rate Hedge Contract*** " means any interest rate exchange, swap, forward, cap, floor collar or other similar agreement or arrangement entered into for the purpose of reducing the exposure of the Partnership Group to fluctuations in interest rates in their financing activities and not for speculative purposes.

" ***Interim Capital Transactions*** " means the following transactions if they occur prior to the Liquidation Date: (a) borrowings, refinancings or refundings of indebtedness (other than Working Capital Borrowings and other than for items purchased on open account or for a deferred purchase price in the ordinary course of business) by any Group Member and sales of debt securities of any Group Member; (b) sales of equity interests of any Group Member; (c) sales or other voluntary or involuntary dispositions of any assets of any Group Member other than (i) sales or other dispositions of inventory, accounts receivable and other assets in the ordinary course of business, and (ii) sales or other dispositions of assets as part of normal asset retirements or replacements; (d) the termination of Commodity Hedge Contracts or Interest Rate Hedge Contracts prior to the respective specified termination dates; (e) capital contributions received by a Group Member or, in the case of capital contributions received by a Person that is not a Subsidiary of the Partnership, capital contributions received from the owner(s) or members of such Person that is not a Group Member; or (f) corporate reorganizations or restructurings.

" ***Investment Capital Expenditures*** " means capital expenditures other than Maintenance Capital Expenditures and Expansion Capital Expenditures. Investment Capital Expenditures will include cash contributed by a Group Member to an entity of which such Group Member is, or after such contribution will be directly or indirectly, an equity owner to be used by such entity for capital expenditures other than Maintenance Capital Expenditures and Expansion Capital Expenditures.

" ***Investor*** " means, collectively, HPIP, MIH and each of their Affiliates from time to time that is the registered holder of any Series A Preferred Units, Series B Units, Series C Preferred Units or Series D Preferred Units.

" ***IPO Closing Date*** " means the closing date of the sale of the Common Units in the Initial Public Offering.

" ***IPO Common Units*** " means the Common Units sold in the Initial Public Offering.

" ***IPO Price*** " means the price per Common Unit at which the Underwriters offer the Common Units for sale to the public as set forth on the cover page of the final prospectus filed pursuant to Rule 424(b) of the rules and regulations of the Commission with respect to the Initial Public Offering.

" ***IPO Proceeds*** " means the portion of the net proceeds received by the Partnership from the issuance and sale of Common Units in connection with the closing of the Initial Public Offering that, according to the disclosure set forth in the section of the Registration Statement entitled "Use of Proceeds," are to be distributed to AIM Midstream, the LTIP Partners and the General Partner.

" ***Junior Interests*** " means any class or series of Partnership Interests that, with respect to distributions on such Partnership Interests and distributions upon liquidation of the Partnership, ranks junior to the Series A Preferred Units, the Series C Preferred Units or the Series D Preferred Units, including but not limited to Common Units, Series B Units and Incentive Distribution Rights.

" ***Liability*** " means any liability or obligation of any nature, whether accrued, contingent or otherwise.

" ***Limited Partner*** " means, unless the context otherwise requires, each Initial Limited Partner, each Additional Limited Partner and any Departing General Partner upon the change of its status from General Partner to Limited Partner pursuant to Section 11.3 , in each case, in such Person's capacity as a limited partner of the Partnership; *provided, however* , that when the term " *Limited Partner* " is used herein in the context of any vote or other approval, including Article XIII and Article XIV , such term shall not, solely for such purpose, include any holder of an Incentive Distribution Right (solely with respect to its Incentive Distribution Rights and not with respect to any other Limited Partner Interest held by such Person) except as may be required by law or contemplated by Section 11.2 .

" ***Limited Partner Interest*** " means the ownership interest of a Limited Partner in the Partnership, which may be evidenced by Common Units, Series A Preferred Units, Series B Units, Series C Preferred Units, Series D Preferred Units, Incentive Distribution Rights, the HPIP Equity Interest or other Partnership Interests or a combination thereof or interest therein, and includes any and all benefits to which such Limited Partner is entitled as provided in this Agreement, together with all obligations of such Limited Partner to comply with the terms and provisions of this Agreement; provided, however, that when the term "Limited Partner Interest" is used herein in the context of any vote or other approval, including Article XIII and Article XIV , such term shall not, solely for such purpose, include any Incentive Distribution Right or HPIP Equity Interest except as may be required by law or contemplated by Section 11.2 .

" ***Liquidation Date*** " means (a) in the case of an event giving rise to the dissolution of the Partnership of the type described in clauses (a) and (b) of the first sentence of Section 12.2 , the date on which the applicable time period during which the holders of Outstanding Units have the right to elect to continue the business of the Partnership has expired without such an election being made, and (b) in the case of any other event giving rise to the dissolution of the Partnership, the date on which such event occurs.

“ ***Liquidator*** ” means one or more Persons selected by the General Partner to perform the functions described in Section 12.4 as liquidating trustee of the Partnership within the meaning of the Delaware Act.

“ ***Long Term Incentive Plan*** ” means the Long-Term Incentive Plan of the General Partner, as may be amended, or any equity compensation plan successor thereto or otherwise adopted by the General Partner or the Partnership.

“ ***LTIP Partners*** ” means those Limited Partners holding on the date hereof Common Units issued pursuant to the Long Term Incentive Plan, in respect of such Common Units.

“ ***Maintenance Capital Expenditures*** ” means cash expenditures (including expenditures (i) for the addition or improvement to or the replacement of the capital assets owned by any Group Member, (ii) for the acquisition of existing, or the construction or development of new, capital assets or (iii) for any integrity management program, including pursuant to the Gas Transmission Pipeline Integrity Management Rule (49 CFR Part 192, Subpart O) and any corresponding rule of state law) if such expenditures are made to maintain, including over the long term, the operating capacity or operating income of the Partnership Group. Maintenance Capital Expenditures shall exclude Expansion Capital Expenditures or Investment Capital Expenditures, but include interest (and related fees) on debt incurred and distributions in respect of equity issued, other than equity issued in the Initial Public Offering, in each case, to finance the construction or development of a replacement asset and paid in respect of the period beginning on the date that a Group Member enters into a binding obligation to commence constructing or developing a replacement asset and ending on the earlier to occur of the date that such replacement asset Commences Commercial Service and the date that such replacement asset is abandoned or disposed of. Debt incurred to pay or equity issued, other than equity issued in the Initial Public Offering, to fund construction or development period interest payments, or such construction or development period distributions in respect of equity, shall also be deemed to be debt or equity, as the case may be, incurred to finance the construction or development of a replacement asset and the incremental Incentive Distributions paid relating to newly issued equity shall be deemed to be distributions paid on equity issued to finance the construction or development of a replacement asset. Maintenance Capital Expenditures will include cash contributed by any Group Member to an entity of which such Group Member is, or after such contribution will be, directly or indirectly, an equity owner to be used by such entity for capital expenditures of the types described in clauses (i), (ii) or (iii) above.

“ ***Merger*** ” means the merger of JP Energy Partners LP, a Delaware limited partnership (“ ***JPE*** ”), with and into Argo Merger Sub, LLC, a Delaware limited liability company and a wholly-owned subsidiary of the Partnership (“ ***Merger Sub*** ”), with JPE surviving such merger as a wholly-owned subsidiary of the Partnership, pursuant to the terms of that certain Merger Agreement, dated as of October 23, 2016, by and among the Partnership, the General Partner, JPE, JP Energy GP II LLC, Merger Sub and Argo Merger GP Sub, LLC.

“ ***Merger Agreement*** ” has the meaning assigned to such term in Section 14.1 .

“ ***MIH*** ” has the meaning assigned to such term in the recitals to this Agreement.

" ***Minimum Quarterly Distribution*** " means $0.4125 per Unit per Quarter (such amount having been determined by the Board of Directors at the time of the Initial Public Offering (or with respect to the Quarter that includes the IPO Closing Date, it means the product of such amount multiplied by a fraction, the numerator of which is the number of days in such Quarter after the IPO Closing Date and the denominator of which is the total number of days in such Quarter)), subject to adjustment in accordance with Section 5.11 , Section 6.6 and Section 6.9 .

" ***National Securities Exchange*** " means an exchange registered with the Commission under Section 6(a) of the Securities Exchange Act and any successor to such statute.

" ***Net Agreed Value*** " means, (a) in the case of any Contributed Property, the Agreed Value of such property reduced by any Liability either assumed by the Partnership upon such contribution or to which such property is subject when contributed, and (b) in the case of any property distributed to a Partner by the Partnership, the Partnership's Carrying Value of such property (as adjusted pursuant to Section 5.5(d)) at the time such property is distributed, reduced by any Liability either assumed by such Partner upon such distribution or to which such property is subject at the time of distribution, in either case, as determined and required by Treasury Regulations promulgated under Section 704(b) of the Code.

" ***Net Income*** " means, for any taxable period, the excess, if any, of the Partnership's items of income and gain (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable period over the Partnership's items of loss and deduction (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable period. The items included in the calculation of Net Income shall be determined in accordance with Section 5.5(b) and shall not include any items specially allocated under Section 6.1(d) ; *provided* , that the determination of the items that have been specially allocated under Section 6.1(d) shall be made without regard to any reversal of such items under Section 6.1(d)(xii) .

" ***Net Loss*** " means, for any taxable period, the excess, if any, of the Partnership's items of loss and deduction (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable period over the Partnership's items of income and gain (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable period. The items included in the calculation of Net Loss shall be determined in accordance with Section 5.5(b) and shall not include any items specially allocated under Section 6.1(d) ; *provided* , that the determination of the items that have been specially allocated under Section 6.1(d) shall be made without regard to any reversal of such items under Section 6.1(d)(xii) .

" ***Net Positive Adjustments*** " means, with respect to any Partner, the excess, if any, of the total positive adjustments over the total negative adjustments made to the Capital Account of such Partner pursuant to Book-Up Events and Book-Down Events.

" ***Net Termination Gain*** " means, for any taxable period, the sum, if positive, of all items of income, gain, loss or deduction (a) recognized by the Partnership (i) after the Liquidation Date or (ii) upon the sale, exchange or other disposition of all or substantially all of the assets of the

Partnership Group, taken as a whole, in a single transaction or series of related transactions (excluding any disposition to a member of the Partnership Group) or (b) deemed recognized by the Partnership Group pursuant to Section 5.5(d) ; *provided, however* that the items included in the determination of Net Termination Gain shall be determined in accordance with Section 5.5(b) and shall not include any items of income, gain or loss specially allocated under Section 6.1(d) or under Section 5.12(b)(iv) or Section 5.14(b)(iv) .

" ***Net Termination Loss*** " means, for any taxable period, the sum, if negative, of all items of income, gain, loss or deduction (a) recognized by the Partnership (i) after the Liquidation Date or (ii) upon the sale, exchange or other disposition of all or substantially all of the assets of the Partnership Group, taken as a whole, in a single transaction or series of related transactions (excluding any disposition to a member of the Partnership Group) or (b) deemed recognized by the Partnership Group pursuant to Section 5.5(d) ; *provided, however* the items included in the determination of Net Termination Loss shall be determined in accordance with Section 5.5(b) and shall not include any items of income, gain or loss specially allocated under Section 6.1(d) or under Section 5.12(b)(iv) or Section 5.14(b)(iv) .

" ***New Credit Agreement*** " means the Amended and Restated Credit Agreement, dated as of September 5, 2014, as amended from time to time, by and among the Operating Company, as AMID Borrower, Blackwater Investments, Inc., as Blackwater Borrower, the Partnership, as Parent, Bank of America, N.A., as Administrative Agent, Collateral Agent and L/C Issuer, Wells Fargo Bank, National Association, as Syndication Agents, BBVA Compass, Capital One National Association, Citibank, N.A., Comerica Bank and Suntrust Bank, as Co-Documentation Agent, and the other financial institutions party thereto.

" ***Nonrecourse Built-in Gain*** " means with respect to any Contributed Properties or Adjusted Properties that are subject to a mortgage or pledge securing a Nonrecourse Liability, the amount of any taxable gain that would be allocated to the Partners pursuant to Section 6.2(b) . If such properties were disposed of in a taxable transaction in full satisfaction of such liabilities and for no other consideration.

" ***Nonrecourse Deductions*** " means any and all items of loss, deduction or expenditure (including any expenditure described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(b), are attributable to a Nonrecourse Liability.

" ***Nonrecourse Liability*** " has the meaning set forth in Treasury Regulation Section

1.752-1(a)(2).

" ***Notice of Election to Purchase*** " has the meaning assigned to such term in Section

15.1(b) .

" ***Notional General Partner Unit*** " means notional units used solely to calculate the General Partner's Percentage Interest. Notional General Partner Units shall not constitute "Units" for any purpose of this Agreement. As of April 21, 2016, there were 542,002 Notional General Partner Units

(resulting in the General Partner's Percentage Interest being 1.3240%). If the General Partner makes additional Capital Contributions pursuant to Section 5.2(a) to maintain its Percentage Interest, the number of Notional General Partner Units shall be increased proportionally to reflect the maintenance of such Percentage Interest.

" ***Operating Company*** " means American Midstream, LLC, a Delaware limited liability company, and any successors thereto.

" ***Operating Expenditures*** " means all Partnership Group cash expenditures (or the Partnership's proportionate share of expenditures in the case of Subsidiaries that are not wholly owned), including taxes, reimbursements of expenses of the General Partner and its Affiliates, interest payments, payments made in the ordinary course of business under Interest Rate Hedge Contracts and Commodity Hedge Contracts (*provided* that payments made in connection with the termination (effected on or after the IPO Closing Date) of any Interest Rate Hedge Contract or Commodity Hedge Contract prior to the expiration of its stipulated settlement or termination date shall be included in Operating Expenditures in equal quarterly installments over the remaining scheduled life of such Interest Rate Hedge Contract or Commodity Hedge Contract), Estimated Maintenance Capital Expenditures, director and officer compensation, repayment of Working Capital Borrowings and non-Pro Rata repurchases of Units (other than those made with the proceeds of an Interim Capital Transaction), subject to the following:

(a) deemed repayments of Working Capital Borrowings deducted from Operating Surplus pursuant to clause (b)(iii) of the definition of "Operating Surplus" shall not constitute Operating Expenditures when actually repaid;

(b) payments (including prepayments and prepayment penalties) of principal of and premium on indebtedness other than Working Capital Borrowings shall not constitute Operating Expenditures when actually repaid;

(c) Operating Expenditures shall not include (i) Expansion Capital Expenditures, (ii) Investment Capital Expenditures, (iii) actual Maintenance Capital Expenditures, (iv) payment of transaction expenses (including taxes) relating to Interim Capital Transactions, (v) distributions to Partners (including any distributions made pursuant to Section 6.4(a)), (vi) non-Pro Rata purchases of the Units of any class made with the proceeds of an Interim Capital Transaction or (vii) any other payments made in connection with the Initial Public Offering that are described under "Use of Proceeds" in the Registration Statement; and

(d) where capital expenditures are made in part for Maintenance Capital Expenditures and in part for other purposes, the General Partner, with the concurrence of the Conflicts Committee, shall determine the allocation of such capital expenditures between Maintenance Capital Expenditures and capital expenditures made for other purposes and, with respect to the part of such capital expenditures consisting of Maintenance Capital Expenditures, the period over which Maintenance Capital Expenditures will be deducted as an Operating Expenditure in calculating Operating Surplus.

" ***Operating Surplus*** " means, with respect to any period commencing on the IPO Closing Date and ending prior to the Liquidation Date, on a cumulative basis and without duplication,

(a) the sum of:

(i) $11.5 million;

(ii) all cash receipts of the Partnership Group (or the Partnership's proportionate share of cash receipts in the case of Subsidiaries that are not wholly owned) for the period beginning on the IPO Closing Date and ending on the last day of such period, but excluding cash receipts from Interim Capital Transactions (except to the extent specified in Section 6.5 and provided that cash receipts from the termination (effected on or after the IPO Closing Date) of a Commodity Hedge Contract or an Interest Rate Hedge Contract prior to its specified termination date shall be included in Operating Surplus in equal quarterly installments over the remaining scheduled life of such Commodity Hedge Contract or Interest Rate Hedge Contract);

(iii) all cash receipts of the Partnership Group (or the Partnership's proportionate share of cash receipts in the case of Subsidiaries that are not wholly owned) after the end of such period but on or before the date of determination of Operating Surplus with respect to such period resulting from Working Capital Borrowings; and

(iv) cash distributions paid on equity issued to finance all or a portion of the construction, acquisition, development or improvement of a Capital Improvement or replacement of a capital asset (such as equipment or facilities) in respect of the period beginning on the date that the Group Member enters into a binding obligation to commence the construction, acquisition, development or improvement of a Capital Improvement or replacement of a capital asset and ending on the earlier to occur of the date the Capital Improvement or capital asset Commences Commercial Service or the date that it is abandoned or disposed of (equity issued to fund construction-, acquisition-, development- or improvement-period interest payments on debt incurred, or construction-, acquisition-, development- or improvement-period distributions on equity issued, to finance the construction, acquisition or development of a Capital Improvement or replacement of a capital asset shall also be deemed to be equity issued to finance the construction, acquisition or development of a Capital Improvement or replacement of a capital asset for purposes of this clause (iv)); less

(b) the sum of:

(i) Operating Expenditures for the period beginning on the IPO Closing Date and ending on the last day of such period;

(ii) the amount of cash reserves (or the Partnership's proportionate share of cash reserves in the case of Subsidiaries that are not wholly owned) established by the General Partner after the IPO Closing Date to provide funds for future Operating Expenditures; and

(iii) all Working Capital Borrowings incurred on or after the IPO Closing Date not repaid within twelve months after having been incurred;

provided, however , that disbursements made (including contributions to a Group Member or disbursements on behalf of a Group Member) or cash reserves established, increased or reduced after the end of such period but on or before the date of determination of Available Cash with respect to such period shall be deemed to have been made, established, increased or reduced, for purposes of determining Operating Surplus, within such period if the General Partner so determines.

Notwithstanding the foregoing, " *Operating Surplus* " with respect to the Quarter in which the Liquidation Date occurs and any subsequent Quarter shall equal zero. Cash receipts from an Investment Capital Expenditure shall be treated as cash receipts only to the extent they are a return on principal, but in no event shall a return of principal be treated as cash receipts.

" ***Opinion of Counsel*** " means a written opinion of counsel (who may be regular counsel to the Partnership or the General Partner or any of its Affiliates) acceptable to the General Partner.

" ***Outstanding*** " means, with respect to Partnership Interests, all Partnership Interests that are issued by the Partnership and reflected as outstanding on the Partnership's books and records as of the date of determination; *provided, however* , that if at any time any Person or Group (other than the General Partner or its Affiliates) beneficially owns 20% or more of the Outstanding Partnership Interests of any class then Outstanding, all Partnership Interests owned by such Person or Group shall not be voted on any matter and shall not be considered to be Outstanding when sending notices of a meeting of Limited Partners to vote on any matter (unless otherwise required by law), calculating required votes, determining the presence of a quorum or for other similar purposes under this Agreement, except that Units so owned shall be considered to be Outstanding for purposes of Section 11.1(b)(iv) (such Units shall not, however, be treated as a separate class of Partnership Interests for purposes of this Agreement or the Delaware Act); *provided, further* , that the foregoing limitation shall not apply to (i) any Person or Group who acquired 20% or more of the Outstanding Partnership Interests of any class then Outstanding directly from the General Partner or its Affiliates (other than the Partnership), (ii) any Person or Group who acquired 20% or more of the Outstanding Partnership Interests of any class then Outstanding directly or indirectly from a Person or Group described in clause (i) provided that the General Partner shall have notified such Person or Group in writing that such limitation shall not apply, or (iii) any Person or Group who acquired 20% or more of any Partnership Interests issued by the Partnership with the prior approval of the Board of Directors. For the avoidance of doubt, (1) the Board of Directors has approved the issuance of the Series A Preferred Units to the Investor pursuant to the Contribution Agreement in accordance with clause (iii) of the immediately preceding sentence, and any Series A PIK Preferred Units and Series A Conversion Units issued to the Investor shall be deemed to be approved by the Board of Directors in accordance with clause (iii) of the immediately preceding sentence and the foregoing limitations of the immediately preceding sentence shall not apply to the Investor with respect to their ownership (beneficially or of record) of the Series A Preferred Units, Series A PIK Preferred Units and Series A Conversion Units, (2) the Board of Directors has approved the issuance of the Series B Units to the Investor pursuant to the Series B Unit Purchase Agreement in accordance with clause (iii) of the immediately preceding sentence, and any Series B Units, Series B PIK Units and Series B Conversion Units issued to the Investor shall be deemed to be approved by the Board of Directors in accordance with clause (iii) of the immediately preceding sentence and the foregoing limitations of the immediately preceding sentence shall not apply to the Investor with respect to

their ownership (beneficially or of record) of the Series B Units, Series B PIK Units and Series B Conversion Units, (3) the Board of Directors has approved the issuance of the Series C Preferred Units to Investor pursuant to the Series C Unit Purchase Agreement in accordance with clause (iii) of the immediately preceding sentence, and any Series C PIK Preferred Units and Series C Conversion Units issued to Investor shall be deemed to be approved by the Board of Directors in accordance with clause (iii) of the immediately preceding sentence and the foregoing limitations of the immediately preceding sentence shall not apply to Investor with respect to their ownership (beneficially or of record) of the Series C Preferred Units, Series C PIK Preferred Units and Series C Conversion Units, (4) the Board of Directors has approved the issuance of the Series D Preferred Units to Investor pursuant to the Series D Unit Purchase Agreement in accordance with clause (iii) of the immediately preceding sentence, and any Series D Conversion Units issued to Investor shall be deemed to be approved by the Board of Directors in accordance with clause (iii) of the immediately preceding sentence and the foregoing limitations of the immediately preceding sentence shall not apply to Investor with respect to their ownership (beneficially or of record) of the Series D Preferred Units and Series D Conversion Units, and (5) the Board of Directors has approved the issuance of any Warrant Exercised Units upon exercise of the Warrants in accordance with clause (iii) of the immediately preceding sentence, and any Warrant Exercised Units issued to Investor shall be deemed to be approved by the Board of Directors in accordance with clause (iii) of the immediately preceding sentence and the foregoing limitations of the immediately preceding sentence shall not apply to Investor with respect to their ownership (beneficially or of record) of the Warrant Exercised Units.

" ***Partner Nonrecourse Debt*** " has the meaning set forth in Treasury Regulation Section 1.704-2(b)(4).

" ***Partner Nonrecourse Debt Minimum Gain*** " has the meaning set forth in Treasury Regulation Section 1.704-2(i)(2).

" ***Partner Nonrecourse Deductions*** " means any and all items of loss, deduction or expenditure (including any expenditure described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(i), are attributable to a Partner Nonrecourse Debt.

" ***Partners*** " means the General Partner and the Limited Partners.

" ***Partnership*** " means American Midstream Partners, LP, a Delaware limited partnership.

" ***Partnership Event*** " has the meaning assigned to such term in Section 5.12(b)(viii)(F)(1) .

" ***Partnership Group*** " means collectively the Partnership and its Subsidiaries.

" ***Partnership Interest*** " means any class or series of equity interest in the Partnership, which shall include any General Partner Interest and Limited Partner Interests but shall exclude any options, rights, warrants and appreciation rights relating to an equity interest in the Partnership.

" ***Partnership Minimum Gain*** " means that amount determined in accordance with the principles of Treasury Regulation Section 1.704-2(d).

“ ***Per Unit Capital Amount*** ” means, as of any date of determination, the Capital Account, stated on a per-Unit basis, underlying any Unit held by a Person other than the General Partner or any Affiliate of the General Partner who holds Units.

“ ***Percentage Interest*** ” means as of any date of determination (a) as to the General Partner Interest (calculated based upon a number of Notional General Partner Units), and as to any Unitholder with respect to Units, the product obtained by multiplying (i) 100% less the percentage applicable to clause (b) below by (ii) the quotient obtained by dividing (A) the number of Notional General Partner Units held by the General Partner or the number of Units held by such Unitholder (or, (1) in the case of Series A Preferred Units, the number of Series A Conversion Units issuable upon conversion of such Series A Preferred Units held by such Unitholder or Assignee if such Series A Preferred Units were then converted in accordance with Section 5.12(b)(viii) , (2) in the case of Series B Units, the number of Series B Conversion Units issuable upon conversion of such Series B Units held by such Unitholder or Assignee if such Series B Units were then converted in accordance with Section 5.13(c) , (3) in the case of Series C Preferred Units, the number of Series C Conversion Units issuable upon conversion of such Series C Preferred Units held by such Unitholder or Assignee if such Series C Preferred Units were then converted in accordance with Section 5.14(b)(viii) , or (4) in the case of Series D Preferred Units, the number of Series D Conversion Units issuable upon the conversion of such Series D Preferred Units held by such Unitholder or Assignee if such Series D Preferred Units were then converted in accordance with Section 5.15(b)(viii) , as the case may be), by (B) the total number of Outstanding Units and Notional General Partner Units, and (b) as to the holders of other Partnership Interests issued by the Partnership in accordance with Section 5.6 , the percentage established as a part of such issuance. The Percentage Interest with respect to an Incentive Distribution Right shall at all times be zero. The Percentage Interest with respect to the HPIP Equity Interest shall at all times be zero.

“ ***Person*** ” means an individual or a corporation, firm, limited liability company, partnership, joint venture, trust, unincorporated organization, association, government agency or political subdivision thereof or other entity.

“ ***Post-Initial Issuance Series B Unit*** ” means a Series B Unit that is a Series B PIK Unit or a Series B Conversion Unit.

“ ***Preferred Unit Change of Control*** ” means the occurrence of any of the following:

(a) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or business combination), in one or a series of related transactions, of all or substantially all of the properties or assets of the Partnership and its Subsidiaries taken as a whole to any “person” (as that term is used in Section 13(d)(3) of the Exchange Act);

(b) (i) the adoption of a plan for the liquidation or dissolution of the Partnership or (ii) the removal of the General Partner by the Limited Partners of the Partnership;

(c) the consummation of any transaction (including, without limitation, any merger, consolidation or business combination), the result of which is that any Person (excluding the Series A Preferred Unit Partner, the Series C Preferred Unit Partner and the Series D Preferred Unit Partner),

other than the owners of the General Partner immediately following the closing of the transactions contemplated by the Purchase Agreement, becomes the Beneficial Owner, directly or indirectly, of more than fifty percent (50%) of the equity of the General Partner or of the Outstanding Common Units of the Partnership, in each case measured by voting power rather than number of units;

(d) notwithstanding anything provided in clauses (a) through (c) above, (i) any direct or indirect sale, conveyance, assignment, transfer, merger, consolidation or business combination that would result in the owners of the General Partner immediately following the closing of the transactions contemplated by the Purchase Agreement owning, directly or indirectly, less than fifty percent (50%) of the equity of the General Partner, or (ii) any assignment or transfer of all or substantially all of the assets of the General Partner; or

(e) consummation of a "Rule 13e-3 transaction" as defined in Rule 13e-3 under the Exchange Act with respect to the Partnership.

" ***Pro Rata*** " means (a) when used with respect to Units or any class thereof, apportioned among all designated Units in accordance with their relative Percentage Interests, (b) when used with respect to Partners and/or Record Holders, apportioned among all Partners and/or Record Holders in accordance with their relative Percentage Interests and (c) when used with respect to holders of Incentive Distribution Rights, apportioned among all holders of Incentive Distribution Rights in accordance with the relative number or percentage of Incentive Distribution Rights held by each such holder.

" ***Purchase Agreement*** " means the Purchase Agreement, dated April 15, 2013, by and between AIM Midstream and HPIP.

" ***Purchase Date*** " means the date determined by the General Partner as the date for purchase of all Outstanding Limited Partner Interests of a certain class (other than Limited Partner Interests owned by the General Partner and its Affiliates) pursuant to Article XV .

" ***Quarter*** " means, unless the context requires otherwise, a fiscal quarter of the Partnership, or, with respect to the fiscal quarter of the Partnership that includes the IPO Closing Date, the portion of such fiscal quarter after the IPO Closing Date.

" ***Rate Eligibility Trigger*** " has the meaning assigned to such term in Section 4.9(a)(i) .

" ***Recapture Income*** " means any gain recognized by the Partnership (computed without regard to any adjustment required by Section 734 or Section 743 of the Code) upon the disposition of any property or asset of the Partnership, which gain is characterized as ordinary income because it represents the recapture of deductions previously taken with respect to such property or asset.

" ***Record Date*** " means the date established by the General Partner or otherwise in accordance with this Agreement for determining (i) the identity of the Record Holders entitled to notice of, or to vote at, any meeting of Limited Partners or entitled to vote by ballot or give approval of Partnership action in writing without a meeting or entitled to exercise rights in respect of any lawful action of Limited Partners, (ii) the identity of Record Holders entitled to receive any report or distribution

or to participate in any offer, (iii) the identity of the Record Holders of Series A Preferred Units entitled to convert such Units, (iv) the identity of the Record Holders of Series B Units entitled to convert such Units, (v) the identity of the Record Holders of Series C Preferred Units entitled to convert such Units, or (vi) the identity of the Record Holders of Series D Preferred Units entitled to convert such Units.

" ***Record Holder*** " means (a) with respect to Partnership Interests of any class of Partnership Interests for which a Transfer Agent has been appointed, the Person in whose name a Partnership Interest of such class is registered on the books of the Transfer Agent as of the closing of business on a particular Business Day, or (b) with respect to other classes of Partnership Interests, the Person in whose name any such other Partnership Interest is registered on the books that the General Partner has caused to be kept as of the closing of business on such Business Day.

" ***Redeemable Interests*** " means any Partnership Interests for which a redemption notice has been given, and has not been withdrawn, pursuant to Section 4.10 .

" ***Registration Statement*** " means the Registration Statement on Form S-1 (Registration No. 333-173191) as it has been or as it may be amended or supplemented from time to time, filed by the Partnership with the Commission under the Securities Act to register the offering and sale of Common Units in the Initial Public Offering.

" ***Remaining Net Positive Adjustments*** " means as of the end of any taxable period, (i) with respect to the Unitholders holding Common Units, Series A Preferred Units, Series B Units, Series C Preferred Units, or Series D Preferred Units, the excess of (A) the Net Positive Adjustments of the Unitholders holding Common Units, Series A Preferred Units, Series B Units, Series C Preferred Units or Series D Preferred Units, as of the end of such period over (B) the sum of those Partners' Share of Additional Book Basis Derivative Items for each prior taxable period, (ii) with respect to the General Partner (as holder of the Notional General Partner Units), the excess of (A) the Net Positive Adjustments of the General Partner as of the end of such period over (B) the sum of the General Partner's Share of Additional Book Basis Derivative Items with respect to the Notional General Partner Units for each prior taxable period, and (iii) with respect to the holders of Incentive Distribution Rights, the excess of (A) the Net Positive Adjustments of the holders of Incentive Distribution Rights as of the end of such period over (B) the sum of the Share of Additional Book Basis Derivative Items of the holders of the Incentive Distribution Rights for each prior taxable period.

" ***Required Allocations*** " means any allocation of an item of income, gain, loss or deduction pursuant to Section 6.1(d)(i) , Section 6.1(d)(ii) , Section 6.1(d)(iv) , Section 6.1(d)(v) , Section 6.1(d)(vi) , Section 6.1(d)(vii) or Section 6.1(d)(ix) .

" ***Reset MQD*** " has the meaning assigned to such term in Section 5.11(e) .

" ***Reset Notice*** " has the meaning assigned to such term in Section 5.11(b) .

" ***Securities Act*** " means the Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute.

" ***Securities Exchange Act*** " means the Securities Exchange Act of 1934, as amended, supplemented or restated from time to time and any successor to such statute.

" ***Series A Adjusted Issue Price*** " means (i) the Series A Issue Price, divided by (ii) the Series A Conversion Rate.

" ***Series A Conversion Date*** " has the meaning assigned to such term in Section

5.12(b)(viii)(C) .

" ***Series A Conversion Notice*** " has the meaning assigned to such term in Section

5.12(b)(viii)(B) .

" ***Series A Conversion Notice Date*** " has the meaning assigned to such term in Section

5.12(b)(viii)(B) .

" ***Series A Conversion Rate*** " means the number of Common Units issuable upon the conversion of each Series A Preferred Unit, which shall be 1.0 until such rate is adjusted as set forth in Section 5.12(b)(viii)(D) - (F) .

" ***Series A Conversion Unit*** " means the Common Unit(s) issued upon conversion of a Series A Preferred Unit pursuant to Section 5.12 .

" ***Series A Converting Unitholder*** " means a Person entitled to receive Common Units upon conversion of any Series A Preferred Units.

" ***Series A Distribution Amount*** " means the cash distribution for the relevant Quarter that each Series A Preferred Unit would have received on an as-converted basis if such Series A Preferred Unit had converted pursuant to Section 5.12(b)(viii) immediately prior to the beginning of such Quarter.

" ***Series A Distribution Payment Date*** " has the meaning assigned to such term in

Section 5.12(b)(ii)(A) .

" ***Series A Distribution Rate*** " means an amount per Quarter per Series A Preferred Unit payable in arrears equal to the greater of (i) 0.023571428 multiplied by the Series A Adjusted Issue Price, and (ii) the Series A Distribution Amount.

" ***Series A Issuance Date*** " means, with respect to a Series A-1 Convertible Preferred Unit, April 15, 2013, and, with respect to a Series A-2 Convertible Preferred Unit, March 30, 2015 or such other date as provided for in that certain Series A-2 Convertible Preferred Unit Purchase Agreement by and between the Partnership and MIH.

“ ***Series A Issue Price*** ” means $17.50 per Series A Preferred Unit.

“ ***Series A Liquidation Value*** ” means, with respect to each Series A Preferred Unit Outstanding as of the date of such determination, an amount equal to the sum of (i) the Series A Issue Price, plus (ii) all Series A Unpaid Cash Distributions and all accrued and unpaid interest thereon (determined in accordance with Section 5.12(b)(ii)(C)) plus, (iii) all accrued but unpaid distributions on such Series A Preferred Unit with respect to the Quarter in which the liquidation occurs.

“ ***Series A Parity Securities*** ” means any class or series of Partnership Interests that, with respect to distributions on such Partnership Interests or distributions upon liquidation of the Partnership, ranks pari passu with the Series A Preferred Units.

“ ***Series A Partnership Event Change of Control Offer*** ” has the meaning assigned to such term in Section 5.12(b)(viii)(F)(1) .

“ ***Series A Partnership Event Payment*** ” has the meaning assigned to such term in Section 5.12(b)(viii)(F)(1) .

“ ***Series A Partnership Event Payment Date*** ” has the meaning assigned to such term in Section 5.12(b)(viii)(F)(3)ii) .

“ ***Series A PIK Payment Amount*** ” means a number of Series A PIK Preferred Units equal to (i) the greater of (x) $0.25 and (y) the Series A Distribution Amount less $0.25, divided by (ii) the Series A Adjusted Issue Price; *provided, however* , that for the Quarter in which the Series A Issuance Date occurs, it shall mean a number of Series A PIK Preferred Units equal to (i) the product of (a) $0.25 times (b) a fraction, of which (I) the numerator is the number of days from and including the Series A Issuance Date to but excluding the date of such Quarter’s end, and (II) the denominator is 91, divided by (ii) the Series A Adjusted Issue Price. The parties acknowledge that the Series A PIK Payment Amount was 0.01428571 of a Series A Preferred Unit as of April 15, 2013 (such amount to be prorated as provided in the proviso of the preceding sentence for the Quarter in which the Series A Issuance Date occurs).

“ ***Series A PIK Preferred Payment Date*** ” has the meaning assigned to such term in Section 5.12(b)(ii)(B) .

“ ***Series A PIK Preferred Units*** ” has the meaning assigned to such term in Section 5.12(a) .

“ ***Series A Preferred Unit Partner*** ” means, collectively, HPIP in its capacity as the holder of Units and any Affiliate of HPIP that holds any Series A Preferred Units or Series A Conversion Units, including, but not limited to, any such Affiliate that (i) acquired Units by transfer from HPIP or (ii) holds Series A Conversion Units pursuant to this Agreement.

“ ***Series A Preferred Units*** ” has the meaning assigned to such term in Section 5.12(a) .

“ ***Series A Quarterly Distribution*** ” has the meaning assigned to such term in Section 5.12(b)(ii)(A) .

" ***Series A Second PIK Payment Amount*** " means a number of Series A PIK Preferred Units equal to (i) the greater of (x) $0.50 and (y) the Series A Distribution Amount, divided by (ii) the Series A Adjusted Issue Price. The parties acknowledge that the Series A Second PIK Payment Amount was 0.02857143 of a Series A Preferred Unit as of July 24, 2014.

" ***Series A Senior Securities*** " means any class or series of Partnership Interests that, with respect to distributions on such Partnership Interests or distributions upon liquidation of the Partnership, ranks senior to the Series A Preferred Units.

" ***Series A Survivor Preferred Security*** " has the meaning assigned to such term in Section 5.12(b)(viii)(F)(2) .

" ***Series A Third PIK Payment Amount*** " means a number of Series A PIK Preferred Units equal to the quotient of (i) the greater of (x) $0.4125 and (y) the Series A Distribution Amount, divided by (ii) the Series A Adjusted Issued Price.

" ***Series A Unitholder*** " means a Record Holder of Series A Preferred Units.

" ***Series A Unpaid Cash Distributions*** " has the meaning assigned to such term in Section 5.12(b)(ii)(C) .

" ***Series A-1 Convertible Preferred Units*** " has the meaning assigned to such term in Section 5.12(a) .

" ***Series A-2 Convertible Preferred Units*** " has the meaning assigned to such term in Section 5.12(a) .

"Series A-2 Call Closing Date" has the meaning assigned to such term in Section

5.12(c)(iii) .

"Series A-2 Call Exercise Notice" has the meaning assigned to such term in Section

5.12(c)(iii) .

"Series A-2 Call Right" has the meaning assigned to such term in Section 5.12(c) .

"Series A-2 Holders" has the meaning assigned to such term in Section 5.12(c) .

" ***Series B Conversion Date*** " means the date that is the second anniversary of the initial issuance of Series B Units pursuant to the Series B Unit Purchase Agreement.

" ***Series B Conversion Unit*** " means a Common Unit issued upon conversion of a Series B Unit pursuant to Section 5.13(c) .

" ***Series B Issue Price*** " means the price at which a Series B Unit is purchased from the Partnership. Each Series B Unit issued pursuant to the Series B Unit Purchase Agreement shall be

treated as having a Series B Issue Price equal to the price per Common Unit, net of underwriting discounts and commissions, received by the Partnership in connection with an underwritten public offering to be completed on or around January 29, 2014. Each Series B PIK Unit shall have a Series B Issue Price equal to the Series B PIK Distribution Amount attributed to such Series B PIK Unit.

" ***Series B PIK Distribution Amount*** " has the meaning assigned to such term in Section 5.13(d)(i) .

" ***Series B PIK Payment Date*** " has the meaning assigned to such term in Section

5.13(d)(iii) .

" ***Series B PIK Unit*** " means a Series B Unit issued by the Partnership in lieu of cash distributions in respect of the Series B Units pursuant to Section 5.13(d) .

" ***Series B Unit*** " means a Partnership Interest issued pursuant to Section 5.13 and representing a Limited Partner's interest in the Partnership having the rights and obligations specified with respect to the Series B Units in this Agreement.

" ***Series B Unit Distribution*** " has the meaning assigned to such term in Section 5.13(d)(i) .

" ***Series B Unit Purchase Agreement*** " means the Unit Purchase Agreement providing for the issuance of Series B Units, dated as of January 22, 2014, with the purchasers named therein.

" ***Series C Adjusted Issue Price*** " means (i) the Series C Issue Price, divided by (ii) the Series C Conversion Rate.

"Series C Call Closing Date" has the meaning assigned to such term in Section 5.14(c)(iii) .

"Series C Call Exercise Notice" has the meaning assigned to such term in Section

5.14(c)(iii) .

"Series C Call Right" has the meaning assigned to such term in Section

5.14(c) .

" ***Series C Conversion Date*** " has the meaning assigned to such term in Section

5.14(b)(viii)(C) .

" ***Series C Conversion Notice*** " has the meaning assigned to such term in Section

5.14(b)(viii)(B) .

" ***Series C Conversion Notice Date*** " has the meaning assigned to such term in Section

5.14(b)(viii)(B) .

" ***Series C Conversion Rate*** " means the number of Common Units issuable upon the conversion of each Series C Preferred Unit, which shall be 1.0 until such rate is adjusted as set forth in Section 5.14(b)(viii)(D) - (F) .

" ***Series C Conversion Unit*** " means the Common Unit(s) issued upon conversion of a Series C Preferred Unit pursuant to Section 5.14 .

" ***Series C Converting Unitholder*** " means a Person entitled to receive Common Units upon conversion of any Series C Preferred Units.

" ***Series C Coupon Conversion Quarter"*** means the earlier of (1) the Quarter that includes the Series C Conversion Date and (2) the Quarter beginning July 1, 2017.

" ***Series C Distribution Amount*** " means the cash distribution for the relevant Quarter that each Series C Preferred Unit would have received on an as-converted basis if such Series C Preferred Unit had converted pursuant to Section 5.14(b)(viii) immediately prior to the beginning of such Quarter.

" ***Series C Distribution Payment Date*** " has the meaning assigned to such term in Section 5.14(b)(ii)(A) .

" ***Series C Distribution Rate*** " means an amount per Quarter per Series C Preferred Unit payable in arrears equal to the greater of (i) $0.4125 and (ii) the Series C Distribution Amount.

"Series C Holders" has the meaning assigned to such term in Section 5.14(a) .

" ***Series C Issuance Date*** " means, with respect to a Series C Convertible Preferred Unit, April 25, 2016.

" ***Series C Issue Price*** " means $14.00 per Series C Preferred Unit.

" ***Series C Liquidation Value*** " means, with respect to each Series C Preferred Unit Outstanding as of the date of such determination, an amount equal to the sum of (i) the Series C Issue Price, plus (ii) all Series C Unpaid Cash Distributions and all accrued and unpaid interest thereon (determined in accordance with Section 5.14(b)(ii)(C)) plus, (iii) all accrued but unpaid distributions on such Series C Preferred Unit with respect to the Quarter in which the liquidation occurs.

" ***Series C Parity Securities*** " means any class or series of Partnership Interests that, with respect to distributions on such Partnership Interests or distributions upon liquidation of the Partnership, ranks pari passu with the Series C Preferred Units.

" ***Series C Partnership Event Change of Control Offer*** " has the meaning assigned to such term in Section 5.14(b)(viii)(F)(1) .

"Series C Partnership Event Payment" has the meaning assigned to such term in Section 5.14(b)(viii)(F)(1) .

" ***Series C Partnership Event Payment Date*** " has the meaning assigned to such term in Section 5.14(b)(viii)(F)(3)ii) .

" ***Series C PIK Payment Amount*** " means a number of Series C PIK Preferred Units equal to (i) the Series C Distribution Rate divided by (ii) the Series C Adjusted Issue Price; *provided, however* , that for the Quarter in which the Series C Issuance Date occurs, it shall mean a number of Series C PIK Preferred Units equal to (i) the product of (a) the Series C Distribution Rate times (b) a fraction, of which (I) the numerator is the number of days from and including the Series C Issuance Date to but excluding the date of such Quarter's end, and (II) the denominator is 91, divided by (ii) the Series C Adjusted Issue Price. The parties acknowledge that the Series C PIK Payment Amount was 0.03375 of a Series C Preferred Unit as of April 25, 2016 (such amount to be prorated as provided in the proviso of the preceding sentence for the Quarter in which the Series C Issuance Date occurs).

" ***Series C PIK Preferred Payment Date*** " has the meaning assigned to such term in Section 5.14(b)(ii)(B) .

" ***Series C PIK Preferred Units*** " has the meaning assigned to such term in Section 5.14(a) .

" ***Series C Preferred Unit Partner*** " means, collectively, MIH in its capacity as the holder of Units and any Affiliate of MIH that holds any Series C Preferred Units or Series C Conversion Units, including, but not limited to, any such Affiliate that (i) acquired Units by transfer from MIH or (ii) holds Series C Conversion Units pursuant to this Agreement.

" ***Series C Preferred Units*** " has the meaning assigned to such term in Section 5.14(a) .

" ***Series C Quarterly Distribution*** " has the meaning assigned to such term in Section

5.14(b)(ii)(A) .

" ***Series C Senior Securities*** " means any class or series of Partnership Interests that, with respect to distributions on such Partnership Interests or distributions upon liquidation of the Partnership, ranks senior to the Series C Preferred Units.

" ***Series C Survivor Preferred Security*** " has the meaning assigned to such term in Section 5.14(b)(viii)(F)(2) .

" ***Series C Unit Purchase Agreement"*** has the meaning assigned to such term in the recitals to this Agreement.

" ***Series C Unitholder*** " means a Record Holder of Series C Preferred Units.

" ***Series C Unpaid Cash Distributions*** " has the meaning assigned to such term in Section 5.14(b)(ii)(C) .

" ***Series C Warrant*** " means that certain warrant to purchase up to 800,000 Common Units, subject to adjustment as set forth in the warrant agreement, with a $7.25 per Common Unit exercise

price, issued pursuant to the requirements of the Series C Unit Purchase Agreement, which warrant shall, for tax purposes, be treated as a "noncompensatory option" within the meaning of Treasury Regulations Sections 1.721-2(f) and 1.761-3(b)(2) and not treated as a partnership interest pursuant to Treasury Regulations Section 1.761-3(a).

" ***Series D Adjusted Issue Price*** " means (i) the Series D Issue Price, divided by (ii) the Series D Conversion Rate.

" ***Series D Call Closing Date*** " has the meaning assigned to such term in Section 5.15(c)(iii) .

" ***Series D Call Exercise Notice*** " has the meaning assigned to such term in Section 5.15(c)(iii) .

" ***Series D Call Right*** " has the meaning assigned to such term in Section 5.15(c) .

" ***Series D Call Value*** " means, with respect to each Series D Preferred Unit Outstanding as of the date of such determination, an amount equal to the sum of (i) the Series D Issue Price, plus (ii) all Series D Unpaid Cash Distributions and all accrued and unpaid interest thereon (determined in accordance with Section 5.15(b)(ii)(B)), plus (iii) an amount equal to the product of (A) the amount of distribution declared on such Series D Preferred Unit with respect to the Quarter immediately preceding the Quarter in which the Series D Call Exercise Notice was given times (B) a fraction, of which the numerator is the number of days from the end of such preceding Quarter to and including the date of the Series D Call Exercise Notice and the denominator is 91.

" ***Series D Conversion Date*** " has the meaning assigned to such term in Section 5.15(b)(viii)(C) .

" ***Series D Conversion Notice*** " has the meaning assigned to such term in Section 5.15(b)(viii)(B) .

" ***Series D Conversion Notice Date*** " has the meaning assigned to such term in Section 5.15(b)(viii)(B) .

" ***Series D Conversion Rate*** " means the number of Common Units issuable upon the conversion of each Series D Preferred Unit, which shall be 1.0 until such rate is adjusted as set forth in Section 5.15(b)(viii)(D)-(F) .

" ***Series D Conversion Unit*** " means the Common Unit(s) issued upon conversion of a Series D Preferred Unit pursuant to Section 5.15(b)(viii) .

" ***Series D Converting Unitholder*** " means a Person entitled to receive Common Units upon conversion of any Series D Preferred Units.

" ***Series D Distribution Amount*** " means the cash distribution for the relevant Quarter that each Series D Preferred Unit would have received on an as-converted basis if such Series D Preferred Unit had been converted to a Common Unit pursuant to Section 5.15(b)(viii) immediately prior to the beginning of such Quarter.

“ ***Series D Distribution Payment Date*** ” has the meaning assigned to such term in Section 5.15(b)(ii)(A) .

“ ***Series D Distribution Rate*** ” means an amount per Quarter per Series D Preferred Unit payable in arrears equal to the greater of (i) $0.4125 and (ii) the Series D Distribution Amount.

“ ***Series D Holders*** ” has the meaning assigned to such term in Section 5.15(c) .

“ ***Series D Issuance Date*** ” means, with respect to a Series D Preferred Unit, October 31, 2016.

“ ***Series D Issue Price*** ” means $15.00 per Series D Preferred Unit.

“ ***Series D Liquidation Value*** ” means, with respect to each Series D Preferred Unit Outstanding as of the date of such determination, an amount equal to the sum of (i) the Series D Issue Price, plus (ii) all Series D Unpaid Cash Distributions and all accrued and unpaid interest thereon (determined in accordance with Section 5.15(b)(ii)(B)), plus (iii) all accrued but unpaid distributions on such Series D Preferred Unit with respect to the Quarter in which the liquidation occurs.

“ ***Series D Optional Conversion Start Date*** ” means June 30, 2017.

“ ***Series D Parity Securities*** ” means any class or series of Partnership Interests that, with respect to distributions on such Partnership Interests or distributions upon liquidation of the Partnership, ranks *pari passu* with the Series D Preferred Units.

“ ***Series D Partnership Event Change of Control Offer*** ” has the meaning assigned to such term in Section 5.15(b)(viii)(F)(1) .

“ ***Series D Partnership Event Payment*** ” has the meaning assigned to such term in Section 5.15(b)(viii)(F)(1) .

“ ***Series D Partnership Event Payment Date*** ” has the meaning assigned to such term in Section 5.15(b)(viii)(F)(3)ii) .

“ ***Series D Preferred Unit Partner*** ” means, collectively, MIH in its capacity as the holder of Units and any Affiliate of MIH that holds any Series D Preferred Units or Series D Conversion Units, including, but not limited to, any such Affiliate that (i) acquired Units by transfer from MIH or (ii) holds Series D Conversion Units pursuant to this Agreement.

“ ***Series D Preferred Units*** ” has the meaning assigned to such term in Section 5.15(a) .

“ ***Series D Quarterly Distribution*** ” has the meaning assigned to such term in Section 5.15(b)(ii)(A) .

“ ***Series D Senior Securities*** ” means any class or series of Partnership Interests that, with respect to distributions on such Partnership Interests or distributions upon liquidation of the Partnership, ranks senior to the Series D Preferred Units.

“ ***Series D Survivor Preferred Security*** ” has the meaning assigned to such term in Section 5.15(b)(viii)(F)(2) .

“ ***Series D Unit Purchase Agreement*** ” has the meaning assigned to such term in the recitals to this Agreement.

" ***Series D Unitholder*** " means a Record Holder of Series D Preferred Units.

" ***Series D Unpaid Cash Distributions*** " has the meaning assigned to such term in Section 5.15(b)(ii)(B) .

" ***Series D Warrant*** " means that certain warrant to purchase up to 700,000 Common Units, subject to adjustment as set forth in the warrant agreement, with a $22.00 per Common Unit exercise price, to be issued pursuant to Section 5.15(b)(iii) , which warrant shall be in accordance with the form of warrant attached hereto as Exhibit B and which warrant, if issued, for tax purposes, be treated as a "noncompensatory option" within the meaning of Treasury Regulations Sections 1.721-2(f) and 1.761-3(b)(2) and not treated as a partnership interest pursuant to Treasury Regulations Section 1.761-3(a).

" ***Series D Warrant Start Date*** " means June 30, 2017.

" ***Share of Additional Book Basis Derivative Items*** " means in connection with any allocation of Additional Book Basis Derivative Items for any taxable period, (i) with respect to the Unitholders holding Common Units, Series A Preferred Units, Series B Units, Series C Preferred Units, or Series D Preferred Units, the amount that bears the same ratio to such Additional Book Basis Derivative Items as the Unitholders' Remaining Net Positive Adjustments as of the end of such period bears to the Aggregate Remaining Net Positive Adjustments as of that time, (ii) with respect to the General Partner (as holder of the Notional General Partner Units), the amount that bears the same ratio to such Additional Book Basis Derivative Items as the General Partner's Remaining Net Positive Adjustments as of the end of such period bears to the Aggregate Remaining Net Positive Adjustment as of that time, and (iii) with respect to the Partners holding Incentive Distribution Rights, the amount that bears the same ratio to such Additional Book Basis Derivative Items as the Remaining Net Positive Adjustments of the Partners holding the Incentive Distribution Rights as of the end of such period bears to the Aggregate Remaining Net Positive Adjustments as of that time.

" ***Special Approval*** " means approval by a majority of the members of the Conflicts Committee.

" ***Subsidiary*** " means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Subsidiary of such Person is, at the date of determination, a general or limited partner of such partnership, but only if more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the partnership as a single class) is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person, or a combination thereof, or (c) any other Person (other than a corporation or a partnership) in which such Person, one or more Subsidiaries of such Person, or a combination thereof, directly or indirectly, at the date of determination, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

" ***Surviving Business Entity*** " has the meaning assigned to such term in Section 14.2(b) .

“ ***Target Distribution*** ” means an amount equal to the Minimum Quarterly Distribution multiplied by 1.5.

“ ***Third A/R Partnership Agreement*** ” has the meaning assigned to such term in the recitals to this Agreement.

“ ***Trading Day*** ” means, for the purpose of determining the Current Market Price of any class of Limited Partner Interests, a day on which the principal National Securities Exchange on which such class of Limited Partner Interests are listed is open for the transaction of business or, if Limited Partner Interests of a Series are not listed on any National Securities Exchange, a day on which banking institutions in New York City generally are open.

“ ***transfer*** ” has the meaning assigned to such term in Section 4.4(a) .

“ ***Transfer Agent*** ” means such bank, trust company or other Person (including the General Partner or one of its Affiliates) as shall be appointed from time to time by the General Partner to act as registrar and transfer agent for the Common Units; *provided* , that if no Transfer Agent is specifically designated for any other Partnership Interests, the General Partner shall act in such capacity.

“ ***Underwriters*** ” means the underwriters in the Initial Public Offering.

“ ***Unit*** ” means a Partnership Interest that is designated as a “Unit” and shall include Common Units, Series A Preferred Units, Series B Units, Series C Preferred Units, and Series D Preferred Units but shall not include (i) Notional General Partner Units (or the General Partner Interest represented thereby), (ii) Incentive Distribution Rights or (iii) the HPIP Equity Interest.

“ ***Unitholders*** ” means the holders of Units.

“ ***Unit Majority*** ” means at least a majority of the Outstanding Common Units and Series B Units, voting together as a single class.

“ ***Unrealized Gain*** ” attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the fair market value of such property as of such date (as determined under Section 5.5(d)) over (b) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 5.5(d) as of such date).

“ ***Unrealized Loss*** ” attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 5.5(d) as of such date) over (b) the fair market value of such property as of such date (as determined under Section 5.5(d)).

“ ***Unrecovered Initial Unit Price*** ” means at any time, with respect to a Unit, the Initial Unit Price less the sum of all distributions constituting Capital Surplus theretofore made in respect of an IPO Common Unit and any distributions of cash (or the Net Agreed Value of any distributions in kind) in connection with the dissolution and liquidation of the Partnership theretofore made in

respect of an IPO Common Unit, adjusted as the General Partner determines to be appropriate to give effect to any distribution, subdivision or combination of such Units.

" ***Unrestricted Person*** " means (a) each Indemnitee, (b) each Partner, (c) each Person who is or was a member, partner, director, officer, employee or agent of any Group Member, a General Partner or any Departing General Partner or any Affiliate of any Group Member, a General Partner or any Departing General Partner and (d) any Person the General Partner designates as an Unrestricted Person for purposes of this Agreement.

" ***U.S. GAAP*** " means United States generally accepted accounting principles consistently applied.

" ***Warrant*** " means any of (i) the AIM Warrant, (ii) the Series C Warrant or (iii) the Series D Warrant.

" ***Warrant Exercised Unit*** " means a Common Unit issued upon exercise of a Warrant.

" ***Withdrawal Opinion of Counsel*** " has the meaning assigned to such term in Section

11.1(b) .

" ***Working Capital Borrowings*** " means borrowings used solely for working capital purposes or to pay distributions to Partners made pursuant to a credit facility, commercial paper facility or other similar financing arrangements, provided that when such borrowings are incurred it is the intent of the borrower to repay such borrowings within 12 months other than from additional Working Capital Borrowings.

Section 1.2

Construction.

Unless the context requires otherwise: (a) any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa; (b) references to Articles and Sections refer to Articles and Sections of this Agreement; (c) the terms "include," "includes," "including" or words of like import shall be deemed to be followed by the words "without limitation"; and (d) the terms "hereof," "herein" or "hereunder" refer to this Agreement as a whole and not to any particular provision of this Agreement. The table of contents and headings contained in this Agreement are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement.

ARTICLE II
ORGANIZATION

Section 2.1 Formation .

The General Partner and AIM Midstream have previously formed the Partnership as a limited partnership pursuant to the provisions of the Delaware Act. The General Partner hereby amends and restates the Fourth A/R Partnership Agreement in its entirety. This amendment and restatement shall become effective on the date of this Agreement. Except as expressly provided to the contrary in this Agreement, the rights, duties (including fiduciary duties), liabilities and obligations of the Partners and the administration, dissolution and termination of the Partnership shall be governed by the Delaware Act. All Partnership Interests shall constitute personal property of the owner thereof for all purposes.

Section 2.2 Name .

The name of the Partnership shall be "American Midstream Partners, LP" The Partnership's business may be conducted under any other name or names as determined by the General Partner, including the name of the General Partner. The words "Limited Partnership," "LP," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purpose of complying with the laws of any jurisdiction that so requires. The General Partner may change the name of the Partnership at any time and from time to time and shall notify the Limited Partners of such change in the next regular communication to the Limited Partners.

Section 2.3 Registered Office; Registered Agent; Principal Office; Other Offices .

Unless and until changed by the General Partner, the registered office of the Partnership in the State of Delaware shall be located at 160 Greentree Drive, Suite 101, Dover, Kent County, Delaware 19904, and the registered agent for service of process on the Partnership in the State of Delaware at such registered office shall be National Registered Agents, Inc. The principal office of the Partnership shall be located at 2103 CityWest Boulevard, Building #4, Suite 800, Houston, TX 77042, or such other place as the General Partner may from time to time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner shall determine necessary or appropriate. The address of the General Partner shall be 2103 CityWest Boulevard, Building #4, Suite 800, Houston, TX 77042, or such other place as the General Partner may from time to time designate by notice to the Limited Partners.

Section 2.4 Purpose and Business .

The purpose and nature of the business to be conducted by the Partnership shall be to (a) engage directly in, or enter into or form, hold and dispose of any corporation, partnership, joint venture, limited liability company or other arrangement to engage indirectly in, any business activity that is approved by the General Partner, in its sole discretion, and that lawfully may be conducted by a limited partnership organized pursuant to the Delaware Act and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business activity, and (b) do anything necessary or appropriate to the foregoing, including the making of capital contributions or loans to a Group Member; *provided, however* , that the General Partner shall not cause the Partnership to engage, directly or indirectly, in any business activity that the General Partner determines would be reasonably likely to cause the Partnership to be treated as an association taxable as a corporation or otherwise taxable as an entity for federal

income tax purposes. To the fullest extent permitted by law, the General Partner shall have no duty or obligation to propose or approve, and may, in its sole discretion, decline to propose or approve, the conduct by the Partnership of any business free of any fiduciary duty or obligation whatsoever to the Partnership, any Limited Partner and, in declining to so propose or approve, shall not be required to act in good faith or pursuant to any other standard imposed by this Agreement, any Group Member Agreement, any other agreement contemplated hereby or under the Delaware Act or any other law, rule or regulation or at equity.

Section 2.5 Powers .

The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described in Section 2.4 and for the protection and benefit of the Partnership.

Section 2.6 Term .

The term of the Partnership commenced upon the filing of the Certificate of Limited Partnership in accordance with the Delaware Act and shall continue in existence until the dissolution of the Partnership in accordance with the provisions of Article XII . The existence of the Partnership as a separate legal entity shall continue until the cancellation of the Certificate of Limited Partnership as provided in the Delaware Act.

Section 2.7 Title to Partnership Assets .

Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner, one or more of its Affiliates or one or more nominees, as the General Partner may determine. The General Partner hereby declares and warrants that any Partnership assets for which record title is held in the name of the General Partner or one or more of its Affiliates or one or more nominees shall be held by the General Partner or such Affiliate or nominee for the use and benefit of the Partnership in accordance with the provisions of this Agreement; *provided, however* , that the General Partner shall use reasonable efforts to cause record title to such assets (other than those assets in respect of which the General Partner determines that the expense and difficulty of conveyancing makes transfer of record title to the Partnership impracticable) to be vested in the Partnership as soon as reasonably practicable; *provided, further* , that, prior to the withdrawal or removal of the General Partner or as soon thereafter as practicable, the General Partner shall use reasonable efforts to effect the transfer of record title to the Partnership and, prior to any such transfer, will provide for the use of such assets in a manner satisfactory to any successor General Partner. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which record title to such Partnership assets is held.

ARTICLE III
RIGHTS OF LIMITED PARTNERS

Section 3.1 Limitation of Liability .

The Limited Partners shall have no liability under this Agreement except as expressly provided in this Agreement or the Delaware Act.

Section 3.2 Management of Business .

No Limited Partner, in its capacity as such, shall participate in the operation, management or control (within the meaning of the Delaware Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. All actions taken by any Affiliate of the General Partner or any officer, director, employee, manager, member, general partner, agent or trustee of the General Partner or any of its Affiliates, or any officer, director, employee, manager, member, general partner, agent or trustee of a Group Member, in its capacity as such, shall not be deemed to be participating in the control of the business of the Partnership by a limited partner of the Partnership (within the meaning of Section 17-303(a) of the Delaware Act) and shall not affect, impair or eliminate the limitations on the liability of the Limited Partners under this Agreement.

Section 3.3 Outside Activities of the Limited Partners .

Subject to the provisions of Section 7.5 , which shall continue to be applicable to the Persons referred to therein, regardless of whether such Persons shall also be Limited Partners, each Limited Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities in direct competition with the Partnership Group. Neither the Partnership nor any of the other Partners shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner.

Section 3.4 Rights of Limited Partners .

(a) In addition to other rights provided by this Agreement or by applicable law (other than Section 17-305(a) of the Delaware Act, the obligations of which are expressly replaced in their entirety by the provisions below and Section 8.3), and except as limited by Section 3.4(a)(i) , each Limited Partner shall have the right, for a purpose that is reasonably related, as determined by the General Partner, to such Limited Partner's interest as a Limited Partner in the Partnership, upon reasonable written demand stating the purpose of such demand and at such Limited Partner's own expense to obtain:

(i) true and full information regarding the status of the business and financial condition of the Partnership (provided that the requirements of this Section 3.4(a)(i) shall be satisfied to the extent the Limited Partner is furnished the Partnership's most recent annual report and any subsequent quarterly or periodic reports required to be filed (or which would be required to be filed) with the Commission pursuant to Section 13 of the Securities Exchange Act);

(ii) a current list of the name and last known business, residence or mailing address of each Record Holder;

(iii) a copy of this Agreement and the Certificate of Limited Partnership and all amendments thereto, together with copies of the executed copies of all powers of attorney pursuant to which this Agreement, the Certificate of Limited Partnership and all amendments thereto have been executed; and

(iv) such other information regarding the affairs of the Partnership as the General Partner determines is just and reasonable.

(b) The General Partner may keep confidential from the Limited Partners, for such period of time as the General Partner deems reasonable, (i) any information that the General Partner reasonably believes to be in the nature of trade secrets or (ii) other information the disclosure of which the General Partner in good faith believes (A) is not in the best interests of the Partnership Group, (B) could damage the Partnership Group or its business or (C) that any Group Member is required by law or by agreement with any third party to keep confidential (other than agreements with Affiliates of the Partnership the primary purpose of which is to circumvent the obligations set forth in this Section 3.4).

ARTICLE IV
CERTIFICATES; RECORD HOLDERS; TRANSFER OF PARTNERSHIP INTERESTS; REDEMPTION OF PARTNERSHIP INTERESTS

Section 4.1 Certificates .

Notwithstanding anything otherwise to the contrary herein, unless the General Partner shall determine otherwise in respect of some or all of any or all classes of Partnership Interests, Partnership Interests shall not be evidenced by certificates; *provided, however* , with respect to the issuance of any Series A Preferred Units, Series B Units, Series C Preferred Units, or Series D Preferred Units, the Partnership shall issue such Certificates in accordance with Section 5.12(b)(vii) , Section 5.13(f) , Section 5.14(b)(vii) and Section 5.15(b)(vii) , respectively. Certificates that may be issued shall be executed on behalf of the Partnership by the Chairman of the Board, President or any Executive Vice President or Vice President and the Chief Financial Officer or the Secretary or any Assistant Secretary of the General Partner. No Certificate for a class of Partnership Interests shall be valid for any purpose until it has been countersigned by the Transfer Agent for such class of Partnership Interests; *provided, however* , that if the General Partner elects to cause the Partnership to issue Partnership Interests of such class in global form, the Certificate shall be valid upon receipt of a certificate from the Transfer Agent certifying that the Partnership Interests have been duly registered in accordance with the directions of the Partnership.

Section 4.2 Mutilated, Destroyed, Lost or Stolen Certificates .

(a) If any mutilated Certificate is surrendered to the Transfer Agent (for Common Units) or the General Partner (for Partnership Interests other than Common Units), the appropriate officers of the General Partner on behalf of the Partnership shall execute, and the Transfer Agent (for Common Units) or the General Partner (for Partnership Interests other than Common Units) shall countersign and deliver in exchange therefor, a new Certificate evidencing the same number and type of Partnership Interests as the Certificate so surrendered.

(b) The appropriate officers of the General Partner on behalf of the Partnership shall execute and deliver, and the Transfer Agent (for Common Units) shall countersign, a new Certificate in place of any Certificate previously issued, or issue uncertificated Common Units, if the Record Holder of the Certificate:

(i) makes proof by affidavit, in form and substance satisfactory to the General Partner, that a previously issued Certificate has been lost, destroyed or stolen;

(ii) requests the issuance of a new Certificate or the issuance of uncertificated Units before the General Partner has notice that the Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim;

(iii) if requested by the General Partner, delivers to the General Partner a bond, in form and substance satisfactory to the General Partner, with surety or sureties and with fixed or open penalty as the General Partner may direct to indemnify the Partnership, the Partners, the General Partner and the Transfer Agent against any claim that may be made on account of the alleged loss, destruction or theft of the Certificate; and

(iv) satisfies any other reasonable requirements imposed by the General Partner.

If a Limited Partner fails to notify the General Partner within a reasonable period of time after he has notice of the loss, destruction or theft of a Certificate, and a transfer of the Limited Partner Interests represented by the Certificate is registered before the Partnership, the General Partner or the Transfer Agent receives such notification, the Limited Partner shall be precluded from making any claim against the Partnership, the General Partner or the Transfer Agent for such transfer or for a new Certificate or uncertificated Units.

(c) As a condition to the issuance of any new Certificate or uncertificated Units under this Section 4.2 , the General Partner may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Transfer Agent) reasonably connected therewith.

Section 4.3 Record Holders .

The Partnership shall be entitled to recognize the Record Holder as the Partner with respect to any Partnership Interest and, accordingly, shall not be bound to recognize any equitable or other claim to, or interest in, such Partnership Interest on the part of any other Person, regardless of whether the Partnership shall have actual or other notice thereof, except as otherwise provided by law or any applicable rule, regulation, guideline or requirement of any National Securities Exchange on which such Partnership Interests are listed or admitted to trading. Without limiting the foregoing, when a Person (such as a broker, dealer, bank, trust company or clearing corporation or an agent of any of the foregoing) is acting as nominee, agent or in some other representative capacity for another Person in acquiring and/or holding Partnership Interests, as between the Partnership on the one hand, and such other Persons on the other, such representative Person shall be (a) the Record Holder of such Partnership Interest and (b) bound by this Agreement and shall have the rights and obligations of a Partner, as the case may be, hereunder as, and to the extent, provided herein.

Section 4.4 Transfer Generally .

(a) The term "transfer," when used in this Agreement with respect to a Partnership Interest, shall mean a transaction (i) by which the General Partner assigns its General Partner Interest to another Person, and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise or (ii) by which the holder of a Limited Partner Interest assigns such Limited Partner Interest to another Person who is or becomes a Limited Partner, and includes a sale, assignment, gift, exchange or any other disposition by law or otherwise, excluding a pledge, encumbrance, hypothecation or mortgage but including any transfer upon foreclosure of any pledge, encumbrance, hypothecation or mortgage.

(b) No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article IV . Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article IV shall be, to the fullest extent permitted by law, null and void.

(c) Nothing contained in this Agreement shall be construed to prevent a disposition by any stockholder, member, partner or other owner of any Partner of any or all of the shares of stock, membership or limited liability company interests, partnership interests or other ownership interests in such Partner, and the term "transfer" shall not mean any such disposition.

Section 4.5 Registration and Transfer of Limited Partner Interests .

(a) The General Partner shall keep or cause to be kept on behalf of the Partnership a register in which, subject to such reasonable regulations as it may prescribe and subject to the provisions of Section 4.5(b) , the Partnership will provide for the registration and transfer of Limited Partner Interests.

(b) The Partnership shall not recognize any transfer of Limited Partner Interests evidenced by Certificates until the Certificates evidencing such Limited Partner Interests are surrendered for registration of transfer. No charge shall be imposed by the General Partner for such transfer; *provided* , that as a condition to the issuance of any new Certificate under this Section 4.5 , the General Partner may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed with respect thereto. Upon surrender of a Certificate for registration of transfer of any Limited Partner Interests evidenced by a Certificate, and subject to the provisions hereof, the appropriate officers of the General Partner on behalf of the Partnership shall execute and deliver, and in the case of Certificates evidencing Limited Partner Interests, the Transfer Agent shall countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Certificates evidencing the same aggregate number and type of Limited Partner Interests as was evidenced by the Certificate so surrendered.

(c) By acceptance of the transfer of any Limited Partner Interests in accordance with this Section 4.5 and except as provided in Section 4.9 , each transferee of a Limited Partner Interest (including any nominee holder or an agent or representative acquiring such Limited Partner Interests for the account of another Person) (i) shall be admitted to the Partnership as a Limited Partner with

respect to the Limited Partner Interests so transferred to such Person when any such transfer or admission is reflected in the books and records of the Partnership and such Limited Partner becomes the Record Holder of the Limited Partner Interests so transferred, (ii) shall become bound, and shall be deemed to have agreed to be bound, by the terms of this Agreement, (iii) represents that the transferee has the capacity, power and authority to enter into this Agreement and (iv) makes the consents, acknowledgements and waivers contained in this Agreement, all with or without execution of this Agreement by such Person. The transfer of any Limited Partner Interests and the admission of any new Limited Partner shall not constitute an amendment to this Agreement.

(d) Subject to (i) the foregoing provisions of this Section 4.5 , (ii) Section 4.3 , (iii) Section 4.8 , (iv) with respect to any class or series of Limited Partner Interests, the provisions of any statement of designations or an amendment to this Agreement establishing such class or series, (v) any contractual provisions binding on any Limited Partner and (vi) provisions of applicable law including the Securities Act, Limited Partner Interests shall be freely transferable.

(e) The General Partner and its Affiliates shall have the right at any time to transfer their Common Units, Incentive Distribution Rights, Series A Preferred Units, Series C Preferred Units or Series D Preferred Units to one or more Persons.

Section 4.6 Transfer of the General Partner's General Partner Interest .

(a) Subject to Section 4.6(c) below, prior to June 30, 2020, the General Partner shall not transfer all or any part of its General Partner Interest (represented by Notional General Partner Units) to a Person unless such transfer (i) has been approved by the prior written consent or vote of the holders of at least a majority of the Outstanding Common Units (excluding Common Units held by the General Partner and its Affiliates) or (ii) is of all, but not less than all, of its General Partner Interest to (A) an Affiliate of the General Partner (other than an individual) or (B) another Person (other than an individual) in connection with the merger or consolidation of the General Partner with or into such other Person or the transfer by the General Partner of all or substantially all of its assets to such other Person.

(b) Subject to Section 4.6(c) below, on or after June 30, 2020, the General Partner may transfer all or any of its General Partner Interest without Unitholder approval.

(c) Notwithstanding anything herein to the contrary, no transfer by the General Partner of all or any part of its General Partner Interest to another Person shall be permitted unless (i) the transferee agrees to assume the rights and duties of the General Partner under this Agreement and to be bound by the provisions of this Agreement, (ii) the Partnership receives an Opinion of Counsel that such transfer would not result in the loss of limited liability of any Limited Partner under the Delaware Act or cause the Partnership to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes (to the extent not already so treated or taxed) and (iii) such transferee also agrees to purchase all (or the appropriate portion thereof, if applicable) of the partnership or limited liability company membership interest held by the General Partner as the general partner or managing member, if any, of each other Group Member. In the case of a transfer pursuant to and in compliance with this Section 4.6 , the transferee or successor (as the case may be) shall, subject to compliance with the terms of Section 10.2 , be

admitted to the Partnership as the General Partner effective immediately prior to the transfer of the General Partner Interest, and the business of the Partnership shall continue without dissolution.

Section 4.7 Transfer of Incentive Distribution Rights .

The General Partner or any other holder of Incentive Distribution Rights may transfer any or all of its Incentive Distribution Rights without Unitholder approval. Any holder of the HPIP Equity Interest may transfer any or all of its Incentive Distribution Rights without Unitholder approval. Notwithstanding anything to herein to the contrary, (i) the transfer of Common Units issued pursuant to Section 5.11 shall not be treated as a transfer of all or any part of the Incentive Distribution Rights and (ii) no transfer of Incentive Distribution Rights or HPIP Equity Interests to another Person shall be permitted unless the transferee agrees to be bound by the provisions of this Agreement.

Section 4.8 Restrictions on Transfers .

(a) Notwithstanding the other provisions of this Article IV , no transfer of any Partnership Interests shall be made if such transfer would (i) terminate the existence or qualification of the Partnership under the laws of the jurisdiction of its formation, or (iii) cause the Partnership to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes (to the extent not already so treated or taxed).

(b) The General Partner may impose restrictions on the transfer of Partnership Interests if it determines, with the advice of counsel, that such restrictions are necessary or advisable to (i) avoid a significant risk of the Partnership becoming taxable as a corporation or otherwise becoming taxable as an entity for U.S. federal income tax purposes or (ii) preserve the uniformity of the Limited Partner Interests (or any class or classes thereof). The General Partner may impose such restrictions by amending this Agreement; *provided, however* , that any amendment that would result in the delisting or suspension of trading of any class of Limited Partner Interests on the principal National Securities Exchange on which such class of Limited Partner Interests is then listed or admitted to trading must be approved, prior to such amendment being effected, by the holders of at least a majority of the Outstanding Limited Partner Interests of such class.

(c) The transfer of Common Units that have been issued upon conversion of Incentive Distribution Rights shall be subject to the restrictions imposed by Section 6.8(b) .

(d) Nothing contained in this Agreement, other than Section 4.8(a) , shall preclude the settlement of any transactions involving Partnership Interests entered into through the facilities of any National Securities Exchange on which such Partnership Interests are listed or admitted to trading.

(e) Any transfer of a Series A Conversion Unit, a Series B Conversion Unit, a Series C Conversion Unit, or a Series D Conversion Unit shall be subject to the restrictions imposed by Section 6.10 .

Section 4.9 Eligibility Certifications; Ineligible Holders .

(a) If at any time the General Partner determines, with the advice of counsel, that

(i) the U.S. federal income tax status (or lack of proof of the U.S. federal income tax status) of one or more Limited Partners has or is reasonably likely to have a material adverse effect on the rates that can be charged to customers by any Group Member on assets that are subject to regulation by the FERC or analogous regulatory body (a " ***Rate Eligibility Trigger*** "); or

(ii) any Group Member is subject to any federal, state or local law or regulation that would create a substantial risk of cancellation or forfeiture of any property in which the Group Member has an interest based on the nationality, citizenship or other related status of a Partner (a " ***Citizenship Eligibility Trigger*** ");

then, the General Partner may adopt such amendments to this Agreement as it determines to be necessary or advisable to (x) in the case of a Rate Eligibility Trigger, obtain such proof of the U.S. federal income tax status of the Limited Partners and, to the extent relevant, their beneficial owners, as the General Partner determines to be necessary to establish those Limited Partners whose U.S. federal income tax status does not or would not have a material adverse effect on the rates that can be charged to customers by any Group Member or (y) in the case of a Citizenship Eligibility Trigger, obtain such proof of the nationality, citizenship or other related status of the Partner (or, if the Partner is a nominee holding for the account of another Person, the nationality, citizenship or other related status of such Person) as the General Partner determines to be necessary to establish those Partners whose status as Partners does not or would not subject any Group Member to a significant risk of cancellation or forfeiture of any of its properties or interests therein.

(b) Such amendments may include provisions requiring all Partners to certify as to their (and their beneficial owners') status as Eligible Holders upon demand and on a regular basis, as determined by the General Partner, and may require transferees of Units to so certify prior to being admitted to the Partnership as a Partner (any such required certificate, an " ***Eligibility Certificate*** ").

(c) Such amendments may provide that any Partner who fails to furnish to the General Partner within a reasonable period requested proof of its (and its beneficial owners') status as an Eligible Holder or if upon receipt of such Eligibility Certificate or other requested information the General Partner determines that a Partner is not an Eligible Holder (such a Partner an " ***Ineligible Holder*** ") the Partnership Interests owned by such Limited Partner shall be subject to redemption in accordance with the provisions of Section 4.10 . In addition, the General Partner shall be substituted for all Limited Partners that are Ineligible Holders as the Limited Partner in respect of the Ineligible Holders' Partnership Interests.

(d) The General Partner shall, in exercising voting rights in respect of Partnership Interests held by it on behalf of Ineligible Holders, distribute the votes in the same ratios as the votes of Partners (including the General Partner and its Affiliates) in respect of Partnership Interests other than those of Ineligible Holders are cast, either for, against or abstaining as to the matter.

(e) Upon dissolution of the Partnership, an Ineligible Holder shall have no right to receive a distribution in kind pursuant to Section 12.4 but shall be entitled to the cash equivalent thereof,

and the Partnership shall provide cash in exchange for an assignment of the Ineligible Holder's share of any distribution in kind. Such payment and assignment shall be treated for Partnership purposes as a purchase by the Partnership from the Ineligible Holder of his Partnership Interest (representing his right to receive his share of such distribution in kind).

(f) At any time after an Ineligible Holder can and does certify that he has become an Eligible Holder, an Ineligible Holder may, upon application to the General Partner, request that with respect to any Partnership Interests of such Ineligible Holder not redeemed pursuant to Section 4.10 , such Ineligible Holder be admitted as a Limited Partner, and upon approval of the General Partner, such Ineligible Holder shall be admitted as a Limited Partner and shall no longer constitute an Ineligible Holder and the General Partner shall cease to be deemed to be the Limited Partner in respect of such Ineligible Holder's Partnership Interests.

Section 4.10 Redemption of Partnership Interests of Ineligible Holders .

(a) If at any time a Partner fails to furnish an Eligibility Certificate or other information requested within the period of time specified in amendments adopted pursuant to Section 4.9 , or if upon receipt of such Eligibility Certificate or other information the General Partner determines, with the advice of counsel, that a Partner is not an Eligible Holder, the Partnership may, unless the Partner establishes to the satisfaction of the General Partner that such Partner is an Eligible Holder or has transferred his Partnership Interests to a Person who is an Eligible Holder and who furnishes an Eligibility Certificate to the General Partner prior to the date fixed for redemption as provided below, redeem the Partnership Interest of such Partner as follows:

(i) The General Partner shall, not later than the 30th day before the date fixed for redemption, give notice of redemption to the Partner, at his last address designated on the records of the Partnership or the Transfer Agent, by registered or certified mail, postage prepaid. The notice shall be deemed to have been given when so mailed. The notice shall specify the Redeemable Interests, the date fixed for redemption, the place of payment, that payment of the redemption price will be made upon redemption of the Redeemable Interests (or, if later in the case of Redeemable Interests evidenced by Certificates, upon surrender of the Certificates evidencing the Redeemable Interests) and that on and after the date fixed for redemption no further allocations or distributions to which the Partner would otherwise be entitled in respect of the Redeemable Interests will accrue or be made.

(ii) The aggregate redemption price for Redeemable Interests shall be an amount equal to the Current Market Price (the date of determination of which shall be the date fixed for redemption) of Partnership Interests of the class to be so redeemed multiplied by the number of Partnership Interests of each such class included among the Redeemable Interests. The redemption price shall be paid, as determined by the General Partner, in cash or by delivery of a promissory note of the Partnership in the principal amount of the redemption price, bearing interest at the rate of 5% annually and payable in three equal annual installments of principal together with accrued interest, commencing one year after the redemption date.

(iii) The Partner or his duly authorized representative shall be entitled to receive the payment for the Redeemable Interests at the place of payment specified in the notice of redemption on the redemption date (or, if later in the case of Redeemable Interests evidenced by Certificates, upon surrender by or on behalf of the Partner at the place specified in the notice of redemption, of the Certificates evidencing the Redeemable Interests, duly endorsed in blank or accompanied by an assignment duly executed in blank).

(iv) the redemption date, Redeemable Interests shall no longer constitute issued and Outstanding Partnership Interests.

(b) The provisions of this Section 4.10 shall also be applicable to Partnership Interests held by a Partner as nominee of a Person determined to be an Ineligible Holder.

(c) Nothing in this Section 4.10 shall prevent the recipient of a notice of redemption from transferring his Partnership Interest before the redemption date if such transfer is otherwise permitted under this Agreement. Upon receipt of notice of such a transfer, the General Partner shall withdraw the notice of redemption, provided the transferee of such Partnership Interest certifies to the satisfaction of the General Partner that he is an Eligible Holder. If the transferee fails to make such certification, such redemption shall be effected from the transferee on the original redemption date.

ARTICLE V
CAPITAL CONTRIBUTIONS AND
ISSUANCE OF PARTNERSHIP INTERESTS

Section 5.1 Intentionally Omitted .

Section 5.2 Contributions by the General Partner and the Initial Limited Partners .

(a) Upon the issuance of any additional Limited Partner Interests by the Partnership (other than Common Units issued pursuant to Section 5.11), the General Partner may, in order to maintain its Percentage Interest, make additional Capital Contributions in an amount equal to the product obtained by multiplying (i)the quotient determined by dividing (A) the General Partner's Percentage Interest immediately prior to the issuance of such Additional Limited Partner Interests by the Partnership by (B) 100 less the General Partner's Percentage Interest immediately prior to the issuance of such Additional Limited Partner Interests by the Partnership times (ii) the amount contributed to the Partnership by the Limited Partners in exchange for such Additional Limited Partner Interests. Except as set forth in Article XII , the General Partner shall not be obligated to make any additional Capital Contributions to the Partnership.

Section 5.3 Contributions by Limited Partners .

No Limited Partner will be required to make any Capital Contribution to the Partnership pursuant to this Agreement.

Section 5.4 Interest and Withdrawal of Capital Contributions .

No interest shall be paid by the Partnership on Capital Contributions. No Partner shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent, if any, that distributions made pursuant to this Agreement or upon liquidation of the Partnership may be considered as such by law and then only to the extent provided for in this Agreement. Except to the extent expressly provided in this Agreement, no Partner shall have priority over any other Partner either as to the return of Capital Contributions or as to profits, losses or distributions. Any such return shall be a compromise to which all Partners agree within the meaning of Section 17-502(b) of the Delaware Act.

Section 5.5 Capital Accounts .

(a) The Partnership shall maintain for each Partner (or a beneficial owner of Partnership Interests held by a nominee in any case in which the nominee has furnished the identity of such owner to the Partnership in accordance with Section 6031(c) of the Code or any other method acceptable to the General Partner) owning a Partnership Interest a separate Capital Account with respect to such Partnership Interest in accordance with the rules of Treasury Regulation Section 1.704-1(b)(2)(iv). Such Capital Account shall be increased by (i) the amount of all Capital Contributions made to the Partnership with respect to such Partnership Interest and (ii) all items of Partnership income and gain (including income and gain exempt from tax) computed in accordance with Section 5.5(b) and allocated with respect to such Partnership Interest pursuant to Section 6.1 , and decreased by (x) the amount of cash or Net Agreed Value of all actual and deemed distributions of cash or property (other than Series A PIK Preferred Units, Series B PIK Units, or Series C PIK Preferred Units) made with respect to such Partnership Interest and (y) all items of Partnership deduction and loss computed in accordance with Section 5.5(b) and allocated with respect to such Partnership Interest pursuant to Section 6.1 . For the avoidance of doubt, the Series A Preferred Units, the Series B Units, the Series C Preferred Units and the Series D Preferred Units will be treated as a partnership interest in the Partnership that is "convertible equity" within the meaning of Treasury Regulation Section 1.721-2(g)(3), and, therefore, each holder of a Series A Preferred Unit, Series B Unit, Series C Preferred Unit or Series D Preferred Unit will be treated as a partner in the Partnership, other than with respect to the conversion feature of the Series A Preferred Unit, Series B Unit, Series C Preferred Unit or Series D Preferred Unit. The initial Capital Account balance in respect of each Series A Preferred Unit issued on the Series A Issuance Date shall be the Series A Issue Price, and the initial Capital Account balance in respect of each Series A PIK Preferred Unit shall be zero. After an issuance of Series A PIK Preferred Units pursuant to Section 5.12(b)(ii) , the Capital Accounts of all Series A Preferred Units that are Outstanding prior to such issuance shall be divided equally among all Series A Preferred Units that are Outstanding after such issuance. The Capital Account balance of each holder of Series A Preferred Units in respect of its Series A Preferred Units shall not be increased or decreased as a result of the accrual and accumulation of an unpaid distribution pursuant to Section 5.12(b)(ii)(A) or Section 5.12(b)(ii)(B) in respect of such Series A Preferred Units except as otherwise provided in this Agreement. The initial Capital Account balance in respect of each Series B Unit (including each Series B PIK Unit) shall be the Series B Issue Price. The initial Capital Account balance in respect of each Series C Preferred Unit issued on the Series C Issuance Date shall be the Series C Issue Price, and the initial Capital Account balance in respect

of each Series C PIK Preferred Unit shall be zero. After an issuance of Series C PIK Preferred Units pursuant to Section 5.14(b)(ii), the Capital Accounts of all Series C Preferred Units that are Outstanding prior to such issuance shall be divided equally among all Series C Preferred Units that are Outstanding after such issuance. The Capital Account balance of each holder of Series C Preferred Units in respect of its Series C Preferred Units shall not be increased or decreased as a result of the accrual and accumulation of an unpaid distribution pursuant to Section 5.14(b)(ii)(A) or Section 5.14(b)(ii)(B) in respect of such Series C Preferred Units except as otherwise provided in this Agreement. The initial Capital Account balance in respect of each Series D Preferred Unit issued on the Series D Issuance Date shall be the Series D Issue Price. The Capital Account balance of each holder of Series D Preferred Units in respect of its Series D Preferred Units shall not be increased or decreased as a result of the accrual and accumulation of an unpaid distribution pursuant to Section 5.15(b)(ii)(A) or Section 5.15(b)(ii)(B) in respect of such Series D Preferred Units except as otherwise provided in this Agreement.

(b) For purposes of computing the amount of any item of income, gain, loss or deduction that is to be allocated pursuant to Article VI and is to be reflected in the Partners' Capital Accounts, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for U.S. federal income tax purposes (including any method of depreciation, cost recovery or amortization used for that purpose), *provided* , that:

(i) Solely for purposes of this Section 5.5 , the Partnership shall be treated as owning directly its proportionate share (as determined by the General Partner based upon the provisions of the applicable Group Member Agreement) of all property owned by (x) any other Group Member that is classified as a partnership for U.S. federal income tax purposes and (y) any other partnership, limited liability company, unincorporated business or other entity classified as a partnership for U.S. federal income tax purposes of which a Group Member is, directly or indirectly, a partner, member or other equity holder.

(ii) All fees and other expenses incurred by the Partnership to promote the sale of (or to sell) a Partnership Interest that can neither be deducted nor amortized under Section 709 of the Code, if any, shall, for purposes of Capital Account maintenance, be treated as an item of deduction at the time such fees and other expenses are incurred and shall be allocated among the Partners pursuant to Section 6.1 .

(iii) Except as otherwise provided in Treasury Regulation Section 1.704-1(b)(2)(iv)(m), the computation of all items of income, gain, loss and deduction shall be made without regard to any election under Section 754 of the Code that may be made by the Partnership and, as to those items described in Section 705(a)(1)(B) or 705(a)(2)(B) of the Code, without regard to the fact that such items are not includable in gross income or are neither currently deductible nor capitalized for U.S. federal income tax purposes. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment in the Capital Accounts shall be treated as an item of gain or loss.

(iv) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(v) In accordance with the requirements of Section 704(b) of the Code, any deductions for depreciation, cost recovery or amortization attributable to any Contributed Property shall be determined as if the adjusted basis of such property on the date it was acquired by the Partnership were equal to the Agreed Value of such property. Upon an adjustment pursuant to Section 5.5(d) to the Carrying Value of any Partnership property subject to depreciation, cost recovery or amortization, any further deductions for such depreciation, cost recovery or amortization attributable to such property shall be determined, under the rules prescribed by Treasury Regulation Section 1.704-3(d)(2), as if the adjusted basis of such property were equal to the Carrying Value of such property immediately following such adjustment.

(vi) The Gross Liability Value of each Liability of the Partnership described in Treasury Regulation Section 1.752-7 (b)(3)(i) shall be adjusted at such times as provided in this Agreement for an adjustment to Carrying Values. The amount of any such adjustment shall be treated for purposes hereof as an item of loss (if the adjustment increases the Carrying Value of such Liability of the Partnership) or an item of gain (if the adjustment decreases the Carrying Value of such Liability of the Partnership).

(c) A transferee of a Partnership Interest shall succeed to a Pro Rata portion of the Capital Account of the transferor relating to the Partnership Interest so transferred.

(i) Reserved.

(ii) Upon the issuance of IDR Reset Common Units pursuant to Section 5.11(a) , the Capital Account maintained with respect to the Incentive Distribution Rights shall (A) first, be allocated to IDR Reset Common Units in an amount equal to the product of (x) the Aggregate Quantity of IDR Reset Common Units and (y) the Per Unit Capital Amount for an IPO Common Unit, and (B) second, any remaining balance in such Capital Account will be retained by the holder of the Incentive Distributions Rights. In the event that there is not a sufficient Capital Account associated with the Incentive Distribution Rights to allocate the full Per Unit Capital Amount for an IPO Common Unit to the IDR Reset Common Units in accordance with clause (A) of this Section 5.5(c)(ii) , the IDR Reset Common Units shall be subject to Section 6.1(d)(x)(B) and Section 6.1(d)(x)(C) .

(iii) Reserved.

(iv) Immediately prior to the transfer of a Post-Initial Issuance Series B Unit by a holder thereof (other than a transfer to an Affiliate unless the General Partner elects to have this Section 5.5(c)(iv) apply), the aggregate Capital Account maintained for such Person with respect to its Post-Initial Issuance Series B Units will (A) first, be allocated to the Post-Initial Issuance Series B Units to be transferred in an amount equal to the product of (x) the

number of such Post-Initial Issuance Series B Units to be transferred and (y) the Per Unit Capital Amount for a Common Unit that is not a Post-Initial Issuance Series B Unit, and (B) second, any remaining positive balance in such Capital Account will be retained by the transferor, regardless of whether it has retained any Post-Initial Issuance Series B Units and if the remaining balance would be negative, items of Partnership income and gain shall be specially allocated to such transferor Partner in an amount and manner sufficient to eliminate the deficit in its Capital Account as quickly as possible. Following any such allocation, the transferor's Capital Account, if any, maintained with respect to the retained Post-Initial Issuance Series B Units, if any, will have a balance equal to the amount allocated under clause (B) above, and the transferee's Capital Account established with respect to the transferred Post-Initial Issuance Series B Units will have a balance equal to the amount allocated under clause (A) above.

(d) (i) In accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f), on (A) an issuance of additional Partnership Interests for cash or other property (other than an issuance of Series A PIK Preferred Units, Series B PIK Units, or Series C PIK Preferred Units), (B) the issuance of additional Partnership Interests for the provision of services, (C) the issuance by the Partnership of a "noncompensatory option" within the meaning of Treasury Regulations Sections 1.721-2(f) and 1.761-3(b)(2) which is not treated as a partnership interest pursuant to Treasury Regulations Section 1.761-3(a) (other than an issuance of Series A PIK Preferred Units pursuant to Section 5.12(b)(ii) , the issuance of Series B PIK Units pursuant to Section 5.13(d), or the issuance of Series C PIK Preferred Units pursuant to Section 5.14(b)(ii)), or (D) the conversion of a General Partner's Combined Interest to Common Units pursuant to Section 11.3(b) , the Capital Account of each Partner and the Carrying Value of each Partnership property shall be adjusted immediately prior to such event to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such property for an amount equal to its fair market value immediately prior to such event and had been allocated pursuant to Section 6.1(c) and Section 6.1(d) in the same manner as any item of gain or loss actually recognized following an event giving rise to the dissolution of the Partnership would have been allocated; *provided, however* , that in the event of an issuance of Partnership Interests for a de minimis amount of cash or Contributed Property, or in the event of an issuance of a de minimis amount of Partnership Interests as consideration for the provision of services, the General Partner may determine that such adjustments are unnecessary for the proper administration of the Partnership. The General Partner shall adjust such Carrying Values in respect of the contributions that are made on the Closing Date. In determining such Unrealized Gain or Unrealized Loss, the aggregate cash amount and fair market value of all Partnership assets immediately prior to such event shall be determined by the General Partner using such reasonable method of valuation as it may adopt (taking into account Section 7701(g) of the Code); *provided, however* , that the General Partner, in arriving at such valuation, must take fully into account the fair market value of the Partnership Interests of all Partners at such time and must make such adjustments to such valuation as required by Treasury Regulation Section 1.704-1(b)(2)(iv)(h)(2). The General Partner shall allocate such aggregate value among the assets of the Partnership in such manner as it determines in its discretion to be reasonable.

(i) In accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f), immediately prior to any actual or deemed distribution to a Partner of any Partnership property (other than a distribution of cash that is not in redemption or retirement of a Partnership Interest), the Capital Accounts of all Partners and the Carrying Value of all Partnership property shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as if such Unrealized Gain or Unrealized Loss had been recognized in a sale of such property immediately prior to such distribution for an amount equal to its fair market value, and had been allocated to the Partners, at such time, pursuant to Section 6.1(c) and Section 6.1(d) in the same manner as any item of gain or loss actually recognized following an event giving rise to the dissolution of the Partnership would have been allocated. In determining such Unrealized Gain or Unrealized Loss the aggregate fair market value of all Partnership assets (including cash or cash equivalents) immediately prior to a distribution shall (A) in the case of an actual distribution that is not made pursuant to Section 12.4 or in the case of a deemed distribution, be determined and allocated in the same manner as that provided in Section 5.5(d)(i) or (B) in the case of a liquidating distribution pursuant to Section 12.4 , be determined and allocated by the Liquidator using such method of valuation as it may adopt.

(ii) In accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(s), immediately after the conversion of a Series A Preferred Unit, Series B Unit, Series C Preferred Unit, or Series D Preferred Unit into Common Units in accordance with Section 5.12(b)(viii) , Section 5.13(c) , Section 5.14(b)(viii) or Section 5.15(b)(viii) , as applicable, the Capital Account of each Partner and the Carrying Value of each Partnership property shall be adjusted to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such property for an amount equal to its fair market value immediately after such conversion and (A) first, all Unrealized Gain (if the Capital Account of each such Series A Conversion Unit, Series B Conversion Unit, Series C Conversion Unit, or Series D Conversion Unit, as applicable, is less than the Per Unit Capital Amount for a then Outstanding IPO Common Unit) or Unrealized Loss (if the Capital Account of each such Series A Conversion Unit, Series B Conversion Unit, Series C Conversion Unit, or Series D Conversion Unit, as applicable, is greater than the Per Unit Capital Amount for a then Outstanding IPO Common Unit) had been allocated Pro Rata to each Partner holding Series A Conversion Units, Series B Conversion Units, Series C Conversion Units, or Series D Conversion Units received upon such conversion until the Capital Account of each such Series A Conversion Unit, Series B Conversion Unit, Series C Conversion Unit, or Series D Conversion Unit, as applicable, is equal to the Per Unit Capital Amount for a then Outstanding IPO Common Unit; and (B) second, any remaining Unrealized Gain or Unrealized Loss had been allocated to the Partners at such time pursuant to Section 6.1(c) and Section 6.1(d) . In determining such Unrealized Gain or Unrealized Loss, the aggregate cash amount and fair market value of all Partnership assets immediately after the conversion of a Series A Preferred Unit, Series B Unit, Series C Preferred Unit, or Series D Preferred Unit shall be determined by the General Partner using such reasonable method of valuation as it may adopt (taking into account Section 7701(g) of the Code); *provided* , *however* , that the General Partner, in arriving at such valuation, must take fully into account the fair market

value of the Partnership Interests of all Partners at such time and must make such adjustments to such valuation as required by Treasury Regulation Section 1.704-1(b)(2)(iv)(h)(2). The General Partner shall allocate such aggregate value among the assets of the Partnership in such manner as it determines in its discretion to be reasonable. If, after making the allocations of Unrealized Gain and Unrealized Loss as set forth above in this Section 5.5(d)(iii) , the Capital Account of each Partner with respect to each Series A Conversion Unit, Series B Conversion Unit, Series C Conversion Unit, or Series D Conversion Unit, as applicable, received upon such conversion of the Series A Preferred Unit, Series B Unit, Series C Preferred Unit, or Series D Preferred Unit, as applicable, is less than the Per Unit Capital Amount for a then Outstanding IPO Common Unit, then Capital Account balances shall be reallocated between the Partners holding Common Units (other than Series A Conversion Units, Series B Conversion Units, Series C Conversion Units, and Series D Conversion Units) and Partners holding Series A Conversion Units, Series B Conversion Units, Series C Conversion Units, and Series D Conversion Units, as applicable, so as to cause the Capital Account of each Partner holding a Series A Conversion Unit, Series B Conversion Unit, Series C Conversion Unit, or Series D Conversion Unit, as applicable, to equal, on a per Unit basis with respect to each such Series A Conversion Unit, Series B Conversion Unit, Series C Conversion Unit, or Series D Conversion Unit, the Per Unit Capital Amount for a then Outstanding IPO Common Unit.

(iii) In accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(s), immediately after the issuance of Warrant Exercised Units upon the exercise of a Warrant, the Capital Account of each Partner and the Carrying Value of each Partnership property shall be adjusted to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such property for an amount equal to its fair market value immediately after such exercise and (A) first, all Unrealized Gain (if the Capital Account of each such Warrant Exercised Unit is less than the Per Unit Capital Amount for a then Outstanding IPO Common Unit) or Unrealized Loss (if the Capital Account of each such Warrant Exercised Unit is greater than the Per Unit Capital Amount for a then Outstanding IPO Common Unit) shall be allocated Pro Rata to each Partner holding Warrant Exercised Units received upon such exercise until the Capital Account of each such Warrant Exercised Unit is equal to the Per Unit Capital Amount for a then Outstanding IPO Common Unit; and (B) second, any remaining Unrealized Gain or Unrealized Loss shall be allocated to the Partners at such time pursuant to Section 6.1(c) and Section 6.1(d) . In determining such Unrealized Gain or Unrealized Loss, the aggregate cash amount and fair market value of all Partnership assets immediately after the exercise of a Warrant shall be determined by the General Partner using such reasonable method of valuation as it may adopt (taking into account Section 7701(g) of the Code); *provided, however* , that the General Partner, in arriving at such valuation, must take fully into account the fair market value of the Partnership Interests of all Partners at such time and must make such adjustments to such valuation as required by Treasury Regulation Section 1.704-1(b) (2)(iv)(h)(2). The General Partner shall allocate such aggregate value among the assets of the Partnership in such manner as it determines in its discretion to be reasonable. If, after making the allocations of Unrealized Gain and Unrealized Loss as set forth above in this Section 5.5(d)(iv) , the Capital Account

of each Partner with respect to each Warrant Exercised Unit received upon such exercise of a Warrant is less than the Per Unit Capital Amount for a then Outstanding IPO Common Unit, then Capital Account balances shall be reallocated between the Partners holding Common Units (other than Warrant Exercised Units) and Partners holding Warrant Exercised Units so as to cause the Capital Account of each Partner holding a Warrant Exercised Unit to equal, on a per Unit basis with respect to each such Warrant Exercised Unit, the Per Unit Capital Amount for a then Outstanding IPO Common Unit.

Section 5.6 Issuances of Additional Partnership Interests .

(a) The Partnership may issue additional Partnership Interests and options, rights, warrants, appreciation rights, tracking and phantom interests, and other economic interests relating to the Partnership Interests (including pursuant to Section 7.4(c)) for any partnership purpose at any time and from time to time to such Persons for such consideration and on such terms and conditions as the General Partner shall determine, all without the approval of any Limited Partners.

(b) Each additional Partnership Interest or other security authorized to be issued by the Partnership pursuant to Section 5.6(a) or Section 7.4(c) may be issued in one or more classes, or one or more series of any such classes, with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of Partnership Interests or other securities), as shall be fixed by the General Partner, including (i) the right to share in Partnership profits and losses or items thereof; (ii) the right to share in Partnership distributions; (iii) the rights upon dissolution and liquidation of the Partnership; (iv) whether, and the terms and conditions upon which, the Partnership may or shall be required to redeem the Partnership Interest (including sinking fund provisions) or other security; (v) whether such Partnership Interest or other security is issued with the privilege of conversion or exchange and, if so, the terms and conditions of such conversion or exchange; (vi) the terms and conditions upon which each Partnership Interest or other security will be issued, evidenced by certificates and assigned or transferred; (vii) the method for determining the Percentage Interest as to such Partnership Interest; and (viii) the right, if any, of each such Partnership Interest to vote on Partnership matters, including matters relating to the relative rights, preferences and privileges of such Partnership Interest.

(c) The General Partner shall take all actions that it determines to be necessary or appropriate in connection with (i) each issuance of Partnership Interests and options, rights, warrants, appreciation rights, tracking and phantom interests, and other economic interests in the Partnership or relating to Partnership Interests pursuant to this Section 5.6 or Section 7.4(c) , (ii) the conversion of the Combined Interest into Units pursuant to the terms of this Agreement, (iii) the issuance of Common Units pursuant to Section 5.11 , (iv) the admission of Additional Limited Partners and (v) all additional issuances of Partnership Interests. The General Partner shall determine the relative rights, powers and duties of the holders of the Units or other Partnership Interests or other securities being so issued. The General Partner shall do all things necessary to comply with the Delaware Act and is authorized and directed to do all things that it determines to be necessary or appropriate in connection with any future issuance of Partnership Interests or other securities or in connection with the conversion of the Combined Interest into Units pursuant to the terms of this Agreement, including compliance with any statute, rule, regulation or guideline of any federal, state or other

governmental agency or any National Securities Exchange on which the Units or other Partnership Interests are listed or admitted to trading.

(d) No fractional Units shall be issued by the Partnership.

Section 5.7 Reserved .

Section 5.8 Limited Preemptive Right .

Except as provided in this Section 5.8 and in Section 5.2 or as otherwise provided in a separate agreement by the Partnership, no Person shall have any preemptive, preferential or other similar right with respect to the issuance of any Partnership Interest or other security, whether unissued, held in the treasury or hereafter created. The General Partner shall have the right, that it may from time to time assign in whole or in part to any of its Affiliates, to purchase Partnership Interests from the Partnership whenever, and on the same terms that, the Partnership issues Partnership Interests to Persons other than the General Partner and its Affiliates, to the extent necessary to maintain the Percentage Interests of the General Partner and its Affiliates equal to that which existed immediately prior to the issuance of such Partnership Interests. Any determination by the General Partner whether to exercise its right pursuant to the immediately preceding sentence shall be a determination made in its individual capacity and not as the general partner of the Partnership, and such determination may be made in accordance with Section 7.9(c) .

Section 5.9 Splits and Combinations .

(a) Subject to Section 5.9(d) , Section 6.6 and Section 6.9 (dealing with adjustments of distribution levels), the Partnership may make a Pro Rata distribution of Partnership Interests to all Record Holders or may effect a subdivision or combination of Partnership Interests so long as, after any such event, each Partner shall have the same Percentage Interest in the Partnership as before such event, and any amounts calculated on a per-Unit basis (including any Common Unit Arrearage or Cumulative Common Unit Arrearage) or stated as a number of Units (including the number of Common Units into which Series A Preferred Units, Series B Units, Series C Preferred Units or Series D Preferred Units may be converted into) are proportionately adjusted.

(b) Whenever such a Pro Rata distribution, subdivision or combination of Partnership Interests is declared, the General Partner shall select a Record Date as of which the distribution, subdivision or combination shall be effective and shall send notice thereof at least 20 days prior to such Record Date to each Record Holder as of a date not less than 10 days prior to the date of such notice. The General Partner also may cause a firm of independent public accountants selected by it to calculate the number of Partnership Interests to be held by each Record Holder after giving effect to such distribution, subdivision or combination. The General Partner shall be entitled to rely on any certificate provided by such firm as conclusive evidence of the accuracy of such calculation.

(c) If a Pro Rata distribution of Partnership Interests, or a subdivision or combination of Partnership Interests, is made as contemplated in this Section 5.9 , the number of Notional General Partner Units constituting the Percentage Interest of the General Partner (as determined immediately prior to the Record Date for such distribution, subdivision or combination) shall be appropriately

adjusted as of the effective date for payment of such distribution, subdivision or combination to maintain such Percentage Interest of the General Partner.

(d) Promptly following any such distribution, subdivision or combination, the Partnership may issue Certificates or uncertificated Partnership Interests to the Record Holders of Partnership Interests as of the applicable Record Date representing the new number of Partnership Interests held by such Record Holders, or the General Partner may adopt such other procedures that it determines to be necessary or appropriate to reflect such changes. If any such combination results in a smaller total number of Partnership Interests Outstanding, the Partnership shall require, as a condition to the delivery to a Record Holder of such new Certificate or uncertificated Partnership Interests, the surrender of any Certificate held by such Record Holder immediately prior to such Record Date.

(e) The Partnership shall not issue fractional Units or Notional General Partner Units upon any distribution, subdivision or combination of Units. If a distribution, subdivision or combination of Units would result in the issuance of fractional Units or fractional Notional General Partner Units but for the provisions of this Section 5.9(e) , each fractional Unit or fractional Notional General Partner Unit shall be rounded to the nearest whole Unit or Notional General Partner Unit (and a 0.5 Unit or Notional General Partner Unit shall be rounded to the next higher Unit or Notional General Partner Unit).

(f) For the avoidance of doubt, upon any Pro Rata distribution of Partnership Interests to all Record Holders of Common Units or any subdivision or combination (or reclassification into a greater or smaller number) of Common Units, the Partnership will proportionately adjust the number of Series B Units as follows: (i) if the Partnership issues Partnership Interests as a distribution on its Common Units or subdivides the Common Units (or reclassifies them into a greater number of Common Units), then the Series B Units shall be subdivided into a number of Series B Units equal to the result of multiplying the number of Series B Units by a fraction, (A) the numerator of which shall be the sum of the number of Common Units outstanding immediately prior to such distribution or subdivision plus the total number of Partnership Interests constituting such distribution or newly created by such subdivision, and (B) the denominator of which shall be the number of Common Units outstanding immediately prior to such distribution or subdivision, and (ii) if the Partnership combines the Common Units (or reclassifies them into a smaller number of Common Units), then the Series B Units shall be combined into a number of Series B Units equal to the result of multiplying the number of Series B Units by a fraction, (A) the numerator of which shall be the sum of the number of Common Units outstanding immediately following such combination, and (B) the denominator of which shall be the number of Common Units outstanding immediately prior to such combination.

Section 5.10 Fully Paid and Non-Assessable Nature of Limited Partner Interests .

All Limited Partner Interests issued pursuant to, and in accordance with the requirements of, this Article V shall be fully paid and non-assessable Limited Partner Interests in the Partnership, except as such non-assessability may be affected by either or both of Sections 17-607 and 17-804 of the Delaware Act.

Section 5.11 Issuance of Common Units in Connection with Reset of Incentive Distribution Rights .

(a) Subject to the provisions of this Section 5.11 , the holder of the Incentive Distribution Rights (or, if there is more than one holder of the Incentive Distribution Rights, the holders of a majority in interest of the Incentive Distribution Rights) shall have the right, exercisable at its option at any time when the Partnership has made a distribution on its Common Units exceeding the Target Distribution for each of the four most recently completed Quarters and the amount of each such distribution did not exceed Adjusted Operating Surplus for such Quarter, to make an election (the " ***IDR Reset Election*** ") to cause the Minimum Quarterly Distribution to be reset in accordance with the provisions of Section 5.11(e) and, in connection therewith, the holder or holders of the Incentive Distribution Rights will become entitled to receive their respective proportionate share of a number of Common Units (the " ***IDR Reset Common Units*** ") derived by dividing (i) the average aggregate amount of cash distributions made by the Partnership for the two full Quarters immediately preceding the giving of the Reset Notice (as defined in Section 5.11(b)) in respect of the Incentive Distribution Rights by (ii) the average of the cash distributions made by the Partnership in respect of each Common Unit for the two full Quarters immediately preceding the giving of the Reset Notice (the number of Common Units determined by such quotient is referred to herein as the " ***Aggregate Quantity of IDR Reset Common Units*** "). If at the time of any IDR Reset Election the General Partner and its Affiliates are not the holders of a majority interest of the Incentive Distribution Rights, then the IDR Reset Election shall be subject to the prior written concurrence of the General Partner that the conditions described in the immediately preceding sentence have been satisfied. The Percentage Interest of the General Partner, with respect to the General Partner Interest, after the issuance of the Aggregate Quantity of IDR Reset Common Units shall equal the Percentage Interest of the General Partner, with respect to the General Partner Interest, prior to the issuance of the Aggregate Quantity of IDR Reset Common Units and the General Partner shall not be obligated to make any additional Capital Contribution to the Partnership in order to maintain its Percentage Interest in connection therewith and shall be issued an additional number of Notional General Partner Units as is required to maintain such Percentage Interest. The making of the IDR Reset Election in the manner specified in Section 5.11(b) shall cause the Minimum Quarterly Distribution to be reset in accordance with the provisions of Section 5.11(e) and, in connection therewith, the holder or holders of the Incentive Distribution Rights will become entitled to receive IDR Reset Common Units on the basis specified above, without any further approval required by the General Partner or the Unitholders, at the time specified in Section 5.11(c) unless the IDR Reset Election is rescinded pursuant to Section 5.11(d) .

(b) To exercise the right specified in Section 5.11(a) , the holder of the Incentive Distribution Rights (or, if there is more than one holder of the Incentive Distribution Rights, the holders of a majority in interest of the Incentive Distribution Rights) shall deliver a written notice (the " ***Reset Notice*** ") to the Partnership. Within 10 Business Days after the receipt by the Partnership of such Reset Notice, the Partnership shall deliver a written notice to the holder or holders of the Incentive Distribution Rights of the Partnership's determination of the aggregate number of IDR Reset Common Units that each holder of Incentive Distribution Rights will be entitled to receive.

(c) The holder or holders of the Incentive Distribution Rights will be entitled to receive the Aggregate Quantity of IDR Reset Common Units on the fifteenth Business Day after receipt by the Partnership of the Reset Notice; *provided, however* , that the issuance of IDR Reset Common Units to the holder or holders of the Incentive Distribution Rights shall not occur prior to the approval of the listing or admission for trading of such IDR Reset Common Units by the principal National Securities Exchange upon which the Common Units are then listed or admitted for trading if any such approval is required pursuant to the rules and regulations of such National Securities Exchange.

(d) If the principal National Securities Exchange upon which the Common Units are then traded has not approved the listing or admission for trading of the Common Units to be issued pursuant to this Section 5.11 on or before the 30th calendar day following the Partnership's receipt of the Reset Notice and such approval is required by the rules and regulations of such National Securities Exchange, then the holder of the Incentive Distribution Rights (or, if there is more than one holder of the Incentive Distribution Rights, the holders of a majority in interest of the Incentive Distribution Rights) shall have the right to either rescind the IDR Reset Election or elect to receive other Partnership Interests having such terms as the General Partner may approve, with the approval of a Conflicts Committee, that will provide (i) the same economic value, in the aggregate, as the Aggregate Quantity of IDR Reset Common Units would have had at the time of the Partnership's receipt of the Reset Notice, as determined by the General Partner, and (ii) for the subsequent conversion (on terms acceptable to the National Securities Exchange upon which the Common Units are then traded) of such Partnership Interests into Common Units within not more than 12 months following the Partnership's receipt of the Reset Notice upon the satisfaction of one or more conditions that are reasonably acceptable to the holder of the Incentive Distribution Rights (or, if there is more than one holder of the Incentive Distribution Rights, the holders of a majority in interest of the Incentive Distribution Rights).

(e) The Minimum Quarterly Distribution shall be increased at the time of the issuance of Common Units or other Partnership Interests pursuant to this Section 5.11 such that the Minimum Quarterly Distribution shall be reset to equal the average cash distribution amount per Common Unit for the two Quarters immediately prior to the Partnership's receipt of the Reset Notice (the " ***Reset MQD*** ").

Section 5.12 Establishment of Series A Preferred Units .

(a) *General* . The Partnership hereby designates and creates a series of Units to be designated as " ***Series A-1 Convertible Preferred Units*** " and consisting of a total of 5,142,857 Series A-1 Preferred Units, and a series of Units to be designated as " ***Series A-2 Convertible Preferred Units*** " and consisting of a total of 2,571,429 Series A-2 Preferred Units, plus any additional Series A-1 Preferred Units and Series A-2 Preferred Units issued in kind as a distribution pursuant to Section 5.12(b)(ii) (" ***Series A PIK Preferred Units*** "), having the same rights, preferences and privileges, and subject to the same duties and obligations, as the Common Units, except as set forth in this Section 5.12 and in Section 5.5(d)(i) , Section 6.10 , and Section 12.9 . Series A-1 Convertible Preferred Units shall be issued as Series A PIK Preferred Units with respect to Series A-1 Convertible Preferred Units. Series A-2 Convertible Preferred Units shall be issued as Series A PIK Preferred Units with respect to Series A-2 Convertible Preferred Units. As of March 30, 2015, all units

previously issued as "Series A Convertible Preferred Units" shall be "Series A-1 Convertible Preferred Units." The Series A-1 Convertible Preferred Units and Series A-2 Convertible Preferred Units, whether issued on a Series A Issuance Date or as Series A PIK Preferred Units, are referred to herein as " ***Series A Preferred Units*** " and as such the Series A-1 Convertible Preferred Units and the Series A-2 Convertible Preferred Units shall be considered *pari passu* as to allocations and distributions with each other and with the Series C Convertible Preferred Units and the Series D Preferred Units. As of April 21, 2016, 9,499,370 Series A Preferred Units had been issued. Other than with respect to Series A PIK Preferred Units, immediately following the Series A Issuance Date and thereafter, no additional Series A Preferred Units shall be designated, created or issued without the prior written approval of the General Partner and the holders of a majority of the Outstanding Series A Preferred Units.

(b) *Rights of Series A Preferred Units* . The Series A Preferred Units shall have the following rights, preferences and privileges and shall be subject to the following duties and obligations:

(i) Allocations.

(A) Notwithstanding anything to the contrary in Section 6.1(a) , (x) following any allocation made pursuant to Section 6.1(a)(i) and prior to any allocation made pursuant to Section 6.1(a)(ii) , any Net Income shall be allocated to all Unitholders holding Series A Preferred Units, Pro Rata, until the aggregate of the Net Income allocated to such Unitholders pursuant to this Section 5.12(b)(i)(A) for the current and all previous taxable periods since issuance of the Series A Preferred Units is equal to the aggregate amount of cash distributed with respect to such Series A Preferred Units for the current and previous taxable periods and (y) in no event shall any Net Income be allocated pursuant to Section 6.1(a)(ii) in respect of Series A Preferred Units. Allocations to Series A Preferred Units pursuant to this Section 5.12(b)(i)(A) , to Series C Preferred Units pursuant to Section 5.14(b)(i)(A) and to Series D Preferred Units pursuant to Section 5.15(b)(i)(A) shall be made Pro Rata.

(B) Notwithstanding anything to the contrary in Section 6.1(b) , (x) Unitholders holding Series A Preferred Units shall not receive any allocation pursuant to Section 6.1(b)(i) with respect to their Series A Preferred Units, and (y) following any allocation made pursuant to Section 6.1(b)(i) and prior to any allocation made pursuant to Section 6.1(b)(ii) , Net Losses shall be allocated to all Unitholders holding Series A Preferred Units, Pro Rata, until the Adjusted Capital Account of each such Unitholder in respect of each Outstanding Series A Preferred Unit has been reduced to zero. Allocations to Series A Preferred Units pursuant to this Section 5.12(b)(i)(B) , to Series C Preferred Units pursuant to Section 5.14(b)(i)(B) and to Series D Preferred Units pursuant to Section 5.15(b)(i)(B) shall be made Pro Rata.

(C) Notwithstanding anything to the contrary in Section 6.1(c)(i), (x) Unitholders holding Series A Preferred Units shall not receive any allocation pursuant to Section 6.1(c)(i) with respect to their Series A Preferred Units, but (y) following any allocation made pursuant to Section 6.1(c)(i)(A) and prior to any allocation made pursuant to Section 6.1(c)(i)(B), any remaining Net Termination Gain shall be allocated to all Unitholders holding Series A Preferred Units, Pro Rata, until the Capital Account in respect of each Outstanding Series A Preferred Unit is equal to the Series A Liquidation Value. Allocations to Series A Preferred Units pursuant to this Section 5.12(b)(i)(C), to Series C Preferred Units pursuant to Section 5.14(b)(i)(C) and to Series D Preferred Units pursuant to Section 5.15(b)(i)(C) shall be made Pro Rata.

(D) Notwithstanding anything to the contrary in Section 6.1(c)(ii), (x) Unitholders holding Series A Preferred Units shall not receive any allocation pursuant to Section 6.1(c)(ii) with respect to their Series A Preferred Units, and (y) following the allocations made pursuant to Section 6.1(c)(ii)(C), and prior to any allocation made pursuant to Section 6.1(c)(ii)(D), any remaining Net Termination Loss shall be allocated to all Unitholders holding Series A Preferred Units, Pro Rata, until the Capital Account in respect of each Outstanding Series A Preferred Unit has been reduced to zero. Allocations to Series A Preferred Units pursuant to this Section 5.12(b)(i)(D), to Series C Preferred Units pursuant to Section 5.14(b)(i)(D) and to Series D Preferred Units pursuant to Section 5.15(b)(i)(D) shall be made Pro Rata.

(ii) Distributions.

(A) Commencing with the Quarter ending on June 30, 2013, the holders of the Series A Preferred Units Outstanding as of an applicable Record Date shall be entitled to receive cumulative distributions (each, a "***Series A Quarterly Distribution***"), prior to any other distributions made in respect of any Junior Interests pursuant to Section 6.4 or Section 6.5, in the amount set forth in this Section 5.12(b)(ii)(A) in respect of each Outstanding Series A Preferred Unit. All such distributions shall be paid Quarterly within forty-five (45) days after the end of each Quarter (each such payment date, a "***Series A Distribution Payment Date***"). For the Quarter ending June 30, 2013, and for each Quarter thereafter through and including the Quarter ending March 31, 2014, the Series A Quarterly Distribution on each Outstanding Series A Preferred Unit shall be paid as follows: (i) a number of Series A PIK Preferred Units equal to the Series A PIK Payment Amount and (ii) $0.25 in cash (provided that for the Quarter in which the Series A Issuance Date occurs, the amount payable pursuant to this clause (ii) shall be an amount in cash equal to the product of (I) $0.25 times (II) a fraction, of which the numerator is the number of days from and including the Series A Issuance Date to but

excluding the date of such Quarter's end, and the denominator is 91). For the Quarter ending June 30, 2014, and for each Quarter thereafter through and including the Quarter ending immediately prior to the Quarter in which the Merger is consummated, the Series A Quarterly Distribution on each Outstanding Series A Preferred Unit shall be paid in a number of Series A PIK Preferred Units equal to the Series A Second PIK Payment Amount; provided that, in the discretion of the General Partner, which determination shall be made prior to the Record Date for the relevant quarter, the Series A Quarterly Distribution may be paid as (x) an amount in cash up to the greater of (a) $0.50 and (b) the Series A Distribution Amount, and (y) a number of Series A PIK Preferred Units equal to (a) the remainder of (i) the greater of (I) $0.50 and (II) the Series A Distribution Amount less (ii) the amount of cash paid pursuant to clause (x), divided by (b) the Series A Adjusted Issue Price. For the Quarter in which the Merger is consummated and each Quarter thereafter, the Series A Quarterly Distribution on each Outstanding Series A Preferred Unit shall be paid in a number of Series A PIK Preferred Units equal to the Series A Third PIK Payment Amount; provided that, in the discretion of the General Partner, which determination shall be made prior to the Record Date for the relevant Quarter, the Series A Quarterly Distribution may be paid as (x) an amount in cash up to the greater of (a) $0.4125 and (b) the Series A Distribution Amount, and (y) a number of Series A PIK Preferred Units equal to the quotient of (a) the remainder of (i) the greater of (I) $0.4125 and (II) the Series A Distribution Amount less (ii) the amount of cash paid pursuant to clause (x), divided by (b) the Series A Adjusted Issue Price. If the Partnership establishes a Record Date for any distribution to be made by the Partnership on other Partnership Interests pursuant to Section 6.4 or Section 6.5 , then the Record Date established pursuant to this Section 5.12(b)(ii) for a Series A Quarterly Distribution in respect of any Quarter shall be the same Record Date established for any distribution to be made by the Partnership in respect of distributions on other Partnership Interests pursuant to Section 6.4 or Section 6.5 for such Quarter. Unless otherwise expressly provided, references in this Agreement to Series A Preferred Units shall include all Series A PIK Preferred Units Outstanding as of the date of such determination.

(B) When any Series A PIK Preferred Units are payable to a Record Holder of Series A Preferred Units pursuant to this Section 5.12 , the Partnership shall issue the Series A PIK Preferred Units to such Record Holder no later than the Series A Distribution Payment Date (the date of issuance of such Series A PIK Preferred Units, the " ***Series A PIK Preferred Payment Date*** "). On the Series A PIK Preferred Payment Date, the Partnership shall issue to such Series A Unitholder a Certificate or Certificates for the number of Series A PIK Preferred Units to which such Series A Unitholder shall be entitled. The issuance of the Series A PIK Preferred Units pursuant to this Section 5.12(b)(ii) shall be deemed to have been made on

the first day of the Quarter following the Quarter in respect of which such payment of Series A PIK Preferred Units was due. If, in violation of this Agreement, the Partnership fails to pay in full or part any Series A Quarterly Distribution in kind when due, then the holders entitled to the unpaid Series A PIK Preferred Units shall be entitled (I) to receive Series A Quarterly Distributions in subsequent Quarters in respect of such unpaid Series A PIK Preferred Units, (II) to receive the Series A Liquidation Value in accordance with Section 5.12(b)(iv) in respect of such unpaid Series A PIK Preferred Units, and (III) to all other rights under this Agreement as if such unpaid Series A PIK Preferred Units had in fact been distributed on the date due. Nothing in this Section 5.12(b)(ii)(B) shall alter the obligation of the Partnership to pay any unpaid Series A PIK Preferred Units or the right of the holders of Series A Preferred Units to enforce this Agreement to compel the Partnership to distribute any unpaid Series A PIK Preferred Units. Fractional Series A PIK Preferred Units shall not be issued to any person (each fractional Series A PIK Preferred Unit shall be rounded to the nearest whole Series A PIK Preferred Unit (and a 0.5 Series A PIK Preferred Unit shall be rounded up to the next higher Series A PIK Preferred Unit)).

(C) If, in violation of this Agreement, the Partnership fails to pay in full or part any Series A Quarterly Distribution in cash when due, then, without limiting any rights of the holders of the Series A Preferred Units to compel the Partnership to make such distribution, from and after the first date of such failure and continuing until such failure is cured by payment in full in cash of all arrearages with respect to any Series A Quarterly Distribution payable in cash, including accrued but unpaid interest thereon, (w) the amount of such unpaid distributions (" **Series A Unpaid Cash Distributions** ") will accrue and accumulate from and including the first day of the Quarter immediately following the Quarter in respect of which such payment is due until paid in full, (x) any Series A Unpaid Cash Distribution shall accrue interest from the applicable Series A Distribution Payment Date at rate equal to 6.0% per annum, and (y) the Partnership shall not be permitted to, and shall not, declare or make (i) any distributions in respect of any Junior Interests and (ii) any distributions in respect of any Series A Parity Securities.

(D) If all or any portion of a Series A Quarterly Distribution is to be paid in cash, then the aggregate amount of such cash to be so distributed in respect of the Series A Preferred Units Outstanding as of the Record Date for such Series A Quarterly Distribution shall be paid out of Available Cash prior to making any distribution pursuant to Section 6.4 or Section 6.5 . To the extent that any portion of a Series A Quarterly Distribution to be paid in cash with respect to any Quarter, together with any portion of a Series C Quarterly Distribution to be paid in cash and Series D Quarterly Distribution with respect to such Quarter, exceeds the amount of Available Cash for such Quarter, an amount of cash equal to the Available Cash for such Quarter will

be paid to the Series A Unitholders, the Series C Unitholders and the Series D Unitholders Pro Rata and the balance of such Series A Quarterly Distribution (and Series C Quarterly Distribution and Series D Quarterly Distribution) shall be unpaid and shall constitute an arrearage and accrue interest as set forth in Section 5.12(b)(ii)(C) . The Partnership shall provide written notice to the Series A Unitholders, not later than the last Business Day of the month immediately following the end of such Quarter, describing in reasonable detail the Partnership's calculation of Available Cash for such Quarter and the portion, if any, of the Series A Quarterly Distribution the Partnership will be unable to pay on the applicable Series A Distribution Payment Date.

(E) Notwithstanding anything in this Section 5.12(b)(ii) to the contrary, with respect to Series A Preferred Units that are converted into Common Units, the holder thereof shall not be entitled to a Series A Preferred Unit distribution and a Common Unit distribution with respect to the same period, but shall be entitled only to the distribution to be paid based upon the class of Units held as of the close of business on the applicable Record Date. For the avoidance of doubt, if a Series A Conversion Notice Date occurs prior to the close of business on a Record Date for payment of a distribution on the Common Units, the applicable holder of Series A Preferred Units shall receive only the Common Unit distribution with respect to such period.

(F) Notwithstanding anything in Article VI to the contrary, neither the General Partner nor the holders of Incentive Distribution Rights shall be entitled to receive distributions or allocations of income or gain that correspond or relate to amounts distributed or allocated to Unitholders in respect of Series A Preferred Units, regardless of whether the amounts so distributed or allocated in respect of the Series A Preferred Units were determined under clause (ii) of the definition of "Series A Distribution Rate" or were otherwise determined on an "as converted" basis.

(iii) *Issuance of Series A Preferred Units* . The Series A-1 Convertible Preferred Units (excluding Series A-1 Convertible Preferred Units issued as Series A PIK Preferred Units) shall be issued by the Partnership pursuant to the terms and conditions of the Contribution Agreement. The Series A-2 Convertible Preferred Units (excluding Series A-2 Convertible Preferred Units issued as Series A PIK Preferred Units) shall be issued by the Partnership pursuant to the terms and conditions of the Series A-2 Convertible Preferred Unit Purchase Agreement between the Partnership and Magnolia Infrastructure Partners, LLC, dated as of March 30, 2015.

(iv) *Liquidation Value* . In the event of any liquidation, dissolution and winding up of the Partnership under Section 12.4 or a sale, exchange or other disposition of all or substantially all of the assets of the Partnership, either voluntary or involuntary, the Record Holders of the Series A Preferred Units shall be entitled to receive, out of the assets of the

Partnership available for distribution to the Partners or any assignees, prior and in preference to any distribution of any assets of the Partnership to the Record Holders of any other class or series of Partnership Interests (other than Series C Preferred Units and the Series D Preferred Units as to which the Series A Preferred Units are *pari passu*), the positive value in each such holder's Capital Account in respect of such Series A Preferred Units. If in the year of such liquidation and winding up, or sale, exchange or other disposition of all or substantially all of the assets of the Partnership, any such Record Holder's Capital Account in respect of such Series A Preferred Units is less than the aggregate Series A Liquidation Value of such Series A Preferred Units, then notwithstanding anything to the contrary contained in this Agreement, and prior to any other allocation pursuant to this Agreement for such year and prior to any distribution pursuant to the preceding sentence, items of gross income and gain shall be allocated to all Unitholders then holding Series A Preferred Units, Pro Rata, until the Capital Account in respect of each Outstanding Series A Preferred Unit is equal to the Series A Liquidation Value (and no other allocation pursuant to this Agreement shall reverse the effect of such allocation), with such allocation being made Pro Rata with any allocation made pursuant to the second sentences of Section 5.14(b)(iv) and Section 5.15(b)(iv) . If in the year of such liquidation, dissolution or winding up any such Record Holder's Capital Account in respect of such Series A Preferred Units is less than the aggregate Series A Liquidation Value of such Series A Preferred Units after the application of the preceding sentence, then to the extent permitted by applicable law and notwithstanding anything to the contrary contained in this Agreement, items of gross income and gain for any preceding taxable period(s) with respect to which IRS Form 1065 Schedules K-1 have not been filed by the Partnership shall be reallocated to all Unitholders then holding Series A Preferred Units, Pro Rata, until the Capital Account in respect of each such Outstanding Series A Preferred Unit after making allocations pursuant to this and the immediately preceding sentence is equal to the Series A Liquidation Value (and no other allocation pursuant to this Agreement shall reverse the effect of such allocation), with such allocation being made Pro Rata with any allocation made pursuant to the third sentences of Section 5.14(b)(iv) and Section 5.15(b)(iv) . At such time as such allocations have been made to the Outstanding Series A Preferred Units, any remaining Net Termination Gain or Net Termination Loss shall be allocated to the Partners pursuant to Section 6.1(c) or Section 6.1(d) , as the case may be. At the time of the dissolution of the Partnership, subject to Section 17-804 of the Delaware Act, the Record Holders of the Series A Preferred Units shall become entitled to receive any distributions in respect of the Series A Preferred Units that are accrued and unpaid as of the date of such distribution in priority over any entitlement of any other Partners or Assignees with respect to any distributions by the Partnership to such other Partners or Assignees (other than Series C Preferred Units and the Series D Preferred Units as to which the Series A Preferred Units are *pari passu*); *provided* , *however* , that the General Partner, as such, will have no liability for any obligations with respect to such distributions to any Record Holder(s) of Series A Preferred Units.

(v) Voting Rights.

(A) Except as provided in Section 5.12(b)(v)(B) below, the Outstanding Series A Preferred Units shall have voting rights that are

identical to the voting rights of the Common Units and shall vote with the Common Units as a single class, so that each Outstanding Series A Preferred Unit will be entitled to one vote for each Common Unit into which such Series A Preferred Unit is then convertible on each matter with respect to which each Common Unit is entitled to vote. Each reference in this Agreement to a vote of Record Holders of Common Units shall be deemed to be a reference to the holders of Common Units, Series A Preferred Units, Series B Units, Series C Preferred Units, and Series D Preferred Units on an "as if" converted basis, and the definition of "Unit Majority" shall correspondingly be construed to mean at least a majority of the Common Units, the Series A Preferred Units, the Series B Units, the Series C Preferred Units, and the Series D Preferred Units, on an "as if" converted basis, voting together as a single class during any period in which any Series A Preferred Units are Outstanding.

(B) Notwithstanding any other provision of this Agreement, in addition to all other requirements imposed by Delaware law, and all other voting rights granted under this Agreement, the affirmative vote of the Record Holders of a majority of the Outstanding Series A Preferred Units, voting separately as a class based upon one vote per Series A Preferred Unit, shall be necessary on any matter (including a merger, consolidation or business combination) that adversely affects any of the rights, preferences and privileges of the Series A Preferred Units or amends or modifies any of the terms of the Series A Preferred Units; provided that the Partnership shall be able to amend this Section 5.12 without the approval by the Record Holders of Outstanding Series A Preferred Units so long as the amendment does not adversely affect the holders of the Series A Preferred Units in any material respect and does not affect the holders of the Series A Preferred Units disproportionately in relation to the holders of Common Units; *provided, however* , that the Partnership may, without the consent or approval of the Record Holders of Outstanding Series A Preferred Units, create (by reclassification or otherwise) and issue Junior Interests (including by amending the provisions of any existing class of Partnership Interests to make such class of Partnership Interests a class of Junior Interests) in an unlimited amount. Without limiting the generality of the preceding sentence, any action shall be deemed to adversely affect the holders of the Series A Preferred Units in a material respect if such action would:

(1) reduce the Series A Distribution Rate, change the form of payment of distributions on the Series A Preferred Units, defer the date from which distributions on the Series A Preferred Units will accrue, cancel accrued and unpaid distributions on the Series A Preferred Units or any interest accrued thereon, or change the seniority rights of the Series A Unitholders as to the payment of distributions in relation to the Unitholders of any other class or series

of Units or, except as determined to be appropriate in connection with the issuance of Junior Interests, amend this Section 5.12 ;

(2) reduce the amount payable or change the form of payment to the holders of the Series A Preferred Units upon the voluntary or involuntary liquidation, dissolution or winding up, or sale of all or substantially all of the assets, of the Partnership, or change the seniority of the liquidation preferences of the holders of the Series A Preferred Units in relation to the rights upon liquidation of the holders of any other class or series of Units;

(3) make the Series A Preferred Units redeemable or convertible at the option of the Partnership; or

(4) result in a Preferred Unit Change of Control.

(vi) *No Series A Parity Securities or Series A Senior Securities* . Other than Series A PIK Preferred Units issued in connection with the Series A Quarterly Distribution, the Partnership shall not, without the affirmative vote of the holders of a majority of the Outstanding Series A Preferred Units, issue any Series A Parity Securities or Series A Senior Securities.

(vii) Certificates.

(A) The Series A Preferred Units shall be evidenced by Certificates in such form as the General Partner may approve and, subject to the satisfaction of any applicable legal, regulatory and contractual requirements, may be assigned or transferred in a manner identical to the assignment and transfer of other Units; unless and until the General Partner determines to assign the responsibility to another Person, the Partnership will act as the registrar and transfer agent for the Series A Preferred Units. The Certificates evidencing Series A Preferred Units shall be separately identified and shall not bear the same CUSIP number as the Certificates evidencing Common Units.

(B) The certificate(s) representing the Series A Preferred Units may be imprinted with a legend in substantially the following form (but, if outstanding as of the date of this Agreement, may refer to the Fourth A/R Partnership Agreement):

“NEITHER THE OFFER NOR SALE OF THESE SECURITIES HAS BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THESE SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR PURSUANT TO AN EXEMPTION

FROM REGISTRATION THEREUNDER AND, IN THE CASE OF A TRANSACTION EXEMPT FROM REGISTRATION, UNLESS SOLD PURSUANT TO RULE 144 UNDER SUCH ACT OR THE PARTNERSHIP HAS RECEIVED DOCUMENTATION REASONABLY SATISFACTORY TO IT THAT SUCH TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER SUCH ACT. THIS SECURITY IS SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER SET FORTH IN THE FIFTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT OF THE PARTNERSHIP, DATED AS OF APRIL 25, 2016, A COPY OF WHICH MAY BE OBTAINED FROM THE PARTNERSHIP AT ITS PRINCIPAL EXECUTIVE OFFICES."

(viii) Conversion.

(A) *At the Option of the Series A Unitholder* . At any time and from time to time after January 1, 2014, subject to any applicable limitations in the New Credit Agreement, the Series A Preferred Units owned by any Series A Unitholder shall be convertible, in whole or in part, upon the request of the Series A Unitholder into a number of Common Units determined by multiplying the number of Series A Preferred Units to be converted by the Series A Conversion Rate. Immediately upon any conversion of Series A Preferred Units, all rights of the Series A Converting Unitholder in respect thereof shall cease, including, without limitation, any accrual of distributions, and such Series A Converting Unitholder shall be treated for all purposes as the owner of Common Units. Fractional Common Units shall not be issued to any person pursuant to this Section 5.12(b)(viii)(A) (each fractional Common Unit shall be rounded to the nearest whole Common Unit (and a 0.5 Common Unit shall be rounded up to the next higher Common Unit)).

(B) *Conversion Notice* . To convert Series A Preferred Units into Common Units pursuant to Section 5.12(b)(viii)(A) , the Series A Converting Unitholder shall give written notice (a " ***Series A Conversion Notice*** ") to the Partnership in the form of Exhibit C attached hereto stating that such Series A Unitholder elects to so convert Series A Preferred Units and shall state therein with respect to Series A Preferred Units to be converted pursuant to Section 5.12(b)(viii)(A) the following: (a) the number of Series A-1 Convertible Preferred Units and the number of Series A-2 Convertible Preferred Units to be converted, (b) the Certificate(s) evidencing the Series A Preferred Units to be converted and duly endorsed, (c) the name or names in which such Series A Unitholder wishes the Certificate or Certificates for Series A Conversion Units to be issued, and (d) such Series A Unitholder's computation of the number of Series A Conversion Units to be received by such Series A Unitholder (or designated recipient(s)) upon the Series A Conversion Date. The date any Series A Conversion Notice is received by

the Partnership shall be hereinafter be referred to as a " ***Series A Conversion Notice Date*** ."

(C) *Timing; Certificates* . If a Series A Conversion Notice is delivered by a Series A Unitholder to the Partnership in accordance with Section 5.12(b)(viii)(B) , the Partnership shall issue the Series A Conversion Units no later than seven (7) days after a Series A Conversion Notice Date (any date of issuance of such Common Units, a " ***Series A Conversion Date*** "). On the Series A Conversion Date, the Partnership shall issue to such Series A Unitholder (or designated recipient(s)) a Certificate or Certificates for the number of Series A Conversion Units to which such holder shall be entitled. In lieu of delivering physical Certificates representing the Series A Conversion Units issuable upon conversion of Series A Preferred Units, provided the Transfer Agent is participating in the Depository's Fast Automated Securities Transfer program, upon request of the Series A Unitholder, the Partnership shall use its commercially reasonable efforts to cause its Transfer Agent to electronically transmit the Series A Conversion Units issuable upon conversion or distribution payment to such Series A Unitholder (or designated recipient(s)), by crediting the account of the Series A Unitholder (or designated recipient(s)) prime broker with the Depository through its Deposit Withdrawal Agent Commission system. The parties agree to coordinate with the Depository to accomplish this objective. Upon issuance of Series A Conversion Units to the Series A Converting Unitholder, all rights under the converted Series A Preferred Units shall cease, and such Series A Converting Unitholder shall be treated for all purposes as the Record Holder of such Series A Conversion Units.

(D) *Distributions, Combinations, Subdivisions and Reclassifications by the Partnership* . If the Partnership (i) makes a distribution on its Common Units in Common Units, (ii) subdivides or splits its outstanding Common Units into a greater number of Common Units, (iii) combines or reclassifies its Common Units into a smaller number of Common Units or (iv) issues by reclassification of its Common Units any Partnership Interests (including any reclassification in connection with a merger, consolidation or business combination in which the Partnership is the surviving Person), then the Series A Conversion Rate in effect at the time of the Record Date for such distribution or the effective date of such subdivision, split, combination, or reclassification shall be proportionately adjusted so that the conversion of the Series A Preferred Units after such time shall entitle each Series A Unitholder to receive the aggregate number of Common Units (or any Partnership Interests into which such Common Units would have been combined, consolidated, merged or reclassified pursuant to clauses (iii) and (iv) above) that such Series A Unitholder would have been entitled to receive if the Series A Preferred Units had been converted into Common Units immediately prior to such Record Date or effective date, as the case

may be, and in the case of a merger, consolidation or business combination in which the Partnership is the surviving Person, the Partnership shall provide effective provisions to ensure that the provisions in this Section 5.12 relating to the Series A Preferred Units shall not be abridged or amended and that the Series A Preferred Units shall thereafter retain the same powers, preferences and relative participating, optional and other special rights, and the qualifications, limitations and restrictions thereon, that the Series A Preferred Units had immediately prior to such transaction or event. An adjustment made pursuant to this Section 5.12 (b)(viii)(D) shall become effective immediately after the Record Date in the case of a distribution and shall become effective immediately after the effective date in the case of a subdivision, combination, reclassification (including any reclassification in connection with a merger, consolidation or business combination in which the Partnership is the surviving Person) or split. Such adjustment shall be made successively whenever any event described above shall occur.

If, in the future, the Partnership issues any options, warrants, or other rights to purchase Common Units, or Partnership Interests exercisable or convertible into or exchangeable for Common Units (or options, warrants, or other rights to purchase any such Partnership Interests that are exercisable or convertible into or exchangeable for Common Units) other than any such options, warrants or other rights issued pursuant to any Long Term Incentive Plan (herein collectively, " ***Convertible Securities*** "), the General Partner shall, at the direction and at the option of the holders of a majority of the Outstanding Series A Preferred Units in their sole discretion, either (i) amend the provisions of this Agreement relating to antidilution protection to (A) revise any such provision that is less favorable than the corresponding provision offered in the terms of such Convertible Securities (or any related purchase agreement) so that such provision is the same as such provision offered in the terms of such Convertible Securities (or any related purchase agreement) and (B) incorporate any provision(s) offered in the terms of such Convertible Securities (or any related purchase agreement) that is not currently provided for in this Agreement and which would make the antidilution protection provisions of this Agreement more favorable to the holders of Series A Preferred Units, which amendment shall be effective concurrently with the issuance and/or execution of documentation relating to such Convertible Securities, or (ii) retain the antidilution language applicable to the Series A Preferred Units at such time. The Partnership agrees to provide as much prior notice of the proposed issuance of any such Convertible Securities and/or execution of documentation relating to such issuance of Convertible Securities as is reasonably practicable (and in any event, such notice shall be provided at least ten (10) Business Days prior to such issuance and/or execution).

(E) *Follow-On Adjustments* . Except in connection with the issuance of the Series C Warrant or the Series D Warrant or the exercise of any Warrant, if the Partnership shall issue or sell, or grant any Common Units or Convertible Securities at an indicative per Common Unit price (the " ***Follow-On Price*** ," and such Common Units or Convertible Securities so issued, sold or granted, on an as-converted basis, the " ***Follow-On Units*** ") that is less than one hundred percent (100%) of the Series A Adjusted Issue Price, then the Series A Conversion Rate will be reset so that it will equal the number determined by dividing the Series A Adjusted Issue Price immediately before the issuance of the Follow-On Units by the result achieved through application of the following formula:

((CP x OB) + (FP x Q)) / OA

Where:

CP = the Series A Adjusted Issue Price in effect immediately before the issuance of the Follow-On Units

FP = the Follow-On Price

OB = the total number of fully diluted Common Units outstanding before the issuance of the Follow-On Units

Q = the total number of fully diluted Follow-On Units issued

OA = the total number of fully diluted Common Units outstanding after giving effect to the issuance of the Follow-On Units.

For purposes of this Section 5.12(b)(viii)(E) , the indicative price per Common Unit resulting from the issuance of Convertible Securities will be determined using the principles set forth in Section 5.12(b)(viii)(H)(3) .

(F) Other Extraordinary Transactions Affecting the Partnership.

(1) Prior to the consummation of any recapitalization, reorganization, consolidation, merger, spin-off or other business combination (not otherwise addressed in Section 5.12(b)(viii)(D) above) in which the holders of Common Units are to receive securities, cash or other assets (a " ***Partnership Event*** "), the Partnership shall, as promptly as practicable, but in any event no later than twelve (12) Business Days prior to the consummation of the Partnership Event, make an irrevocable written offer (a " ***Series A Partnership Event Change of Control Offer*** "), subject to consummation of the Partnership Event, to each holder of Series A Preferred Units to redeem all (but not less than all) of such holder's

Series A Preferred Units for a price per Series A Preferred Unit payable in cash equal to the greater of (x) the Series A Liquidation Value for each Series A Preferred Unit and (y) an amount equal to the product of (1) the number of Common Units into which each Series A Preferred Unit is convertible pursuant to Section 5.12(b)(viii) on the day immediately prior to the date of the Series A Partnership Event Change of Control Offer and (2) the sum of (A) the cash consideration per Common Unit to be paid to the holders of Common Units pursuant to the Partnership Event plus (B) the fair market value per Common Unit of the securities or other assets to be distributed to the holders of the Common Units pursuant to the Partnership Event (as applicable, the " ***Series A Partnership Event Payment*** ").

(2) Upon receipt by a Series A Unitholder of a Series A Partnership Event Change of Control Offer, such Series A Unitholder may elect, by written notice received by the Partnership no later than five (5) Business Days after the receipt by such holder of a Series A Partnership Event Change of Control Offer, to receive Series A Survivor Preferred Securities (as defined below) pursuant to this Section 5.12(b)(viii)(F)(2) in lieu of a Series A Partnership Event Payment. Upon receipt of such Series A Unitholder's election to receive Series A Survivor Preferred Securities, the Partnership shall as promptly as practicable, but in any event prior to the consummation of any Partnership Event, make appropriate provision to ensure that such electing holders of Series A Preferred Units receive in such Partnership Event a preferred security, issued by the Person surviving or resulting from such Partnership Event and containing provisions substantially equivalent to the provisions set forth in this Agreement with respect to the Series A Preferred Units, including Section 5.12 and Section 7.3 hereof, without material abridgement, including, without limitation, the same powers, preferences, rights to distributions, rights to accumulation and compounding upon failure to pay distributions, and relative participating, optional or other special rights and the qualifications, limitations or restrictions thereon, that the Series A Preferred Unit had immediately prior to such Partnership Event (the " ***Series A Survivor Preferred Security*** "). The Series A Conversion Rate in effect at the time of the effective date of such Partnership Event shall be proportionately adjusted so that the conversion of a unit of Series A Survivor Preferred Security after such time shall entitle the holder to the number of securities or amount of cash or other assets which, if a Series A Preferred Unit had been converted into Common Units immediately prior to such Partnership Event, such holder would have been entitled to receive immediately following such Partnership Event. Subsequent

adjustments to the Conversion Price of the Series A Survivor Preferred Security shall be made successively thereafter whenever any event described in Section 5.12(b)(viii)(D) , Section 5.12(b)(viii)(E) or this Section 5.12(b)(viii)(F) shall occur. Notwithstanding the foregoing, the Partnership may consummate a Partnership Event without making appropriate provision to ensure that the holders of Series A Preferred Units receive a Series A Partnership Event Payment or Series A Survivor Preferred Security, as applicable, with respect to such Partnership Event if prior to such consummation the Partnership has received the prior written approval of the holders of a majority of the Outstanding Series A Preferred Units.

(3) A Series A Partnership Event Change of Control Offer shall be mailed to each Series A Unitholder and shall describe the transaction or transactions that constitute the Partnership Event and state:

i) that the Series A Partnership Event Change of Control Offer is being made pursuant to this Section 5.12(b)(viii)(F) and that the Partnership is making an offer to redeem all Series A Preferred Units of such Unitholder (subject to the consummation of the Partnership Event);

ii) the amount of the Series A Partnership Event Payment and the redemption date, which shall be the date on which the Partnership Event is consummated or as soon thereafter as practicable (the " ***Series A Partnership Event Payment Date*** "); and

iii) the amount per Common Unit that each Common Unitholder is receiving in connection with the Partnership Event.

On the Series A Partnership Event Payment Date, the Partnership (or its successor) shall pay to each Unitholder of Series A Preferred Units that accepts the Series A Partnership Event Change of Control Offer an amount in cash equal to such holder's applicable Series A Partnership Event Payment, and all of such holder's rights and privileges under the Series A Preferred Units or as a Series A Unitholder shall be extinguished.

(G) Notwithstanding any of the other provisions of this Section 5.12(b)(viii) , no adjustment shall be made to the Series A Conversion Rate pursuant to Section 5.12(b)(viii)(D) - (F) as a result of any of the following:

(1) the grant of Common Units or options, warrants or rights to purchase Common Units or the issuance of Common Units upon the exercise of any such options, warrants or rights to employees, officers or directors of the General Partner or the Partnership and its Subsidiaries in respect of services provided to or for the benefit of the Partnership or its Subsidiaries, under compensation plans and agreements approved in good faith by the General Partner (including any Long Term Incentive Plan); *provided* that, in the case of options, warrants or rights to purchase Common Units, the exercise price per Common Unit shall not be less than the Closing Price on the date such option, warrant or other right is issued;

(2) the issuance of any Common Units as all or part of the consideration to effect (i) the closing of any acquisition by the Partnership of assets of an unrelated third party in an arm's-length transaction or (ii) the consummation of a merger, consolidation or other business combination of the Partnership with or into another entity to the extent such transaction(s) is or are validly approved by the vote or consent of the General Partner; and

(3) the issuance of Partnership Interests for which an adjustment is made under another provision of this Section 5.12(b)(viii) .

(H) The following rules shall apply for purposes of this Section 5.12(b)(viii) :

(1) In the case of the issuance or sale (or deemed issuance or sale) of Common Units for cash, the consideration shall be deemed to be the amount of cash paid therefor before deducting any reasonable underwriting discounts or placement agent fees, commissions or the expenses allowed, paid or incurred by the Partnership for any underwriting or placement agent or otherwise in connection with the issuance and sale thereof.

(2) In the case of the issuance or sale (or deemed issuance or sale) of Common Units for consideration in whole or in part other than cash, the consideration other than cash shall be valued at the Agreed Value thereof;

(3) In the case of the issuance or sale of Convertible Securities, the following provisions shall apply for all purposes of this Section 5.12(b)(viii)(H) :

i) he aggregate maximum number of Common Units deliverable upon exercise (assuming the satisfaction of

any conditions to exercisability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) of options or warrants to purchase or rights to subscribe for Common Units shall be deemed to have been issued at the time such options, warrants or rights were issued and for consideration equal to the consideration (determined in the manner provided in this Section 5.12(b)(viii)(H)), if any, received by the Partnership upon the issuance of such options, warrants or rights plus the minimum exercise price provided in such options, warrants or rights (without taking into account potential antidilution adjustments) for the Common Units covered thereby.

ii) The aggregate maximum number of Common Units deliverable upon conversion of or in exchange (assuming the satisfaction of any conditions to convertibility or exchangeability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) for any such convertible or exchangeable securities or upon the exercise of options or warrants to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities were issued or such options, warrants or rights were issued and for a consideration equal to the consideration, if any, received by the Partnership for any such securities or options, warrants or rights, plus the minimum additional consideration, if any, to be received by the Partnership (without taking into account potential antidilution adjustments) upon the conversion or exchange of such securities or upon the exercise of such options, warrants or rights and subsequent conversion or exchange of the underlying convertible or exchangeable securities, as appropriate (the consideration in each case to be determined in the manner provided in this Section 5.12(b)(viii)).

iii) In the event of any change in (x) the number of Common Units deliverable or (y) the consideration payable to the Partnership upon exercise of such options, warrants or rights with respect to either Common Units or such convertible or exchangeable securities or upon conversion of or in exchange for such convertible or exchangeable securities and not otherwise entitled to any appropriate antidilution adjustment pursuant to this Section 5.12 , including, but not limited to, a change resulting from the antidilution provisions

thereof, the Series A Conversion Rate, to the extent in any way affected by or computed using such options, warrants, rights or securities, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual issuance of Common Units or any payment of such consideration upon the exercise of any such options, warrants or rights or the conversion or exchange of such securities.

iv) Upon the expiration of any such options, warrants or rights with respect to either Common Units or such convertible or exchangeable securities or the termination of any such rights to convert or exchange, the Series A Conversion Rate, to the extent in any way affected by or computed using such options, warrants, rights or securities shall be recomputed to reflect the issuance of only the number of Common Units actually issued upon the exercise of such options, warrants or rights with respect to Common Units, upon the conversion or exchange of such securities, or the number of Common Units issuable upon conversion or exchange of the convertible or exchangeable securities that were actually issued upon exercise of options, warrants or rights related to such securities.

v) he number of Common Units deemed issued and the consideration deemed paid therefor pursuant to Section 5.12(b)(viii)(H)(3)i) and ii) shall be appropriately adjusted to reflect any change, termination or expiration of the type described in either Section 5.12(b)(viii)(H)(3)iii) or iv) .

(4) Notwithstanding any of the other provisions of this Section 5.12(b)(viii)(H) , no adjustment shall be made to the number of Common Units issuable upon conversion of the Series A Preferred Units or the Series A Conversion Rate as a result of an event for which an adjustment is made under another provision of this Section 5.12(b)(viii)(H) .

(5) For purposes of this Section 5.12(b)(viii) , no adjustment to the Series A Conversion Rate shall be made in an amount less than 1/100th of one cent per Unit; *provided* that any adjustments that are not required to be made by reason of this sentence shall be carried forward and shall be taken into account in any subsequent adjustment made.

(I) In the event of any taking by the Partnership of a Record Date of the holders of any class of Partnership Interests for the purpose of

determining the holders thereof who are entitled to receive any distribution thereon, any security or right convertible into or entitling the holder thereof to receive additional Common Units, or any right to subscribe for, purchase or otherwise acquire any Partnership Interests or any other securities or property of the Partnership, or to receive any other right, the Partnership shall notify each holder of Series A Preferred Units at least fifteen (15) days prior to the Record Date, of which any such Record Date is to be taken for the purpose of such distribution, security or right and the amount and character of such distribution, security or right; *provided, however* , that the foregoing requirement shall be deemed satisfied with respect to any holder of Series A Preferred Units if at least fifteen (15) days prior to the Record Date, the Partnership shall have issued a press release which shall be posted on the Partnership's website and carried by one or more wire services, containing the required information.

(J) The Partnership shall pay any and all issue, documentary, stamp and other taxes, excluding any income, franchise, property or similar taxes, that may be payable in respect of any issue or delivery of Series A Conversion Units on conversion of, or payment of distributions on, Series A Preferred Units pursuant hereto. However, the holder of any Series A Preferred Units shall pay any tax that is due because the Series A Conversion Units issuable upon conversion thereof or distribution payment thereon are issued in a name other than such Series A Unitholder's name.

(K) The Partnership agrees that it will act in good faith to make any adjustment(s) required by this Section 5.12(b)(viii) equitably and in such a manner as to afford the Series A Unitholders the benefits of the provisions hereof, and will not take any action that could reasonably be expected to deprive such Series A Unitholders of the benefit hereof.

(ix) *Remarketing* . If any Series A Unitholder approaches the Partnership with a desire to sell more than 250,000 Series A Preferred Units, or Series A Conversion Units underlying such Series A Preferred Units having equivalent economic value (based on the sum of the Series A Issue Price of the Series A Preferred Units and all accrued and accumulated but unpaid distributions on such Series A Preferred Units), the Partnership shall, upon the request of such Series A Unitholder, cooperate reasonably with such Series A Unitholder to provide information requested by potential purchasers to potential purchasers, to make the Partnership's management reasonably available by telephone and to confirm that the Partnership has made all requisite filings required under the Exchange Act; *provided* that, prior to providing any information requested or conducting any telephonic discussions, such potential purchasers enter into a customary non-disclosure agreement in respect of such information provided by the Partnership in a form reasonably acceptable to the Partnership.

(x) *Tax Estimates* . Upon receipt of a written request from any Series A Unitholder stating the number of Series A Preferred Units owned by such holder (which requests shall be made no more than two (2) times per calendar year and the first such request per calendar year shall be at the Partnership's expense, and the second at the expense of such requesting holder), the Partnership shall, within ten (10) days, provide such Series A Unitholder with a good faith estimate (and reasonable supporting calculations) of whether there is sufficient Unrealized Gain attributable to the Partnership property such that, if such Series A Unitholder converted its Series A Preferred Units pursuant to Section 5.12(b)(viii)(A) or (B) and such Unrealized Gain was allocated to such holder pursuant to Section 5.5(d)(iii) , such holder's Capital Account in respect of its converted Series A Preferred Units would be equal to the Per Unit Capital Amount for a then Outstanding Common Unit (other than a Series A Conversion Unit received in connection with such conversion of a Series A Preferred Unit).

(xi) *Fully Paid and Nonassessable* . Any Series A Conversion Unit(s) delivered pursuant to this Section 5.12 shall be validly issued, fully paid and nonassessable (except as such nonassessability may be affected by matters described in Sections 17-303, 17-607 and 17-804 of the Delaware Act), free and clear of any liens, claims, rights or encumbrances other than those arising under the Delaware Act or this Agreement or created by the holders thereof.

(xii) *Listing of Common Units* . The Partnership will procure, at its sole expense, the listing of the Series A Conversion Units issuable upon conversion of the Series A Preferred Units, subject to issuance or notice of issuance on any National Securities Exchange on which the Common Units are listed or admitted to trading.

(c) *Call Right on Series A-2 Convertible Preferred Units.* At any time after January 1, 2016, in connection with the consummation of a Drop Down Event (as defined below) the Partnership may exercise the right (the " ***Series A-2 Call Right*** "), but shall have no obligation, to require the holder or holders of the Series A-2 Convertible Preferred Units (the " ***Series A-2 Holders*** ") to sell, assign and transfer all or a portion of the then outstanding Series A-2 Convertible Preferred Units to the Partnership in accordance with this Section 5.12(c) . The Partnership may exercise the Series A-2 Call Right with respect to any Series A-2 Convertible Preferred Unit unless: (A) the exercise of the Series A-2 Call Right would result in a default under any applicable financing agreements, or other financing obligations of the Partnership or any of its Affiliates, or would otherwise be prohibited by any securities or other applicable law or (B) a Series A-2 Holder has delivered, on or prior to the date of the Series A-2 Call Exercise Notice (as defined below), a Series A Conversion Notice with respect to such Series A Convertible Preferred Unit (and then no Series A-2 Call Right may be made as to such Series A-2 Convertible Preferred Unit).

(i) A " ***Drop Down Event*** " shall mean an acquisition by the Partnership or one of its Affiliates from Arclight Energy Partners Fund V, L.P. or one of its Affiliates of assets or equity in a Person or Persons for a purchase price in excess of $100 million.

(ii) The purchase price to be paid by the Partnership in connection with the exercise of the Series A-2 Call Right shall be $17.50 per Series A-2 Convertible Preferred

Unit acquired pursuant to the Series A-2 Call Right (subject to appropriate adjustment for any equity distribution, subdivision or combination of Partnership Interests).

(iii) If the Partnership elects to exercise the Series A-2 Call Right, the Partnership shall deliver a written notice (the " ***Series A-2 Call Exercise Notice*** ") to the Series A-2 Holders informing the Series A-2 Holders of the Partnership's intention to exercise its Series A-2 Call Right. The Series A-2 Call Exercise Notice shall include a certificate in substantially the form attached hereto as **Annex A** , setting forth (A) the number of Series A-2 Convertible Preferred Units held by each Series A-2 Holder, (B) the number of Series A-2 Convertible Preferred Units with respect to which the Series A-2 Call Right is being exercised, (C) the bank account information for wire transfer of the purchase price or address for delivery of the purchase price by check, and (D) the closing date for the purchase (the " ***Series A-2 Call Closing Date*** "), which shall be no earlier than 10 days or later than 30 days after the date of the Series A-2 Call Exercise Notice. If any Series A-2 Holder does not notify the Partnership of a change to the bank account information or address for delivery of the purchase prices set forth in **Annex A** prior to the date that is two days before the Series A-2 Call Closing Date, the Partnership shall wire or deliver to each Series A-2 Holder its portion of the purchase price in immediately available funds to such bank account or address set forth on **Annex A** .

(iv) The Series A-2 Call Right may be exercised as to any portion of the outstanding Series A-2 Convertible Preferred Units outstanding at the time a Series A-2 Call Exercise Notice is delivered, but must be exercised pro-rata as to all Series A-2 Convertible Preferred Units subject to the Series A-2 Call Right.

(v) At the closing of the Series A-2 Call Right, (A) the Partnership shall deliver to each Series A-2 Holder subject thereto a certificate executed on behalf of the Partnership in the form attached hereto as **Annex B** , and (B) each such Series A-2 Holder shall deliver to the Partnership a certificate executed by such Series A-2 Holder in the form attached hereto as **Annex C** , the certificates representing the Series A-2 Convertible Preferred Units with transfer powers, executed in blank, or, if uncertificated, transfer powers executed in blank, and such other documentation as may reasonably be requested by the Partnership.

Section 5.13 Establishment of Series B Units .

(a) *General.* The Partnership hereby designates and creates a series of Units to be designated as " ***Series B Units*** " and consisting of a total of 1,168,225 Series B Units, plus any additional Series B Units issued in kind as a distribution pursuant to Section 5.13(d) , having the same rights, preferences and privileges, and subject to the same duties and obligations, as the Common Units, except as set forth in this Section 5.13 .

(b) *Rights on Liquidation of the Partnership* . The holders of the Series B Units shall have rights upon dissolution and liquidation of the Partnership, including the right to share in any liquidating distributions pursuant to Section 12.4 , in accordance with Article XII of this Agreement.

(c) Conversion of Series B Units.

(i) Immediately before the close of business on the Series B Conversion Date, the Series B Units shall automatically convert into Common Units on a one-for-one basis.

(ii) Upon conversion, the rights of a holder of converted Series B Units as holder of Series B Units shall cease with respect to such converted Series B Units, including any rights under this Agreement with respect to holders of Series B Units, and such Person shall continue to be a Limited Partner and have the rights of a holder of Common Units under this Agreement. Upon the Series B Conversion Date, all Series B Units shall be deemed to be transferred to, and cancelled by, the Partnership in exchange for the Common Units into which the Series B Units converted.

(iii) The Partnership shall pay any documentary, stamp or similar issue or transfer taxes or duties relating to the issuance or delivery of Common Units upon conversion of the Series B Units. However, the holder shall pay any tax or duty which may be payable relating to any transfer involving the issuance or delivery of Common Units in a name other than the holder's name. The Transfer Agent may refuse to deliver the Certificate representing Common Units being issued in a name other than the holder's name until the Transfer Agent receives a sum sufficient to pay any tax or duties which will be due because the shares are to be issued in a name other than the holder's name. Nothing herein shall preclude any tax withholding required by law or regulation.

(A) The Partnership shall keep free from preemptive rights a sufficient number of Common Units to permit the conversion of all outstanding Series B Units into Common Units to the extent provided in, and in accordance with, this Section 5.13(c) .

(B) All Common Units delivered upon conversion of the Series B Units shall be newly issued, shall be duly authorized and validly issued, and shall be free from preemptive rights and free of any lien or adverse claim

(C) The Partnership shall comply with all applicable securities laws regulating the offer and delivery of any Common Units upon conversion of Series B Units and, if the Common Units are then listed or quoted on the New York Stock Exchange, or any other National Securities Exchange or other market, shall list or cause to have quoted and keep listed and quoted the Common Units issuable upon conversion of the Series B Units to the extent permitted or required by the rules of such exchange or market.

(D) Notwithstanding anything herein to the contrary, nothing herein shall give to any holder of Series B Units any rights as a creditor in respect of its right to conversion.

(d) *Distributions and Allocations* .

(i) Each Series B Unit shall have the right to share in distributions and allocations pursuant to Section 6.1 , Section 6.4 and Section 6.5 on a Pro Rata basis with the other

Common Units. For the avoidance of doubt, each reference in this Agreement to an allocation or distribution to Unitholders holding Common Units shall be deemed to be a reference to the Unitholders holding Common Units or Series B Units. All or any portion of each distribution payable in respect of the Series B Units (the " ***Series B Unit Distribution*** ") may, at the election of the Partnership, be paid in Series B PIK Units (any amount of such Series B Unit Distributions so paid in Series B PIK Units, the " ***Series B PIK Distribution Amount*** "). The number of Series B PIK Units to be issued in connection with a Series B PIK Distribution Amount shall be the quotient of (A) the Series B PIK Distribution Amount divided by (B) the Series B Issue Price of the Series B Units originally issued pursuant to the Series B Unit Purchase Agreement; *provided that* instead of issuing any fractional Series B PIK Units, the Partnership shall round the number of Series B PIK Units issued down to the next lower whole Series B PIK Unit and pay cash in lieu of such fractional units, or at the Partnership's option, the Partnership may round the number of Series B PIK Units issued up to the next higher whole Series B PIK Unit.

(ii) Notwithstanding anything in this Section 5.13(d) to the contrary, with respect to Series B Units that are converted into Common Units, the holder thereof shall not be entitled to a Series B Unit Distribution and a Common Unit distribution with respect to the same period, but shall be entitled only to the distribution to be paid based upon the class of Units held as of the close of business on the applicable Record Date.

(iii) When any Series B PIK Units are payable to a holder of Series B Units pursuant to this Section 5.13, the Partnership shall issue the Series B PIK Units to such holder no later than the date the corresponding distributions are made pursuant to Section 6.4(b) or Section 6.5 , as applicable (the date of issuance of such Series B PIK Units, the " ***Series B PIK Payment Date*** "). On the Series B PIK Payment Date, the Partnership shall issue to such holder of Series B Units a Certificate or Certificates for the number of Series B PIK Units to which such holder of Series B Units shall be entitled.

(iv) For purposes of maintaining Capital Accounts, if the Partnership distributes one or more Series B PIK Units to a holder of Series B Units, (A) the Partnership shall be treated as distributing cash to such holder of Series B Units equal to the Series B PIK Distribution Amount, and (B) the holder of Series B Units shall be deemed to have recontributed to the Partnership in exchange for such newly issued Series B PIK Units an amount of cash equal to the Series B PIK Distribution Amount less the amount of any cash distributed by the Partnership in lieu of fractional Series B PIK Units, as applicable.

(v) If the Partnership distributes one or more Series B PIK Units to a holder of Series B Units in accordance with the foregoing and Section 6.4(b)(iii)(C) , the distribution to the holders of the Incentive Distribution Rights pursuant to Section 6.4(b)(iii)(B) that would have been made pursuant to Section 6.4(b)(iii)(B) in the absence of this Section 5.13(d)(v) shall be reduced by the product of (A) the distribution to the holders of the Incentive Distribution Rights that would have been made pursuant to Section 6.4(b)(iii)(B) in the absence of this Section 5.13(d)(v) multiplied by (B) the quotient of (x) the Percentage

Interests of the Series B Units divided by (y) the Percentage Interests of the Common Units and Series B Units.

(e) *Voting.* The Series B Units will have such voting rights pursuant to the Agreement as such Series B Units would have if they were Common Units that were then outstanding and shall vote together with the Common Units as a single class, except that the Series B Units shall be entitled to vote as a separate class on any matter on which Unitholders are entitled to vote that adversely affects the rights or preferences of the Series B Units in relation to other classes of Partnership Interests in any material respect or as required by law. The approval of a majority of the Series B Units shall be required to approve any matter for which the holders of the Series B Units are entitled to vote as a separate class. For the avoidance of doubt, each reference in this Agreement to the vote of, approval by, or notice to be given to, Unitholders holding Common Units shall be deemed to be a reference to the vote of, approval by, or notice to be given to, Unitholders of Common Units and Series B Units and each reference to the vote of, approval by, or notice to be given to, a majority of the Outstanding Common Units shall be deemed to be a reference to the vote of, approval by, or notice to be given to, a majority of the Common Units and Series B Units, both as Outstanding at such time.

(f) *Certificates* .

(i) The Series B Units shall be evidenced by Certificates in such form as the General Partner may approve and, subject to the satisfaction of any applicable legal, regulatory and contractual requirements, may be assigned or transferred in a manner identical to the assignment and transfer of other Units; unless and until the General Partner determines to assign the responsibility to another Person, the Partnership will act as the registrar and transfer agent for the Series B Units. The Certificates evidencing Series B Units shall be separately identified and shall not bear the same CUSIP number as the Certificates evidencing Common Units or Series A Preferred Units.

(ii) The certificate(s) representing the Series B Units shall be imprinted with a legend in substantially the following form (but, if outstanding as of the date of this Agreement, may refer to the Fourth A/R Partnership Agreement):

"NEITHER THE OFFER NOR SALE OF THESE SECURITIES HAS BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THESE SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER AND, IN THE CASE OF A TRANSACTION EXEMPT FROM REGISTRATION, UNLESS SOLD PURSUANT TO RULE 144 UNDER SUCH ACT OR THE PARTNERSHIP HAS RECEIVED DOCUMENTATION REASONABLY SATISFACTORY TO IT THAT SUCH TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER SUCH ACT. THIS SECURITY IS SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER SET FORTH IN THE FIFTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT OF THE

PARTNERSHIP, DATED AS OF APRIL 25, 2016, AS AMENDED, A COPY OF WHICH MAY BE OBTAINED FROM THE PARTNERSHIP AT ITS PRINCIPAL EXECUTIVE OFFICES."

Section 5.14 Establishment of Series C Preferred Units .

(a) *General* . The Partnership hereby designates and creates a series of Units to be designated as "Series C Convertible Preferred Units" and consisting of a total of 8,571,429 Series C Preferred Units, plus any additional Series C Preferred Units issued in kind as a distribution pursuant to Section 5.14(b)(ii) (" ***Series C PIK Preferred Units*** "), having the same rights, preferences and privileges, and subject to the same duties and obligations, as the Common Units, except as set forth in this Section 5.14 and in Section 5.5(d)(i) , Section 6.10 , and Section 12.9 . The Series C Convertible Preferred Units, whether issued on the Series C Issuance Date or as Series C PIK Preferred Units, are referred to herein as " ***Series C Preferred Units.*** " The Series C Preferred Units shall be considered *pari passu* as to allocations and distributions with the Series A Preferred Units and the Series D Preferred Units. Other than with respect to Series C PIK Preferred Units, immediately following the Series C Issuance Date and thereafter, no additional Series C Preferred Units shall be designated, created or issued without the prior written approval of the General Partner and the holders of a majority of the Outstanding Series C Preferred Units.

(b) *Rights of Series C Preferred Units* . The Series C Preferred Units shall have the following rights, preferences and privileges and shall be subject to the following duties and obligations:

(i) *Allocations.*

(A) Notwithstanding anything to the contrary in Section 6.1(a) , (x) following any allocation made pursuant to Section 6.1(a)(i) and prior to any allocation made pursuant to Section 6.1(a)(ii) , any Net Income shall be allocated to all Unitholders holding Series C Preferred Units, Pro Rata, until the aggregate of the Net Income allocated to such Unitholders pursuant to this Section 5.14(b)(i)(A) for the current and all previous taxable periods since issuance of the Series C Preferred Units is equal to the aggregate amount of cash distributed with respect to such Series C Preferred Units for the current and previous taxable periods and (y) in no event shall any Net Income be allocated pursuant to Section 6.1(a)(ii) in respect of Series C Preferred Units. Allocations to Series C Preferred Units pursuant to this Section 5.14(b)(i)(A) , to Series A Preferred Units pursuant to Section 5.12(b)(i)(A) , and to Series D Preferred Units pursuant to Section 5.15(b)(i)(A) shall be made Pro Rata.

(B) Notwithstanding anything to the contrary in Section 6.1(b) , (x) Unitholders holding Series C Preferred Units shall not receive any allocation pursuant to Section 6.1(b)(i) with respect to their Series C Preferred Units, and (y) following any allocation made pursuant to Section 6.1(b)(i) and prior to any allocation made pursuant to Section 6.1(b)(ii) , Net Losses

shall be allocated to all Unitholders holding Series C Preferred Units, Pro Rata, until the Adjusted Capital Account of each such Unitholder in respect of each Outstanding Series C Preferred Unit has been reduced to zero. Allocations to Series C Preferred Units pursuant to this Section 5.14(b)(i)(B) , to Series A Preferred Units pursuant to Section 5.12(b)(i)(B) , and to Series D Preferred Units pursuant to Section 5.15(b)(i)(B) shall be made Pro Rata.

(C) Notwithstanding anything to the contrary in Section 6.1(c)(i) , (x) Unitholders holding Series C Preferred Units shall not receive any allocation pursuant to Section 6.1(c)(i) with respect to their Series C Preferred Units, but (y) following any allocation made pursuant to Section 6.1(c)(i)(A) and prior to any allocation made pursuant to Section 6.1(c)(i)(B) , any remaining Net Termination Gain shall be allocated to all Unitholders holding Series C Preferred Units, Pro Rata, until the Capital Account in respect of each Outstanding Series C Preferred Unit is equal to the Series C Liquidation Value. Allocations to Series C Preferred Units pursuant to this Section 5.14(b)(i)(C) , to Series A Preferred Units pursuant to Section 5.12(b)(i)(C) , and to Series D Preferred Units pursuant to Section 5.15(b)(i)(C) shall be made Pro Rata.

(D) Notwithstanding anything to the contrary in Section 6.1(c)(ii) , (x) Unitholders holding Series C Preferred Units shall not receive any allocation pursuant to Section 6.1(c)(ii) with respect to their Series C Preferred Units, and (y) following the allocations made pursuant to Section 6.1(c)(ii)(C) , and prior to any allocation made pursuant to Section 6.1(c)(ii)(D) , any remaining Net Termination Loss shall be allocated to all Unitholders holding Series C Preferred Units, Pro Rata, until the Capital Account in respect of each Outstanding Series C Preferred Unit has been reduced to zero. Allocations to Series C Preferred Units pursuant to this Section 5.14(b)(i)(D) , to Series A Preferred Units pursuant to Section 5.12(b)(i)(D) , and to Series D Preferred Units pursuant to Section 5.15(b)(i)(D) shall be made Pro Rata.

(ii) *Distributions.*

(A) Commencing with the Quarter ending on June 30, 2016, the holders of the Series C Preferred Units Outstanding as of an applicable Record Date shall be entitled to receive cumulative distributions (each, a " ***Series C Quarterly Distribution*** "), prior to any other distributions made in respect of any Junior Interests pursuant to Section 6.4 or Section 6.5 , in the amount set forth in this Section 5.14(b)(ii)(A) in respect of each Outstanding Series C Preferred Unit. All such distributions shall be paid Quarterly within forty-five (45) days after the end of each Quarter (each such payment date, a " ***Series C Distribution Payment Date*** "). For the Quarter ending June 30, 2016, and

for each Quarter thereafter through and including the Quarter ending immediately prior to the Series C Coupon Conversion Quarter, the Series C Quarterly Distribution on each Outstanding Series C Preferred Unit shall be paid a number of Series C PIK Preferred Units equal to the Series C PIK Payment Amount; provided that, in the discretion of the General Partner which determination shall be made prior to the Record Date for the relevant quarter, the Series C Quarterly Distribution may be paid as (x) an amount in cash up to the greater of (a) $0.4125 and (b) the Series C Distribution Amount, and (y) a number of Series C PIK Preferred Units equal to (a) the remainder of (i) the greater of (I) $0.4125 and (II) the Series C Distribution Amount less (ii) the amount of cash paid pursuant to clause (x), divided by (b) the Series C Adjusted Issue Price (which, if paid in cash for the Quarter in which the Series C Issuance Date occurs, the amount payable shall be equal to the product of (I) the amount payable without regard to this parenthetical times (II) a fraction, of which the numerator is the number of days from and including the Series C Issuance Date up to but excluding the date of such Quarter's end, and of which the denominator is 91). With respect to the Series C Coupon Conversion Quarter and all Quarters thereafter, the Series C Quarterly Distributions shall be paid entirely in cash at the Series C Distribution Rate per Series C Preferred Unit. If the Partnership establishes a Record Date for any distribution to be made by the Partnership on other Partnership Interests pursuant to Section 6.4 or Section 6.5 , then the Record Date established pursuant to this Section 5.14(b)(ii)(A) for a Series C Quarterly Distribution in respect of any Quarter shall be the same Record Date established for any distribution to be made by the Partnership in respect of distributions on other Partnership Interests pursuant to Section 6.4 or Section 6.5 for such Quarter. Unless otherwise expressly provided, references in this Agreement to Series C Preferred Units shall include all Series C PIK Preferred Units Outstanding as of the date of such determination.

(B) When any Series C PIK Preferred Units are payable to a Record Holder of Series C Preferred Units pursuant to this Section 5.14 , the Partnership shall issue the Series C PIK Preferred Units to such Record Holder no later than the Series C Distribution Payment Date (the date of issuance of such Series C PIK Preferred Units, the " ***Series C PIK Preferred Payment Date*** "). On the Series C PIK Preferred Payment Date, the Partnership shall issue to such Series C Unitholder a Certificate or Certificates for the number of Series C PIK Preferred Units to which such Series C Unitholder shall be entitled. The issuance of the Series C PIK Preferred Units pursuant to this Section 5.14(b)(ii) shall be deemed to have been made on the first day of the Quarter following the Quarter in respect of which such payment of Series C PIK Preferred Units was due. Prior to the Series C Coupon Conversion Quarter, if, in violation of this Agreement, the Partnership fails to pay in full or part any Series C Quarterly Distribution in kind when due, then the holders entitled to the unpaid Series C PIK Preferred

Units shall be entitled (I) to receive Series C Quarterly Distributions in subsequent Quarters in respect of such unpaid Series C PIK Preferred Units, (II) to receive the Series C Liquidation Value in accordance with Section 5.14(b)(iv) in respect of such unpaid Series C PIK Preferred Units, and (III) to all other rights under this Agreement as if such unpaid Series C PIK Preferred Units had in fact been distributed on the date due. Nothing in this Section 5.14(b)(ii)(B) shall alter the obligation of the Partnership to pay any unpaid Series C PIK Preferred Units or the right of the holders of Series C Preferred Units to enforce this Agreement to compel the Partnership to distribute any unpaid Series C PIK Preferred Units. Fractional Series C PIK Preferred Units shall not be issued to any person (each fractional Series C PIK Preferred Unit shall be rounded to the nearest whole Series C PIK Preferred Unit (and a 0.5 Series C PIK Preferred Unit shall be rounded up to the next higher Series C PIK Preferred Unit)).

(C) If, in violation of this Agreement, the Partnership fails to pay in full or part any Series C Quarterly Distribution in cash when due, then, without limiting any rights of the holders of the Series C Preferred Units to compel the Partnership to make such distribution, from and after the first date of such failure and continuing until such failure is cured by payment in full in cash of all arrearages with respect to any Series C Quarterly Distribution, including accrued but unpaid interest thereon, (w) the amount of such unpaid distributions (" **Series C Unpaid Cash Distributions** ") will accrue and accumulate from and including the first day of the Quarter immediately following the Quarter in respect of which such payment is due until paid in full, (x) any Series C Unpaid Cash Distribution shall accrue interest from the applicable Series C Distribution Payment Date at rate equal to 11.79% per annum, and (y) the Partnership shall not be permitted to, and shall not, declare or make (i) any distributions in respect of any Junior Interests and (ii) any distributions in respect of any Series C Parity Securities.

(D) If all or any portion of a Series C Quarterly Distribution is to be paid in cash, then the aggregate amount of such cash to be so distributed in respect of the Series C Preferred Units Outstanding as of the Record Date for such Series C Quarterly Distribution shall be paid out of Available Cash prior to making any distribution pursuant to Section 6.4 or Section 6.5 . To the extent that any portion of a Series C Quarterly Distribution to be paid in cash with respect to any Quarter, together with any portion of a Series A Quarterly Distribution to be paid in cash and a Series D Quarterly Distribution with respect to such Quarter, exceeds the amount of Available Cash for such Quarter, an amount of cash equal to the Available Cash for such Quarter will be paid to the Series A Unitholders, the Series C Unitholders and the Series D Unitholders Pro Rata and the balance of such Series C Quarterly Distribution (and Series A Quarterly Distribution and Series D Quarterly Distribution) shall be unpaid and shall constitute an arrearage and accrue

interest as set forth in Section 5.14(b)(ii)(C) . The Partnership shall provide written notice to the Series C Unitholders, not later than the last Business Day of the month immediately following the end of such Quarter, describing in reasonable detail the Partnership's calculation of Available Cash for such Quarter and the portion, if any, of the Series C Quarterly Distribution the Partnership will be unable to pay on the applicable Series C Distribution Payment Date.

(E) Notwithstanding anything in this Section 5.14(b)(ii) to the contrary, with respect to Series C Preferred Units that are converted into Common Units, the holder thereof shall not be entitled to a Series C Preferred Unit distribution and a Common Unit distribution with respect to the same period, but shall be entitled only to the distribution to be paid based upon the class of Units held as of the close of business on the applicable Record Date. For the avoidance of doubt, if a Series C Conversion Notice Date occurs prior to the close of business on a Record Date for payment of a distribution on the Common Units, the applicable holder of Series C Preferred Units shall receive only the Common Unit distribution with respect to such period.

(F) Notwithstanding anything in Article VI to the contrary, neither the General Partner nor the holders of Incentive Distribution Rights shall be entitled to receive distributions or allocations of income or gain that correspond or relate to amounts distributed or allocated to Unitholders in respect of Series C Preferred Units, regardless of whether the amounts so distributed or allocated in respect of the Series C Preferred Units were determined under clause (ii) of the definition of "Series C Distribution Rate" or were otherwise determined on an "as converted" basis.

(iii) *Issuance of Series C Preferred Units* . The Series C Convertible Preferred shall be issued by the Partnership pursuant to the terms and conditions of the Series C Unit Purchase Agreement.

(iv) *Liquidation Value* . In the event of any liquidation, dissolution and winding up of the Partnership under Section 12.4 or a sale, exchange or other disposition of all or substantially all of the assets of the Partnership, either voluntary or involuntary, the Record Holders of the Series C Preferred Units shall be entitled to receive, out of the assets of the Partnership available for distribution to the Partners or any assignees, prior and in preference to any distribution of any assets of the Partnership to the Record Holders of any other class or series of Partnership Interests (other than Series A Preferred Units and the Series D Preferred Units as to which the Series C Preferred Units are *pari passu*), the positive value in each such holder's Capital Account in respect of such Series C Preferred Units. If in the year of such liquidation and winding up, or sale, exchange or other disposition of all or substantially all of the assets of the Partnership, any such Record Holder's Capital Account in respect of such Series C Preferred Units is less than the aggregate Series C Liquidation Value of such Series C Preferred Units, then notwithstanding anything to the contrary

contained in this Agreement, and prior to any other allocation pursuant to this Agreement for such year and prior to any distribution pursuant to the preceding sentence, items of gross income and gain shall be allocated to all Unitholders then holding Series C Preferred Units, Pro Rata, until the Capital Account in respect of each Outstanding Series C Preferred Unit is equal to the Series C Liquidation Value (and no other allocation pursuant to this Agreement shall reverse the effect of such allocation), with such allocation being made Pro Rata with any allocation made pursuant to the second sentences of Section 5.12(b)(iv) and Section 5.15(b)(iv) . If in the year of such liquidation, dissolution or winding up any such Record Holder's Capital Account in respect of such Series C Preferred Units is less than the aggregate Series C Liquidation Value of such Series C Preferred Units after the application of the preceding sentence, then to the extent permitted by applicable law and notwithstanding anything to the contrary contained in this Agreement, items of gross income and gain for any preceding taxable period(s) with respect to which IRS Form 1065 Schedules K-1 have not been filed by the Partnership shall be reallocated to all Unitholders then holding Series C Preferred Units, Pro Rata, until the Capital Account in respect of each such Outstanding Series C Preferred Unit after making allocations pursuant to this and the immediately preceding sentence is equal to the Series C Liquidation Value (and no other allocation pursuant to this Agreement shall reverse the effect of such allocation), with such allocation being made Pro Rata with any allocation made pursuant to the third sentences of Section 5.12(b)(iv) and Section 5.15(b)(iv) . At such time as such allocations have been made to the Outstanding Series C Preferred Units, any remaining Net Termination Gain or Net Termination Loss shall be allocated to the Partners pursuant to Section 6.1(c) or Section 6.1(d) , as the case may be. At the time of the dissolution of the Partnership, subject to Section 17-804 of the Delaware Act, the Record Holders of the Series C Preferred Units shall become entitled to receive any distributions in respect of the Series C Preferred Units that are accrued and unpaid as of the date of such distribution in priority over any entitlement of any other Partners or Assignees with respect to any distributions by the Partnership to such other Partners or Assignees (other than Series A Preferred Units and the Series D Preferred Units as to which the Series C Preferred Units are *pari passu*); *provided, however* , that the General Partner, as such, will have no liability for any obligations with respect to such distributions to any Record Holder(s) of Series C Preferred Units.

(v) *Voting Rights.*

(A) Except as provided in Section 5.14(b)(v)(B) below, the Outstanding Series C Preferred Units shall have voting rights that are identical to the voting rights of the Common Units and shall vote with the Common Units as a single class, so that each Outstanding Series C Preferred Unit will be entitled to one vote for each Common Unit into which such Series C Preferred Unit is then convertible on each matter with respect to which each Common Unit is entitled to vote. Each reference in this Agreement to a vote of Record Holders of Common Units shall be deemed to be a reference to the holders of Common Units, Series A Preferred Units, Series B Units, Series C Preferred Units, and Series D Preferred Units on an "as if" converted basis, and the definition of "Unit Majority" shall

correspondingly be construed to mean at least a majority of the Common Units, the Series A Preferred Units, the Series B Units, the Series C Preferred Units, and Series D Preferred Units, on an “as if” converted basis, voting together as a single class during any period in which any Series C Preferred Units are Outstanding.

(B) Notwithstanding any other provision of this Agreement, in addition to all other requirements imposed by Delaware law, and all other voting rights granted under this Agreement, the affirmative vote of the Record Holders of a majority of the Outstanding Series C Preferred Units, voting separately as a class based upon one vote per Series C Preferred Unit, shall be necessary on any matter (including a merger, consolidation or business combination) that adversely affects any of the rights, preferences and privileges of the Series C Preferred Units or amends or modifies any of the terms of the Series C Preferred Units; provided that the Partnership shall be able to amend this Section 5.14 without the approval by the Record Holders of Outstanding Series C Preferred Units so long as the amendment does not adversely affect the holders of the Series C Preferred Units in any material respect and does not affect the holders of the Series C Preferred Units disproportionately in relation to the holders of Common Units; *provided, however* , that the Partnership may, without the consent or approval of the Record Holders of Outstanding Series C Preferred Units, create (by reclassification or otherwise) and issue Junior Interests (including by amending the provisions of any existing class of Partnership Interests to make such class of Partnership Interests a class of Junior Interests) in an unlimited amount. Without limiting the generality of the preceding sentence, any action shall be deemed to adversely affect the holders of the Series C Preferred Units in a material respect if such action would:

(1) reduce the Series C Distribution Rate, change the form of payment of distributions on the Series C Preferred Units, defer the date from which distributions on the Series C Preferred Units will accrue, cancel accrued and unpaid distributions on the Series C Preferred Units or any interest accrued thereon, or change the seniority rights of the Series C Unitholders as to the payment of distributions in relation to the Unitholders of any other class or series of Units or, except as determined to be appropriate in connection with the issuance of Junior Interests, amend this Section 5.14 ;

(2) reduce the amount payable or change the form of payment to the holders of the Series C Preferred Units upon the voluntary or involuntary liquidation, dissolution or winding up, or sale of all or substantially all of the assets, of the Partnership, or change the seniority of the liquidation preferences of the holders of

the Series C Preferred Units in relation to the rights upon liquidation of the holders of any other class or series of Units;

(3) make the Series C Preferred Units convertible at the option of the Partnership; or

(4) result in a Preferred Unit Change of Control.

(vi) *No Series C Parity Securities or Series C Senior Securities* . Other than Series C PIK Preferred Units issued in connection with the Series C Quarterly Distribution, the Partnership shall not, without the affirmative vote of the holders of a majority of the Outstanding Series C Preferred Units, issue any Series C Parity Securities or Series C Senior Securities.

(vii) *Certificates* .

(A) The Series C Preferred Units shall be evidenced by Certificates in such form as the General Partner may approve and, subject to the satisfaction of any applicable legal, regulatory and contractual requirements, may be assigned or transferred in a manner identical to the assignment and transfer of other Units; unless and until the General Partner determines to assign the responsibility to another Person, the Partnership will act as the registrar and transfer agent for the Series C Preferred Units. The Certificates evidencing Series C Preferred Units shall be separately identified and shall not bear the same CUSIP number as the Certificates evidencing Common Units.

(B) The certificate(s) representing the Series C Preferred Units may be imprinted with a legend in substantially the following form:

"NEITHER THE OFFER NOR SALE OF THESE SECURITIES HAS BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THESE SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER AND, IN THE CASE OF A TRANSACTION EXEMPT FROM REGISTRATION, UNLESS SOLD PURSUANT TO RULE 144 UNDER SUCH ACT OR THE PARTNERSHIP HAS RECEIVED DOCUMENTATION REASONABLY SATISFACTORY TO IT THAT SUCH TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER SUCH ACT. THIS SECURITY IS SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER SET FORTH IN THE FIFTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT OF THE PARTNERSHIP, DATED AS OF APRIL 25, 2016,

A COPY OF WHICH MAY BE OBTAINED FROM THE PARTNERSHIP AT ITS PRINCIPAL EXECUTIVE OFFICES."

(viii) *Conversion.*

(A) *At the Option of the Series C Unitholder* . At any time and from time to time, subject to any applicable limitations in the New Credit Agreement, the Series C Preferred Units owned by any Series C Unitholder shall be convertible, in whole or in part, upon the request of the Series C Unitholder into a number of Common Units determined by multiplying the number of Series C Preferred Units to be converted by the Series C Conversion Rate. Immediately upon any conversion of Series C Preferred Units, all rights of the Series C Converting Unitholder in respect thereof shall cease, including, without limitation, any accrual of distributions, and such Series C Converting Unitholder shall be treated for all purposes as the owner of Common Units. Fractional Common Units shall not be issued to any person pursuant to this Section 5.14(b)(viii)(A) (each fractional Common Unit shall be rounded to the nearest whole Common Unit (and a 0.5 Common Unit shall be rounded up to the next higher Common Unit)).

(B) *Conversion Notice* . To convert Series C Preferred Units into Common Units pursuant to Section 5.14(b)(viii)(A) , the Series C Converting Unitholder shall give written notice (a " ***Series C Conversion Notice*** ") to the Partnership in the form of Exhibit D attached hereto stating that such Series C Unitholder elects to so convert Series C Preferred Units and shall state therein with respect to Series C Preferred Units to be converted pursuant to Section 5.14(b)(viii)(A) the following: (a) the number of Series C Convertible Preferred Units to be converted, (b) the Certificate(s) evidencing the Series C Preferred Units to be converted and duly endorsed, (c) the name or names in which such Series C Unitholder wishes the Certificate or Certificates for Series C Conversion Units to be issued, and (d) such Series C Unitholder's computation of the number of Series C Conversion Units to be received by such Series C Unitholder (or designated recipient(s)) upon the Series C Conversion Date. The date any Series C Conversion Notice is received by the Partnership shall be hereinafter be referred to as a " ***Series C Conversion Notice Date*** ."

(C) *Timing; Certificates* . If a Series C Conversion Notice is delivered by a Series C Unitholder to the Partnership in accordance with Section 5.14(b)(viii)(B) , the Partnership shall issue the Series C Conversion Units no later than seven (7) days after a Series C Conversion Notice Date (any date of issuance of such Common Units, a " ***Series C Conversion Date*** "). On the Series C Conversion Date, the Partnership shall issue to such Series C Unitholder (or designated recipient(s)) a Certificate or Certificates for the number of Series C Conversion Units to which such holder shall be entitled.

In lieu of delivering physical Certificates representing the Series C Conversion Units issuable upon conversion of Series C Preferred Units, provided the Transfer Agent is participating in the Depository's Fast Automated Securities Transfer program, upon request of the Series C Unitholder, the Partnership shall use its commercially reasonable efforts to cause its Transfer Agent to electronically transmit the Series C Conversion Units issuable upon conversion or distribution payment to such Series C Unitholder (or designated recipient(s)), by crediting the account of the Series C Unitholder (or designated recipient(s)) prime broker with the Depository through its Deposit Withdrawal Agent Commission system. The parties agree to coordinate with the Depository to accomplish this objective. Upon issuance of Series C Conversion Units to the Series C Converting Unitholder, all rights under the converted Series C Preferred Units shall cease, and such Series C Converting Unitholder shall be treated for all purposes as the Record Holder of such Series C Conversion Units.

(D) *Distributions, Combinations, Subdivisions and Reclassifications by the Partnership* . If the Partnership (i) makes a distribution on its Common Units in Common Units, (ii) subdivides or splits its outstanding Common Units into a greater number of Common Units, (iii) combines or reclassifies its Common Units into a smaller number of Common Units or (iv) issues by reclassification of its Common Units any Partnership Interests (including any reclassification in connection with a merger, consolidation or business combination in which the Partnership is the surviving Person), then the Series C Conversion Rate in effect at the time of the Record Date for such distribution or the effective date of such subdivision, split, combination, or reclassification shall be proportionately adjusted so that the conversion of the Series C Preferred Units after such time shall entitle each Series C Unitholder to receive the aggregate number of Common Units (or any Partnership Interests into which such Common Units would have been combined, consolidated, merged or reclassified pursuant to clauses (iii) and (iv) above) that such Series C Unitholder would have been entitled to receive if the Series C Preferred Units had been converted into Common Units immediately prior to such Record Date or effective date, as the case may be, and in the case of a merger, consolidation or business combination in which the Partnership is the surviving Person, the Partnership shall provide effective provisions to ensure that the provisions in this Section 5.14 relating to the Series C Preferred Units shall not be abridged or amended and that the Series C Preferred Units shall thereafter retain the same powers, preferences and relative participating, optional and other special rights, and the qualifications, limitations and restrictions thereon, that the Series C Preferred Units had immediately prior to such transaction or event. An adjustment made pursuant to this Section 5.14(b)(viii)(E) shall become effective immediately after the Record Date in the case of a distribution and shall become effective immediately after the effective date in the case of a

subdivision, combination, reclassification (including any reclassification in connection with a merger, consolidation or business combination in which the Partnership is the surviving Person) or split. Such adjustment shall be made successively whenever any event described above shall occur.

If, in the future, the Partnership issues any Convertible Securities, the General Partner shall, at the direction and at the option of the holders of a majority of the Outstanding Series C Preferred Units in their sole discretion, either (i) amend the provisions of this Agreement relating to antidilution protection to (A) revise any such provision that is less favorable than the corresponding provision offered in the terms of such Convertible Securities (or any related purchase agreement) so that such provision is the same as such provision offered in the terms of such Convertible Securities (or any related purchase agreement) and (B) incorporate any provision(s) offered in the terms of such Convertible Securities (or any related purchase agreement) that is not currently provided for in this Agreement and which would make the antidilution protection provisions of this Agreement more favorable to the holders of Series C Preferred Units, which amendment shall be effective concurrently with the issuance and/or execution of documentation relating to such Convertible Securities, or (ii) retain the antidilution language applicable to the Series C Preferred Units at such time. The Partnership agrees to provide as much prior notice of the proposed issuance of any such Convertible Securities and/or execution of documentation relating to such issuance of Convertible Securities as is reasonably practicable (and in any event, such notice shall be provided at least ten (10) Business Days prior to such issuance and/or execution).

(E) *Follow-On Adjustments* . Except in connection with the exercise of a Warrant, if the Partnership shall issue or sell, or grant any Follow-on Units at a Follow-on Price that is less than one hundred percent (100%) of the Series C Adjusted Issue Price, then the Series C Conversion Rate will be reset so that it will equal the number determined by dividing the Series C Adjusted Issue Price immediately before the issuance of the Follow-On Units by the result achieved through application of the following formula:

((CP x OB) + (FP x Q)) / OA

Where:

CP = the Series C Adjusted Issue Price in effect immediately before the issuance of the Follow-On Units

FP = the Follow-On Price

OB = the total number of fully diluted Common Units outstanding before the issuance of the Follow-On Units

Q = the total number of fully diluted Follow-On Units issued

OA = the total number of fully diluted Common Units outstanding after giving effect to the issuance of the Follow-On Units.

For purposes of this Section 5.14(b)(viii)(E) , the indicative price per Common Unit resulting from the issuance of Convertible Securities will be determined using the principles set forth in Section 5.14(b)(viii)(H)(3) .

(F) Other Extraordinary Transactions Affecting the Partnership.

(1) Prior to the consummation of a Partnership Event, the Partnership shall, as promptly as practicable, but in any event no later than twelve (12) Business Days prior to the consummation of the Partnership Event, make an irrevocable written offer (a " ***Series C Partnership Event Change of Control Offer*** "), subject to consummation of the Partnership Event, to each holder of Series C Preferred Units to redeem all (but not less than all) of such holder's Series C Preferred Units for a price per Series C Preferred Unit payable in cash equal to the greater of (x) the sum of the Series C Issue Price and the Series C Unpaid Cash Distributions and (y) an amount equal to the product of (1) the number of Common Units into which each Series C Preferred Unit is convertible pursuant to Section 5.14(b)(viii) on the day immediately prior to the date of the Series C Partnership Event Change of Control Offer and (2) the sum of (A) the cash consideration per Common Unit to be paid to the holders of Common Units pursuant to the Partnership Event plus (B) the fair market value per Common Unit of the securities or other assets to be distributed to the holders of the Common Units pursuant to the Partnership Event (as applicable, the " ***Series C Partnership Event Payment*** ").

(2) Upon receipt by a Series C Unitholder of a Series C Partnership Event Change of Control Offer, such Series C Unitholder may elect, by written notice received by the Partnership no later than five (5) Business Days after the receipt by such holder of a Series C Partnership Event Change of Control Offer, to receive Series C Survivor Preferred Securities (as defined below) pursuant to this Section 5.14(b)(viii)(F)(2) in lieu of a Series C Partnership Event Payment. Upon receipt of such Series C Unitholder's election to receive Series C Survivor Preferred Securities, the Partnership shall as promptly as practicable, but in any event prior to the consummation of any Partnership Event, make appropriate provision to ensure that such electing holders of Series C Preferred Units receive in such Partnership Event a preferred security, issued by the Person surviving or resulting from such Partnership Event and containing provisions

substantially equivalent to the provisions set forth in this Agreement with respect to the Series C Preferred Units, including Section 5.14 and Section 7.3 hereof, without material abridgement, including, without limitation, the same powers, preferences, rights to distributions, rights to accumulation and compounding upon failure to pay distributions, and relative participating, optional or other special rights and the qualifications, limitations or restrictions thereon, that the Series C Preferred Unit had immediately prior to such Partnership Event (the " ***Series C Survivor Preferred Security*** "). The Series C Conversion Rate in effect at the time of the effective date of such Partnership Event shall be proportionately adjusted so that the conversion of a unit of Series C Survivor Preferred Security after such time shall entitle the holder to the number of securities or amount of cash or other assets which, if a Series C Preferred Unit had been converted into Common Units immediately prior to such Partnership Event, such holder would have been entitled to receive immediately following such Partnership Event. Subsequent adjustments to the Series C Conversion Rate of the Series C Survivor Preferred Security shall be made successively thereafter whenever any event described in Section 5.14(b)(viii)(D) , Section 5.14(b)(viii)(E) or this Section 5.14(b)(viii)(F) shall occur. Notwithstanding the foregoing, the Partnership may consummate a Partnership Event without making appropriate provision to ensure that the holders of Series C Preferred Units receive a Series C Partnership Event Payment or Series C Survivor Preferred Security, as applicable, with respect to such Partnership Event if prior to such consummation the Partnership has received the prior written approval of the holders of a majority of the Outstanding Series C Preferred Units.

(3) A Series C Partnership Event Change of Control Offer shall be mailed to each Series C Unitholder and shall describe the transaction or transactions that constitute the Partnership Event and state:

i) that the Series C Partnership Event Change of Control Offer is being made pursuant to this Section 5.14(b)(viii)(F) and that the Partnership is making an offer to redeem all Series C Preferred Units of such Unitholder (subject to the consummation of the Partnership Event);

ii) the amount of the Series C Partnership Event Payment and the redemption date, which shall be the date on which the Partnership Event is consummated or as soon thereafter as practicable (the " ***Series C Partnership Event Payment Date*** "); and

iii) the amount per Common Unit that each Common Unitholder is receiving in connection with the Partnership Event.

On the Series C Partnership Event Payment Date, the Partnership (or its successor) shall pay to each Unitholder of Series C Preferred Units that accepts the Series C Partnership Event Change of Control Offer an amount in cash equal to such holder's applicable Series C Partnership Event Payment, and all of such holder's rights and privileges under the Series C Preferred Units or as a Series C Unitholder shall be extinguished.

(G) Notwithstanding any of the other provisions of this Section 5.14(b)(viii), no adjustment shall be made to the Series C Conversion Rate pursuant to Section 5.14(b)(viii)(D) - (F) as a result of any of the following:

(1) the grant of Common Units or options, warrants or rights to purchase Common Units or the issuance of Common Units upon the exercise of any such options, warrants or rights to employees, officers or directors of the General Partner or the Partnership and its Subsidiaries in respect of services provided to or for the benefit of the Partnership or its Subsidiaries, under compensation plans and agreements approved in good faith by the General Partner (including any Long Term Incentive Plan); provided that, in the case of options, warrants or rights to purchase Common Units, the exercise price per Common Unit shall not be less than the Closing Price on the date such option, warrant or other right is issued;

(2) the issuance of any Common Units as all or part of the consideration to effect (i) the closing of any acquisition by the Partnership of assets of an unrelated third party in an arm's-length transaction or (ii) the consummation of a merger, consolidation or other business combination of the Partnership with or into another entity to the extent such transaction(s) is or are validly approved by the vote or consent of the General Partner; and

(3) the issuance of Partnership Interests for which an adjustment is made under another provision of this Section 5.14(b)(viii).

(H) The following rules shall apply for purposes of this Section 5.14(b)(viii):

(1) In the case of the issuance or sale (or deemed issuance or sale) of Common Units for cash, the consideration shall be deemed to be the amount of cash paid therefor before deducting any

reasonable underwriting discounts or placement agent fees, commissions or the expenses allowed, paid or incurred by the Partnership for any underwriting or placement agent or otherwise in connection with the issuance and sale thereof.

(2) In the case of the issuance or sale (or deemed issuance or sale) of Common Units for consideration in whole or in part other than cash, the consideration other than cash shall be valued at the Agreed Value thereof;

(3) In the case of the issuance or sale of Convertible Securities, the following provisions shall apply for all purposes of this Section 5.14(b)(viii)(H) :

i) The aggregate maximum number of Common Units deliverable upon exercise (assuming the satisfaction of any conditions to exercisability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) of options or warrants to purchase or rights to subscribe for Common Units shall be deemed to have been issued at the time such options, warrants or rights were issued and for consideration equal to the consideration (determined in the manner provided in this Section 5.14(b)(viii)(H)), if any, received by the Partnership upon the issuance of such options, warrants or rights plus the minimum exercise price provided in such options, warrants or rights (without taking into account potential antidilution adjustments) for the Common Units covered thereby.

ii) The aggregate maximum number of Common Units deliverable upon conversion of or in exchange (assuming the satisfaction of any conditions to convertibility or exchangeability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) for any such convertible or exchangeable securities or upon the exercise of options or warrants to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities were issued or such options, warrants or rights were issued and for a consideration equal to the consideration, if any, received by the Partnership for any such securities or options, warrants or rights, plus the minimum additional consideration, if any, to be received by the Partnership (without taking into account potential antidilution

adjustments) upon the conversion or exchange of such securities or upon the exercise of such options, warrants or rights and subsequent conversion or exchange of the underlying convertible or exchangeable securities, as appropriate (the consideration in each case to be determined in the manner provided in this Section 5.14(b)(viii)).

iii) In the event of any change in (x) the number of Common Units deliverable or (y) the consideration payable to the Partnership upon exercise of such options, warrants or rights with respect to either Common Units or such convertible or exchangeable securities or upon conversion of or in exchange for such convertible or exchangeable securities and not otherwise entitled to any appropriate antidilution adjustment pursuant to this Section 5.14 , including, but not limited to, a change resulting from the antidilution provisions thereof, the Series C Conversion Rate, to the extent in any way affected by or computed using such options, warrants, rights or securities, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual issuance of Common Units or any payment of such consideration upon the exercise of any such options, warrants or rights or the conversion or exchange of such securities.

iv) Upon the expiration of any such options, warrants or rights with respect to either Common Units or such convertible or exchangeable securities or the termination of any such rights to convert or exchange, the Series C Conversion Rate, to the extent in any way affected by or computed using such options, warrants, rights or securities shall be recomputed to reflect the issuance of only the number of Common Units actually issued upon the exercise of such options, warrants or rights with respect to Common Units, upon the conversion or exchange of such securities, or the number of Common Units issuable upon conversion or exchange of the convertible or exchangeable securities that were actually issued upon exercise of options, warrants or rights related to such securities.

v) The number of Common Units deemed issued and the consideration deemed paid therefor pursuant to Section 5.14(b)(viii)(H)(3)i) and ii) shall be appropriately adjusted to reflect any change, termination or expiration of the type described in either Section 5.14(b)(viii)(H)(3)iii) or iv) .

(4) Notwithstanding any of the other provisions of this Section 5.14(b)(viii)(H) , no adjustment shall be made to the number of Common Units issuable upon conversion of the Series C Preferred Units or the Series C Conversion Rate as a result of an event for which an adjustment is made under another provision of this Section 5.14(b)(viii)(H) .

(5) For purposes of this Section 5.14(b)(viii) , no adjustment to the Series C Conversion Rate shall be made in an amount less than 1/100th of one cent per Unit; provided that any adjustments that are not required to be made by reason of this sentence shall be carried forward and shall be taken into account in any subsequent adjustment made.

(I) In the event of any taking by the Partnership of a Record Date of the holders of any class of Partnership Interests for the purpose of determining the holders thereof who are entitled to receive any distribution thereon, any security or right convertible into or entitling the holder thereof to receive additional Common Units, or any right to subscribe for, purchase or otherwise acquire any Partnership Interests or any other securities or property of the Partnership, or to receive any other right, the Partnership shall notify each holder of Series C Preferred Units at least fifteen (15) days prior to the Record Date, of which any such Record Date is to be taken for the purpose of such distribution, security or right and the amount and character of such distribution, security or right; *provided, however* , that the foregoing requirement shall be deemed satisfied with respect to any holder of Series C Preferred Units if at least fifteen (15) days prior to the Record Date, the Partnership shall have issued a press release which shall be posted on the Partnership's website and carried by one or more wire services, containing the required information.

(J) The Partnership shall pay any and all issue, documentary, stamp and other taxes, excluding any income, franchise, property or similar taxes, that may be payable in respect of any issue or delivery of Series C Conversion Units on conversion of, or payment of distributions on, Series C Preferred Units pursuant hereto. However, the holder of any Series C Preferred Units shall pay any tax that is due because the Series C Conversion Units issuable upon conversion thereof or distribution payment thereon are issued in a name other than such Series C Unitholder's name.

(K) The Partnership agrees that it will act in good faith to make any adjustment(s) required by this Section 5.14(b)(viii) equitably and in such a manner as to afford the Series C Unitholders the benefits of the provisions hereof, and will not take any action that could reasonably be expected to deprive such Series C Unitholders of the benefit hereof.

(ix) Reserved.

(x) *Tax Estimates* . Upon receipt of a written request from any Series C Unitholder stating the number of Series C Preferred Units owned by such holder (which requests shall be made no more than two (2) times per calendar year and the first such request per calendar year shall be at the Partnership's expense, and the second at the expense of such requesting holder), the Partnership shall, within ten (10) days, provide such Series C Unitholder with a good faith estimate (and reasonable supporting calculations) of whether there is sufficient Unrealized Gain attributable to the Partnership property such that, if such Series C Unitholder converted its Series C Preferred Units pursuant to Section 5.14(b)(viii)(A) or (B) and such Unrealized Gain was allocated to such holder pursuant to Section 5.5(d)(iii) , such holder's Capital Account in respect of its converted Series C Preferred Units would be equal to the Per Unit Capital Amount for a then Outstanding Common Unit (other than a Series C Conversion Unit received in connection with such conversion of a Series C Preferred Unit).

(xi) *Fully Paid and Nonassessable* . Any Series C Conversion Unit(s) delivered pursuant to this Section 5.14 shall be validly issued, fully paid and nonassessable (except as such nonassessability may be affected by matters described in Sections 17-303, 17¬ 607 and 17-804 of the Delaware Act), free and clear of any liens, claims, rights or encumbrances other than those arising under the Delaware Act or this Agreement or created by the holders thereof.

(xii) *Listing of Common Units* . The Partnership will procure, at its sole expense, the listing of the Series C Conversion Units issuable upon conversion of the Series C Preferred Units, subject to issuance or notice of issuance on any National Securities Exchange on which the Common Units are listed or admitted to trading.

(c) *Call Right on Series C Convertible Preferred Units.* At any time which shall be no later than 10 days or earlier than 30 days before April 24, 2017, the Partnership may exercise the right (the " ***Series C Call Right*** "), but shall have no obligation, to require the holder or holders of the Series C Preferred Units (the " ***Series C Holders*** ") to sell, assign and transfer all or a portion of the then outstanding Series C Preferred Units to the Partnership in accordance with this Section 5.14(c) . The Partnership may exercise the Series C Call Right with respect to any Series C Preferred Unit unless: (A) the exercise of the Series C Call Right would result in a default under any applicable financing agreements, or other financing obligations of the Partnership or any of its Affiliates, or would otherwise be prohibited by any securities or other applicable law, or (B) a Series C Holder has delivered, on or prior to the date of the Series C Call Exercise Notice (as defined below), a Series C Conversion Notice with respect to such Series C Preferred Unit (and then no Series C Call Right may be made as to such Series C Preferred Unit).

(i) Reserved.

(ii) The purchase price to be paid by the Partnership in connection with the exercise of the Series C Call Right shall be the Series C Adjusted Issue Price, plus any Series C Unpaid Cash Distributions per Series C Preferred Unit acquired pursuant to the Series C

Call Right (subject to appropriate adjustment for any equity distribution, subdivision or combination of Partnership Interests).

(iii) If the Partnership elects to exercise the Series C Call Right, the Partnership shall deliver a written notice (the " ***Series C Call Exercise Notice*** ") to the Series C Holders informing the Series C Holders of the Partnership's intention to exercise its Series C Call Right. The Series C Call Exercise Notice shall include a certificate in substantially the form attached hereto as **Annex D** , setting forth (A) the number of Series C Preferred Units held by each Series C Holder, (B) the number of Series C Preferred Units with respect to which the Series C Call Right is being exercised, (C) the bank account information for wire transfer of the purchase price or address for delivery of the purchase price by check, and (D) the closing date for the purchase (the " ***Series C Call Closing Date*** "), which shall be no earlier than 10 days or later than 30 days after the date of the Series C Call Exercise Notice. If any Series C Holder does not notify the Partnership of a change to the bank account information or address for delivery of the purchase prices set forth in **Annex D** prior to the date that is two days before the Series C Call Closing Date, the Partnership shall wire or deliver to each Series C Holder its portion of the purchase price in immediately available funds to such bank account or address set forth on **Annex D** .

(iv) The Series C Call Right may be exercised as to any portion of the outstanding Series C Preferred Units outstanding at the time a Series C Call Exercise Notice is delivered, but must be exercised pro-rata as to all Series C Preferred Units subject to the Series C Call Right.

(v) At the closing of the Series C Call Right, (A) the Partnership shall deliver to each Series C Holder subject thereto a certificate executed on behalf of the Partnership in the form attached hereto as **Annex E** , and (B) each such Series C Holder shall deliver to the Partnership a certificate executed by such Series C Holder in the form attached hereto as **Annex F** , the certificates representing the Series C Preferred Units with transfer powers, executed in blank, or, if uncertificated, transfer powers executed in blank, and such other documentation as may reasonably be requested by the Partnership.

Section 5.15 Establishment of Series D Preferred Units.

(a) *General* . The Partnership hereby designates and creates a series of Units to be designated as " ***Series D Preferred Units*** " and consisting of a total of 2,333,333 Series D Preferred Units, having the same rights, preferences and privileges, and subject to the same duties and obligations, as the Common Units, except as set forth in this Section 5.15 , Section 6.10 , and Section 12.9 . The Series D Preferred Units shall be considered *pari passu* as to allocations and distributions with the Series A Preferred Units and the Series C Preferred Units. Immediately following the Series D Issuance Date and thereafter, no additional Series D Preferred Units shall be designated, created or issued without the prior written approval of the General Partner and the holders of a majority of the Outstanding Series D Preferred Units.

(b) *Rights of Series D Preferred Units* . The Series D Preferred Units shall have the following rights, preferences and privileges and shall be subject to the following duties and obligations:

(i) Allocations.

(A) Notwithstanding anything to the contrary in Section 6.1(a) , (x) following any allocation made pursuant to Section 6.1(a)(i) and prior to any allocation made pursuant to Section 6.1(a)(ii) , any Net Income shall be allocated to all Unitholders holding Series D Preferred Units, Pro Rata, until the aggregate of the Net Income allocated to such Unitholders pursuant to this Section 5.15(b)(i)(A) for the current and all previous taxable periods since issuance of the Series D Preferred Units is equal to the aggregate amount of cash distributed with respect to such Series D Preferred Units for the current and previous taxable periods and (y) in no event shall any Net Income be allocated pursuant to Section 6.1(a)(ii) in respect of Series D Preferred Units. Allocations to Series D Preferred Units pursuant to this Section 5.15(b)(i)(A) , to the Series A Preferred Units pursuant to Section 5.12(b)(i)(A), and to the Series C Preferred Units pursuant to Section 5.14(b)(i)(A) shall be made Pro Rata.

(B) Notwithstanding anything to the contrary in Section 6.1(b) , (x) Unitholders holding Series D Preferred Units shall not receive any allocation pursuant to Section 6.1(b)(i) with respect to their Series D Preferred Units, and (y) following any allocation made pursuant to Section 6.1(b)(i) and prior to any allocation made pursuant to Section 6.1(b)(ii) , Net Losses shall be allocated to all Unitholders holding Series D Preferred Units, Pro Rata, until the Adjusted Capital Account of each such Unitholder in respect of each Outstanding Series D Preferred Unit has been reduced to zero. Allocations to Series D Preferred Units pursuant to this Section 5.15(b)(i)(B) , to the Series A Preferred Units pursuant to Section 5.12(b)(i)(B), and to the Series C Preferred Units pursuant to Section 5.14(b)(i)(B) shall be made Pro Rata.

(C) Notwithstanding anything to the contrary in Section 6.1(c)(i) , (x) Unitholders holding Series D Preferred Units shall not receive any allocation pursuant to Section 6.1(c)(i) with respect to their Series D Preferred Units, and (y) following any allocation made pursuant to Section 6.1(c)(i)(A) and prior to any allocation made pursuant to Section 6.1(c)(i)(B) , any remaining Net Termination Gain shall be allocated to all Unitholders holding Series D Preferred Units, Pro Rata, until the Capital Account in respect of each Outstanding Series D Preferred Unit is equal to the Series D Liquidation Value. Allocations to Series D Preferred Units pursuant to this Section 5.15(b)(i)(C) , to the Series A Preferred Units pursuant to Section 5.12(b)(i)(C),

and to the Series C Preferred Units pursuant to Section 5.14(b)(i)(C) shall be made Pro Rata.

(D) Notwithstanding anything to the contrary in Section 6.1(c)(ii) , (x) Unitholders holding Series D Preferred Units shall not receive any allocation pursuant to Section 6.1(c)(ii) with respect to their Series D Preferred Units, and (y) following the allocations made pursuant to Section 6.1(c)(ii)(C) , and prior to any allocation made pursuant to Section 6.1(c)(ii)(D) , any remaining Net Termination Loss shall be allocated to all Unitholders holding Series D Preferred Units, Pro Rata, until the Capital Account in respect of each Outstanding Series D Preferred Unit has been reduced to zero. Allocations to Series D Preferred Units pursuant to this Section 5.15(b)(i)(D) , to the Series A Preferred Units pursuant to Section 5.12(b)(i)(D), and to the Series C Preferred Units pursuant to Section 5.14(b)(i)(D) shall be made Pro Rata.

(ii) Distributions.

(A) Commencing with the Quarter ending on December 31, 2016, the holders of the Series D Preferred Units Outstanding as of an applicable Record Date shall be entitled to receive cumulative distributions (each, a " ***Series D Quarterly Distribution*** "), prior to any other distributions made in respect of any Junior Interests pursuant to Section 6.4 or Section 6.5 , in the amount set forth in this Section 5.15(b)(ii)(A) in respect of each Outstanding Series D Preferred Unit. All such distributions shall be paid Quarterly within forty-five (45) days after the end of each Quarter (each such payment date, a " ***Series D Distribution Payment Date*** "). For the Quarter ending December 31, 2016, and for each Quarter thereafter through and including the Quarter ending immediately prior to the Series D Conversion Date, the Series D Quarterly Distributions shall be paid entirely in cash at the Series D Distribution Rate per Series D Preferred Unit. If the Partnership establishes a Record Date for any distribution to be made by the Partnership on other Partnership Interests pursuant to Section 6.4 or Section 6.5 , then the Record Date established pursuant to this Section 5.15(b)(ii)(A) for a Series D Quarterly Distribution in respect of any Quarter shall be the same Record Date established for any distribution to be made by the Partnership in respect of distributions on other Partnership Interests pursuant to Section 6.4 or Section 6.5 for such Quarter.

(B) Beginning with the Quarter ending December 31, 2016, if in violation of this Agreement, the Partnership fails to pay in full any Series D Quarterly Distribution when due, then, without limiting any rights of the holders of the Series D Preferred Units to compel the Partnership to make such distribution, from and after the first date of such failure and continuing until such failure is cured by payment in full in cash of all arrearages with

respect to any Series D Quarterly Distribution, including accrued but unpaid interest thereon, (w) the amount of such unpaid distributions (" ***Series D Unpaid Cash Distributions*** ") will accrue and accumulate from and including the first day of the Quarter immediately following the Quarter in respect of which such payment is due until paid in full, (x) any Series D Unpaid Cash Distribution shall accrue interest from the applicable Series D Distribution Payment Date at rate equal to 6.00% per annum, and (y) the Partnership shall not be permitted to, and shall not, declare or make (i) any distributions in respect of any Junior Interests and (ii) any distributions in respect of any Series D Parity Securities.

(C) The aggregate amount of cash to be distributed in respect of the Series D Preferred Units Outstanding as of the Record Date for such Series D Quarterly Distribution shall be paid out of Available Cash prior to making any distribution pursuant to Section 6.4 or Section 6.5 . To the extent that any portion of a Series D Quarterly Distribution to be paid in cash with respect to any Quarter, together with any portion of a Series A Quarterly Distribution and a Series C Quarterly Distribution to be paid in cash with respect to such Quarter, exceeds the amount of Available Cash for such Quarter, an amount of cash equal to the Available Cash for such Quarter will be paid to the Series A Unitholders, the Series C Unitholders and the Series D Unitholders Pro Rata and the balance of such Series D Quarterly Distribution (and Series A Quarterly Distribution and Series C Quarterly Distribution) shall be unpaid and shall constitute an arrearage and accrue interest as set forth in Section 5.15(b)(ii)(B) . The Partnership shall provide written notice to the Series D Unitholders, not later than the last Business Day of the month immediately following the end of such Quarter, describing in reasonable detail the Partnership's calculation of Available Cash for such Quarter and the portion, if any, of the Series D Quarterly Distribution the Partnership will be unable to pay on the applicable Series D Distribution Payment Date.

(D) Notwithstanding anything in this Section 5.15(b)(ii) to the contrary, with respect to Series D Preferred Units that are converted into Common Units, the holder thereof shall not be entitled to a Series D Preferred Unit distribution and a Common Unit distribution with respect to the same period, but shall be entitled only to the distribution to be paid based upon the class of Units held as of the close of business on the applicable Record Date. For the avoidance of doubt, if a Series D Conversion Notice Date occurs prior to the close of business on a Record Date for payment of a distribution on the Common Units, the applicable holder of Series D Preferred Units shall receive only the Common Unit distribution with respect to such period.

(E) Notwithstanding anything in Article VI to the contrary, neither the General Partner nor the holders of Incentive Distribution Rights

shall be entitled to receive distributions or allocations of income or gain that correspond or relate to amounts distributed or allocated to Unitholders in respect of Series D Preferred Units, regardless of whether the amounts so distributed or allocated in respect of the Series D Preferred Units were determined under clause (ii) of the definition of "Series D Distribution Rate" or were otherwise determined on an "as converted" basis.

(iii) *Issuance of Series D Preferred Units and Series D Warrant* . The Series D Preferred Units shall be issued by the Partnership pursuant to the terms and conditions of the Series D Unit Purchase Agreement. If, on the Series D Warrant Start Date, any Series D Preferred Units remain outstanding, the Partnership shall issue promptly thereafter the Series D Warrant to the Record Holders of the Series D Preferred Units (in proportion to their relative number of Series D Preferred Units) as of the Series D Warrant Start Date.

(iv) *Liquidation Value* . In the event of any liquidation, dissolution and winding up of the Partnership under Section 12.4 or a sale, exchange or other disposition of all or substantially all of the assets of the Partnership, either voluntary or involuntary, the Record Holders of the Series D Preferred Units shall be entitled to receive, out of the assets of the Partnership available for distribution to the Partners or any assignees, prior and in preference to any distribution of any assets of the Partnership to the Record Holders of any other class or series of Partnership Interests (other than Series A Preferred Units or the Series C Preferred Units as to which the Series D Preferred Units are *pari passu*), the positive value in each such holder's Capital Account in respect of such Series D Preferred Units. If in the year of such liquidation and winding up, or sale, exchange or other disposition of all or substantially all of the assets of the Partnership, any such Record Holder's Capital Account in respect of such Series D Preferred Units is less than the aggregate Series D Liquidation Value of such Series D Preferred Units, then notwithstanding anything to the contrary contained in this Agreement, and prior to any other allocation pursuant to this Agreement for such year and prior to any distribution pursuant to the preceding sentence, items of gross income and gain shall be allocated to all Unitholders then holding Series D Preferred Units, Pro Rata, until the Capital Account in respect of each Outstanding Series D Preferred Unit is equal to the Series D Liquidation Value (and no other allocation pursuant to this Agreement shall reverse the effect of such allocation), with such allocation being made Pro Rata with any allocation made pursuant to the second sentences of Section 5.12(b)(iv) and Section 5.14(b)(iv) . If in the year of such liquidation, dissolution or winding up any such Record Holder's Capital Account in respect of such Series D Preferred Units is less than the aggregate Series D Liquidation Value of such Series D Preferred Units after the application of the preceding sentence, then to the extent permitted by applicable law and notwithstanding anything to the contrary contained in this Agreement, items of gross income and gain for any preceding taxable period(s) with respect to which IRS Form 1065 Schedules K-1 have not been filed by the Partnership shall be reallocated to all Unitholders then holding Series D Preferred Units, Pro Rata, until the Capital Account in respect of each such Outstanding Series D Preferred Unit after making allocations pursuant to this and the immediately preceding sentence is equal to the Series D Liquidation Value (and no other allocation pursuant to this Agreement shall reverse the effect of such allocation), with such allocation being made Pro

Rata with any allocation made pursuant to the third sentences of Section 5.12(b)(iv) and Section 5.14(b)(iv) . At such time as such allocations have been made to the Outstanding Series D Preferred Units, any remaining Net Termination Gain or Net Termination Loss shall be allocated to the Partners pursuant to Section 6.1(c) or Section 6.1(d) , as the case may be. At the time of the dissolution of the Partnership, subject to Section 17-804 of the Delaware Act, the Record Holders of the Series D Preferred Units shall become entitled to receive any distributions in respect of the Series D Preferred Units that are accrued and unpaid as of the date of such distribution in priority over any entitlement of any other Partners or Assignees with respect to any distributions by the Partnership to such other Partners or Assignees (other than Series A Preferred Units and the Series C Preferred Units as to which the Series D Preferred Units are *pari passu*); *provided, however* , that the General Partner, as such, will have no liability for any obligations with respect to such distributions to any Record Holder(s) of Series D Preferred Units.

(v) Voting Rights.

(A) Except as provided in Section 5.15(b)(v)(B) below, the Outstanding Series D Preferred Units shall have voting rights that are identical to the voting rights of the Common Units and shall vote with the Common Units as a single class, so that each Outstanding Series D Preferred Unit will be entitled to one vote for each Common Unit into which such Series D Preferred Unit is then convertible on each matter with respect to which each Common Unit is entitled to vote. Each reference in this Agreement to a vote of Record Holders of Common Units shall be deemed to be a reference to the holders of Common Units, Series A Preferred Units, Series B Units, Series C Preferred Units, and Series D Preferred Units on an "as if" converted basis, and the definition of "Unit Majority" shall correspondingly be construed to mean at least a majority of the Common Units, the Series A Preferred Units, the Series B Units, the Series C Preferred Units, and Series D Preferred Units, on an "as if" converted basis, voting together as a single class during any period in which any Series D Preferred Units are Outstanding.

(B) Notwithstanding any other provision of this Agreement, in addition to all other requirements imposed by Delaware law, and all other voting rights granted under this Agreement, the affirmative vote of the Record Holders of a majority of the Outstanding Series D Preferred Units, voting separately as a class based upon one vote per Series D Preferred Unit, shall be necessary on any matter (including a merger, consolidation or business combination) that adversely affects any of the rights, preferences and privileges of the Series D Preferred Units or amends or modifies any of the terms of the Series D Preferred Units; *provided* that the Partnership shall be able to amend this Section 5.15 without the approval by the Record Holders of Outstanding Series D Preferred Units so long as the amendment does not adversely affect the holders of the Series D Preferred Units in any material

respect and does not affect the holders of the Series D Preferred Units disproportionately in relation to the holders of Common Units; *provided, however* , that the Partnership may, without the consent or approval of the Record Holders of Outstanding Series D Preferred Units, create (by reclassification or otherwise) and issue Junior Interests (including by amending the provisions of any existing class of Partnership Interests to make such class of Partnership Interests a class of Junior Interests) in an unlimited amount. Without limiting the generality of the preceding sentence, any action shall be deemed to adversely affect the holders of the Series D Preferred Units in a material respect if such action would:

(1) reduce the Series D Distribution Rate, change the form of payment of distributions on the Series D Preferred Units, defer the date from which distributions on the Series D Preferred Units will accrue, cancel accrued and unpaid distributions on the Series D Preferred Units or any interest accrued thereon, or change the seniority rights of the Series D Unitholders as to the payment of distributions in relation to the Unitholders of any other class or series of Units or, except as determined to be appropriate in connection with the issuance of Junior Interests, amend this Section 5.15 ;

(2) reduce the amount payable or change the form of payment to the holders of the Series D Preferred Units upon the voluntary or involuntary liquidation, dissolution or winding up, or sale of all or substantially all of the assets, of the Partnership, or change the seniority of the liquidation preferences of the holders of the Series D Preferred Units in relation to the rights upon liquidation of the holders of any other class or series of Units; or

(3) result in a Preferred Unit Change of Control.

(vi) *No Series D Parity Securities or Series D Senior Securities* . The Partnership shall not, without the affirmative vote of the holders of a majority of the Outstanding Series D Preferred Units, issue any Series D Parity Securities or Series D Senior Securities.

(vii) *Certificates* .

(A) The Series D Preferred Units shall be evidenced by Certificates in such form as the General Partner may approve and, subject to the satisfaction of any applicable legal, regulatory and contractual requirements, may be assigned or transferred in a manner identical to the assignment and transfer of other Units; unless and until the General Partner determines to assign the responsibility to another Person, the Partnership will act as the registrar and transfer agent for the Series D Preferred Units. The Certificates evidencing Series D Preferred Units shall be separately identified

and shall not bear the same CUSIP number as the Certificates evidencing Common Units.

(B) The certificate(s) representing the Series D Preferred Units may be imprinted with a legend in substantially the following form:

"NEITHER THE OFFER NOR SALE OF THESE SECURITIES HAS BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THESE SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER AND, IN THE CASE OF A TRANSACTION EXEMPT FROM REGISTRATION, UNLESS SOLD PURSUANT TO RULE 144 UNDER SUCH ACT OR THE PARTNERSHIP HAS RECEIVED DOCUMENTATION REASONABLY SATISFACTORY TO IT THAT SUCH TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER SUCH ACT. THIS SECURITY IS SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER SET FORTH IN THE FIFTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT OF THE PARTNERSHIP, DATED AS OF APRIL 25, 2016, AS AMENDED, A COPY OF WHICH MAY BE OBTAINED FROM THE PARTNERSHIP AT ITS PRINCIPAL EXECUTIVE OFFICES."

(viii) Conversion.

(A) *At the Option of the Series D Unitholder* . At any time and from time to time after the Series D Optional Conversion Start Date, subject to any applicable limitations in the New Credit Agreement and subject to no Series D Call Exercise Notice having been given, the Series D Preferred Units owned by any Series D Unitholder shall be convertible, in whole or in part, upon the request of the Series D Unitholder into a number of Common Units determined by multiplying the number of Series D Preferred Units to be converted by the Series D Conversion Rate. Immediately upon any conversion of Series D Preferred Units, all rights of the Series D Converting Unitholder in respect thereof shall cease, including, without limitation, any accrual of distributions, and such Series D Converting Unitholder shall be treated for all purposes as the owner of Common Units. Fractional Common Units shall not be issued to any person pursuant to this Section 5.15(b)(viii)(A) (each fractional Common Unit shall be rounded to the nearest whole Common Unit (and a 0.5 Common Unit shall be rounded up to the next higher Common Unit)).

(B) *Conversion Notice* . To convert Series D Preferred Units into Common Units pursuant to Section 5.15(b)(viii)(A) , the Series D Unitholder shall give written notice (a " ***Series D Conversion Notice*** ") to the Partnership

in the form of Exhibit E attached hereto stating that such Series D Unitholder elects to so convert Series D Preferred Units and shall state therein with respect to Series D Preferred Units to be converted pursuant to Section 5.15(b)(viii)(A) the following: (a) the number of Series D Preferred Units to be converted, (b) the Certificate(s) evidencing the Series D Preferred Units to be converted and duly endorsed, (c) the name or names in which such Series D Unitholder wishes the Certificate or Certificates for Series D Conversion Units to be issued, and (d) the Series D Unitholder's computation of the number of Series D Conversion Units to be received by such Series D Unitholder (or designated recipient(s)) upon the Series D Conversion Date. The date any Series D Conversion Notice is received by the Partnership shall be hereinafter be referred to as a " ***Series D Conversion Notice Date*** ."

(C) *Timing; Certificates* . If a Series D Conversion Notice is delivered by a Series D Unitholder to the Partnership, in accordance with Section 5.15(b)(viii)(B) , the Partnership shall issue the Series D Conversion Units no later than seven (7) days after a Series D Conversion Notice Date (any date of issuance of such Common Units, a " ***Series D Conversion Date*** "). On the Series D Conversion Date, the Partnership shall issue to such Series D Unitholder (or designated recipient(s)) a Certificate or Certificates for the number of Series D Conversion Units to which such holder shall be entitled. In lieu of delivering physical Certificates representing the Series D Conversion Units issuable upon conversion of Series D Preferred Units, provided the Transfer Agent is participating in the Depository's Fast Automated Securities Transfer program, upon request of the Series D Unitholder, the Partnership shall use its commercially reasonable efforts to cause its Transfer Agent to electronically transmit the Series D Conversion Units issuable upon conversion or distribution payment to such Series D Unitholder (or designated recipient(s)), by crediting the account of the Series D Unitholder (or designated recipient(s)) prime broker with the Depository through its Deposit Withdrawal Agent Commission system. The parties agree to coordinate with the Depository to accomplish this objective. Upon issuance of Series D Conversion Units to the Series D Converting Unitholder, all rights under the converted Series D Preferred Units shall cease, and such Series D Converting Unitholder shall be treated for all purposes as the Record Holder of such Series D Conversion Units.

(D) *Distributions, Combinations, Subdivisions and Reclassifications by the Partnershi* p. If the Partnership (i) makes a distribution on its Common Units in Common Units, (ii) subdivides or splits its outstanding Common Units into a greater number of Common Units, (iii) combines or reclassifies its Common Units into a smaller number of Common Units, or (iv) issues by reclassification of its Common Units any Partnership Interests (including any reclassification in connection with a merger, consolidation or business combination in which the Partnership is the

surviving Person), then the Series D Conversion Rate in effect at the time of the Record Date for such distribution or the effective date of such subdivision, split, combination, or reclassification shall be proportionately adjusted so that the conversion of the Series D Preferred Units after such time shall entitle each Series D Unitholder to receive the aggregate number of Common Units (or any Partnership Interests into which such Common Units would have been combined, consolidated, merged or reclassified pursuant to clauses (iii) and (iv) above) that such Series D Unitholder would have been entitled to receive if the Series D Preferred Units had been converted into Common Units immediately prior to such Record Date or effective date, as the case may be, and in the case of a merger, consolidation or business combination in which the Partnership is the surviving Person, the Partnership shall provide effective provisions to ensure that the provisions in this Section 5.15 relating to the Series D Preferred Units shall not be abridged or amended and that the Series D Preferred Units shall thereafter retain the same powers, preferences and relative participating, optional and other special rights, and the qualifications, limitations and restrictions thereon, that the Series D Preferred Units had immediately prior to such transaction or event. An adjustment made pursuant to this Section 5.15(b)(viii)(D) shall become effective immediately after the Record Date in the case of a distribution and shall become effective immediately after the effective date in the case of a subdivision, combination, reclassification (including any reclassification in connection with a merger, consolidation or business combination in which the Partnership is the surviving Person) or split. Such adjustment shall be made successively whenever any event described above shall occur.

If, in the future, the Partnership issues any Convertible Securities, the General Partner shall, at the direction and at the option of the holders of a majority of the Outstanding Series D Preferred Units in their sole discretion, either (i) amend the provisions of this Agreement relating to antidilution protection to (A) revise any such provision that is less favorable than the corresponding provision offered in the terms of such Convertible Securities (or any related purchase agreement) so that such provision is the same as such provision offered in the terms of such Convertible Securities (or any related purchase agreement) and (B) incorporate any provision(s) offered in the terms of such Convertible Securities (or any related purchase agreement) that is not currently provided for in this Agreement and which would make the antidilution protection provisions of this Agreement more favorable to the holders of Series D Preferred Units, which amendment shall be effective concurrently with the issuance and/or execution of documentation relating to such Convertible Securities, or (ii) retain the antidilution language applicable to the Series D Preferred Units at such time. The Partnership agrees to provide as much prior notice of the proposed issuance of any such Convertible Securities and/or execution of documentation relating to

such issuance of Convertible Securities as is reasonably practicable (and in any event, such notice shall be provided at least ten (10) Business Days prior to such issuance and/or execution).

(E) *Follow-On Adjustments* . Except in connection with the exercise of a Warrant, if the Partnership shall issue or sell or grant any Follow-on Units at a Follow-on Price that is less than one hundred percent (100%) of the Series D Adjusted Issue Price, then the Series D Conversion Rate will be reset so that it will equal the number determined by dividing the Series D Adjusted Issue Price immediately before the issuance of the Follow-On Units by the result achieved through application of the following formula:

((CP x OB) + (FP x Q)) / OA

Where:

CP = the Series D Adjusted Issue Price in effect immediately before the issuance of the Follow-On Units

FP = the Follow-On Price

OB = the total number of fully diluted Common Units outstanding before the issuance of the Follow-On Units

Q = the total number of fully diluted Follow-On Units issued

OA = the total number of fully diluted Common Units outstanding after giving effect to the issuance of the Follow-On Units.

For purposes of this Section 5.15(b)(viii)(E) , the indicative price per Common Unit resulting from the issuance of Convertible Securities will be determined using the principles set forth in Section 5.15(b)(viii)(H)(3) .

(F) Other Extraordinary Transactions Affecting the Partnership.

(1) Prior to the consummation of a Partnership Event, the Partnership shall, as promptly as practicable, but in any event no later than twelve (12) Business Days prior to the consummation of the Partnership Event, make an irrevocable written offer (a " ***Series D Partnership Event Change of Control Offer*** "), subject to consummation of the Partnership Event, to each holder of Series D Preferred Units to redeem all (but not less than all) of such holder's Series D Preferred Units for a price per Series D Preferred Unit payable in cash equal to the greater of (x) the sum of the Series D Issue Price and the Series D Unpaid Cash Distributions and (y) an amount equal to the product of (1) the number of Common Units into which each Series D Preferred Unit is convertible pursuant to Section 5.15(b)(viii) on the day immediately prior to the date of the Series D Partnership Event Change of Control Offer and (2) the sum of (A) the cash consideration per Common Unit to be paid to the holders of

Common Units pursuant to the Partnership Event plus (B) the fair market value per Common Unit of the securities or other assets to be distributed to the holders of the Common Units pursuant to the Partnership Event (as applicable, the " ***Series D Partnership Event Payment*** ").

(2) Upon receipt by a Series D Unitholder of a Series D Partnership Event Change of Control Offer, such Series D Unitholder may elect, by written notice received by the Partnership no later than five (5) Business Days after the receipt by such holder of a Series D Partnership Event Change of Control Offer, to receive Series D Survivor Preferred Securities (as defined below) pursuant to this Section 5.15(b)(viii)(F)(2) in lieu of a Series D Partnership Event Payment. Upon receipt of such Series D Unitholder's election to receive Series D Survivor Preferred Securities, the Partnership shall as promptly as practicable, but in any event prior to the consummation of any Partnership Event, make appropriate provision to ensure that such electing holders of Series D Preferred Units receive in such Partnership Event a preferred security, issued by the Person surviving or resulting from such Partnership Event and containing provisions substantially equivalent to the provisions set forth in this Agreement with respect to the Series D Preferred Units, including Section 5.15 and Section 7.3 hereof, without material abridgement, including, without limitation, the same powers, preferences, rights to distributions, rights to accumulation and compounding upon failure to pay distributions, and relative participating, optional or other special rights and the qualifications, limitations or restrictions thereon, that the Series D Preferred Unit had immediately prior to such Partnership Event (the " ***Series D Survivor Preferred Security*** "). The Series D Conversion Rate in effect at the time of the effective date of such Partnership Event shall be proportionately adjusted so that the conversion of a unit of Series D Survivor Preferred Security after such time shall entitle the holder to the number of securities or amount of cash or other assets which, if a Series D Preferred Unit had been converted into Common Units immediately prior to such Partnership Event, such holder would have been entitled to receive immediately following such Partnership Event. Subsequent adjustments to the Series D Conversion Rate of the Series D Survivor Preferred Security shall be made successively thereafter whenever any event described in Section 5.15(b)(viii)(D) , Section 5.15(b)(viii)(E) or this Section 5.15(b)(viii)(F) shall occur. Notwithstanding the foregoing, the Partnership may consummate a Partnership Event without making appropriate provision to ensure that the holders of Series D Preferred Units receive a Series D Partnership Event Payment or Series D Survivor Preferred Security, as applicable, with

respect to such Partnership Event if prior to such consummation the Partnership has received the prior written approval of the holders of a majority of the Outstanding Series D Preferred Units.

(3) A Series D Partnership Event Change of Control Offer shall be mailed to each Series D Unitholder and shall describe the transaction or transactions that constitute the Partnership Event and state:

i) that the Series D Partnership Event Change of Control Offer is being made pursuant to this Section 5.15(b)(viii)(F) and that the Partnership is making an offer to redeem all Series D Preferred Units of such Unitholder (subject to the consummation of the Partnership Event);

ii) the amount of the Series D Partnership Event Payment and the redemption date, which shall be the date on which the Partnership Event is consummated or as soon thereafter as practicable (the " ***Series D Partnership Event Payment Date*** "); and

iii) the amount per Common Unit that each Common Unitholder is receiving in connection with the Partnership Event.

On the Series D Partnership Event Payment Date, the Partnership (or its successor) shall pay to each Unitholder of Series D Preferred Units that accepts the Series D Partnership Event Change of Control Offer an amount in cash equal to such holder's applicable Series D Partnership Event Payment, and all of such holder's rights and privileges under the Series D Preferred Units or as a Series D Unitholder shall be extinguished.

(G) Notwithstanding any of the other provisions of this Section 5.15(b)(viii) , no adjustment shall be made to the Series D Conversion Rate pursuant to Section 5.15(b)(viii)(D)-(F) as a result of any of the following:

(1) the grant of Common Units or options, warrants or rights to purchase Common Units or the issuance of Common Units upon the exercise of any such options, warrants or rights to employees, officers or directors of the General Partner or the Partnership and its Subsidiaries in respect of services provided to or for the benefit of the Partnership or its Subsidiaries, under compensation plans and agreements approved in good faith by the General Partner (including any Long Term Incentive Plan) *; provided* that, in the case of options, warrants or rights to purchase Common

Units, the exercise price per Common Unit shall not be less than the Closing Price on the date such option, warrant or other right is issued;

(2) the issuance of any Common Units as all or part of the consideration to effect (i) the closing of any acquisition by the Partnership of assets of an unrelated third party in an arm's-length transaction or (ii) the consummation of a merger, consolidation or other business combination of the Partnership with or into another entity to the extent such transaction(s) is or are validly approved by the vote or consent of the General Partner; and

(3) the issuance of Partnership Interests for which an adjustment is made under another provision of this Section 5.15(b)(viii) .

(H) The following rules shall apply for purposes of this Section 5.15(b)(viii) :

(1) In the case of the issuance or sale (or deemed issuance or sale) of Common Units for cash, the consideration shall be deemed to be the amount of cash paid therefor before deducting any reasonable underwriting discounts or placement agent fees, commissions or the expenses allowed, paid or incurred by the Partnership for any underwriting or placement agent or otherwise in connection with the issuance and sale thereof.

(2) In the case of the issuance or sale (or deemed issuance or sale) of Common Units for consideration in whole or in part other than cash, the consideration other than cash shall be valued at the Agreed Value thereof.

(3) In the case of the issuance or sale of Convertible Securities, the following provisions shall apply for all purposes of this Section 5.15(b)(viii)(H) :

i) The aggregate maximum number of Common Units deliverable upon exercise (assuming the satisfaction of any conditions to exercisability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) of options or warrants to purchase or rights to subscribe for Common Units shall be deemed to have been issued at the time such options, warrants or rights were issued and for consideration equal to the consideration (determined in the manner provided in this Section 5.15(b)(viii)(H)), if any, received by the Partnership upon the issuance of such options, warrants or rights plus the minimum

exercise price provided in such options, warrants or rights (without taking into account potential antidilution adjustments) for the Common Units covered thereby.

ii) The aggregate maximum number of Common Units deliverable upon conversion of or in exchange (assuming the satisfaction of any conditions to convertibility or exchangeability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) for any such convertible or exchangeable securities or upon the exercise of options or warrants to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities were issued or such options, warrants or rights were issued and for a consideration equal to the consideration, if any, received by the Partnership for any such securities or options, warrants or rights, plus the minimum additional consideration, if any, to be received by the Partnership (without taking into account potential antidilution adjustments) upon the conversion or exchange of such securities or upon the exercise of such options, warrants or rights and subsequent conversion or exchange of the underlying convertible or exchangeable securities, as appropriate (the consideration in each case to be determined in the manner provided in this Section 5.15(b)(viii)).

iii) In the event of any change in (x) the number of Common Units deliverable or (y) the consideration payable to the Partnership upon exercise of such options, warrants or rights with respect to either Common Units or such convertible or exchangeable securities or upon conversion of or in exchange for such convertible or exchangeable securities and not otherwise entitled to any appropriate antidilution adjustment pursuant to this Section 5.15 , including, but not limited to, a change resulting from the antidilution provisions thereof, the Series D Conversion Rate, to the extent in any way affected by or computed using such options, warrants, rights or securities, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual issuance of Common Units or any payment of such consideration upon the exercise of any such options, warrants or rights or the conversion or exchange of such securities.

iv) Upon the expiration of any such options, warrants or rights with respect to either Common Units or such convertible or exchangeable securities or the termination of any such rights to convert or exchange, the Series D Conversion Rate, to the extent in any way affected by or computed using such options, warrants, rights or securities shall be recomputed to reflect the issuance of only the number of Common Units actually issued upon the exercise of such options, warrants or rights with respect to Common Units, upon the conversion or exchange of such securities, or the number of Common Units issuable upon conversion or exchange of the convertible or exchangeable securities that were actually issued upon exercise of options, warrants or rights related to such securities.

v) The number of Common Units deemed issued and the consideration deemed paid therefor pursuant to Section 5.15(b)(viii)(H)(3)i) and ii) shall be appropriately adjusted to reflect any change, termination or expiration of the type described in either Section 5.15(b)(viii)(H)(3)iii) or iv) .

(4) Notwithstanding any of the other provisions of this Section 5.15(b)(viii)(H) , no adjustment shall be made to the number of Common Units issuable upon conversion of the Series D Preferred Units or the Series D Conversion Rate as a result of an event for which an adjustment is made under another provision of this Section 5.15(b)(viii)(H) .

(5) For purposes of this Section 5.15(b)(viii) , no adjustment to the Series D Conversion Rate shall be made in an amount less than 1/100th of one cent per Unit; provided that any adjustments that are not required to be made by reason of this sentence shall be carried forward and shall be taken into account in any subsequent adjustment made.

(I) In the event of any taking by the Partnership of a Record Date of the holders of any class of Partnership Interests for the purpose of determining the holders thereof who are entitled to receive any distribution thereon, any security or right convertible into or entitling the holder thereof to receive additional Common Units, or any right to subscribe for, purchase or otherwise acquire any Partnership Interests or any other securities or property of the Partnership, or to receive any other right, the Partnership shall notify each holder of Series D Preferred Units at least fifteen (15) days prior to the Record Date, of which any such Record Date is to be taken for the

purpose of such distribution, security or right and the amount and character of such distribution, security or right; *provided, however* , that the foregoing requirement shall be deemed satisfied with respect to any holder of Series D Preferred Units if at least fifteen (15) days prior to the Record Date, the Partnership shall have issued a press release which shall be posted on the Partnership's website and carried by one or more wire services, containing the required information.

(J) The Partnership shall pay any and all issue, documentary, stamp and other taxes, excluding any income, franchise, property or similar taxes, that may be payable in respect of any issue or delivery of Series D Conversion Units on conversion of, or payment of distributions on, Series D Preferred Units pursuant hereto. However, the holder of any Series D Preferred Units shall pay any tax that is due because the Series D Conversion Units issuable upon conversion thereof or distribution payment thereon are issued in a name other than such Series D Unitholder's name.

(K) The Partnership agrees that it will act in good faith to make any adjustment(s) required by this Section 5.15(b)(viii) equitably and in such a manner as to afford the Series D Unitholders the benefits of the provisions hereof, and will not take any action that could reasonably be expected to deprive such Series D Unitholders of the benefit hereof.

(ix) Reserved.

(x) *Tax Estimates* . Upon receipt of a written request from any Series D Unitholder stating the number of Series D Preferred Units owned by such holder (which requests shall be made no more than two (2) times per calendar year and the first such request per calendar year shall be at the Partnership's expense, and the second at the expense of such requesting holder), the Partnership shall, within ten (10) days, provide such Series D Unitholder with a good faith estimate (and reasonable supporting calculations) of whether there is sufficient Unrealized Gain attributable to the Partnership property such that, if such Series D Unitholder converted its Series D Preferred Units pursuant to Section 5.15(b)(viii)(A) and such Unrealized Gain was allocated to such holder pursuant to Section 5.5(d)(iii) , such holder's Capital Account in respect of its converted Series D Preferred Units would be equal to the Per Unit Capital Amount for a then Outstanding Common Unit (other than a Series D Conversion Unit received in connection with such conversion of a Series D Preferred Unit).

(xi) *Fully Paid and Nonassessable* . Any Series D Conversion Unit(s) delivered pursuant to this Section 5.15 shall be validly issued, fully paid and nonassessable (except as such nonassessability may be affected by matters described in Sections 17-303, 17-607 and 17-804 of the Delaware Act), free and clear of any liens, claims, rights or encumbrances other than those arising under the Delaware Act or this Agreement or created by the holders thereof.

(xii) *Listing of Common Units* . The Partnership will procure, at its sole expense, the listing of the Series D Conversion Units issuable upon conversion of the Series D Preferred Units, subject to issuance or notice of issuance on any National Securities Exchange on which the Common Units are listed or admitted to trading.

(c) *Call Right on Series D Preferred Units* . At any time prior to the Series D Warrant Start Date, the Partnership may exercise the right (the " ***Series D Call Right*** "), but shall have no obligation, to require the holder or holders of the Series D Preferred Units (the " ***Series D Holders*** ") to sell, assign and transfer all or a portion of the then outstanding Series D Preferred Units to the Partnership in accordance with this Section 5.15(c) . The Partnership may exercise the Series D Call Right with respect to any Series D Preferred Unit unless the exercise of the Series D Call Right would result in a default under any applicable financing agreements, or other financing obligations of the Partnership or any of its Affiliates, or would otherwise be prohibited by any securities or other applicable law.

(i) Reserved.

(ii) The purchase price to be paid by the Partnership in connection with the exercise of the Series D Call Right shall be the product of (A) the Series D Call Value per Series D Preferred Unit to be acquired pursuant to the Series D Call Right (subject to appropriate adjustment for any equity distribution, subdivision or combination of Partnership Interests), multiplied by (B) 1.03.

(iii) If the Partnership elects to exercise the Series D Call Right, the Partnership shall deliver a written notice (the " ***Series D Call Exercise Notice*** ") to the Series D Holders informing the Series D Holders of the Partnership's intention to exercise its Series D Call Right. The Series D Call Exercise Notice shall be in substantially the form attached hereto as Exhibit F , setting forth (A) the number of Series D Preferred Units held by each Series D Holder, (B) the number of Series D Preferred Units with respect to which the Series D Call Right is being exercised, and (C) the address on the books and records of the Partnership to be used for delivery of the purchase price by check, and (D) the closing date for the purchase (the " ***Series D Call Closing Date*** "), which shall be no earlier than 10 days or later than 30 days after the date of the Series D Call Exercise Notice.

(iv) The Series D Call Right may be exercised as to any portion of the outstanding Series D Preferred Units outstanding at the time a Series D Call Exercise Notice is delivered, but must be exercised pro-rata as to all Series D Preferred Units subject to the Series D Call Right.

(v) If any Series D Holder does not notify the Partnership of a change to the address for delivery of the purchase prices set forth in the Series D Call Exercise Notice or provide the Partnership with bank account information for wire transfer prior to the date that is two days before the Series D Call Closing Date, the Partnership shall deliver to each Series D Holder its portion of the purchase price in immediately available funds to such address set forth on the Series D Call Exercise Notice on or before the Series D Call Closing Date. If any Series D Holder does notify the Partnership of a change to the address for

delivery of the purchase prices set forth in the Series D Call Exercise Notice or provide the Partnership with bank account information for wire transfer prior to the date that is two days before the Series D Call Closing Date, the Partnership shall write or deliver to each Series D Holder its portion of the purchase price in immediately available funds to such address or bank account which were provided to the Partnership on or before the Series D Call Closing Date. At the closing of the Series D Call Right, each such Series D Holder shall deliver to the Partnership the certificates representing the Series D Preferred Units to be acquired with transfer powers, executed in blank, or, if uncertificated, transfer powers executed in blank, and such other documentation as may reasonably be requested by the Partnership. The failure of any Series D Holder to comply with the preceding sentence shall not prevent the closing of the Series D Call Right.

ARTICLE VI
ALLOCATIONS AND DISTRIBUTIONS SECTION

Section 6.1 Allocations for Capital Account Purposes .

Except as otherwise required pursuant to Section 5.12(b)(i) and (iv) and Section 5.14(b)(i) and (iv) , for purposes of maintaining Capital Accounts and in determining the rights of the Partners among themselves, the Partnership's items of income, gain, loss and deduction (computed in accordance with Section 5.5(b) shall be allocated among the Partners in each taxable period as provided herein below:

(a) *Net Income* . After giving effect to the special allocations set forth in Section 6.1(d) , Net Income for each taxable period and all items of income, gain, loss and deduction taken into account in computing Net Income for such taxable period shall be allocated as follows:

(i) First, to the General Partner until the aggregate of the Net Income allocated to the General Partner pursuant to this Section 6.1(a)(i) and the Net Termination Gain allocated to the General Partner pursuant to Section 6.1(c)(i)(A) for the current and all previous taxable periods is equal to the aggregate of the Net Loss allocated to the General Partner pursuant to Section 6.1(b)(ii) for all previous taxable periods and the Net Termination Loss allocated to the General Partner pursuant to Section 6.1(c)(ii)(D) for the current and all previous taxable periods; and

(ii) The balance, if any, (x) to the General Partner in accordance with its Percentage Interest, and (y) to all Unitholders, Pro Rata, a percentage equal to 100% less the percentage applicable to subclause (x).

(b) *Net Loss* . After giving effect to the special allocations set forth in Section 6.1(d) , Net Loss for each taxable period and all items of income, gain, loss and deduction taken into account in computing Net Loss for such taxable period shall be allocated as follows:

(i) First, to the General Partner and the Unitholders, Pro Rata; provided, that Net Losses shall not be allocated pursuant to this Section 6.1(b)(i) to the extent that such allocation would cause any Unitholder to have a deficit balance in its Adjusted Capital

Account at the end of such taxable period (or increase any existing deficit balance in its Adjusted Capital Account); and

(ii) The balance, if any, 100% to the General Partner.

(c) *Net Termination Gains and Losses* . After giving effect to the special allocations set forth in Section 6.1(d) , Net Termination Gain or Net Termination Loss (including a pro rata part of each item of income, gain, loss and deduction taken into account in computing Net Termination Gain or Net Termination Loss) for such taxable period shall be allocated in the manner set forth in this Section 6.1(c) . All allocations under this Section 6.1(c) shall be made after Capital Account balances have been adjusted by all other allocations provided under this Section 6.1 and after all distributions of Available Cash provided under Section 6.4 and Section 6.5 have been made; *provided, however* , that solely for purposes of this Section 6.1(c) , Capital Accounts shall not be adjusted for distributions made pursuant to Section 12.4 .

(i) Net Termination Gain (including a pro rata part of each item of income, gain, loss, and deduction taken into account in computing Net Termination Gain) shall be allocated:

(A) *First* , to the General Partner until the aggregate of the Net Termination Gain allocated to the General Partner pursuant to this Section 6.1(c)(i)(A) and the Net Income allocated to the General Partner pursuant to Section 6.1(a)(i) for the current and all previous taxable periods is equal to the aggregate of the Net Loss allocated to the General Partner pursuant to Section 6.1(b)(ii) for all previous taxable periods and the Net Termination Loss allocated to the General Partner pursuant to Section 6.1(c)(ii)(D) for all previous taxable periods;

(B) *Second* , (x) to the General Partner in accordance with its Percentage Interest and (y) to all Unitholders holding Common Units, Pro Rata, a percentage equal to 100% less the General Partner's Percentage Interest, until the Capital Account in respect of each Common Unit then Outstanding is equal to the sum of (1) its Unrecovered Initial Unit Price, (2) the Minimum Quarterly Distribution for the Quarter during which the Liquidation Date occurs, reduced by any distribution pursuant to Section 6.4(b)(i) with respect to such Common Unit for such Quarter and (3) any then-existing Cumulative Common Unit Arrearage; and

(C) *Third* , (x) to the General Partner in accordance with its Percentage Interest, (y) 48% to the holders of the Incentive Distribution Rights, Pro Rata, and (z) to all Unitholders, Pro Rata, a percentage equal to 100% less the sum of the percentages applicable to subclauses (x) and (y) of this clause (C).

(ii) Net Termination Loss (including a pro rata part of each item of income, gain, loss, and deduction taken into account in computing Net Termination Loss) shall be allocated:

(A) *First* , (x) to the General Partner in accordance with its Percentage Interest and (y) to all Unitholders holding Common Units, Pro Rata, a percentage equal to 100% less the General Partner's Percentage Interest, until the Capital Account in respect of each Common Unit then Outstanding has been reduced to zero;

(B) Reserved.

(C) *Second* , to the General Partner and the Unitholders, Pro Rata; provided that Net Termination Loss shall not be allocated pursuant to this Section 6.1(c)(ii)(C) to the extent such allocation would cause any Unitholder to have a deficit balance in its Adjusted Capital Account (or increase any existing deficit in its Adjusted Capital Account); and

(D) *Third* , the balance, if any, 100% to the General Partner.

(d) *Special Allocations* . Notwithstanding any other provision of this Section 6.1 , the following special allocations shall be made for such taxable period:

(i) *Partnership Minimum Gain Chargeback* . Notwithstanding any other provision of this Section 6.1 , if there is a net decrease in Partnership Minimum Gain during any Partnership taxable period, each Partner shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Treasury Regulation Sections 1.704-2(f)(6), 1.704-2(g)(2) and 1.704-2(j)(2)(i), or any successor provision. For purposes of this Section 6.1(d) , each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 6.1(d) with respect to such taxable period (other than an allocation pursuant to Section 6.1(d)(vi) and Section 6.1(d)(vii)). This Section 6.1(d)(i) is intended to comply with the Partnership Minimum Gain chargeback requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) *Chargeback of Partner Nonrecourse Debt Minimum Gain* . Notwithstanding the other provisions of this Section 6.1 (other than Section 6.1(d)(i)), except as provided in Treasury Regulation Section 1.704-2(i)(4), if there is a net decrease in Partner Nonrecourse Debt Minimum Gain during any Partnership taxable period, any Partner with a share of Partner Nonrecourse Debt Minimum Gain at the beginning of such taxable period shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Treasury Regulation Sections 1.704-2(i)(4) and 1.704- 2(j)(2)(ii), or any successor provisions. For purposes of this Section 6.1(d) , each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 6.1(d) , other than Section 6.1(d)(i) and other than an allocation pursuant to Section 6.1(d)(vi) and Section 6.1(d)(iv) , with respect to such taxable period. This Section 6.1(d)(ii) is intended to comply with the chargeback of items of income

and gain requirement in Treasury Regulation Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(iii) Priority Allocations.

(A) If the amount of cash or the Net Agreed Value of any property distributed (except cash or property distributed pursuant to Section 12.4) with respect to a Unit (other than a Series A Preferred Unit, a Series C Preferred Unit, or a Series D Preferred Unit) exceeds the amount of cash or the Net Agreed Value of property distributed with respect to another Unit (other than a Series A Preferred Unit, a Series C Preferred Unit or a Series D Preferred Unit) (the amount of the excess, an "Excess Distribution" and the Unit with respect to which the greater distribution is paid, an "Excess Distribution Unit"), then (1) there shall be allocated gross income and gain to each Unitholder receiving an Excess Distribution with respect to the Excess Distribution Unit until the aggregate amount of such items allocated with respect to such Excess Distribution Unit pursuant to this Section 6.1(d)(iii)(A) for the current taxable period and all previous taxable periods is equal to the amount of the Excess Distribution; and (2) the General Partner shall be allocated gross income and gain with respect to each such Excess Distribution in an amount equal to the product obtained by multiplying (aa) the quotient determined by dividing (x) the General Partner's Percentage Interest at the time when the Excess Distribution occurs by (y) a percentage equal to 100% less the General Partner's Percentage Interest at the time when the Excess Distribution occurs, times (bb) the total amount allocated in clause (1) above with respect to such Excess Distribution.

(B) After the application of Section 6.1(d)(iii)(A) , the remaining items of Partnership income or gain for the taxable period, if any, shall be allocated (1) to the holders of Incentive Distribution Rights, Pro Rata, until the aggregate amount of such items allocated to the holders of Incentive Distribution Rights pursuant to this Section 6.1(d)(iii)(B) for the current taxable period and all previous taxable periods is equal to the cumulative amount of all Incentive Distributions made to the holders of Incentive Distribution Rights from the IPO Closing Date to a date 45 days after the end of the current taxable period; and (2) to the General Partner an amount equal to the product of (aa) an amount equal to the quotient determined by dividing (x) the General Partner's Percentage Interest by (y) the sum of 100 less the General Partner's Percentage Interest times (bb) the sum of the amounts allocated in clause (1) above.

(iv) *Qualified Income Offset* . In the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Partnership gross income and gain shall be specially allocated to such Partner in an amount and manner

sufficient to eliminate, to the extent required by the Treasury Regulations promulgated under Section 704(b) of the Code, the deficit balance, if any, in its Adjusted Capital Account created by such adjustments, allocations or distributions as quickly as possible; *provided* , that an allocation pursuant to this Section 6.1(d)(iv) shall be made only if and to the extent that such Partner would have a deficit balance in its Adjusted Capital Account as adjusted after all other allocations provided for in this Section 6.1 have been tentatively made as if this Section 6.1(d)(iv) were not in this Agreement.

(v) *Gross Income Allocations* . In the event any Partner has a deficit balance in its Capital Account at the end of any taxable period in excess of the sum of (A) the amount such Partner is required to restore pursuant to the provisions of this Agreement and (B) the amount such Partner is deemed obligated to restore pursuant to Treasury Regulation Sections 1.704-2(g) and 1.704-2(i)(5), such Partner shall be specially allocated items of Partnership gross income and gain in the amount of such excess as quickly as possible; *provided* , that an allocation pursuant to this Section 6.1(d)(v) shall be made only if and to the extent that such Partner would have a deficit balance in its Capital Account as adjusted after all other allocations provided for in this Section 6.1 have been tentatively made as if Section 6.1(d)(iv) and this Section 6.1(d)(v) were not in this Agreement.

(vi) *Nonrecourse Deductions* . Nonrecourse Deductions for any taxable period shall be allocated to the Partners Pro Rata. If the General Partner determines that the Partnership's Nonrecourse Deductions should be allocated in a different ratio to satisfy the safe harbor requirements of the Treasury Regulations promulgated under Section 704(b) of the Code, the General Partner is authorized, upon notice to the other Partners, to revise the prescribed ratio to the numerically closest ratio that does satisfy such requirements.

(vii) *Partner Nonrecourse Deductions* . Partner Nonrecourse Deductions for any taxable period shall be allocated 100% to the Partner that bears the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulation Section 1.704-2(i). If more than one Partner bears the Economic Risk of Loss with respect to a Partner Nonrecourse Debt, such Partner Nonrecourse Deductions attributable thereto shall be allocated between or among such Partners in accordance with the ratios in which they share such Economic Risk of Loss.

(viii) *Nonrecourse Liabilities* . For purposes of Treasury Regulation Section 1.752-3(a)(3), the Partners agree that Nonrecourse Liabilities of the Partnership in excess of the sum of (A) the amount of Partnership Minimum Gain and (B) the total amount of Nonrecourse Built-in Gain shall be allocated among the Partners Pro Rata.

(ix) *Code Section 754 Adjustments* . To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated

to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Treasury Regulations.

(x) Economic Uniformity; Changes in Law.

(A) Reserved.

(B) With respect to an event triggering an adjustment to the Carrying Value of Partnership property pursuant to Section 5.5(d) during any taxable period of the Partnership ending upon, or after, the issuance of IDR Reset Common Units pursuant to Section 5.11 or of Post-Initial Issuance Series B Units, any Unrealized Gains and Unrealized Losses shall be allocated among the Partners in a manner that to the nearest extent possible results in the Capital Accounts maintained with respect to all IDR Reset Common Units and Post-Initial Issuance Series B Units equaling the product of (i) the Aggregate Quantity of IDR Reset Common Units and the total Post-Initial Issuance Series B Units Outstanding and (ii) the Per Unit Capital Amount for an IPO Common Unit that is Outstanding.

(C) With respect to any taxable period during which an IDR Reset Common Unit is transferred to any Person who is not an Affiliate of the transferor, all or a portion of the remaining items of Partnership gross income or gain for such taxable period shall be allocated 100% to the transferor Partner of such transferred IDR Reset Common Unit until such transferor Partner has been allocated an amount of gross income or gain that increases the Capital Account maintained with respect to such transferred IDR Reset Common Unit to an amount equal to the Per Unit Capital Amount for an IPO Common Unit.

(D) For the proper administration of the Partnership and for the preservation of uniformity of the Limited Partner Interests (or any class or classes thereof), the General Partner shall (i) adopt such conventions as it deems appropriate in determining the amount of depreciation, amortization and cost recovery deductions; (ii) make special allocations of income, gain, loss, deduction, Unrealized Gain or Unrealized Loss; and (iii) amend the provisions of this Agreement as appropriate (x) to reflect the proposal or promulgation of Treasury Regulations under Section 704(b) or Section 704(c) of the Code or (y) otherwise to preserve or achieve uniformity of the Limited Partner Interests (or any class or classes thereof). The General Partner may adopt such conventions, make such allocations and make such amendments to this Agreement as provided in this Section 6.1(d)(x)(D) only if such conventions, allocations or amendments would not have a material adverse effect on the Partners, the holders of any class or classes of Limited Partner Interests issued and Outstanding or the Partnership, and if such allocations are consistent with the principles of Section 704 of the Code.

(E) At the election of the General Partner, after application of Section 5.5(d)(iii), with respect to any taxable period ending upon, or after, the conversion of the Series B Units into Common Units, all or a portion of the remaining items of Partnership gross income or gain for such taxable period shall be allocated to each Partner holding Series B Conversion Units in the proportion of the number of Series B Conversion Units held by such Partner to the total number of Series B Conversion Units then outstanding, until each such Partner has been allocated an amount of gross income or gain that increases the Capital Account maintained with respect to such Series B Conversion Units to an amount that, after taking into account the other allocations of income, gain, loss and deduction to be made with respect to such taxable period, will equal to the product of (i) the number of Series B Conversion Units held by such Partner and (ii) the Per Unit Capital Amount for a Common Unit that is not a Post-Initial Issuance Series B Unit. The purpose of this allocation is to establish uniformity between the Capital Accounts underlying Series B Conversion Units and the Capital Accounts underlying Common Units that are not Series B Conversion Units.

(xi) Curative Allocation.

(A) Notwithstanding any other provision of this Section 6.1, other than the Required Allocations, the Required Allocations shall be taken into account in making the Agreed Allocations so that, to the extent possible, the net amount of items of gross income, gain, loss and deduction allocated to each Partner pursuant to the Required Allocations and the Agreed Allocations, together, shall be equal to the net amount of such items that would have been allocated to each such Partner under the Agreed Allocations had the Required Allocations and the related Curative Allocation not otherwise been provided in this Section 6.1. Notwithstanding the preceding sentence, Required Allocations relating to (1) Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Partnership Minimum Gain and (2) Partner Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Partner Nonrecourse Debt Minimum Gain. In exercising its discretion under this Section 6.1(d)(xi)(A), the General Partner may take into account future Required Allocations that, although not yet made, are likely to offset other Required Allocations previously made. Allocations pursuant to this Section 6.1(d)(xi)(A) shall only be made with respect to Required Allocations to the extent the General Partner determines that such allocations will otherwise be inconsistent with the economic agreement among the Partners. Further, allocations pursuant to this Section 6.1(d)(xi)(A) shall be deferred with respect to allocations pursuant to clauses (1) and (2) hereof to the extent the General Partner determines that such allocations are likely to be offset by subsequent Required Allocations.

(B) The General Partner shall, with respect to each taxable period, (1) apply the provisions of Section 6.1(d)(xi)(A) in whatever order is most likely to minimize the economic distortions that might otherwise result from the Required Allocations, and (2) divide all allocations pursuant to Section 6.1(d)(xi)(A) among the Partners in a manner that is likely to minimize such economic distortions.

(xii) *Corrective and other Allocations* . In the event of any allocation of Additional Book Basis Derivative Items or any Book-Down Event or any recognition of a Net Termination Loss, the following rules shall apply:

(A) Except as provided in Section 6.1(d)(xi)(B) , in the case of any allocation of Additional Book Basis Derivative Items (other than an allocation of Unrealized Gain or Unrealized Loss under Section 5.5(d)), the General Partner shall allocate such Additional Book Basis Derivative Items (1) to the holders of Incentive Distribution Rights and the General Partner to the same extent that the Unrealized Gain or Unrealized Loss giving rise to such Additional Book Basis Derivative Items was allocated to them pursuant to Section 5.5(d) and (2) to all Unitholders, Pro Rata, to the extent that the Unrealized Gain or Unrealized Loss giving rise to such Additional Book Basis Derivative Items was allocated to any Unitholders pursuant to Section 5.5(d) .

(B) In the case of any allocation of Additional Book Basis Derivative Items (other than an allocation of Unrealized Gain or Unrealized Loss under Section 5.5(d) or an allocation of Net Termination Gain or Net Termination Loss pursuant to Section 6.1(c)) as a result of a sale or other taxable disposition of any Partnership asset that is an Adjusted Property (" ***Disposed of Adjusted Property*** "), the General Partner shall allocate (1) additional items of gross income and gain (aa) away from the holders of Incentive Distribution Rights and (bb) to the Unitholders, or (2) additional items of deduction and loss (aa) away from the Unitholders and (bb) to the holders of Incentive Distribution Rights, to the extent that the Additional Book Basis Derivative Items allocated to the Unitholders exceed their Share of Additional Book Basis Derivative Items with respect to such Disposed of Adjusted Property. Any allocation made pursuant to this Section 6.1(d)(xii)(B) shall be made after all of the other Agreed Allocations have been made as if this Section 6.1(d)(xii) were not in this Agreement and, to the extent necessary, shall require the reallocation of items that have been allocated pursuant to such other Agreed Allocations.

(C) In the case of any negative adjustments to the Capital Accounts of the Partners resulting from a Book-Down Event or from the recognition of a Net Termination Loss, such negative adjustment (1) shall first be allocated, to the extent of the Aggregate Remaining Net Positive

Adjustments, in such a manner, as determined by the General Partner, that to the extent possible the aggregate Capital Accounts of the Partners will equal the amount that would have been the Capital Account balances of the Partners if no prior Book-Up Events had occurred, and (2) any negative adjustment in excess of the Aggregate Remaining Net Positive Adjustments shall be allocated pursuant to Section 6.1(c) hereof.

(D) For purposes of this Section 6.1(d)(xii) , the Unitholders shall be treated as being allocated Additional Book Basis Derivative Items to the extent that such Additional Book Basis Derivative Items have reduced the amount of income that would otherwise have been allocated to the Unitholders under this Agreement. Without limiting the foregoing, if an Adjusted Property is contributed by the Partnership to another entity classified as a partnership for federal income tax purposes (the "lower tier partnership"), the General Partner may make allocations similar to those described in Section 6.1(d)(xii)(A) - (C) to the extent the General Partner determines such allocations are necessary to account for the Partnership's allocable share of income, gain, loss and deduction of the lower tier partnership that relate to the contributed Adjusted Property in a manner that is consistent with the purpose of this Section 6.1(d)(xii) .

(xiii) Reserved.

(xiv) *Redemption of Series A Preferred Units or Series C Preferred Units* . Notwithstanding any other provision of this Section 6.1 (other than the Regulatory Allocations), with respect to any taxable period during which Series A Preferred Units are redeemed pursuant to the terms of Section 5.12(b)(viii)(F) or Series C Preferred Units are redeemed pursuant to the terms of Section 5.14(b)(viii)(F) , each Partner holding redeemed Series A Preferred Units or Series C Preferred Units shall, to the extent necessary after the allocation of Unrealized Gain and Unrealized Loss pursuant to Section 5.5(d)(ii) , be allocated items of income, gain, loss and deduction in a manner that results in the Capital Account balance of each such Partner attributable to its redeemed Series A Preferred Units or Series C Preferred Units, as appropriate, immediately prior to such redemption (and after taking into account any applicable Regulatory Allocations) to equal (i) the amount of cash paid to such Partner in redemption of such Series A Preferred Units or Series C Preferred Units, as appropriate, and (ii) the product of the number of Common Units received in the redemption and the Per Unit Capital Amount for a then Outstanding Common Unit.

Section 6.2 Allocations for Tax Purposes .

(a) Except as otherwise provided herein, for federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Section 6.1 .

(b) In an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss, depreciation, amortization and cost recovery

deductions shall be allocated for federal income tax purposes among the Partners in the manner provided under Section 704(c) of the Code, and the Treasury Regulations promulgated under Section 704 (b) and 704(c) of the Code, as determined appropriate by the General Partner (taking into account the General Partner's discretion under Section 6.1(d)(x)(D)); *provided* , that the General Partner shall apply the principles of Treasury Regulation Section 1.704-3(d) in all events.

(c) The General Partner may determine to depreciate or amortize the portion of an adjustment under Section 743(b) of the Code attributable to unrealized appreciation in any Adjusted Property (to the extent of the unamortized Book-Tax Disparity) using a predetermined rate derived from the depreciation or amortization method and useful life applied to the Unamortized Book-Tax Disparity of such property, despite any inconsistency of such approach with Treasury Regulation Section 1.167(c)-l(a)(6) or any successor regulations thereto. If the General Partner determines that such reporting position cannot reasonably be taken, the General Partner may adopt depreciation and amortization conventions under which all purchasers acquiring Limited Partner Interests in the same month would receive depreciation and amortization deductions, based upon the same applicable rate as if they had purchased a direct interest in the Partnership's property. If the General Partner chooses not to utilize such aggregate method, the General Partner may use any other depreciation and amortization conventions to preserve the uniformity of the intrinsic tax characteristics of any Limited Partner Interests, so long as such conventions would not have a material adverse effect on the Limited Partners or the Record Holders of any class or classes of Limited Partner Interests.

(d) In accordance with Treasury Regulation Sections 1.1245-1(e) and 1.1250-1(f), any gain allocated to the Partners upon the sale or other taxable disposition of any Partnership asset shall, to the extent possible, after taking into account other required allocations of gain pursuant to this Section 6.2 , be characterized as Recapture Income in the same proportions and to the same extent as such Partners (or their predecessors in interest) have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

(e) In accordance with Treasury Regulation Sections 1.704-1(b)(2)(iv)(s) and 1.704-1(b)(4)(x), if Capital Account balances are reallocated among Partners in accordance with Section 5.5(d)(iii) , beginning with the year of reallocation and continuing until the allocations required are fully taken into account, the Partnership will make corrective allocations to take into account the Capital Account reallocation.

(f) All items of income, gain, loss, deduction and credit recognized by the Partnership for federal income tax purposes and allocated to the Partners in accordance with the provisions hereof shall be determined without regard to any election under Section 754 of the Code that may be made by the Partnership; *provided, however* , that such allocations, once made, shall be adjusted (in the manner determined by the General Partner) to take into account those adjustments permitted or required by Sections 734 and 743 of the Code.

(g) Each item of Partnership income, gain, loss and deduction, for federal income tax purposes, shall be determined for each taxable period and prorated on a monthly basis and shall be allocated to the Partners as of the opening of the National Securities Exchange on which the Partnership Interests are listed or admitted to trading on the first Business Day of each month;

provided, however , that gain or loss on a sale or other disposition of any assets of the Partnership or any other extraordinary item of income or loss realized and recognized other than in the ordinary course of business, as determined by the General Partner, shall be allocated to the Partners as of the opening of the National Securities Exchange on which the Partnership Interests are listed or admitted to trading on the first Business Day of the month in which such gain or loss is recognized for federal income tax purposes. The General Partner may revise, alter or otherwise modify such methods of allocation to the extent permitted or required by Section 706 of the Code and the regulations or rulings promulgated thereunder.

(h) Allocations that would otherwise be made to a Limited Partner under the provisions of this Article VI shall instead be made to the beneficial owner of Limited Partner Interests held by a nominee in any case in which the nominee has furnished the identity of such owner to the Partnership in accordance with Section 6031(c) of the Code or any other method determined by the General Partner.

Section 6.3 Requirement and Characterization of Distributions; Distributions to Record Holders .

(a) Except as described in Section 6.3(b) or Section 6.3(c) , within 45 days following the end of each Quarter, an amount equal to 100% of Available Cash with respect to such Quarter shall be distributed in accordance with this Article VI by the Partnership to the Partners as of the Record Date selected by the General Partner. All amounts of Available Cash distributed by the Partnership on any date following the IPO Closing Date from any source shall be deemed to be Operating Surplus until the sum of all amounts of Available Cash distributed by the Partnership to the Partners following the IPO Closing Date pursuant to Section 6.4(b) equals the Operating Surplus from the IPO Closing Date through the close of the immediately preceding Quarter. Any remaining amounts of Available Cash distributed by the Partnership on such date shall, except as otherwise provided in Section 6.5 , be deemed to be "Capital Surplus." Notwithstanding any other provision of this Agreement, all distributions required to be made under this Agreement or otherwise made by the Partnership shall be made subject to Sections 17-607 and 17-804 of the Delaware Act. Notwithstanding any provision to the contrary contained in this Agreement, the Partnership shall not be required to make a distribution to any Partner on account of its interest in the Partnership if such distribution would violate the Delaware Act or any other applicable law.

(b) Notwithstanding Section 6.3(a) , in the event of the dissolution and liquidation of the Partnership, all cash received during or after the Quarter in which the Liquidation Date occurs, other than from Working Capital Borrowings, shall be applied and distributed solely in accordance with, and subject to the terms and conditions of, Section 12.4 .

(c) The General Partner may treat taxes paid by the Partnership on behalf of, or amounts withheld with respect to, all or less than all of the Partners, as a distribution of Available Cash to such Partners.

(d) Each distribution in respect of a Partnership Interest shall be paid by the Partnership, directly or through the Transfer Agent or through any other Person or agent, only to the Record Holder of such Partnership Interest as of the Record Date set for such distribution. Such payment

shall constitute full payment and satisfaction of the Partnership's liability in respect of such payment, regardless of any claim of any Person who may have an interest in such payment by reason of an assignment or otherwise.

Section 6.4 Distributions of Available Cash from Operating Surplus .

(a) Reserved.

(b) Available Cash with respect to any Quarter that is deemed to be Operating Surplus pursuant to the provisions of Section 6.3 or Section 6.5 shall, subject to Section 17-607 of the Delaware Act, be distributed as follows, except as otherwise contemplated by Section 5.6 in respect of other Partnership Interests or other securities issued pursuant thereto:

(i) *First* , (x) to the General Partner in accordance with its Percentage Interest and (y) to the Unitholders holding Common Units, Pro Rata, a percentage equal to 100% less the General Partner's Percentage Interest until there has been distributed in respect of each Common Unit then Outstanding an amount equal to the Minimum Quarterly Distribution for such Quarter;

(ii) *Second* , (x) to the General Partner in accordance with its Percentage Interest and (y) to the Unitholders holding Common Units, Pro Rata, a percentage equal to 100% less the General Partner's Percentage Interest until there has been distributed in respect of each Common Unit then Outstanding an amount equal to the Cumulative Common Unit Arrearage existing with respect to such Common Unit; and

(iii) Thereafter, (A) to the General Partner in accordance with its Percentage Interest; (B) 48% to the holders of the Incentive Distribution Rights, Pro Rata; and (C) to all Unitholders holding Common Units, Pro Rata, a percentage equal to 100% less the sum of the percentages applicable to subclauses (A) and (B) of this clause (iii);

provided, however , that if the Minimum Quarterly Distribution has been reduced to zero pursuant to the second sentence of Section 6.6(a) , the distribution of Available Cash that is deemed to be Operating Surplus with respect to any Quarter will be made solely in accordance with Section 6.4(b)(iii) .

Section 6.5 Distributions of Available Cash from Capital Surplus .

Available Cash with respect to any Quarter ending on or after the IPO Closing Date that is deemed to be Capital Surplus pursuant to the provisions of Section 6.3(a) shall, subject to Section 17-607 of the Delaware Act, be distributed, unless the provisions of Section 6.3 require otherwise, 100% to the General Partner and the Unitholders, Pro Rata, until the Minimum Quarterly Distribution has been reduced to zero pursuant to the second sentence of Section 6.6(a) . Available Cash that is deemed to be Capital Surplus shall then be distributed (a) to the General Partner in accordance with its Percentage Interest and (b) to all Unitholders holding Common Units, Pro Rata, a percentage equal to 100% less the General Partner's Percentage Interest, until there has been distributed in respect of each Common Unit then Outstanding an amount equal to the Cumulative Common Unit

Arrearage. Thereafter, all Available Cash shall be distributed as if it were Operating Surplus and shall be distributed in accordance with Section 6.4 .

Section 6.6 Adjustment of Minimum Quarterly Distribution .

(a) The Minimum Quarterly Distribution, Common Unit Arrearages and Cumulative Common Unit Arrearages shall be proportionately adjusted in the event of any distribution, combination or subdivision (whether effected by a distribution payable in Units or otherwise) of Units or other Partnership Interests. In the event of a distribution of Available Cash that is deemed to be from Capital Surplus, the then applicable Minimum Quarterly Distribution shall be reduced in the same proportion that the distribution had to the fair market value of the Common Units immediately prior to the announcement of the distribution. If the Common Units are publicly traded on a National Securities Exchange, the fair market value will be the Current Market Price before the ex-dividend date. If the Common Units are not publicly traded, the fair market value will be determined by the Board of Directors.

(b) The Minimum Quarterly Distribution shall also be subject to adjustment pursuant to Section 5.11 and Section 6.9 .

Section 6.7 Reserved .

Section 6.8 Special Provisions Relating to the Holders of Incentive Distribution Rights .

(a) Notwithstanding anything to the contrary set forth in this Agreement, the holders of the Incentive Distribution Rights (i) shall (A) possess the rights and obligations provided in this Agreement with respect to a Limited Partner pursuant to Article III and Article VII and (B) have a Capital Account as a Partner pursuant to Section 5.5 and all other provisions related thereto and (ii) shall not (A) be entitled to vote on any matters requiring the approval or vote of the holders of Outstanding Units, except as provided by law or contemplated by Section 11.2 , (B) be entitled to any distributions other than as provided in Section 6.4(b)(ii) and Section 12.4 or (C) be allocated items of income, gain, loss or deduction other than as specified in this Article VI .

(b) The Unitholder holding Common Units that have resulted from the conversion of Incentive Distribution Rights pursuant to Section 5.11 shall not be issued a Common Unit Certificate pursuant to Section 4.1 if the Common Units are evidenced by Certificates, and shall not be permitted to transfer such Common Unit to a Person that is not an Affiliate of the holder until such time as the General Partner determines, based on advice of counsel, that each such Common Unit should have, as a substantive matter, like intrinsic economic and U.S. federal income tax characteristics, in all material respects, to the intrinsic economic and U.S. federal income tax characteristics of an IPO Common Unit. In connection with the condition imposed by this Section 6.8(b) , the General Partner may take whatever steps are required to provide economic uniformity to such Common Units in preparation for a transfer of such Common Units, including the application of Section 5.5(c)(ii) , Section 6.1(d)(x)(B) , or Section 6.1(d)(x)(C) ; *provided, however* , that no such steps may be taken that would have a material adverse effect on the Unitholders holding Common Units.

Section 6.9 Entity-Level Taxation .

If legislation is enacted or the official interpretation of existing legislation is modified by a governmental authority, which after giving effect to such enactment or modification, results in a Group Member becoming subject to federal, state or local or non-U.S. income or withholding taxes in excess of the amount of such taxes due from the Group Member prior to such enactment or modification (including, for the avoidance of doubt, any increase in the rate of such taxation applicable to the Group Member), then the General Partner may, in its sole discretion, reduce the Minimum Quarterly Distribution by the amount of income or withholding taxes that are payable by reason of any such new legislation or interpretation (the " ***Incremental Income Taxes*** "), or any portion thereof selected by the General Partner, in the manner provided in this Section 6.9 . If the General Partner elects to reduce the Minimum Quality Distribution for any Quarter with respect to all or a portion of any Incremental Income Taxes, the General Partner shall estimate for such Quarter the Partnership Group's aggregate liability (the " ***Estimated Incremental Quarterly Tax Amount*** ") for all (or the relevant portion of) such Incremental Income Taxes; provided that any difference between such estimate and the actual liability for Incremental Income Taxes (or the relevant portion thereof) for such Quarter may, to the extent determined by the General Partner, be taken into account in determining the Estimated Incremental Quarterly Tax Amount with respect to each Quarter in which any such difference can be determined. For each such Quarter, the Minimum Quarterly Distribution shall be the product obtained by multiplying (a) the then applicable Minimum Quarterly Distribution times (b) the quotient obtained by dividing (i) Available Cash with respect to such Quarter by (ii) the sum of Available Cash with respect to such Quarter and the Estimated Incremental Quarterly Tax Amount for such Quarter, as determined by the General Partner. For purposes of the foregoing, Available Cash with respect to a Quarter will be deemed reduced by the Estimated Incremental Quarterly Tax Amount for that Quarter.

Section 6.10 Special Provisions Relating to Series A Unitholders, Series B Unitholders, Series C Unitholders and Series D Unitholders .

(a) Subject to transfer restrictions in Section 4.8 of this Agreement, a Unitholder holding a Series A Conversion Unit, a Series C Conversion Unit, or a Series D Conversion Unit shall provide notice to the Partnership of any Transfer of the Series A Conversion Unit, the Series C Conversion Unit, or the Series D Conversion Unit, as applicable, by the earlier of (i) thirty (30) days following such Transfer and (ii) the last Business Day of the calendar year during which such transfer occurred, unless (x) the transfer is to an Affiliate of such Unitholder or (y) by virtue of the application of Section 5.5(d)(iii) , the Partnership has previously determined, based on the advice of counsel, that the Series A Conversion Unit, the Series C Conversion Unit, or the Series D Conversion Unit should have, as a substantive matter, like intrinsic economic and federal income tax characteristics of an IPO Common Unit. In connection with the condition imposed by this Section 6.10 , the Partnership shall take whatever steps are required to provide economic uniformity to the Series A Conversion Unit, the Series C Conversion Unit, or the Series D Conversion Unit in preparation for a Transfer of such Unit; *provided, however* , that no such steps may be taken that would have a material adverse effect on the Unitholders holding Common Units or Series B Units (for this purpose the allocations of income, gain, loss and deductions, and the making of any guaranteed payments or any reallocation of Capital Account balances among the Partners in accordance with Section 5.5(d)(iii) hereof and

Treasury Regulation Section 1.704-1(b)(2)(iv)(s)(4) with respect to Series A Preferred Units, Series A Conversion Units, Series C Preferred Units, Series C Conversion Units, Series D Preferred Units, or Series D Conversion Units will be deemed not to have a material adverse effect on the Unitholders holding Common Units or Series B Units).

(b) Subject to transfer restrictions in Section 4.8 of this Agreement, a Unitholder holding a Series B Conversion Unit shall provide notice to the Partnership of any Transfer of the Series B Conversion Unit by the earlier of (i) thirty (30) days following such Transfer and (ii) the last Business Day of the calendar year during which such Transfer occurred, unless (x) the Transfer is to an Affiliate of such Unitholder or (y) by virtue of the application of Section 5.5(d)(iii) and Section 6.1(d)(x) , the Partnership has previously determined, based on the advice of counsel, that the Series B Conversion Unit should have, as a substantive matter, like intrinsic economic and federal income tax characteristics of an IPO Common Unit. In connection with the condition imposed by this Section 6.10 , the Partnership shall take whatever steps are required to provide economic uniformity to the Series B Conversion Unit in preparation for a Transfer of such Unit, including those provided under Section 5.5(c)(iv) ; *provided, however* , that no such steps may be taken that would have a material adverse effect on the Unitholders holding Common Units, Series A Preferred Units, Series C Preferred or Series D Preferred Units (for this purpose the allocations of income, gain, loss and deductions, and the making of any guaranteed payments or any reallocation of Capital Account balances among the Partners in accordance with Section 5.5(d)(iii) hereof and Treasury Regulation Section 1.704-1(b)(2)(iv)(s)(4) with respect to Series B Units or Series B Conversion Units will be deemed not to have a material adverse effect on the Unitholders holding Common Units, Series A Preferred Units, Series C Preferred or Series D Preferred Units).

(c) Notwithstanding anything to the contrary set forth in this Agreement, the holders of the Series A Preferred Units (a) shall (i) possess the rights and obligations provided in this Agreement with respect to a Limited Partner pursuant to Article III and Article VII and (ii) have a Capital Account as a Partner pursuant to Section 5.5 and all other provisions related thereto and (b) shall not (i) be entitled to vote on any matters requiring the approval or vote of the holders of Outstanding Units, except as provided in Section 5.12 or (ii) be entitled to any distributions other than as provided in Section 5.12 and Article VI. Notwithstanding anything to the contrary set forth in this Agreement, the holders of the Series B Units (a) shall (i) possess the rights and obligations provided in this Agreement with respect to a Limited Partner pursuant to Article III and Article VII and (ii) have a Capital Account as a Partner pursuant to Section 5.5 and all other provisions related thereto and (b) shall not (i) be entitled to vote on any matters requiring the approval or vote of the holders of Outstanding Units, except as provided in Section 5.13 or (ii) be entitled to any distributions other than as provided in Section 5.13 , Article VI and Article XII. Notwithstanding anything to the contrary set forth in this Agreement, the holders of the Series C Preferred Units (a) shall (i) possess the rights and obligations provided in this Agreement with respect to a Limited Partner pursuant to Article III and Article VII and (ii) have a Capital Account as a Partner pursuant to Section 5.5 and all other provisions related thereto and (b) shall not (i) be entitled to vote on any matters requiring the approval or vote of the holders of Outstanding Units, except as provided in Section 5.14 or (ii) be entitled to any distributions other than as provided in Section 5.14 and Article VI. Notwithstanding anything to the contrary set forth in this Agreement, the holders of the Series D Preferred Units (a) shall (i) possess the rights and obligations provided in this Agreement with respect to a Limited Partner

pursuant to Article III and Article VII and (ii) have a Capital Account as a Partner pursuant to Section 5.5 and all other provisions related thereto and (b) shall not (i) be entitled to vote on any matters requiring the approval or vote of the holders of Outstanding Units, except as provided in Section 5.15 or (ii) be entitled to any distributions other than as provided in Section 5.15 and Article VI.

ARTICLE VII
MANAGEMENT AND OPERATION OF BUSINESS

Section 7.1 Management .

(a) The General Partner shall conduct, direct and manage all activities of the Partnership. Except as otherwise expressly provided in this Agreement, but without limitation on the ability of the General Partner to delegate its rights and powers to other Persons, all management powers over the business and affairs of the Partnership shall be exclusively vested in the General Partner, and no Limited Partner shall have any management power over the business and affairs of the Partnership. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or that are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Section 7.3 , shall have full power and authority to do all things and on such terms as it determines to be necessary or appropriate to conduct the business of the Partnership, to exercise all powers set forth in Section 2.5 and to effectuate the purposes set forth in Section 2.4 , including the following:

(i) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness, including indebtedness that is convertible or exchangeable into Partnership Interests, and the incurring of any other obligations;

(ii) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership;

(iii) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Partnership or the merger or other combination of the Partnership with or into another Person (the matters described in this clause (iii) being subject, however, to any prior approval that may be required by Section 7.3 and Article XIV);

(iv) the use of the assets of the Partnership (including cash on hand) for any purpose consistent with the terms of this Agreement, including the financing of the conduct of the operations of the Partnership Group; subject to Section 7.6(a) , the lending of funds to other Persons (including other Group Members); the repayment or guarantee of obligations of any Group Member; and the making of capital contributions to any Group Member;

(v) the negotiation, execution and performance of any contracts, conveyances or other instruments (including instruments that limit the liability of the Partnership under contractual arrangements to all or particular assets of the Partnership, with the other party

to the contract to have no recourse against the General Partner or its assets other than its interest in the Partnership, even if the same results in the terms of the transaction being less favorable to the Partnership than would otherwise be the case);

(vi) the distribution of Partnership cash;

(vii) the selection, employment, retention and dismissal of employees (including employees having titles such as "president," "vice president," "secretary" and "treasurer") and agents, outside attorneys, accountants, consultants and contractors of the General Partner or the Partnership Group and the determination of their compensation and other terms of employment or hiring;

(viii) the maintenance of insurance for the benefit of the Partnership Group, the Partners and Indemnitees;

(ix) the formation of, or acquisition of an interest in, and the contribution of property and the making of loans to, any further limited or general partnerships, joint ventures, corporations, limited liability companies or other Persons (including the acquisition of interests in, and the contributions of property to, any Group Member from time to time) subject to the restrictions set forth in Section 2.4 ;

(x) the control of any matters affecting the rights and obligations of the Partnership, including the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation, arbitration or mediation and the incurring of legal expense and the settlement of claims and litigation;

(xi) the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(xii) the entering into of listing agreements with any National Securities Exchange and the delisting of some or all of the Limited Partner Interests from, or requesting that trading be suspended on, any such exchange (subject to any prior approval that may be required under Section 4.8);

(xiii) the purchase, sale or other acquisition or disposition of Partnership Interests, or the issuance of options, rights, warrants, appreciation rights, tracking and phantom interests or other economic interests in the Partnership or relating to Partnership Interests;

(xiv) the undertaking of any action in connection with the Partnership's participation in any Group Member Agreement; and

(xv) the entering into of agreements with any of its Affiliates to render services to a Group Member or to itself in the discharge of its duties as General Partner of the Partnership.

(b) Notwithstanding any other provision of this Agreement, any Group Member Agreement, the Delaware Act or any applicable law, rule or regulation, each of the Partners and

each other Person who may acquire an interest in Partnership Interests or in the Partnership or is otherwise bound by this Agreement hereby (i) approves, ratifies and confirms the execution, delivery and performance by the parties thereto of this Agreement and the Contribution Agreement and the consummation of the transactions contemplated hereby and thereby; (ii) agrees that the General Partner (on its own or on behalf of the Partnership) is authorized to execute, deliver and perform the agreements referred to in clause (i) of this sentence and the other agreements, acts, transactions and matters described in or contemplated by the agreements referred to in clause (i) of this sentence on behalf of the Partnership without any further act, approval or vote of the Partners or the other Persons who may acquire an interest in Partnership Interests or is otherwise bound by this Agreement; and (iii) agrees that the execution, delivery or performance by the General Partner, any Group Member or any Affiliate of any of them of this Agreement or any agreement authorized or permitted under this Agreement (including the exercise by the General Partner or any Affiliate of the General Partner of the rights accorded pursuant to Article XV) shall not constitute a breach by the General Partner of any duty that the General Partner may owe the Partnership or the Limited Partners or any other Persons under this Agreement (or any other agreements) or of any duty existing at law, in equity or otherwise.

Section 7.2 Certificate of Limited Partnership .

The General Partner has caused the Certificate of Limited Partnership to be filed with the Secretary of State of the State of Delaware as required by the Delaware Act. The General Partner shall use all reasonable efforts to cause to be filed such other certificates or documents that the General Partner determines to be necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware or any other state in which the Partnership may elect to do business or own property. To the extent the General Partner determines such action to be necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate of Limited Partnership and do all things to maintain the Partnership as a limited partnership (or a partnership or other entity in which the limited partners have limited liability) under the laws of the State of Delaware or of any other state in which the Partnership may elect to do business or own property. Subject to the terms of Section 3.4(a) , the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate of Limited Partnership, any qualification document or any amendment thereto to any Limited Partner.

Section 7.3 Restrictions on the General Partner's Authority .

(a) Except as provided in Article XII and Article XIV , the General Partner may not sell, exchange or otherwise dispose of all or substantially all of the assets of the Partnership Group, taken as a whole, in a single transaction or a series of related transactions without the approval of a Unit Majority; *provided, however* , that this provision shall not preclude or limit the General Partner's ability to mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the assets of the Partnership Group and shall not apply to any forced sale of any or all of the assets of the Partnership Group pursuant to the foreclosure of, or other realization upon, any such encumbrance.

(b) Notwithstanding any other provisions of this Agreement, the General Partner shall not, without the prior written consent of the Series A Preferred Unit Partner, for so long as the Series A Preferred Unit Partner holds at least 50% of the Units held by the Series A Preferred Unit Partner immediately following the closing of transactions contemplated by the Contribution Agreement (with respect to Series A Preferred Units, calculated on an as-converted basis and including any Series A Conversion Units), the Series C Preferred Unit Partner, for so long as the Series C Preferred Unit Partner holds at least 50% of the Units held by the Series C Preferred Unit Partner immediately following the closing of transactions contemplated by the Series C Unit Purchase Agreement (with respect to Series C Preferred Units, calculated on an as-converted basis and including any Series C Conversion Units), and the Series D Preferred Unit Partner, for so long as the Series D Preferred Unit Partner holds at least 50% of the Units held by the Series D Preferred Unit Partner immediately following the closing of transactions contemplated by the Series D Unit Purchase Agreement (with respect to Series D Preferred Units, calculated on an as-converted basis and including any Series D Conversion Units):

(i) cause or permit the Partnership or any Group Member to invest in, or dispose of, the equity securities or debt securities of any Person or otherwise acquire or dispose of any interest in any Person, to acquire or dispose of interest in any joint venture or partnership or any similar arrangement with any Person, or to acquire or dispose of assets of any Person, or to make any capital expenditure (other than Maintenance Capital Expenditures), or to make any loan or advance to any Person if the total consideration (including cash, equity issued and debt assumed) paid or payable, or received or receivable, by the Partnership or any Group Member exceeds $15,000,000 in any one or series of related transactions or in the aggregate within the Partnership Group exceeds $50,000,000 in any twelve-month period;

(ii) cause or permit the Partnership or any Group Member to (i) incur, create or guarantee any Indebtedness which exceeds (x) $75,000,000 in any one or series of related transactions to the extent the proceeds of such financing are used to refinance existing Indebtedness, or (y) $25,000,000 in any twelve-month period to the extent such Indebtedness increases the aggregate Indebtedness of the Partnership Group, taken as a whole, or (ii) incur, create or guarantee any Indebtedness with a yield to maturity exceeding ten percent (10)%;

(iii) authorize or permit the purchase, redemption or other acquisition of Partnership Interests (or any options, rights, warrants or appreciation rights relating to the Partnership Interests) by any Group Member;

(iv) select or dismiss, or enter into any employment agreement or amendment of any employment agreement of, the Chief Executive Officer and the Chief Financial Officer of the Partnership or the Operating Company;

(v) enter into any agreement or effect any transaction between the Partnership or any Group Member, on the one hand, and any Affiliate of the Partnership or the General Partner, on the other hand, other than any transaction in the ordinary course of business and determined by the Board of Directors to be on an arm’s length basis; or

(vi) cause or permit the Partnership or any Group Member to enter into any agreement or make any commitment to do any of the foregoing.

Section 7.4 Reimbursement of the General Partner .

(a) Except as provided in this Section 7.4 and elsewhere in this Agreement, the General Partner shall not be compensated for its services as a general partner or managing member of any Group Member.

(b) The General Partner shall be reimbursed on a monthly basis, or such other basis as the General Partner may determine, for (i) all direct and indirect expenses it incurs or payments it makes on behalf of the Partnership Group (including salary, bonus, incentive compensation, employment benefits and other amounts paid to any Person, including Affiliates of the General Partner to perform services for the Partnership Group or for the General Partner in the discharge of its duties to the Partnership Group), and (ii) all other expenses allocable to the Partnership Group or otherwise incurred by the General Partner in connection with operating the Partnership Group's business (including expenses allocated to the General Partner by its Affiliates). The General Partner shall determine the expenses that are allocable to the General Partner or the Partnership Group. Reimbursements pursuant to this Section 7.4 shall be in addition to any reimbursement to the General Partner as a result of indemnification pursuant to Section 7.7 . Any allocation of expenses to the Partnership by Affiliates of the General Partner in a manner consistent with then-applicable accounting and allocation methodologies generally permitted by FERC for rate-making purposes (or in the absence of then-applicable methodologies permitted by FERC, consistent with the most-recently applicable methodologies) and past business practices shall be deemed to be fair and reasonable to the Partnership.

(c) The General Partner, without the approval of the Limited Partners (who shall have no right to vote in respect thereof), may propose and adopt on behalf of the Partnership benefit plans, programs and practices (including the Long Term Incentive Plan and other plans, programs and practices involving the issuance of Partnership Interests or options to purchase or rights, warrants or appreciation rights or phantom or tracking interests or other economic interests in the Partnership or relating to Partnership Interests), or cause the Partnership to issue Partnership Interests or other securities in connection with, or pursuant to, any benefit plan, program or practice maintained or sponsored by the General Partner or any of its Affiliates in each case for the benefit of employees, officers and directors of the General Partner or any of its Affiliates, in respect of services performed, directly or indirectly, for the benefit of the Partnership Group. The Partnership agrees to issue and sell to the General Partner or any of its Affiliates any Partnership Interests or other securities that the General Partner or such Affiliates are obligated to provide to any employees, officers and directors pursuant to any such benefit plans, programs or practices. Expenses incurred by the General Partner in connection with any such plans, programs and practices (including the net cost to the General Partner or such Affiliates of Partnership Interests or other securities purchased by the General Partner or such Affiliates, from the Partnership or otherwise, to fulfill options or awards under such plans, programs and practices) shall be reimbursed in accordance with Section 7.4(b) . Any and all obligations of the General Partner under any benefit plans, programs or practices adopted by the General Partner as permitted by this Section 7.4(c) shall constitute obligations of the General

Partner hereunder and shall be assumed by any successor General Partner approved pursuant to Section 11.1 or Section 11.2 or the transferee of or successor to all of the General Partner's General Partner Interest pursuant to Section 4.6 .

(d) The General Partner and its Affiliates may charge any member of the Partnership Group a management fee to the extent necessary to allow the Partnership Group to reduce the amount of any state franchise or income tax or any tax based upon the revenues or gross margin of any member of the Partnership Group if the tax benefit produced by the payment of such management fee or fees exceeds the amount of such fee or fees.

Section 7.5 Outside Activities .

(a) The General Partner, for so long as it is the General Partner of the Partnership (i) agrees that its sole business will be to act as a general partner or managing member, as the case may be, of the Partnership and any other partnership or limited liability company of which the Partnership is, directly or indirectly, a partner or member and to undertake activities that are ancillary or related thereto (including being a Limited Partner in the Partnership) and (ii) shall not engage in any business or activity or incur any debts or liabilities except in connection with or incidental to (A) its performance as general partner or managing member, if any, of one or more Group Members or as described in or contemplated by the Registration Statement, (B) the acquiring, owning or disposing of debt securities or equity interests in any Group Member or (C) the guarantee of, and mortgage, pledge, or encumbrance of any or all of its assets in connection with, any indebtedness of any Affiliate of the General Partner.

(b) Each Unrestricted Person (other than the General Partner) shall have the right to engage in businesses of every type and description and other activities for profit and to engage in and possess an interest in other business ventures of any and every type or description, whether in businesses engaged in or anticipated to be engaged in by any Group Member, independently or with others, including business interests and activities in direct competition with the business and activities of any Group Member, and none of the same shall constitute a breach of this Agreement or any duty otherwise existing at law, in equity or otherwise, to any Group Member or any Partner. None of any Group Member, any Limited Partner or any other Person shall have any rights by virtue of this Agreement, any Group Member Agreement, or the partnership relationship established hereby in any business ventures of any Unrestricted Person.

(c) Subject to the terms of Section 7.5(a) and Section 7.5(b) , but otherwise notwithstanding anything to the contrary in this Agreement, (i) the engaging in competitive activities by any Unrestricted Person (other than the General Partner) in accordance with the provisions of this Section 7.5 is hereby approved by the Partnership and all Partners, (ii) it shall be deemed not to be a breach of any fiduciary duty or any other obligation of any type whatsoever of the General Partner or any other Unrestricted Person for the Unrestricted Persons (other than the General Partner) to engage in such business interests and activities in preference to or to the exclusion of the Partnership and (iii) the Unrestricted Persons shall have no obligation hereunder or as a result of any duty otherwise existing at law, in equity or otherwise, to present business opportunities to the Partnership. Notwithstanding anything to the contrary in this Agreement, the doctrine of corporate opportunity, or any analogous doctrine, shall not apply to any Unrestricted Person (including the

General Partner). No Unrestricted Person (including the General Partner) who acquires knowledge of a potential transaction, agreement, arrangement or other matter that may be an opportunity for the Partnership, shall have any duty to communicate or offer such opportunity to the Partnership, and such Unrestricted Person (including the General Partner) shall not be liable to the Partnership, to any Limited Partner or any other Person bound by this Agreement for breach of any fiduciary or other duty by reason of the fact that such Unrestricted Person (including the General Partner) pursues or acquires for itself, directs such opportunity to another Person or does not communicate such opportunity or information to the Partnership; provided such Unrestricted Person does not engage in such business or activity as a result of or using confidential or proprietary information provided by or on behalf of the Partnership to such Unrestricted Person.

(d) The General Partner and each of its Affiliates may acquire Units or other Partnership Interests in addition to those acquired on the IPO Closing Date and, except as otherwise provided in this Agreement, shall be entitled to exercise, at their option, all rights relating to all Units or other Partnership Interests acquired by them. The term "Affiliates" when used in this Section 7.5(d) with respect to the General Partner shall not include any Group Member.

(e) Notwithstanding anything to the contrary in this Agreement, to the extent that any provision of this Agreement purports or is interpreted to have the effect of restricting or eliminating the fiduciary duties that might otherwise, as a result of Delaware or other applicable law, be owed by the General Partner to the Partnership and its Limited Partners, or to constitute a waiver or consent by the Limited Partners to any such restriction or elimination, such provisions shall be deemed to have been approved by the Partners.

Section 7.6 Loans from the General Partner; Loans or Contributions from the Partnership or Group Members .

(a) The General Partner or any of its Affiliates may, but shall be under no obligation to, lend to any Group Member, and any Group Member may, but shall be under no obligation to, borrow from the General Partner or any of its Affiliates, funds needed or desired by the Group Member for such periods of time and in such amounts as the General Partner may determine; *provided, however* , that, in any such case the lending party may not charge the borrowing party interest at a rate greater than the rate that would be charged the borrowing party, or impose terms less favorable to the borrowing party than would be charged or imposed on the borrowing party, by unrelated lenders on comparable loans made on an arm's-length basis (without reference to the lending party's financial abilities or guarantees), all as determined by the General Partner. The borrowing party shall reimburse the lending party for any costs (other than any additional interest costs) incurred by the lending party in connection with the borrowing of such funds. For purposes of this Section 7.6(a) and Section 7.6(b) , the term " ***Group Member*** " shall include any Affiliate of a Group Member that is controlled by the Group Member.

(b) The Partnership may lend or contribute to any Group Member, and any Group Member may borrow from the Partnership, funds on terms and conditions determined by the General Partner. No Group Member may lend funds to the General Partner or any of its Affiliates (other than another Group Member).

(c) No borrowing by any Group Member or the approval thereof by the General Partner shall be deemed to constitute a breach of any duty hereunder or otherwise existing at law, in equity or otherwise, of the General Partner or its Affiliates to the Partnership or the Limited Partners existing hereunder, or existing at law, in equity or otherwise by reason of the fact that the purpose or effect of such borrowing is directly or indirectly to enable distributions to the General Partner or its Affiliates (including in their capacities as Limited Partners) to exceed the General Partner's Percentage Interest of the total amount distributed to all Partners.

Section 7.7 Indemnification .

(a) To the fullest extent permitted by law but subject to the limitations expressly provided in this Agreement, all Indemnitees shall be indemnified and held harmless by the Partnership from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all threatened pending or completed claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, and whether formal or informal and including appeals, in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as an Indemnitee and acting (or refraining to act) in such capacity; *provided* , that the Indemnitee shall not be indemnified and held harmless pursuant to this Agreement if there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter for which the Indemnitee is seeking indemnification pursuant to this Agreement, the Indemnitee acted in bad faith or engaged in fraud, willful misconduct or, in the case of a criminal matter, acted with knowledge that the Indemnitee's conduct was unlawful. Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership, it being agreed that the General Partner shall not be personally liable for such indemnification and shall have no obligation to contribute or loan any monies or property to the Partnership to enable it to effectuate such indemnification.

(b) To the fullest extent permitted by law, expenses (including legal fees and expenses) incurred by an Indemnitee who is indemnified pursuant to Section 7.7(a) in appearing at, participating in or defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Partnership prior to a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter for which the Indemnitee is seeking indemnification pursuant to this Section 7.7 , the Indemnitee is not entitled to be indemnified upon receipt by the Partnership of any undertaking by or on behalf of the Indemnitee to repay such amount if it shall be ultimately determined that the Indemnitee is not entitled to be indemnified as authorized by this Section 7.7 .

(c) The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, pursuant to any vote of the holders of Outstanding Limited Partner Interests, as a matter of law, in equity or otherwise, both as to actions in the Indemnitee's capacity as an Indemnitee and as to actions in any other capacity, and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee.

(d) The Partnership may purchase and maintain (or reimburse the General Partner or its Affiliates for the cost of) insurance, on behalf of the General Partner, its Affiliates, the Indemnitees and such other Persons as the General Partner shall determine, against any liability that may be asserted against, or expense that may be incurred by, such Person in connection with the Partnership's activities or such Person's activities on behalf of the Partnership, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) For purposes of this Section 7.7, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute "fines" within the meaning of Section 7.7(a); and action taken or omitted by it with respect to any employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the best interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose that is in the best interests of the Partnership.

(f) In no event may an Indemnitee subject the Limited Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 7.7 are for the benefit of the Indemnitees and their heirs, successors, assigns, executors and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(i) No amendment, modification or repeal of this Section 7.7 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitee to be indemnified by the Partnership, nor the obligations of the Partnership to indemnify any such Indemnitee under and in accordance with the provisions of this Section 7.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 7.8 Liability of Indemnitees .

(a) Notwithstanding anything to the contrary set forth in this Agreement, no Indemnitee shall be liable for monetary damages to the Partnership, the Partners or any other Persons who have acquired interests in the Partnership Interests, for losses sustained or liabilities incurred as a result of any act or omission of an Indemnitee unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter in question, the Indemnitee acted in bad faith or engaged in fraud, willful misconduct or, in the case of a criminal matter, acted with knowledge that the Indemnitee's conduct was criminal.

(b) Subject to its obligations and duties as General Partner set forth in Section 7.1(a) , the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents, and the General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by the General Partner in good faith.

(c) To the extent that, at law or in equity, an Indemnitee has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or to the Partners, the General Partner and any other Indemnitee acting in connection with the Partnership's business or affairs shall not be liable to the Partnership or to any Partner for its good faith reliance on the provisions of this Agreement.

(d) Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability of the Indemnitees under this Section 7.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 7.9 Resolution of Conflicts of Interest; Standards of Conduct and Modification of Duties .

(a) Unless otherwise expressly provided in this Agreement or any Group Member Agreement, whenever a potential conflict of interest exists or arises between the General Partner (in its individual capacity or its capacity as general partner, limited partner or holder of Incentive Distribution Rights) or any of its Affiliates, on the one hand, and the Partnership, any Group Member or any Partner, on the other, any resolution or course of action by the General Partner or its Affiliates in respect of such conflict of interest shall be permitted and deemed approved by all Partners, and shall not constitute a breach of this Agreement, of any Group Member Agreement, of any agreement contemplated herein or therein, or of any duty hereunder stated or implied by law or equity or otherwise, if the resolution or course of action in respect of such conflict of interest is (i) approved by Special Approval, (ii) approved by the vote of a majority of the Outstanding Common Units (excluding Common Units owned by the General Partner and its Affiliates), (iii) on terms no less favorable to the Partnership than those generally being provided to or available from unrelated third parties or (iv) fair and reasonable to the Partnership, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership). The General Partner shall be authorized but not required in connection with its resolution of such conflict of interest to seek Special Approval or Unitholder approval of such resolution, and the General Partner may also adopt a resolution or course of action that has not received Special Approval or Unitholder approval. If Special Approval is sought, then it shall be presumed that, in making its decision, the Conflicts Committee acted in good faith, and if neither Special Approval nor Unitholder approval is sought and the Board of Directors determines that the resolution or course of action taken with respect to a conflict of interest satisfies either of the standards set forth in clauses (iii) or (iv) above, then it shall be presumed that, in making its decision, the Board of Directors acted in good faith, and in any proceeding brought

by any Limited Partner or by or on behalf of such Limited Partner or any other Limited Partner or the Partnership challenging such approval, the Person bringing or prosecuting such proceeding shall have the burden of overcoming such presumption. Notwithstanding anything to the contrary in this Agreement or any duty otherwise existing at law or equity, the existence of the conflicts of interest described in the Registration Statement and any actions of the General Partner taken in connection therewith are hereby approved by all Partners and shall not constitute a breach of this Agreement or of any duty hereunder or existing at law, in equity or otherwise.

(b) Whenever the General Partner, the Board of Directors or any committee of thereof (including the Conflicts Committee), makes a determination or takes or declines to take any other action, or any of its Affiliates causes the General Partner to do so, in the General Partner's capacity as the general partner of the Partnership as opposed to in its individual capacity, whether under this Agreement, any Group Member Agreement or any other agreement contemplated hereby or otherwise, then, unless another express standard is provided for in this Agreement, the General Partner, the Board of Directors, such committee or such Affiliates causing the General Partner to do so, shall make such determination or take or decline to take such other action in good faith and shall not be subject to any other or different standards (including fiduciary standards) imposed by this Agreement, any Group Member Agreement, any other agreement contemplated hereby or under the Delaware Act or any other law, rule or regulation or at equity. In order for a determination or other action to be in "good faith" for purposes of this Agreement, the Person or Persons making such determination or taking or declining to take such other action must subjectively believe that the determination or other action is in, or not opposed to, the best interests of the Partnership.

(c) Whenever the General Partner makes a determination or takes or declines to take any other action, or any of its Affiliates causes it to do so, in its individual capacity as opposed to in its capacity as the general partner of the Partnership, whether under this Agreement, any Group Member Agreement or any other agreement contemplated hereby or otherwise, then the General Partner, or such Affiliates causing it to do so, are entitled, to the fullest extent permitted by law, to make such determination or to take or decline to take such other action free of any duty (including any fiduciary duty) or obligation whatsoever to the Partnership, any Limited Partner or any other Person bound by this Agreement, and the General Partner, or such Affiliates causing it to do so, shall not, to the fullest extent permitted by law, be required to act in good faith or pursuant to any other standard imposed by this Agreement, any Group Member Agreement, any other agreement contemplated hereby or under the Delaware Act or any other law, rule or regulation or at equity. By way of illustration and not of limitation, whenever the phrases, "at the option of the General Partner," "in its sole discretion" or some variation of those phrases, are used in this Agreement, it indicates that the General Partner is acting in its individual capacity. For the avoidance of doubt, whenever the General Partner votes or transfers its Partnership Interests, or refrains from voting or transferring its Partnership Interests, or otherwise acts in its capacity as a limited partner or holder of Partnership Interests other than the General Partner Interest, it shall be acting in its individual capacity.

(d) Notwithstanding anything to the contrary in this Agreement, the General Partner and its Affiliates shall have no duty or obligation, express or implied, to (i) sell or otherwise dispose of any asset of the Partnership Group other than in the ordinary course of business or (ii) permit any Group Member to use any facilities or assets of the General Partner and its Affiliates, except as may

be provided in contracts entered into from time to time specifically dealing with such use. Any determination by the General Partner or any of its Affiliates to enter into such contracts shall be in its sole discretion.

(e) Except as expressly set forth in this Agreement, neither the General Partner nor any other Indemnitee shall have any duties or liabilities, including fiduciary duties, to the Partnership or any Limited Partner and the provisions of this Agreement, to the extent that they restrict, eliminate or otherwise modify the duties and liabilities, including fiduciary duties, of the General Partner or any other Indemnitee otherwise existing at law or in equity, are agreed by the Partners to replace such other duties and liabilities of the General Partner or such other Indemnitee.

(f) The Limited Partners hereby authorize the General Partner, on behalf of the Partnership as a partner or member of a Group Member, to approve of actions by the general partner or managing member of such Group Member similar to those actions permitted to be taken by the General Partner pursuant to this Section 7.9 .

Section 7.10 Other Matters Concerning the General Partner .

(a) The General Partner may rely upon, and shall be protected in acting or refraining from acting upon, any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the advice or opinion (including an Opinion of Counsel) of such Persons as to matters that the General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such advice or opinion.

(c) The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers, a duly appointed attorney or attorneys-in-fact or the duly authorized officers of the Partnership or any Group Member.

Section 7.11 Purchase or Sale of Partnership Interests .

Subject to Section 5.12(b)(v) and Section 5.14(b)(v) , the General Partner may cause the Partnership to purchase or otherwise acquire Partnership Interests; provided that, except as permitted pursuant to Section 4.10 or with approval of the Conflicts Committee, the General Partner may not cause any Group Member to purchase Incentive Distribution Rights. As long as Partnership Interests are held by any Group Member, such Partnership Interests shall not be considered Outstanding for any purpose, except as otherwise provided herein. The General Partner or any Affiliate of the General Partner may also purchase or otherwise acquire and sell or otherwise dispose of Partnership Interests for its own account, subject to the provisions of Article IV and Article X .

Section 7.12 Registration Rights of the General Partner and its Affiliates .

(a) If (i) the General Partner or any Affiliate of the General Partner (including for purposes of this Section 7.12 , any Person that is an Affiliate of the General Partner at the date hereof notwithstanding that it may later cease to be an Affiliate of the General Partner, but excluding any individual who is an Affiliate of the General Partner based on such individual's status as an officer, director or employee of the General Partner or an Affiliate of the General Partner) holds Partnership Interests that it desires to sell and (ii) Rule 144 of the Securities Act (or any successor rule or regulation to Rule 144) or another exemption from registration is not available to enable such holder of Partnership Interests (the " ***Holder*** ") to dispose of the number of Partnership Interests it desires to sell at the time it desires to do so without registration under the Securities Act, then at the option and upon the request of the Holder, the Partnership shall file with the Commission as promptly as practicable after receiving such request, and use all commercially reasonable efforts to cause to become effective and remain effective for a period of not less than six months following its effective date or such shorter period as shall terminate when all Partnership Interests covered by such registration statement have been sold, a registration statement under the Securities Act registering the offering and sale of the number of Partnership Interests specified by the Holder; *provided, however* , that the Partnership shall not be required to effect more than six registrations pursuant to this Section 7.12(a) ; and *provided further* , however, that if the General Partner determines that a postponement of the requested registration would be in the best interests of the Partnership and its Partners due to a pending transaction, investigation or other event, the filing of such registration statement or the effectiveness thereof may be deferred for up to six months, but not thereafter. In connection with any registration pursuant to the immediately preceding sentence, the Partnership shall (i) promptly prepare and file (A) such documents as may be necessary to register or qualify the securities subject to such registration under the securities laws of such states as the Holder shall reasonably request; *provided, however* , that no such qualification shall be required in any jurisdiction where, as a result thereof, the Partnership would become subject to general service of process or to taxation or qualification to do business as a foreign corporation or partnership doing business in such jurisdiction solely as a result of such registration, and (B) such documents as may be necessary to apply for listing or to list the Partnership Interests subject to such registration on such National Securities Exchange as the Holder shall reasonably request, and (ii) do any and all other acts and things that may be necessary or appropriate to enable the Holder to consummate a public sale of such Partnership Interests in such states. Except as set forth in Section 7.12(c) , all costs and expenses of any such registration and offering (other than the underwriting discounts and commissions) shall be paid by the Partnership, without reimbursement by the Holder.

(b) If the Partnership shall at any time propose to file a registration statement under the Securities Act for an offering of Partnership Interests for cash (other than an offering relating solely to a benefit plan), the Partnership shall use all commercially reasonable efforts to include such number or amount of Partnership Interests held by any Holder in such registration statement as the Holder shall request; *provided* , that the Partnership is not required to make any effort or take any action to so include the Partnership Interests of the Holder once the registration statement becomes or is declared effective by the Commission, including any registration statement providing for the offering from time to time of Partnership Interests pursuant to Rule 415 of the Securities Act. If the proposed offering pursuant to this Section 7.12(b) shall be an underwritten offering, then, in the event that the managing underwriter or managing underwriters of such offering advise the Partnership and the Holder that in their opinion the inclusion of all or some of the Holder's

Partnership Interests would adversely and materially affect the timing or success of the offering, the Partnership shall include in such offering only that number or amount, if any, of Partnership Interests held by the Holder that, in the opinion of the managing underwriter or managing underwriters, will not so adversely and materially affect the offering. Except as set forth in Section 7.12(c) , all costs and expenses of any such registration and offering (other than the underwriting discounts and commissions) shall be paid by the Partnership, without reimbursement by the Holder.

(c) If underwriters are engaged in connection with any registration referred to in this Section 7.12 , the Partnership shall provide indemnification, representations, covenants, opinions and other assurance to the underwriters in form and substance reasonably satisfactory to such underwriters. Further, in addition to and not in limitation of the Partnership's obligation under Section 7.7 , the Partnership shall, to the fullest extent permitted by law, indemnify and hold harmless the Holder, its officers, directors and each Person who controls the Holder (within the meaning of the Securities Act) and any agent thereof (collectively, " ***Indemnified Persons*** ") from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which any Indemnified Person may be involved, or is threatened to be involved, as a party or otherwise, under the Securities Act or otherwise (hereinafter referred to in this Section 7.12(c) as a " *claim* " and in the plural as " *claims* ") based upon, arising out of or resulting from any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which any Partnership Interests were registered under the Securities Act or any state securities or Blue Sky laws, in any preliminary prospectus (if used prior to the effective date of such registration statement), or in any summary or final prospectus or issuer free writing prospectus or in any amendment or supplement thereto (if used during the period the Partnership is required to keep the registration statement current), or arising out of, based upon or resulting from the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading; *provided, however* , that the Partnership shall not be liable to any Indemnified Person to the extent that any such claim arises out of, is based upon or results from an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, such preliminary, summary or final prospectus or any free writing prospectus or such amendment or supplement, in reliance upon and in conformity with written information furnished to the Partnership by or on behalf of such Indemnified Person specifically for use in the preparation thereof.

(d) The provisions of Section 7.12(a) and Section 7.12(b) shall continue to be applicable with respect to the General Partner (and any of the General Partner's Affiliates) after it ceases to be a general partner of the Partnership, during a period of two years subsequent to the effective date of such cessation and for so long thereafter as is required for the Holder to sell all of the Partnership Interests with respect to which it has requested during such two-year period inclusion in a registration statement otherwise filed or that a registration statement be filed; *provided, however* , that the Partnership shall not be required to file successive registration statements covering the same Partnership Interests for which registration was demanded during such two-year period. The provisions of Section 7.12(c) shall continue in effect thereafter.

(e) The rights to cause the Partnership to register Partnership Interests pursuant to this Section 7.12 may be assigned (but only with all related obligations) by a Holder to a transferee or assignee of such Partnership Interests, provided (i) the Partnership is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the Partnership Interests with respect to which such registration rights are being assigned; and (ii) such transferee or assignee agrees in writing to be bound by and subject to the terms set forth in this Section 7.12 .

(f) Any request to register Partnership Interests pursuant to this Section 7.12 shall (i) specify the Partnership Interests intended to be offered and sold by the Person making the request, (ii) express such Person's present intent to offer such Partnership Interests for distribution, (iii) describe the nature or method of the proposed offer and sale of Partnership Interests, and (iv) contain the undertaking of such Person to provide all such information and materials and take all action as may be required in order to permit the Partnership to comply with all applicable requirements in connection with the registration of such Partnership Interests.

(g) The Partnership may enter into separate registration rights agreements with the General Partner or any of its Affiliates.

Section 7.13 Reliance by Third Parties .

Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner and any officer of the General Partner authorized by the General Partner to act on behalf of and in the name of the Partnership has full power and authority to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any authorized contracts on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner or any such officer as if it were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby waives, to the fullest extent permitted by law, any and all defenses or other remedies that may be available against such Person to contest, negate or disaffirm any action of the General Partner or any such officer in connection with any such dealing. In no event shall any Person dealing with the General Partner or any such officer or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or any such officer or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (a) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (b) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership and (c) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

ARTICLE VIII
BOOKS, RECORDS, ACCOUNTING AND REPORTS

Section 8.1 Records and Accounting .

The General Partner shall keep or cause to be kept at the principal office of the Partnership appropriate books and records with respect to the Partnership's business, including all books and records necessary to provide to the Limited Partners any information required to be provided pursuant to Section 3.4(a) . Any books and records maintained by or on behalf of the Partnership in the regular course of its business, including the record of the Record Holders of Units or other Partnership Interests, books of account and records of Partnership proceedings, may be kept on, or be in the form of, computer disks, hard drives, magnetic tape, photographs, micrographics or any other information storage device; *provided* , that the books and records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial reporting purposes, on an accrual basis in accordance with U.S. GAAP. The Partnership shall not be required to keep books maintained on a cash basis and the General Partner shall be permitted to calculate cash-based measures, including Operating Surplus and Adjusted Operating Surplus, by making such adjustments to its accrual basis books to account for non-cash items and other adjustments as the General Partner determines to be necessary or appropriate.

Section 8.2 Fiscal Year .

The fiscal year of the Partnership shall be a fiscal year ending December 31.

Section 8.3 Reports .

(a) As soon as practicable, but in no event later than 120 days after the close of each fiscal year of the Partnership, the General Partner shall cause to be mailed or made available, by any reasonable means to each Record Holder of a Unit or other Partnership Interest as of a date selected by the General Partner, an annual report containing financial statements of the Partnership for such fiscal year of the Partnership, presented in accordance with U.S. GAAP, including a balance sheet and statements of operations, Partnership equity and cash flows, such statements to be audited by a firm of independent public accountants selected by the General Partner.

(b) As soon as practicable, but in no event later than 90 days after the close of each Quarter except the last Quarter of each fiscal year, the General Partner shall cause to be mailed or made available, by any reasonable means to each Record Holder of a Unit or other Partnership Interest, as of a date selected by the General Partner, a report containing unaudited financial statements of the Partnership and such other information as may be required by applicable law, regulation or rule of any National Securities Exchange on which the Units are listed or admitted to trading, or as the General Partner determines to be necessary or appropriate.

(c) The General Partner shall be deemed to have made a report available to each Record Holder as required by this Section 8.3 if it has either (i) filed such report with the Commission via its Electronic Data Gathering, Analysis and Retrieval system, or any successor system, and such report is publicly available on such system or (ii) made such report available on any publicly available website maintained by the Partnership.

ARTICLE IX
TAX MATTERS

Section 9.1 Tax Returns and Information .

The Partnership shall timely file all returns of the Partnership that are required for federal, state and local income tax purposes on the basis of the accrual method and the taxable period or years that it is required by law to adopt, from time to time, as determined by the General Partner. In the event the Partnership is required to use a taxable period other than a year ending on December 31, the General Partner shall use reasonable efforts to change the taxable period of the Partnership to a year ending on December 31. The tax information reasonably required by Record Holders for federal, state and local income tax reporting purposes with respect to a taxable period shall be furnished to them within 90 days of the close of the calendar year in which the Partnership's taxable period ends. The classification, realization and recognition of income, gain, losses and deductions and other items shall be on the accrual method of accounting for U.S. federal income tax purposes.

Section 9.2 Tax Elections .

(a) The Partnership shall make the election under Section 754 of the Code in accordance with applicable regulations thereunder, subject to the reservation of the right to seek to revoke any such election upon the General Partner's determination that such revocation is in the best interests of the Limited Partners. Notwithstanding any other provision herein contained, for the purposes of computing the adjustments under Section 743(b) of the Code, the General Partner shall be authorized (but not required) to adopt a convention whereby the price paid by a transferee of a Limited Partner Interest will be deemed to be the lowest quoted closing price of the Limited Partner Interests on any National Securities Exchange on which such Limited Partner Interests are listed or admitted to trading during the calendar month in which such transfer is deemed to occur pursuant to Section 6.2(f) without regard to the actual price paid by such transferee.

(b) Except as otherwise provided herein, the General Partner shall determine whether the Partnership should make any other elections permitted by the Code.

Section 9.3 Tax Controversies .

Subject to the provisions hereof, the General Partner is designated as the Tax Matters Partner (as defined in the Code) and is authorized and required to represent the Partnership (at the Partnership's expense) in connection with all examinations of the Partnership's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs associated therewith. Each Partner agrees to cooperate with the General Partner and to do or refrain from doing any or all things reasonably required by the General Partner to conduct such proceedings.

Section 9.4 Withholding .

(a) The General Partner may treat taxes paid by the Partnership on behalf of, all or less than all of the Partners, either as a distribution of cash to such Partners or as a general expense of the Partnership, as determined appropriate under the circumstances by the General Partner.

(b) Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that may be required to cause the Partnership and other Group Members to comply with any withholding requirements established under the Code or any other federal, state or local law including pursuant to Sections 1441, 1442, 1445 and 1446 of the Code. To the extent that the Partnership is required or elects to withhold and pay over to any taxing authority any amount resulting from the allocation or distribution of income to any Partner (including by reason of Section 1446 of the Code), the General Partner may treat the amount withheld as a distribution of cash pursuant to Section 6.3 in the amount of such withholding from such Partner.

ARTICLE X
ADMISSION OF PARTNERS

Section 10.1 Admission of Limited Partners .

(a) The General Partner and AIM Midstream were admitted to the Partnership as Initial Limited Partners on November 4, 2009. The LTIP Partners were admitted to the Partnership as Limited Partners at various dates prior to the date hereof.

(b) A Person shall be admitted as a Limited Partner and shall become bound by the terms of this Agreement if such Person purchases or otherwise lawfully acquires any Limited Partner Interest and becomes the Record Holder of such Limited Partner Interests in accordance with the provisions of Article IV or Article V . A Person may become a Record Holder of a Limited Partner Interest without the consent or approval of any of the Partners. A Person may not become a Limited Partner without acquiring a Limited Partner Interest and until such Person is reflected on the books and records of the Partnership as the Record Holder of such Limited Partner Interest. The rights and obligations of a Person who is an Ineligible Holder shall be determined in accordance with Section 4.9 .

(c) The name and mailing address of each Record Holder shall be listed on the books and records of the Partnership maintained for such purpose by the Partnership or the Transfer Agent. The General Partner shall update the books and records of the Partnership from time to time as necessary to reflect accurately the information therein (or shall cause the Transfer Agent to do so, as applicable). A Limited Partner Interest may be represented by a Certificate, as provided in Section 4.1 .

(d) Any transfer of a Limited Partner Interest shall not entitle the transferee to share in the profits and losses, to receive distributions, to receive allocations of income, gain, loss, deduction or credit or any similar item or to any other rights to which the transferor was entitled until the transferee becomes a Limited Partner pursuant to Section 10.1(b) .

Section 10.2 Admission of Successor General Partner .

A successor General Partner approved pursuant to Section 11.1 or Section 11.2 or the transferee of or successor to all of the General Partner Interest (represented by Notional General Partner Units) pursuant to Section 4.6 who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective immediately prior to the

withdrawal or removal of the predecessor or transferring General Partner, pursuant to Section 11.1 or Section 11.2 or the transfer of the General Partner Interest (represented by Notional General Partner Units) pursuant to Section 4.6 , *provided, however* , that no such successor shall be admitted to the Partnership until compliance with the terms of Section 4.6 has occurred and such successor has executed and delivered such other documents or instruments as may be required to effect such admission. Any such successor is hereby authorized to and shall, subject to the terms hereof, carry on the business of the members of the Partnership Group without dissolution.

Section 10.3 Amendment of Agreement and Certificate of Limited Partnership .

To effect the admission to the Partnership of any Partner, the General Partner shall take all steps necessary or appropriate under the Delaware Act to amend the records of the Partnership to reflect such admission and, if necessary, to prepare as soon as practicable an amendment to this Agreement and, if required by law, the General Partner shall prepare and file an amendment to the Certificate of Limited Partnership.

ARTICLE XI
WITHDRAWAL OR REMOVAL OF PARTNERS

Section 11.1 Withdrawal of the General Partner .

(a) The General Partner shall be deemed to have withdrawn from the Partnership upon the occurrence of any one of the following events (each such event herein referred to as an " ***Event of Withdrawal*** ");

(i) The General Partner voluntarily withdraws from the Partnership by giving written notice to the other Partners;

(ii) The General Partner transfers all of its General Partner Interest pursuant to Section 4.6 ;

(iii) The General Partner is removed pursuant to Section 11.2 ;

(iv) The General Partner (A) makes a general assignment for the benefit of creditors; (B) files a voluntary bankruptcy petition for relief under Chapter 7 of the United States Bankruptcy Code; (C) files a petition or answer seeking for itself a liquidation, dissolution or similar relief (but not a reorganization) under any law; (D) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the General Partner in a proceeding of the type described in clauses (A)-(C) of this Section 11.1(a)(iv) ; or (E) seeks, consents to or acquiesces in the appointment of a trustee (but not a debtor-in-possession), receiver or liquidator of the General Partner or of all or any substantial part of its properties;

(v) A final and non-appealable order of relief under Chapter 7 of the United States Bankruptcy Code is entered by a court with appropriate jurisdiction pursuant to a voluntary or involuntary petition by or against the General Partner; or

(vi) (A) in the event the General Partner is a corporation, a certificate of dissolution or its equivalent is filed for the General Partner, or 90 days expire after the date of notice to the General Partner of revocation of its charter without a reinstatement of its charter, under the laws of its state of incorporation; (B) in the event the General Partner is a partnership or a limited liability company, the dissolution and commencement of winding up of the General Partner; (C) in the event the General Partner is acting in such capacity by virtue of being a trustee of a trust, the termination of the trust; (D) in the event the General Partner is a natural person, his death or adjudication of incompetency; and (E) otherwise in the event of the termination of the General Partner.

If an Event of Withdrawal specified in Section 11.1(a)(iv) , Section 11.1(a)(v) , Section 11.1(a)(vi)(A) , Section 11.1(a)(vi)(B) , Section 11.1(a)(vi)(C) or Section 11.1(a)(vi)(E) occurs, the withdrawing General Partner shall give notice to the Limited Partners within 30 days after such occurrence. The Partners hereby agree that only the Events of Withdrawal described in this Section 11.1 shall result in the withdrawal of the General Partner from the Partnership.

(b) Withdrawal of the General Partner from the Partnership upon the occurrence of an Event of Withdrawal shall not constitute a breach of this Agreement under the following circumstances: (i) at any time before 12:00 midnight, Central Time, on June 30, 2021, the General Partner voluntarily withdraws by giving at least 90 days' advance notice of its intention to withdraw to the Limited Partners; *provided* , that prior to the effective date of such withdrawal, the withdrawal is approved by Unitholders holding at least a majority of the Outstanding Common Units (excluding Common Units held by the General Partner and its Affiliates) and the General Partner delivers to the Partnership an Opinion of Counsel (" ***Withdrawal Opinion of Counsel*** ") that such withdrawal (following the selection of the successor General Partner) would not result in the loss of the limited liability under the Delaware Act of any Limited Partner or any Group Member or cause any Group Member to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for U.S. federal income tax purposes (to the extent not already so treated or taxed); (ii) at any time after 12:00 midnight, Central Time, on June 30, 2021, the General Partner voluntarily withdraws by giving at least 90 days' advance notice to the Unitholders, such withdrawal to take effect on the date specified in such notice; (iii) at any time that the General Partner ceases to be the General Partner pursuant to Section 11.1(a)(ii) or is removed pursuant to Section 11.2 ; or (iv) notwithstanding clause (i) of this sentence, at any time that the General Partner voluntarily withdraws by giving at least 90 days' advance notice of its intention to withdraw to the Limited Partners, such withdrawal to take effect on the date specified in the notice, if at the time such notice is given one Person and its Affiliates (other than the General Partner and its Affiliates) own beneficially or of record or control at least 50% of the Outstanding Units. The withdrawal of the General Partner from the Partnership upon the occurrence of an Event of Withdrawal shall also constitute the withdrawal of the General Partner as general partner or managing member, if any, to the extent applicable, of the other Group Members. If the General Partner gives a notice of withdrawal, the holders of a Unit Majority, may, prior to the effective date of such withdrawal, elect a successor General Partner. The Person so elected as successor General Partner shall automatically become the successor general partner or managing member, to the extent applicable, of the other Group Members of which the General Partner is a general partner or a managing member. If, prior to the effective date of the General Partner's withdrawal pursuant to Section 11.1(a)(i) , a successor is not selected by the

Unitholders as provided herein or the Partnership does not receive a Withdrawal Opinion of Counsel, the Partnership shall be dissolved in accordance with Section 12.1 unless the business of the Partnership is continued pursuant to Section 12.2 . Any successor General Partner elected in accordance with the terms of this Section 11.1 shall be subject to the provisions of Section 10.2 .

Section 11.2 Removal of the General Partner .

The General Partner may be removed if such removal is approved by (i) the Unitholders holding at least 66 2/3% of the Outstanding Units (including Units held by the General Partner and its Affiliates) voting as a single class, and (ii) prior to August 9, 2018, so long as the holders of the Incentive Distribution Rights as of August 9, 2013, together with their Affiliates, continue to own a majority of the Incentive Distribution Rights, the holders of a majority of the Incentive Distribution Rights. Any such action by such holders for removal of the General Partner must also provide for the election of a successor General Partner by (i) the Unitholders holding a majority of the Outstanding Common Units (including, in each case, Units held by the General Partner and its Affiliates), and (ii) prior to August 9, 2018, so long as the holders of the Incentive Distribution Rights as of August 9, 2013, together with their Affiliates, continue to own a majority of the Incentive Distribution Rights, the holders of a majority of the Incentive Distribution Rights. Such removal shall be effective immediately following the admission of a successor General Partner pursuant to Section 10.2 . The removal of the General Partner shall also automatically constitute the removal of the General Partner as general partner or managing member, to the extent applicable, of the other Group Members of which the General Partner is a general partner or a managing member. If a Person is elected as a successor General Partner in accordance with the terms of this Section 11.2 , such Person shall, upon admission pursuant to Section 10.2 , automatically become a successor general partner or managing member, to the extent applicable, of the other Group Members of which the General Partner is a general partner or a managing member. The right of the holders of Outstanding Units to remove the General Partner shall not exist or be exercised unless the Partnership has received an opinion opining as to the matters covered by a Withdrawal Opinion of Counsel. Any successor General Partner elected in accordance with the terms of this Section 11.2 shall be subject to the provisions of Section 10.2 .

Section 11.3 Interest of Departing General Partner and Successor General Partner .

(a) In the event of (i) withdrawal of the General Partner under circumstances where such withdrawal does not violate this Agreement or (ii) removal of the General Partner by the holders of Outstanding Units under circumstances where Cause does not exist, if the successor General Partner is elected in accordance with the terms of Section 11.1 or Section 11.2 , the Departing General Partner shall have the option, exercisable prior to the effective date of the withdrawal or removal of such Departing General Partner, to require its successor to purchase its General Partner Interest and its or its Affiliates' general partner interest (or equivalent interest), if any, in the other Group Members and all of its or its Affiliates' Incentive Distribution Rights (collectively, the " ***Combined Interest*** " in exchange for an amount in cash equal to the fair market value of such Combined Interest, such amount to be determined and payable as of the effective date of its withdrawal or removal. If the General Partner is removed by the Unitholders under circumstances where Cause exists or if

the General Partner withdraws under circumstances where such withdrawal violates this Agreement, and if a successor General Partner is elected in accordance with the terms of Section 11.1 or Section 11.2 (or if the business of the Partnership is continued pursuant to Section 11.2 and the successor General Partner is not the former General Partner), such successor shall have the option, exercisable prior to the effective date of the withdrawal or removal of such Departing General Partner (or, in the event the business of the Partnership is continued, prior to the date the business of the Partnership is continued), to purchase the Combined Interest for such fair market value of such Combined Interest. In either event, the Departing General Partner shall be entitled to receive all reimbursements due such Departing General Partner pursuant to Section 7.4 , including any employee-related liabilities (including severance liabilities), incurred in connection with the termination of any employees employed by the Departing General Partner or its Affiliates (other than any Group Member) for the benefit of the Partnership or the other Group Members.

For purposes of this Section 11.3(a) , the fair market value of the Combined Interest shall be determined by agreement between the Departing General Partner and its successor or, failing agreement within 30 days after the effective date of such Departing General Partner's withdrawal or removal, by an independent investment banking firm or other independent expert selected by the Departing General Partner and its successor, which, in turn, may rely on other experts, and the determination of which shall be conclusive as to such matter. If such parties cannot agree upon one independent investment banking firm or other independent expert within 45 days after the effective date of such withdrawal or removal, then the Departing General Partner shall designate an independent investment banking firm or other independent expert, the Departing General Partner's successor shall designate an independent investment banking firm or other independent expert, and such firms or experts shall mutually select a third independent investment banking firm or independent expert, which third independent investment banking firm or other independent expert shall determine the fair market value of the Combined Interest. In making its determination, such third independent investment banking firm or other independent expert may consider the value of the Units, including the then current trading price of Units on any National Securities Exchange on which Units are then listed or admitted to trading, the value of the Partnership's assets, the rights and obligations of the Departing General Partner, the value of the Incentive Distribution Rights and the General Partner Interest and other factors it may deem relevant.

(b) If the Combined Interest is not purchased in the manner set forth in Section 11.3(a) , the Departing General Partner (and its Affiliates, if applicable) shall become a Limited Partner and the Combined Interest shall be converted into Common Units pursuant to a valuation made by an investment banking firm or other independent expert selected pursuant to Section 11.3(a) , without reduction in such Partnership Interest (but subject to proportionate dilution by reason of the admission of its successor). Any successor General Partner shall indemnify the Departing General Partner as to all debts and liabilities of the Partnership arising on or after the date on which the Departing General Partner becomes a Limited Partner. For purposes of this Agreement, conversion of the Combined Interest to Common Units will be characterized as if the Departing General Partner (and its Affiliates, if applicable) contributed the Combined Interest to the Partnership in exchange for the newly issued Common Units.

(c) If a successor General Partner is elected in accordance with the terms Section 11.1 or Section 11.2 (or if the business of the Partnership is continued pursuant to Section 12.2 and the successor General Partner is not the former General Partner) and the option described in Section 11.3(a) is not exercised by the party entitled to do so, the successor General Partner shall, at the effective date of its admission to the Partnership, contribute to the Partnership cash in the amount equal to the product of (x) the quotient obtained by dividing (A) the Percentage Interest of the General Partner Interest of the Departing General Partner by (B) a percentage equal to 100% less the Percentage Interest of the General Partner Interest of the Departing General Partner and (y) the Net Agreed Value of the Partnership's assets on such date. In such event, such successor General Partner shall, subject to the following sentence, be entitled to its Percentage Interest of all Partnership allocations and distributions to which the Departing General Partner was entitled in respect of its General Partner Interest. In addition, the successor General Partner shall cause this Agreement to be amended to reflect that, from and after the date of such successor General Partner's admission, the successor General Partner's interest in all Partnership distributions and allocations shall be its Percentage Interest.

Section 11.4 Extinguishment of Cumulative Common Unit Arrearages .

Notwithstanding any provision of this Agreement, if the General Partner is removed as general partner of the Partnership under circumstances where Cause does not exist and Units held by the General Partner and its Affiliates are not voted in favor of such removal, (i) all Cumulative Common Unit Arrearages on the Common Units will be extinguished and (ii) the General Partner will have the right to convert its General Partner Interest (represented by Notional General Partner Units) and its Incentive Distribution Rights into Common Units or to receive cash in exchange therefor in accordance with Section 11.3 .

Section 11.5 Withdrawal of Limited Partners .

No Limited Partner shall have any right to withdraw from the Partnership; *provided, however* , that when a transferee of a Limited Partner's Limited Partner Interest becomes a Record Holder of the Limited Partner Interest so transferred, such transferring Limited Partner shall cease to be a Limited Partner with respect to the Limited Partner Interest so transferred.

ARTICLE XII
DISSOLUTION AND LIQUIDATION

Section 12.1 Dissolution .

The Partnership shall not be dissolved by the admission of Additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the removal or withdrawal of the General Partner, if a successor General Partner is elected pursuant to Section 11.1 , Section 11.2 or Section 12.2 , the Partnership shall not be dissolved and such successor General Partner is hereby authorized to, and shall, continue the business of the Partnership. Subject to Section 12.2 , the Partnership shall dissolve, and its affairs shall be wound up, upon:

(a) an Event of Withdrawal of the General Partner as provided in Section 11.1(a) , unless a successor is admitted to the Partnership pursuant to this Agreement;

(b) an election to dissolve the Partnership by the General Partner that is approved by the holders of a Unit Majority;

(c) the entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Delaware Act; or

(d) at any time there are no Limited Partners, unless the Partnership is continued without dissolution in accordance with the Delaware Act.

Section 12.2 Continuation of the Business of the Partnership After Dissolution .

Upon an Event of Withdrawal caused by (a) the withdrawal or removal of the General Partner as provided in Section 11.1(a)(i) or Section 11.1(a)(iii) and the failure of the Partners to select a successor to such Departing General Partner pursuant to Section 11.1 or Section 11.2 , then within 90 days thereafter, or (b) an event constituting an Event of Withdrawal as defined in Section 11.1(a)(iv) , Section 11.1(a)(v) or Section 11.1(a)(vi) , then, to the maximum extent permitted by law, within 180 days thereafter, the holders of a Unit Majority may elect to continue the business of the Partnership on the same terms and conditions set forth in this Agreement by appointing, effective as of the date of the Event of Withdrawal, as a successor General Partner a Person approved by the holders of a Unit Majority. Unless such an election is made within the applicable time period as set forth above, the Partnership shall conduct only activities necessary to wind up its affairs. If such an election is so made, then:

(i) the Partnership shall continue without dissolution unless earlier dissolved in accordance with this Article XII ;

(ii) if the successor General Partner is not the former General Partner, then the interest of the former General Partner shall be treated in the manner provided in Section 11.3 ; and

(iii) the successor General Partner shall be admitted to the Partnership as General Partner, effective as of the Event of Withdrawal, by agreeing in writing to be bound by this Agreement;

provided , that the right of the holders of a Unit Majority to approve a successor General Partner and to continue the business of the Partnership shall not exist and may not be exercised unless the Partnership has received an Opinion of Counsel that (x) the exercise of the right would not result in the loss of limited liability under the Delaware Act of any Limited Partner and (y) neither the Partnership nor any Group Member would be treated as an association taxable as a corporation or otherwise be taxable as an entity for U.S. federal income tax purposes upon the exercise of such right to continue (to the extent not already so treated or taxed).

Section 12.3 Liquidator .

Upon dissolution of the Partnership, the General Partner shall select one or more Persons to act as Liquidator. The Liquidator (if other than the General Partner) shall be entitled to receive such compensation for its services as may be approved by holders of at least a majority of the Outstanding Common Units. The Liquidator (if other than the General Partner) shall agree not to resign at any time without 15 days' prior notice and may be removed at any time, with or without cause, by notice of removal approved by holders of at least a majority of the Outstanding Common Units. Upon dissolution, removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all rights, powers and duties of the original Liquidator) shall within 30 days thereafter be approved by holders of at least a majority of the Outstanding Common Units. The right to approve a successor or substitute Liquidator in the manner provided herein shall be deemed to refer also to any such successor or substitute Liquidator approved in the manner herein provided. Except as expressly provided in this Article XII , the Liquidator approved in the manner provided herein shall have and may exercise, without further authorization or consent of any of the parties hereto, all of the powers conferred upon the General Partner under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers, other than the limitation on sale set forth in Section 7.3) necessary or appropriate to carry out the duties and functions of the Liquidator hereunder for and during the period of time required to complete the winding up and liquidation of the Partnership as provided for herein.

Section 12.4 Liquidation .

The Liquidator shall proceed to dispose of the assets of the Partnership, discharge its liabilities, and otherwise wind up its affairs in such manner and over such period as determined by the Liquidator, subject to Section 17-804 of the Delaware Act and the following:

(a) The assets may be disposed of by public or private sale or by distribution in kind to one or more Partners on such terms as the Liquidator and such Partner or Partners may agree. If any property is distributed in kind, the Partner receiving the property shall be deemed for purposes of Section 12.4(c) to have received cash equal to its fair market value; and contemporaneously therewith, appropriate cash distributions must be made to the other Partners. The Liquidator may defer liquidation or distribution of the Partnership's assets for a reasonable time if it determines that an immediate sale or distribution of all or some of the Partnership's assets would be impractical or would cause undue loss to the Partners. The Liquidator may distribute the Partnership's assets, in whole or in part, in kind if it determines that a sale would be impractical or would cause undue loss to the Partners.

(b) Liabilities of the Partnership include amounts owed to the Liquidator as compensation for serving in such capacity (subject to the terms of Section 12.3) and amounts to Partners otherwise than in respect of their distribution rights under Article VI . With respect to any liability that is contingent, conditional or unmatured or is otherwise not yet due and payable, the Liquidator shall either settle such claim for such amount as it thinks appropriate or establish a reserve of cash or other assets to provide for its payment. When paid, any unused portion of the reserve shall be applied as additional liquidation proceeds.

(c) All property and all cash in excess of that required to (i) discharge liabilities as provided in Section 12.4(b) , (ii) satisfy liquidation preferences of the Series A Preferred Units provided for under Section 5.12(b)(iv) , (iii) satisfy liquidation preferences of the Series C Preferred Units provided for under Section 5.14(b)(iv) , and (iv) satisfy liquidation preferences of the Series D Preferred Units provided for under Section 5.15(b)(iv) shall be distributed to the Partners (including the holder of the HPIP Equity Interest) in accordance with, and to the extent of, the positive balances in their respective Capital Accounts, as determined after taking into account all Capital Account adjustments (other than those made by reason of distributions pursuant to this Section 12.4(c)) for the taxable period of the Partnership during which the liquidation of the Partnership occurs (with such date of occurrence being determined pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(g)), and such distribution shall be made by the end of such taxable period (or, if later, within 90 days after said date of such occurrence).

Section 12.5 Cancellation of Certificate of Limited Partnership .

Upon the completion of the distribution of Partnership cash and property as provided in Section 12.4 in connection with the liquidation of the Partnership, the Certificate of Limited Partnership and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware shall be canceled and such other actions as may be necessary to terminate the Partnership shall be taken.

Section 12.6 Return of Contributions .

The General Partner shall not be personally liable for, and shall have no obligation to contribute or loan any monies or property to the Partnership to enable it to effectuate, the return of the Capital Contributions of the Limited Partners or Unitholders, or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership assets.

Section 12.7 Waiver of Partition .

To the maximum extent permitted by law, each Partner hereby waives any right to partition of the Partnership property.

Section 12.8 Capital Account Restoration .

No Limited Partner shall have any obligation to restore any negative balance in its Capital Account upon liquidation of the Partnership. The General Partner shall be obligated to restore any negative balance in its Capital Account upon liquidation of its interest in the Partnership by the end of the taxable period of the Partnership during which such liquidation o

Section 12.9 Series A Liquidation Value, Series C Liquidation Value and Series D Liquidation Value.

Notwithstanding anything to the contrary set forth in this Agreement, the holders of the Series A Preferred Units, the Series C Preferred Units and the Series D Preferred Units shall have

the rights, preferences and privileges set forth in Section 5.12(b)(iv) , Section 5.14(b)(iv) and Section 5.15(b)(iv) , respectively, upon liquidation of the Partnership pursuant to this Article XII.

ARTICLE XIII
AMENDMENT OF PARTNERSHIP AGREEMENT; MEETINGS; RECORD DATE

Section 13.1 Amendments to be Adopted Solely by the General Partner .

Except as set forth in Section 5.12(b)(v) and Section 5.14(b)(v) each Partner agrees that the General Partner, without the approval of any Partner, may amend any provision of this Agreement and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

(a) a change in the name of the Partnership, the location of the principal place of business of the Partnership, the registered agent of the Partnership or the registered office of the Partnership;

(b) the admission, substitution, withdrawal or removal of Partners in accordance with this Agreement;

(c) a change that the General Partner determines to be necessary or appropriate to qualify or continue the qualification of the Partnership as a limited partnership or a partnership in which the Limited Partners have limited liability under the laws of any state or to ensure that the Group Members will not be treated as associations taxable as corporations or otherwise taxed as entities for federal income tax purposes;

(d) a change that the General Partner determines, (i) does not adversely affect in any material respect the Limited Partners considered as a whole or any particular class of Partnership Interests as compared to other classes of Partnership Interests, (ii) to be necessary or appropriate to (A) satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute (including the Delaware Act) or (B) facilitate the trading of the Units (including the division of any class or classes of Outstanding Units into different classes to facilitate uniformity of tax consequences within such classes of Units) or comply with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are or will be listed or admitted to trading, (iii) to be necessary or appropriate in connection with action taken by the General Partner pursuant to Section 5.9 or (iv) is required to effect the intent expressed in the Registration Statement or the intent of the provisions of this Agreement or is otherwise contemplated by this Agreement;

(e) a change in the fiscal year or taxable period of the Partnership and any other changes that the General Partner determines to be necessary or appropriate as a result of a change in the fiscal year or taxable period of the Partnership including, if the General Partner shall so determine, a change in the definition of " ***Quarter*** " and the dates on which distributions are to be made by the Partnership;

(f) an amendment that is necessary, in the Opinion of Counsel, to prevent the Partnership, or the General Partner or its directors, officers, trustees or agents from in any manner being subjected to the provisions of the Investment Company Act of 1940, as amended, the Investment Advisers Act of 1940, as amended, or "plan asset" regulations adopted under the Employee Retirement Income Security Act of 1974, as amended, regardless of whether such are substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor;

(g) an amendment that the General Partner determines to be necessary or appropriate in connection with the creation, authorization or issuance of any class or series of Partnership Interests and options, rights, warrants, appreciation rights, tracking and phantom interests or other economic interests in the Partnership relating to Partnership Interests pursuant to Section 5.9 , including any amendment that the General Partner determines is necessary or appropriate in connection with (i) the adjustments of the Minimum Quarterly Distribution pursuant to the provisions of Section 5.11 , (ii) the implementation of the provisions of Section 5.11 or (iii) any modifications to the Incentive Distribution Rights made in connection with the issuance of Partnership Interests pursuant to Section 5.6 , provided that, with respect to this clause (iii), the modifications to the Incentive Distribution Rights and the related issuance of Partnership Interests have received Special Approval;

(h) any amendment expressly permitted in this Agreement to be made by the General Partner acting alone;

(i) an amendment effected, necessitated or contemplated by a Merger Agreement approved in accordance with Section 14.3 ;

(j) an amendment that the General Partner determines to be necessary or appropriate to reflect and account for the formation by the Partnership of, or investment by the Partnership in, any corporation, partnership, joint venture, limited liability company or other entity, in connection with the conduct by the Partnership of activities permitted by the terms of Section 2.4 or Section 7.1(a) ;

(k) a merger, conveyance or conversion pursuant to Section 14.3(d) ; or

(l) any other amendments substantially similar to the foregoing.

Section 13.2 Amendment Procedures .

Except as provided in Section 13.1 and Section 13.3 , all amendments to this Agreement shall be made in accordance with the requirements contained in this Section 13.2 . Amendments to this Agreement may be proposed only by the General Partner; *provided, however* , that, to the full extent permitted by law, the General Partner shall have no duty or obligation to propose or approve any amendment to this Agreement and may decline to do so free of any duty (including any fiduciary duty) or obligation whatsoever to the Partnership, any Limited Partner, or any other Person bound by this Agreement and, in declining to propose or approve an amendment, to the fullest extent permitted by law shall not be required to act in good faith or pursuant to any other standard imposed by this Agreement, any Group Member Agreement, any other agreement contemplated hereby or

under the Delaware Act or any other law, rule or regulation or at equity. A proposed amendment shall be effective upon its approval by the General Partner and, except as otherwise provided by Section 13.1 and Section 13.3 , the holders of a Unit Majority, unless a greater or different percentage is required under this Agreement. Each proposed amendment that requires the approval of the holders of a specified percentage of Outstanding Units shall be set forth in a writing that contains the text of the proposed amendment. If such an amendment is proposed, the General Partner shall seek the written approval of the requisite percentage of Outstanding Units or call a meeting of the Unitholders to consider and vote on such proposed amendment. The General Partner shall notify all Record Holders upon final adoption of any such proposed amendments. The General Partner shall be deemed to have notified all Record Holders as required by this Section 13.2 if it has either (i) filed such amendment with the Commission via its Electronic Data Gathering, Analysis and Retrieval system, or any successor system, and such amendment is publicly available on such system or (ii) made such amendment available on any publicly available website maintained by the Partnership.

Section 13.3 Amendment Requirements .

(a) Notwithstanding the provisions of Section 13.1 and Section 13.2 , no provision of this Agreement that establishes a percentage of Outstanding Units (including Units deemed owned by the General Partner) or requires a vote or approval of Partners (or a subset of the Partners) holding a specified Percentage Interest required to take any action shall be amended, altered, changed, repealed or rescinded in any respect that would have the effect of in the case of any provision of this Agreement other than Section 11.2 or Section 13.4 , reducing such percentage, unless such amendment is approved by the written consent or the affirmative vote of holders of Outstanding Units whose aggregate Outstanding Units constitute not less than the voting requirement sought to be reduced or increased, as applicable or the affirmative vote of Partners whose aggregate Percentage Interest constitutes not less than the voting requirement sought to be reduced, as applicable.

(b) Notwithstanding the provisions of Section 13.1 and Section 13.2 , no amendment to this Agreement may (i) enlarge the obligations of (including requiring any holder of a class of Partnership Interests to make additional Capital Contributions to the Partnership) any Limited Partner without its consent, unless such shall be deemed to have occurred as a result of an amendment approved pursuant to Section 13.3(c) , or (ii) enlarge the obligations of, restrict, change or modify in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable to, the General Partner or any of its Affiliates without its consent, which consent may be given or withheld at its option.

(c) Except as provided in Section 14.3 and Section 13.1 (this Section 13.3(c) being subject to the General Partner's authority to adopt amendments to this Agreement without the approval of any Partners as contemplated in Section 13.1), any amendment that would have a material adverse effect on the rights or preferences of any class of Partnership Interests in relation to other classes of Partnership Interests must be approved by the holders of not less than a majority of the Outstanding Partnership Interests of the class or series affected. If the General Partner determines an amendment does not satisfy the requirements of Section 13.1(d)(i) because it adversely affects one or more classes of Partnership Interests, as compared to other classes of

Partnership Interests, in any material respect, such amendment shall only be required to be approved by the adversely affected class or classes.

(d) Notwithstanding any other provision of this Agreement, except for amendments pursuant to Section 13.1 and except as otherwise provided by Section 14.3(b) , no amendments shall become effective without the approval of the holders of at least 90% of the Percentage Interests of all Limited Partners voting as a single class unless the Partnership obtains an Opinion of Counsel to the effect that such amendment will not affect the limited liability of any Limited Partner under applicable partnership law of the state under whose laws the Partnership is organized.

(e) Except as provided in Section 13.1 , this Section 13.3 shall only be amended with the approval of Partners (including the General Partner and its Affiliates) holding at least 90% of the Percentage Interests of all Limited Partners.

Section 13.4 Special Meetings .

All acts of Limited Partners to be taken pursuant to this Agreement shall be taken in the manner provided in this Article XIII . Special meetings of the Limited Partners may be called by the General Partner or by Limited Partners owning 20% or more of the Outstanding Units of the class or classes for which a meeting is proposed. Limited Partners shall call a special meeting by delivering to the General Partner one or more requests in writing stating that the signing Limited Partners wish to call a special meeting and indicating the general or specific purposes for which the special meeting is to be called. Within 60 days after receipt of such a call from Limited Partners or within such greater time as may be reasonably necessary for the Partnership to comply with any statutes, rules, regulations, listing agreements or similar requirements governing the holding of a meeting or the solicitation of proxies for use at such a meeting, the General Partner shall send a notice of the meeting to the Limited Partners either directly or indirectly through the Transfer Agent. A meeting shall be held at a time and place determined by the General Partner on a date not less than 10 days nor more than 60 days after the time notice of the meeting is given as provided in Section 16.1 . Limited Partners shall not vote on matters that would cause the Limited Partners to be deemed to be taking part in the management and control of the business and affairs of the Partnership so as to jeopardize the Limited Partners' limited liability under the Delaware Act or the law of any other state in which the Partnership is qualified to do business.

Section 13.5 Notice of a Meeting .

Notice of a meeting called pursuant to Section 13.4 shall be given to the Record Holders of the class or classes of Units for which a meeting is proposed in writing by mail or other means of written communication in accordance with Section 16.1 . The notice shall be deemed to have been given at the time when deposited in the mail or sent by other means of written communication.

Section 13.6 Record Date .

For purposes of determining the Limited Partners entitled to notice of or to vote at a meeting of the Limited Partners or to give approvals without a meeting as provided in Section 13.11 the General Partner may set a Record Date, which shall not be less than 10 nor more than 60 days before

(a) the date of the meeting (unless such requirement conflicts with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are listed or admitted to trading or U.S. federal securities laws, in which case the rule, regulation, guideline or requirement of such National Securities Exchange or U.S. federal securities laws shall govern) or (b) in the event that approvals are sought without a meeting, the date by which Limited Partners are requested in writing by the General Partner to give such approvals. If the General Partner does not set a Record Date, then (a) the Record Date for determining the Limited Partners entitled to notice of or to vote at a meeting of the Limited Partners shall be the close of business on the day next preceding the day on which notice is given, and (b) the Record Date for determining the Limited Partners entitled to give approvals without a meeting shall be the date the first written approval is deposited with the Partnership in care of the General Partner in accordance with Section 13.11 .

Section 13.7 Adjournment .

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting and a new Record Date need not be fixed, if the time and place thereof are announced at the meeting at which the adjournment is taken, unless such adjournment shall be for more than 45 days. At the adjourned meeting, the Partnership may transact any business that might have been transacted at the original meeting. If the adjournment is for more than 45 days or if a new Record Date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given in accordance with this Article XIII .

Section 13.8 Waiver of Notice; Approval of Meeting; Approval of Minutes .

The transactions of any meeting of Limited Partners, however called and noticed, and whenever held, shall be as valid as if it had occurred at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy. Attendance of a Limited Partner at a meeting shall constitute a waiver of notice of the meeting, except when the Limited Partner attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened; and except that attendance at a meeting is not a waiver of any right to disapprove the consideration of matters required to be included in the notice of the meeting, but not so included, if the disapproval is expressly made at the meeting.

Section 13.9 Quorum and Voting .

The holders of a majority, by Percentage Interest, of the Partnership Interests of the class or classes for which a meeting has been called (including Partnership Interests deemed owned by the General Partner) represented in person or by proxy shall constitute a quorum at a meeting of Partners of such class or classes unless any such action by the Partners requires approval by holders of a greater Percentage Interest, in which case the quorum shall be such greater Percentage Interest. At any meeting of the Partners duly called and held in accordance with this Agreement at which a quorum is present, the act of Partners holding Partnership Interests that in the aggregate represent a majority of the Percentage Interest of those present in person or by proxy at such meeting shall be deemed to constitute the act of all Partners, unless a greater or different percentage is required with respect to such action under the provisions of this Agreement, in which case the act of the

Partners holding Partnership Interests that in the aggregate represent at least such greater or different percentage shall be required; *provided, however* , that if, as a matter of law or amendment to this Agreement, approval by plurality vote of Partners (or any class thereof) is required to approve any action, no minimum quorum shall be required. The Partners present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Partners to leave less than a quorum, if any action taken (other than adjournment) is approved by Partners holding the required Percentage Interest specified in this Agreement. In the absence of a quorum any meeting of Partners may be adjourned from time to time by the affirmative vote of Partners with at least a majority, by Percentage Interest, of the Partnership Interests entitled to vote at such meeting (including Partnership Interests deemed owned by the General Partner) represented either in person or by proxy, but no other business may be transacted, except as provided in Section 13.7 .

Section 13.10 Conduct of a Meeting .

The General Partner shall have full power and authority concerning the manner of conducting any meeting of the Limited Partners or solicitation of approvals in writing, including the determination of Persons entitled to vote, the existence of a quorum, the satisfaction of the requirements of Section 13.4 , the conduct of voting, the validity and effect of any proxies and the determination of any controversies, votes or challenges arising in connection with or during the meeting or voting. The General Partner shall designate a Person to serve as chairman of any meeting and shall further designate a Person to take the minutes of any meeting. All minutes shall be kept with the records of the Partnership maintained by the General Partner. The General Partner may make such other regulations consistent with applicable law and this Agreement as it may deem advisable concerning the conduct of any meeting of the Limited Partners or solicitation of approvals in writing, including regulations in regard to the appointment of proxies, the appointment and duties of inspectors of votes and approvals, the submission and examination of proxies and other evidence of the right to vote, and the revocation of approvals in writing.

Section 13.11 Action Without a Meeting .

If authorized by the General Partner, any action that may be taken at a meeting of the Limited Partners may be taken without a meeting, without a vote and without prior notice, if an approval in writing setting forth the action so taken is signed by Limited Partners owning not less than the minimum percentage, by Percentage Interest, of the Partnership Interests of the class or classes for which a meeting has been called (including Partnership Interests deemed owned by the General Partner), as the case may be, that would be necessary to authorize or take such action at a meeting at which all the Limited Partners entitled to vote at such meeting were present and voted (unless such provision conflicts with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are listed or admitted to trading, in which case the rule, regulation, guideline or requirement of such National Securities Exchange shall govern). Prompt notice of the taking of action without a meeting shall be given to the Limited Partners who have not approved in writing. The General Partner may specify that any written ballot, if any, submitted to Limited Partners for the purpose of taking any action without a meeting shall be returned to the Partnership within the time period, which shall be not less than 20 days, specified by the General

Partner. If a ballot returned to the Partnership does not vote all of the Units held by the Limited Partners, the Partnership shall be deemed to have failed to receive a ballot for the Units that were not voted. If approval of the taking of any action by the Limited Partners is solicited by any Person other than by or on behalf of the General Partner, the written approvals shall have no force and effect unless and until (a) they are deposited with the Partnership in care of the General Partner and (b) an Opinion of Counsel is delivered to the General Partner to the effect that the exercise of such right and the action proposed to be taken with respect to any particular matter (i) will not cause the Limited Partners to be deemed to be taking part in the management and control of the business and affairs of the Partnership so as to jeopardize the Limited Partners' limited liability, and (ii) is otherwise permissible under the state statutes then governing the rights, duties and liabilities of the Partnership and the Partners. Nothing contained in this Section 13.11 shall be deemed to require the General Partner to solicit all Limited Partners in connection with a matter approved by the holders of the requisite Percentage Interest acting by written consent without a meeting.

Section 13.12 Right to Vote and Related Matters .

(a) Only those Record Holders of the Outstanding Units on the Record Date set pursuant to Section 13.6 shall be entitled to notice of, and to vote at, a meeting of Limited Partners or to act with respect to matters as to which the holders of the Outstanding Units have the right to vote or to act. All references in this Agreement to votes of, or other acts that may be taken by, the Outstanding Units shall be deemed to be references to the votes or acts of the Record Holders of such Outstanding Units.

(b) With respect to Units that are held for a Person's account by another Person (such as a broker, dealer, bank, trust company or clearing corporation, or an agent of any of the foregoing), in whose name such Units are registered, such other Person shall, in exercising the voting rights in respect of such Units on any matter, and unless the arrangement between such Persons provides otherwise, vote such Units in favor of, and at the direction of, the Person who is the beneficial owner, and the Partnership shall be entitled to assume it is so acting without further inquiry. The provisions of this Section 13.12(b) (as well as all other provisions of this Agreement) are subject to the provisions of Section 4.3 .

ARTICLE XIV
MERGER, CONSOLIDATION OR CONVERSION

Section 14.1 Authority .

The Partnership may merge or consolidate with or into one or more corporations, limited liability companies, statutory trusts or associations, real estate investment trusts, common law trusts or unincorporated businesses, including a partnership (whether general or limited (including a limited liability partnership)) or convert into any such entity, whether such entity is formed under the laws of the State of Delaware or any other state of the United States of America, pursuant to a written plan of merger or consolidation (" ***Merger Agreement*** ") or a written plan of conversion (" ***Plan of Conversion*** "), as the case may be, in accordance with this Article XIV .

Section 14.2 Procedure for Merger, Consolidation or Conversion .

(a) Merger, consolidation or conversion of the Partnership pursuant to this Article XIV requires the prior consent of the General Partner, *provided, however,* that, to the fullest extent permitted by law, the General Partner shall have no duty or obligation to consent to any merger, consolidation or conversion of the Partnership and may decline to do so free of any fiduciary duty or obligation whatsoever to the Partnership, any Limited Partner and, in declining to consent to a merger, consolidation or conversion, shall not be required to act in good faith or pursuant to any other standard imposed by this Agreement, any other agreement contemplated hereby or under the Delaware Act or any other law, rule or regulation or at equity.

(b) If the General Partner shall determine to consent to the merger or consolidation, the General Partner shall approve the Merger Agreement, which shall set forth:

(i) the name and jurisdiction of formation or organization of each of the business entities proposing to merge or consolidate;

(ii) the name and jurisdiction of formation or organization of the business entity that is to survive the proposed merger or consolidation (the " ***Surviving Business Entity*** ");

(iii) the terms and conditions of the proposed merger or consolidation;

(iv) the manner and basis of exchanging or converting the equity interests of each constituent business entity for, or into, cash, property or interests, rights, securities or obligations of the Surviving Business Entity; and (i) if any interests, securities or rights of any constituent business entity are not to be exchanged or converted solely for, or into, cash, property or interests, rights, securities or obligations of the Surviving Business Entity, then the cash, property or interests, rights, securities or obligations of any general or limited partnership, corporation, trust, limited liability company, unincorporated business or other entity (other than the Surviving Business Entity) that the holders of such interests, securities or rights are to receive in exchange for, or upon conversion of their interests, securities or rights, and (ii) in the case of equity interests represented by certificates, upon the surrender of such certificates, which cash, property or interests, rights, securities or obligations of the Surviving Business Entity or any general or limited partnership, corporation, trust, limited liability company, unincorporated business or other entity (other than the Surviving Business Entity), or evidences thereof, are to be delivered;

(v) a statement of any changes in the constituent documents or the adoption of new constituent documents (the articles or certificate of incorporation, articles of trust, declaration of trust, certificate or agreement of limited partnership, certificate of formation or limited liability company agreement or other similar charter or governing document) of the Surviving Business Entity to be effected by such merger or consolidation;

(vi) the effective time of the merger, which may be the date of the filing of the certificate of merger pursuant to Section 14.5 or a later date specified in or determinable in accordance with the Merger Agreement (*provided* , that if the effective time of the merger is to be later than the date of the filing of such certificate of merger, the effective time shall be fixed at a date or time certain and stated in the certificate of merger); and

(vii) such other provisions with respect to the proposed merger or consolidation that the General Partner determines to be necessary or appropriate.

(c) If the General Partner shall determine to consent to the conversion, the General Partner shall approve the Plan of Conversion, which shall set forth:

(i) the name of the converting entity and the converted entity;

(ii) a statement that the Partnership is continuing its existence in the organizational form of the converted entity;

(iii) a statement as to the type of entity that the converted entity is to be and the state or country under the laws of which the converted entity is to be incorporated, formed or organized;

(iv) the manner and basis of exchanging or converting the equity interests or other rights or securities of the converting entity for, or into, cash, property, rights, securities or interests of the converted entity, or, in addition to or in lieu thereof, cash, property, rights, securities or interests of another entity;

(v) in an attachment or exhibit, the certificate of conversion; and

(vi) in an attachment or exhibit, the articles of incorporation, or other organizational documents of the converted entity;

(vii) the effective time of the conversion, which may be the date of the filing of the certificate of conversion or a later date specified in or determinable in accordance with the Plan of Conversion (*provided* , that if the effective time of the conversion is to be later than the date of the filing of such certificate of conversion, the effective time shall be fixed at a date or time certain at or prior to the time of the filing of such certificate of conversion and stated therein); and

(viii) such other provisions with respect to the proposed conversion that the General Partner determines to be necessary or appropriate.

Section 14.3 Approval by Limited Partners .

(a) Except as provided in Section 14.3(d) , Section 5.12(b)(v) , and Section 5.14(b)(v) , the General Partner, upon its approval of the Merger Agreement or the Plan of Conversion, as the case may be, shall direct that the Merger Agreement or the Plan of Conversion, as applicable, be submitted to a vote of Limited Partners, whether at a special meeting or by written consent, in either case in accordance with the requirements of Article XIII . A copy or a summary of the Merger Agreement or the Plan of Conversion, as the case may be, shall be included in or enclosed with the notice of a special meeting or the written consent.

(b) Except as provided in Section 14.3(d) , Section 14.3(e) , Section 5.12(b)(v) , and Section 5.14(b)(v), the Merger Agreement or the Plan of Conversion, as the case may be, shall be

approved upon receiving the affirmative vote or consent of the holders of a Unit Majority unless the Merger Agreement or the Plan of Conversion, as the case may be, effects an amendment to any provision of this Agreement that, if contained in an amendment to this Agreement adopted pursuant to Article XIII, would require for its approval the vote or consent of the holders of a greater percentage of the Outstanding Units or of any class of Limited Partners, in which case such greater percentage vote or consent shall be required for approval of the Merger Agreement or the Plan of Conversion, as the case may be.

(c) Except as provided in Section 14.3(d), Section 14.3(e), Section 5.12(b)(v), and Section 5.14(b)(v), after such approval by vote or consent of the Limited Partners, and at any time prior to the filing of the certificate of merger or certificate of conversion pursuant to Section 14.5, the merger, consolidation or conversion may be abandoned pursuant to provisions therefor, if any, set forth in the Merger Agreement or the Plan of Conversion, as the case may be.

(d) Notwithstanding anything else contained in this Article XIV or in this Agreement, the General Partner is permitted, without Limited Partner approval, to convert the Partnership or any Group Member into a new limited liability entity, to merge the Partnership or any Group Member into, or convey all of the Partnership's assets to, another limited liability entity that shall be newly formed and shall have no assets, liabilities or operations at the time of such merger, conveyance or conversion other than those it receives from the Partnership or other Group Member if (i) the General Partner has received an Opinion of Counsel that the merger, conveyance or conversion, as the case may be, would not result in the loss of the limited liability of any Limited Partner as compared to its limited liability under the Delaware Act or cause the Partnership or any Group Member to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for U.S. federal income tax purposes (to the extent not already treated as such), (ii) the sole purpose of such merger, conveyance or conversion is to effect a mere change in the legal form of the Partnership into another limited liability entity and (iii) the General Partner determines that the governing instruments of the new entity provide the Limited Partners and the General Partner with substantially the same rights and obligations as are herein contained.

(e) Additionally, notwithstanding anything else contained in this Article XIV or in this Agreement, the General Partner is permitted, without Limited Partner approval, to merge or consolidate the Partnership with or into another entity if (A) the General Partner has received an Opinion of Counsel that the merger or consolidation, as the case may be, would not result in the loss of the limited liability of any Limited Partner as compared to its limited liability under the Delaware Act or cause the Partnership or any Group Member to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for U.S. federal income tax purposes (to the extent not already treated as such), (B) the merger or consolidation would not result in an amendment to this Agreement, other than any amendments that could be adopted pursuant to Section 13.1, (C) the Partnership is the Surviving Business Entity in such merger or consolidation, (D) each Partnership Interest outstanding immediately prior to the effective date of the merger or consolidation is to be an identical Partnership Interest of the Partnership after the effective date of the merger or consolidation, and (E) the number of Partnership Interests to be issued by the Partnership in such merger or consolidation does not exceed 20% of the Partnership Interests (other

than the Incentive Distribution Rights) Outstanding immediately prior to the effective date of such merger or consolidation.

Section 14.4 Amendment of Partnership Agreement .

Pursuant to Section 17-211(g) of the Delaware Act, an agreement of merger or consolidation approved in accordance with this Article XIV may (a) effect any amendment to this Agreement or (b) effect the adoption of a new partnership agreement for the Partnership if it is the Surviving Business Entity. Any such amendment or adoption made pursuant to this Section 14.4 shall be effective at the effective time or date of the merger or consolidation.

Section 14.5 Certificate of Merger or Certificate of Conversion .

Upon the required approval by the General Partner and the Unitholders of a Merger Agreement or the Plan of Conversion, as the case may be, a certificate of merger or certificate of conversion, as applicable, shall be executed and filed with the Secretary of State of the State of Delaware in conformity with the requirements of the Delaware Act.

Section 14.6 Effect of Merger, Consolidation or Conversion .

(a) At the effective time of the merger:

(i) all of the rights, privileges and powers of each of the business entities that has merged or consolidated, and all property, real, personal and mixed, and all debts due to any of those business entities and all other things and causes of action belonging to each of those business entities, shall be vested in the Surviving Business Entity and after the merger or consolidation shall be the property of the Surviving Business Entity to the extent they were of each constituent business entity;

(ii) the title to any real property vested by deed or otherwise in any of those constituent business entities shall not revert and is not in any way impaired because of the merger or consolidation;

(iii) all rights of creditors and all liens on or security interests in property of any of those constituent business entities shall be preserved unimpaired; and

(iv) all debts, liabilities and duties of those constituent business entities shall attach to the Surviving Business Entity and may be enforced against it to the same extent as if the debts, liabilities and duties had been incurred or contracted by it.

(b) At the effective time of the conversion:

(i) the Partnership shall continue to exist, without interruption, but in the organizational form of the converted entity rather than in its prior organizational form;

(ii) all rights, title, and interests to all real estate and other property owned by the Partnership shall continue to be owned by the converted entity in its new organizational

form without reversion or impairment, without further act or deed, and without any transfer or assignment having occurred, but subject to any existing liens or other encumbrances thereon;

(iii) all liabilities and obligations of the Partnership shall continue to be liabilities and obligations of the converted entity in its new organizational form without impairment or diminution by reason of the conversion;

(iv) all rights of creditors or other parties with respect to or against the prior interest holders or other owners of the Partnership in their capacities as such in existence as of the effective time of the conversion will continue in existence as to those liabilities and obligations and may be pursued by such creditors and obligees as if the conversion did not occur;

(v) a proceeding pending by or against the Partnership or by or against any of Partners in their capacities as such may be continued by or against the converted entity in its new organizational form and by or against the prior partners without any need for substitution of parties; and

(vi) the Partnership Units or other rights, securities or interests of the Partnership that are to be converted into cash, property, rights, securities or interests in the converted entity, or rights, securities or interests in any other entity, as provided in the Plan of Conversion shall be so converted, and Partners shall be entitled only to the rights provided in the Plan of Conversion.

ARTICLE XV
RIGHT TO ACQUIRE LIMITED PARTNER INTERESTS

Section 15.1 Right to Acquire Limited Partner Interests .

(a) Notwithstanding any other provision of this Agreement, if at any time the General Partner and its Affiliates hold more than 80% of the total Limited Partner Interests of any class then Outstanding, the General Partner shall then have the right, which right it may assign and transfer in whole or in part to the Partnership or any Affiliate of the General Partner, exercisable in its sole discretion, to purchase all, but not less than all, of such Limited Partner Interests of such class then Outstanding held by Persons other than the General Partner and its Affiliates, at the greater of (x) the Current Market Price as of the date three days prior to the date that the notice described in Section 15.1(b) is mailed and (y) the highest price paid by the General Partner or any of its Affiliates for any such Limited Partner Interest of such class purchased during the 90-day period preceding the date that the notice described in Section 15.1(b) is mailed.

(b) If the General Partner, any Affiliate of the General Partner or the Partnership elects to exercise the right to purchase Limited Partner Interests granted pursuant to Section 15.1(a) , the General Partner shall deliver to the Transfer Agent notice of such election to purchase (the " ***Notice of Election to Purchase*** ") and shall cause the Transfer Agent to mail a copy of such Notice of Election to Purchase to the Record Holders of Limited Partner Interests of such class or classes (as

of a Record Date selected by the General Partner) at least 10, but not more than 60, days prior to the Purchase Date. Such Notice of Election to Purchase shall also be published for a period of at least three consecutive days in at least two daily newspapers of general circulation printed in the English language and published in the Borough of Manhattan, New York. The Notice of Election to Purchase shall specify the Purchase Date and the price (determined in accordance with Section 15.1(a)) at which Limited Partner Interests will be purchased and state that the General Partner, its Affiliate or the Partnership, as the case may be, elects to purchase such Limited Partner Interests, upon surrender of Certificates representing such Limited Partner Interests in the case of Limited Partner Interests evidenced by Certificates in exchange for payment, at such office or offices of the Transfer Agent as the Transfer Agent may specify, or as may be required by any National Securities Exchange on which such Limited Partner Interests are listed or admitted to trading. Any such Notice of Election to Purchase mailed to a Record Holder of Limited Partner Interests at his address as reflected in the records of the Transfer Agent shall be conclusively presumed to have been given regardless of whether the owner receives such notice. On or prior to the Purchase Date, the General Partner, its Affiliate or the Partnership, as the case may be, shall deposit with the Transfer Agent cash in an amount sufficient to pay the aggregate purchase price of all of such Limited Partner Interests to be purchased in accordance with this Section 15.1 . If the Notice of Election to Purchase shall have been duly given as aforesaid at least 10 days prior to the Purchase Date, and if on or prior to the Purchase Date the deposit described in the preceding sentence has been made for the benefit of the holders of Limited Partner Interests subject to purchase as provided herein, then from and after the Purchase Date, notwithstanding that any Certificate shall not have been surrendered for purchase, all rights of the holders of such Limited Partner Interests shall thereupon cease, except the right to receive the purchase price (determined in accordance with Section 15.1(a)) for Limited Partner Interests therefor, without interest, upon surrender to the Transfer Agent of the Certificates representing such Limited Partner Interests in the case of Limited Partner Interests evidenced by Certificates, and such Limited Partner Interests shall thereupon be deemed to be transferred to the General Partner, its Affiliate or the Partnership, as the case may be, on the record books of the Transfer Agent and the Partnership, and the General Partner or any Affiliate of the General Partner, or the Partnership, as the case may be, shall be deemed to be the owner of all such Limited Partner Interests from and after the Purchase Date and shall have all rights as the owner of such Limited Partner Interests.

(c) In the case of Limited Partner Interests evidenced by Certificates, at any time from and after the Purchase Date, a holder of an Outstanding Limited Partner Interest subject to purchase as provided in this Section 15.1 may surrender his Certificate evidencing such Limited Partner Interest to the Transfer Agent in exchange for payment of the amount described in Section 15.1(a) , therefor, without interest thereon.

ARTICLE XVI
GENERAL PROVISIONS

Section 16.1 Addresses and Notices; Written Communications .

(a) Any notice, demand, request, report or proxy materials required or permitted to be given or made to a Partner under this Agreement shall be in writing and shall be deemed given or

made when delivered in person or when sent by first class United States mail or by other means of written communication to the Partner at the address described below. Any notice, payment or report to be given or made to a Partner hereunder shall be deemed conclusively to have been given or made, and the obligation to give such notice or report or to make such payment shall be deemed conclusively to have been fully satisfied, upon sending of such notice, payment or report to the Record Holder of such Partnership Interests at his address as shown on the records of the Transfer Agent or as otherwise shown on the records of the Partnership, regardless of any claim of any Person who may have an interest in such Partnership Interests by reason of any assignment or otherwise. Notwithstanding the foregoing, if (i) a Partner shall consent to receiving notices, demands, requests, reports or proxy materials via electronic mail or by the Internet or (ii) the rules of the Commission shall permit any report or proxy materials to be delivered electronically or made available via the Internet, any such notice, demand, request, report or proxy materials shall be deemed given or made when delivered or made available via such mode of delivery. An affidavit or certificate of making of any notice, payment or report in accordance with the provisions of this Section 16.1 executed by the General Partner, the Transfer Agent or the mailing organization shall be prima facie evidence of the giving or making of such notice, payment or report. If any notice, payment or report given or made in accordance with the provisions of this Section 16.1 is returned marked to indicate that such notice, payment or report was unable to be delivered, such notice, payment or report and, in the case of notices, payments or reports returned by the United States Postal Service (or other physical mail delivery mail service outside the United States of America), any subsequent notices, payments and reports shall be deemed to have been duly given or made without further mailing (until such time as such Record Holder or another Person notifies the Transfer Agent or the Partnership of a change in his address) or other delivery if they are available for the Partner at the principal office of the Partnership for a period of one year from the date of the giving or making of such notice, payment or report to the other Partners. Any notice to the Partnership shall be deemed given if received by the General Partner at the principal office of the Partnership designated pursuant to Section 2.3 . The General Partner may rely and shall be protected in relying on any notice or other document from a Partner or other Person if believed by it to be genuine.

(b) The terms "in writing", "written communications," "written notice" and words of similar import shall be deemed satisfied under this Agreement by use of e-mail and other forms of electronic communication.

Section 16.2 Further Action .

The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 16.3 Binding Effect .

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 16.4 Integration .

This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

Section 16.5 Creditors .

None of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

Section 16.6 Waiver .

No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach of any other covenant, duty, agreement or condition.

Section 16.7 Third-Party Beneficiaries .

Each Partner agrees that (a) any Indemnitee shall be entitled to assert rights and remedies hereunder as a third-party beneficiary hereto with respect to those provisions of this Agreement affording a right, benefit or privilege to such Indemnitee and (b) any Unrestricted Person shall be entitled to assert rights and remedies hereunder as a third-party beneficiary hereto with respect to those provisions of this Agreement affording a right, benefit or privilege to such Unrestricted Person.

Section 16.8 Counterparts .

This Agreement may be executed in counterparts, all of which together shall constitute an agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement (a) immediately upon affixing its signature hereto, (b) in the case of the General Partner and the holders of Limited Partner Interests outstanding immediately prior to the closing of the Initial Public Offering, immediately upon the closing of the Initial Public Offering, without the execution hereof, or (c) in the case of a Person acquiring a Limited Partner Interest pursuant to Section 10.1(b) , immediately upon the acquisition of such Limited Partner Interest, without execution hereof.

Section 16.9 Applicable Law; Forum; Venue and Jurisdiction; Waiver of Trial by Jury .

(a) This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

(b) Each of the Partners and each Person holding any beneficial interest in the Partnership (whether through a broker, dealer, bank, trust company or clearing corporation or an agent of any of the foregoing or otherwise):

(i) (i) irrevocably agrees that any claims, suits, actions or proceedings (A) arising out of or relating in any way to this Agreement (including any claims, suits or actions to interpret, apply or enforce the provisions of this Agreement or the duties, obligations or liabilities among Partners or of Partners to the Partnership, or the rights or powers of, or

restrictions on, the Partners or the Partnership), (B) brought in a derivative manner on behalf of the Partnership, (C) asserting a claim of breach of duty (including any fiduciary duty) owed by any director, officer, or other employee of the Partnership or the General Partner, or owed by the General Partner, to the Partnership or the Partners, (D) asserting a claim arising pursuant to or to interpret or enforce any provision of the Delaware Act or (E) asserting a claim governed by the internal affairs doctrine, shall be exclusively brought in the Court of Chancery of the State of Delaware, in each case regardless of whether such claims, suits, actions or proceedings sound in contract, tort, fraud or otherwise, are based on common law, statutory, equitable, legal or other grounds, or are derivative or direct claims;

(ii) irrevocably submits to the exclusive jurisdiction of the Court of Chancery of the State of Delaware in connection with any such claim, suit, action or proceeding;

(iii) agrees not to, and waives any right to, assert in any such claim, suit, action or proceeding that (A) it is not personally subject to the jurisdiction of the Court of Chancery of the State of Delaware or of any other court to which proceedings in the Court of Chancery of the State of Delaware may be appealed, (B) such claim, suit, action or proceeding is brought in an inconvenient forum, or (C) the venue of such claim, suit, action or proceeding is improper;

(iv) expressly waives any requirement for the posting of a bond by a party bringing such claim, suit, action or proceeding;

(v) consents to process being served in any such claim, suit, action or proceeding by mailing, certified mail, return receipt requested, a copy thereof to such party at the address in effect for notices hereunder, and agrees that such services shall constitute good and sufficient service of process and notice thereof; provided, nothing in clause (v) hereof shall affect or limit any right to serve process in any other manner permitted by law; and

(vi) IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION TO ENFORCE OR INTERPRET THE PROVISIONS OF THIS AGREEMENT.

Section 16.10 Invalidity of Provisions .

If any provision or part of a provision of this Agreement is or becomes for any reason, invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions and part thereof contained herein shall not be affected thereby and this Agreement shall, to the fullest extent permitted by law, be reformed and construed as if such invalid, illegal or unenforceable provision, or part of a provision, had never been contained herein, and such provision or part reformed so that it would be valid, legal and enforceable to the maximum extent possible.

Section 16.11 Consent of Partners .

Each Partner hereby expressly consents and agrees that, whenever in this Agreement it is specified that an action may be taken upon the affirmative vote or consent of less than all of the

Partners, such action may be so taken upon the concurrence of less than all of the Partners and each Partner and each other Person bound by the provisions of this Agreement shall be bound by the results of such action.

Section 16.12 Facsimile Signatures .

The use of facsimile signatures affixed in the name and on behalf of the transfer agent and registrar of the Partnership on Certificates representing Common Units is expressly permitted by this Agreement.

IN WITNESS WHEREOF , the General Partner has executed this Agreement as of the date first written above.

GENERAL PARTNER

AMERICAN MIDSTREAM GP, LLC

By: /s/ Lynn L. Bourbon III
Name: Lynn L. Bourbon III
Title: President and Chief Executive Officer

EXHIBIT A
to the Fifth Amended and Restated
Agreement of Limited Partnership of
American Midstream Partners, LP

Certificate Evidencing Common Units
Representing Limited Partner Interests in
American Midstream Partners, LP

Certificate No. Number of Common Units:

In accordance with Section 4.1 of the Fifth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, LP, as amended, supplemented or restated from time to time (the " ***Partnership Agreement*** "), American Midstream Partners, LP, a Delaware limited partnership (the "Partnership"), hereby certifies that (the " ***Holder*** ") is the registered owner of Common Units representing limited partner interests in the Partnership (the " ***Common Units*** ") transferable on the books of the Partnership, in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. The rights, preferences and limitations of the Common Units are set forth in, and this Certificate and the Common Units represented hereby are issued and shall in all respects be subject to the terms and provisions of, the Partnership Agreement. Copies of the Partnership Agreement are on file at, and will be furnished without charge on delivery of written request to the Partnership at, the principal office of the Partnership located at 1400 16th Street, Suite 310, Denver, Colorado 80202. Capitalized terms used herein but not defined shall have the meanings given them in the Partnership Agreement.

THE HOLDER OF THIS SECURITY ACKNOWLEDGES FOR THE BENEFIT OF AMERICAN MIDSTREAM PARTNERS, LP THAT THIS SECURITY MAY NOT BE SOLD, OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IF SUCH TRANSFER WOULD (A) VIOLATE THE THEN-APPLICABLE FEDERAL OR STATE SECURITIES LAWS OR RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER GOVERNMENTAL AUTHORITY WITH JURISDICTION OVER SUCH TRANSFER, (B) TERMINATE THE EXISTENCE OR QUALIFICATION OF AMERICAN MIDSTREAM PARTNERS, LP UNDER THE LAWS OF THE STATE OF DELAWARE OR (C) CAUSE AMERICAN MIDSTREAM PARTNERS, LP TO BE TREATED AS AN ASSOCIATION TAXABLE AS A CORPORATION OR OTHERWISE TO BE TAXED AS AN ENTITY FOR FEDERAL INCOME TAX PURPOSES (TO THE EXTENT NOT ALREADY SO TREATED OR TAXED). AMERICAN MIDSTREAM GP, LLC OR ITS SUCCESSOR, THE GENERAL PARTNER OF AMERICAN MIDSTREAM PARTNERS, LP, MAY IMPOSE ADDITIONAL RESTRICTIONS ON THE TRANSFER OF THIS SECURITY IF IT RECEIVES AN OPINION OF COUNSEL THAT SUCH RESTRICTIONS ARE NECESSARY TO AVOID A SIGNIFICANT RISK OF AMERICAN MIDSTREAM PARTNERS, LP BECOMING TAXABLE AS A CORPORATION OR OTHERWISE BECOMING TAXABLE AS AN ENTITY FOR FEDERAL INCOME TAX PURPOSES. THE RESTRICTIONS SET FORTH ABOVE SHALL NOT PRECLUDE THE SETTLEMENT OF ANY TRANSACTIONS

INVOLVING THIS SECURITY ENTERED INTO THROUGH THE FACILITIES OF ANY NATIONAL SECURITIES EXCHANGE ON WHICH THIS SECURITY IS LISTED OR ADMITTED TO TRADING.

The Holder, by accepting this Certificate, (i) shall become bound by the terms of the Partnership Agreement, (ii) represents and warrants that the Holder has all right, power and authority and, if an individual, the capacity necessary to enter into the Partnership Agreement and (iii) makes the waivers and gives the consents and approvals contained in the Partnership Agreement.

This Certificate shall not be valid for any purpose unless it has been countersigned and registered by the Transfer Agent and Registrar.

Dated: American Midstream Partners, LP

Countersigned and Registered by: By: American Midstream GP, LLC,
its General Partner

By: ______________
as Transfer Agent and Registrar Name

By: ______________

By: ______________
Authorized Signature Secretary

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as follows according to applicable laws or regulations:

TEN COM - as tenants in common UNIF GIFT / TRANSFER MIN ACT
TEN ENT - as tenants by the entireties Custodian

(Cust) (Minor)

JT TEN - as joint tenants with right of under Uniform Gifts/Transfers to CD survivorship and not as tenants Minors Act (State) in common

Additional abbreviations, though not in the above list, may also be used.

FOR VALUE RECEIVED, hereby assigns, conveys, sells and transfers unto

(Please print or typewrite name and (Please insert Social Security or other address of assignee) identifying number of assignee)

Common Units representing limited partner interests evidenced by this Certificate, subject to the Partnership Agreement, and does hereby irrevocably constitute and appoint as its attorney-in-fact with full power of substitution to transfer the same on the books of American Midstream Partners, LP

Date: NOTE: The signature to any endorsement hereon must correspond with the name as written upon the face of this Certificate in every particular, without alteration, enlargement or change.

THE SIGNATURE(S) MUST BE
GUARANTEED BY AN ELIGIBLE
GUARANTOR INSTITUTION (BANKS,
STOCKBROKERS, SAVINGS AND (Signature)
LOAN ASSOCIATIONS AND CREDIT
UNIONS WITH MEMBERSHIP IN AN
APPROVED SIGNATURE GUARANTEE
MEDALLION PROGRAM), PURSUANT
TO S.E.C. RULE 17Ad-15 (Signature)

No transfer of the Common Units evidenced hereby will be registered on the books of the Partnership, unless the Certificate evidencing the Common Units to be transferred is surrendered for registration.

EXHIBIT B
to the Fifth Amended and Restated
Agreement of Limited Partnership of
American Midstream Partners, LP

Form of Warrant

THIS WARRANT HAS NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE (THE "STATE LAWS"). THIS WARRANT MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED OR OTHERWISE DISPOSED OF, IN WHOLE OR IN PART, IN THE ABSENCE OF SUCH REGISTRATION OR QUALIFICATION OR THE AVAILABILITY OF AN APPLICABLE EXEMPTION FROM THE REGISTRATION AND QUALIFICATION REQUIREMENTS OF SUCH ACT AND STATE LAWS EVIDENCED BY AN OPINION OF LEGAL COUNSEL, WHICH OPINION AND LEGAL COUNSEL ARE SATISFACTORY TO THE PARTNERSHIP.

FORM OF WARRANT TO PURCHASE COMMON UNITS OF
AMERICAN MIDSTREAM PARTNERS, LP

This Warrant certifies that, for value received, Magnolia Infrastructure Holdings, LLC, or its registered assigns (collectively, the " ***Holder*** "), is entitled to purchase from American Midstream Partners, LP, a Delaware limited partnership (the " ***Partnership*** "), up to 700,000 common units representing limited partner interests in the Partnership (the " ***Common Units*** "), subject to adjustment as set forth herein, for an exercise price of $22.00 per Common Unit (the " ***Exercise Price*** "). This Warrant shall be exercisable after the date hereof and on or before the seventh anniversary of the date hereof (the " ***Exercise Period*** ").

As used herein, the term "Warrant Exercised Units" refers to the Common Units issuable upon exercise of this Warrant. Terms used but not defined in this Warrant are defined in the Fifth Amended and Restated Agreement of Limited Partnership of the Partnership dated April 25, 2016 as amended (the " ***Fifth A/R Partnership Agreement*** ").

This Warrant, together with all warrants issued upon transfer, exchange or in replacement hereof pursuant to Section 4 (collectively, the " ***Warrants*** "), is subject to the following additional terms, provisions and conditions:

Section 1. Manner of Exercise; Issuance of Certificates; Payment for Warrant Exercised Units . Subject to the provisions hereof, this Warrant may be exercised by the Holder, in whole or in part, during the Exercise Period by the surrender of this Warrant, together with a completed Exercise Agreement in the form attached hereto, to the Partnership during normal business hours on any Business Day at the Partnership's office in Houston, Texas (or such other office or agency of the Partnership as it may designate by notice to the Holder).

On a net unit settlement basis, the Warrant Exercised Units shall be deemed to be issued to the Holder or its designees as the record owner of such Common Units as of the close of business on the date or dates on which this Warrant shall have been surrendered and the completed Exercise Agreement delivered (the " ***Exercise Date*** ").

The Warrant Exercised Units deemed to be issued on the Exercise Date (which in no event will be less than zero) (the " ***Net Unit Amount*** ") shall equal (i) the number of Common Units with respect to which the Holder is exercising purchase rights as specified in the Exercise Agreement, multiplied by (ii) the VWAP (as defined below) on the relevant Exercise Date, minus the Exercise Price, divided by (iii) the arithmetic average of the daily VWAP (as defined below) for the ten (10) consecutive trading days ending on the Exercise Date, provided that any fractional units will be rounded up or down to the nearest whole Common Unit.

As used herein, the term " ***VWAP*** " means the dollar volume-weighted average price for the Common Units on the New York Stock Exchange during the period beginning at 9:30:01 a.m., New York time, and ending at 4:00:00 p.m., New York time, as reported by Bloomberg L.P. through its "Volume at Price" function or, if the foregoing does not apply, the dollar volume-weighted average price of the Common Units in the over-the-counter market on the electronic bulletin board for the Common Units during the period beginning at 9:30:01 a.m., New York time, and ending at 4:00:00 p.m., New York time, as reported by Bloomberg L.P., or, if no dollar volume weighted average price is reported for the Common Units by Bloomberg L.P. for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for the Common Units as reported in the OTC Link or "pink sheets" by OTC Markets Group Inc. (formerly Pink OTC Markets Inc.). If the VWAP cannot be calculated for the Common Units on a particular date on any of the foregoing bases, the VWAP of the Common Units on such date shall be the fair market value as mutually determined by the Partnership and the Holder.

Section 2. Certain Actions Prohibited . The Partnership will not, by amendment of the Fifth A/R Partnership Agreement or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may reasonably be requested by the Holder of this Warrant in order to protect the exercise privilege of the Holder of this Warrant against dilution or other impairment, consistent with the tenor and purpose of this Warrant.

Section 3. Anti-Dilution Provisions and Other Adjustments . The number and kind of securities purchasable upon the exercise of this Warrant and the Exercise Price shall be subject to adjustment, from time to time, as follows:

(a) Consolidation or Merger . If, at any time while this Warrant remains outstanding and unexpired, the Partnership shall (i) consolidate or merge with any other entity (regardless of whether the Partnership is the continuing or surviving entity, except that in connection with a consolidation or merger where the Partnership is not the continuing or surviving entity, the Common Units shall be changed into or exchanged for units, stock or other securities of the surviving entity or cash or any other property), (ii) transfer all or substantially

all of its properties or assets to any other person or entity or (iii) effect a capital reorganization or reclassification of the Common Units, the Partnership, or such successor entity as the case may be, shall, without payment of any additional consideration therefor, execute a new warrant providing that the Holder shall have the right to exercise such new warrant (upon terms no less favorable to the Holder than those applicable to this Warrant and subject to the same Exercise Period that is applicable to this Warrant) and to receive upon such exercise, in lieu of each Common Unit theretofore issuable upon exercise of this Warrant, the kind and amount of units, shares of stock or other securities, money or property receivable upon such capital reorganization, reclassification, change, consolidation, merger or sale or conveyance by the holder of one Common Unit issuable upon exercise of this Warrant had it been exercised immediately prior to such capital reorganization, reclassification, change, consolidation, merger or sale or conveyance. The provisions of this Section 3(a) shall similarly apply to successive capital reorganizations, reclassifications, changes, consolidations, mergers, sales and conveyances.

(b) Dividends and Distributions in Common Units . If the Partnership shall pay or make a dividend or other distribution on its Common Units in additional Common Units, the Exercise Price in effect at the opening of business on the day following the date fixed for the determination of unitholders entitled to receive such dividend or other distribution (the " ***Determination Date*** ") shall be reduced by multiplying such Exercise Price by a fraction, (i) the numerator of which shall be the number of Common Units outstanding as of the close of business on the Determination Date and (ii) the denominator of which shall be the sum of (x) the number of Common Units outstanding at the close of business on the Determination Date and (y) the total number of Common Units constituting such dividend or other distribution. Such reduction shall become effective immediately after the opening of business on the day following the Determination Date. For the purposes of this Section 3(b) , the number of Common Units at any time outstanding shall not include Common Units held in the treasury of the Partnership. The Partnership will not pay any dividend or make any distribution on Common Units held in the treasury of the Partnership.

(c) Unit Splits or Combinations . In case the outstanding Common Units shall be subdivided into a greater number of Common Units, the Exercise Price in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be reduced, and, conversely, in case the outstanding Common Units shall each be combined into a smaller number of Common Units, the Exercise Price in effect at the opening of business on the day following the date upon which such combination becomes effective shall be increased, in each case, to equal the product of the Exercise Price in effect on such date and a fraction, (i) the numerator of which shall be the number of Common Units outstanding immediately prior to such subdivision or combination, as applicable, and (ii) the denominator of which shall be the number of Common Units outstanding immediately after such subdivision or combination, as applicable. Such reduction or increase, as applicable, shall become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective (the " ***Alteration Date*** ").

(d) Reclassifications . The reclassification or change of Common Units (other than any reclassification upon a consolidation or merger to which Section 3(a) shall apply) into

securities, including securities other than Common Units, shall be deemed to involve (i) a distribution of such securities other than Common Units to all holders of Common Units (and the effective date of such reclassification shall be deemed to be the Determination Date within the meaning of Section 3(b)), and (ii) a subdivision or combination, as applicable, of the number of Common Units outstanding immediately prior to such reclassification into the number of Common Units outstanding immediately thereafter (and the effective date of such reclassification shall be deemed to be the Alteration Date within the meaning of Section 3(c)).

(e) Adjustment of Number of Units . Upon each adjustment in the Exercise Price pursuant to Section 3.1(a)-(d) , the number of Common Units purchasable hereunder at the Exercise Price shall be adjusted, to the nearest whole Common Unit, to the product obtained by multiplying such number of Common Units purchasable immediately prior to such adjustment in the Exercise Price by a fraction, (i) the numerator of which shall be the Exercise Price immediately prior to such adjustment and (ii) the denominator of which shall be the Exercise Price immediately thereafter.

(f) Other Provisions Applicable to Adjustments Under This Section . The following provisions will be applicable to the making of adjustments in the Exercise Price provided in this Section 3 :

(i) No adjustment in the Exercise Price need be made under Section 3(b) if the Partnership issues or distributes (or holds in a segregated manner pending exercise of this Warrant into Common Units and upon such exercise distributes) to the Holder the Common Units, evidences of indebtedness, assets, rights, options or warrants referred to in those paragraphs that such Holder would have been entitled to receive had this Warrant been exercised for Common Units prior to the happening of such event or the record date with respect thereto.

(ii) All calculations under this Section 3 shall be made to the nearest 1/100th of a cent or to the nearest whole Common Unit, as applicable. No adjustment in the Exercise Price shall be required unless such adjustment (plus any adjustments not previously made by reason of this Section 3(g)(ii)) would require an increase or decrease of at least 1% in such Exercise Price.

(g) Notice to the Holder . The Partnership will deliver to the Holder written notice, at the same time and in the same manner that it is required to give such notice under the Fifth A/R Partnership Agreement of any event or transaction potentially giving rise to an adjustment or modification of the terms and provisions of the Warrant Exercised Units. The Partnership will take all steps reasonably necessary in order to insure that the Holder is able to exercise this Warrant prior to the time of such event or transaction so as to participate in or vote with respect to such event or transaction.

Section 4. Transfer, Exchange and Replacement of Warrant; Representations and Covenants .

(a) Warrant Transferable . The Holder of this Warrant may transfer and assign it to any Affiliate, provided that such party is an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the

"***Securities Act***"), as presently in effect. The Holder of this Warrant may not transfer and assign it to any other person without the prior written consent of the Partnership, which consent shall not be unreasonably withheld. The permitted or approved transfer of this Warrant and all rights hereunder, in whole or in part, is registrable at the office or agency of the Partnership referred to in Section 5 by the Holder in person or by his duly authorized attorney, upon surrender of this Warrant properly endorsed. Upon any permitted or approved transfer of this Warrant to any person, other than a person who is at that time a holder of other Warrants, the Partnership shall have the right to require the Holder and the transferee to make customary representations to the extent reasonably necessary to assure that the transfer will comply with the Securities Act and any applicable state securities laws. The Holder of this Warrant, by taking or holding the same, consents and agrees that this Warrant, when endorsed in blank, shall be deemed negotiable, and that the Holder, when this Warrant shall have been so endorsed, may be treated by the Partnership and all other persons dealing with this Warrant as the absolute owner and holder for any purpose and as the person entitled to exercise the rights represented by this Warrant and to the registration of transfer hereof on the books of the Partnership; but until due presentment for registration of transfer on such books the Partnership may treat the registered Holder as the owner and holder of this Warrant for all purposes, and the Partnership shall not be affected by any notice to the contrary.

(b) Warrant Exchangeable for Different Denominations. This Warrant is exchangeable, upon the surrender of this Warrant by the Holder at the office or agency of the Partnership referred to in Section 5, for new warrants of like tenor representing in the aggregate the right to purchase the number of Common Units that may be purchased hereunder, each of such new warrants to be imprinted with the same legend appearing on the face of this Warrant and to represent the right to purchase such number of Common Units as shall be designated by the Holder at the time of such surrender.

(c) Replacement of Warrant. Upon receipt of evidence reasonably satisfactory to the Partnership of the loss, theft, destruction, or mutilation of this Warrant and, in the case of any such loss, theft, or destruction, upon delivery of an indemnity agreement reasonably satisfactory in form and amount to the Partnership, or, in the case of any such mutilation, upon surrender and cancellation of this Warrant, the Partnership, at its expense, will execute and deliver, in lieu thereof, a new warrant of like tenor.

(d) Cancellation; Payment of Expenses. Upon the surrender of this Warrant in connection with any transfer, exchange, or replacement as provided in Section 4(a)-(c), this Warrant shall be promptly cancelled by the Partnership. The Partnership shall pay all taxes (other than securities transfer taxes) and all other expenses and charges payable in connection with the preparation, execution and delivery of Warrants pursuant to this Section 4.

(e) Register. The Partnership shall maintain, at its office in Houston, Texas (or such other office or agency of the Partnership as it may designate by notice to the Holder), a register for this Warrant, in which the Partnership shall record the name and address of the person in whose name this Warrant has been issued, as well as the name and address of each transferee and each prior owner of this Warrant.

(f) Representations and Covenants of the Partnership . The Partnership represents and covenants that all Warrant Exercised Units will, when issued, be validly issued, fully paid and nonassessable (except to the extent such nonassessability may be affected by Sections 17-303, 17-607 and 17-804 of the Delaware Revised Uniform Limited Partnership Act). Upon the exercise of this Warrant, the issuance of the Warrant Exercised Units will not be subject to any preemptive or similar rights, other than pursuant to Section 5.8 of the Fifth A/R Partnership Agreement.

(g) Representations and Covenants of the Holder . The Holder is acquiring this Warrant and will acquire the Warrant Exercised Units for its own account, with no present intention of distributing or reselling this Warrant or the Warrant Exercised Units or any part thereof in violation of applicable securities laws. The Holder acknowledges that this Warrant has not been, and when issued the Warrant Exercised Units will not be, registered under the Securities Act or the securities laws of any state in the United States or any other jurisdiction and may not be offered or sold by such Holder unless subsequently registered under the Securities Act (if applicable to the transaction) and any other securities laws or unless exemptions from the registration or other requirements of the Securities Act and any other securities laws are available for the transaction. The Holder represents that it is an “accredited investor” within the meaning of Rule 501 of Regulation D promulgated under the Securities Act, as presently in effect.

Section 5. Notices . All notices, requests, and other communications required or permitted to be given or delivered hereunder to the Holder of this Warrant shall be in writing, and shall be personally delivered, or shall be sent by certified or registered mail, postage prepaid, or by delivery service with proof of delivery, and addressed to the Holder at the address shown for the Holder on the books of the Partnership, or at such other address as shall have been furnished to the Partnership by notice from the Holder. All notices, requests, and other communications required or permitted to be given or delivered hereunder to the Partnership shall be in writing, and shall be personally delivered, or shall be sent by certified or registered mail, postage prepaid, or by delivery service with proof of delivery, and addressed to the office of the Partnership at 2103 CityWest Boulevard, Building #4, Suite 800, Houston, Texas 77042, Attention: General Counsel, or at such other address as shall have been furnished to the Holder of this Warrant by notice from the Partnership. Any such notice, request, or other communication may be sent by facsimile but shall in such case be subsequently confirmed by a writing personally delivered or sent by certified or registered mail as provided above. All notices, requests, and other communications shall be deemed to have been given either at the time of the delivery thereof to (or the receipt by, in the case of a facsimile) the person entitled to receive such notice at the address of such person for purposes of this Section 5 or, if mailed, at the completion of the third full day following the time of such mailing thereof to such address, as the case may be.

Section 6. GOVERNING LAW . THIS WARRANT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO ANY CHOICE OF LAW PRINCIPLES OF SUCH STATE.

Section 7. Remedies . The Partnership stipulates that the remedies at law of the Holder of this Warrant in the event of any default or threatened default by the Partnership in the performance of or compliance with any of the terms of this Warrant are not and will not be adequate, and that such terms may be specifically enforced by a decree for the specific enforcement of any agreement contained herein or by an injunction against a violation of any of the terms hereof or otherwise.

Section 8. Miscellaneous .

(a) Amendments . This Warrant and any provision hereof may not be changed, waived, discharged, or terminated orally, but only by an instrument in writing signed by the party (or any predecessor in interest thereof) against which enforcement of the same is sought.

(b) Descriptive Headings . The descriptive headings of the several sections of this Warrant are inserted for purposes of reference only, and shall not affect the meaning or construction of any of the provisions hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the Partnership has caused this Warrant to be signed by its duly authorized officer on this [1st] day of July 2017.

AMERICAN MIDSTREAM PARTNERS, LP

By: American Midstream GP, LLC,
Its: General Partner

By: ______________________
Name: Eric Kalamaras
Title: Senior Vice President and Chief Financial Officer

EXHIBIT E
FIFTH AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP OF
AMERICAN MIDSTREAM PARTNERS, LP

NOTICE OF CONVERSION

This Notice of Conversion is executed by the undersigned holder (the " **Holder** ") in connection with the conversion of Series D Preferred Units of American Midstream Partners, LP, a Delaware limited partnership (the " **Partnership** "), pursuant to the terms and conditions of that certain Fifth Amended and Restated Agreement of Limited Partnership of the Partnership, as amended (the " **Partnership Agreement** "). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Partnership Agreement.

Conversion : In accordance with and pursuant to such Partnership Agreement, the Holder hereby elects to convert the number of Series D Preferred Units indicated below into Common Units of the Partnership as of the date specified below.

Series D Preferred Units held Prior to Conversion:

Certificates evidencing Series D Preferred Units to be Converted (attached herewith, duly endorsed):

Series D Preferred Units Being Converted Hereby:

Common Units Due:

Series D Preferred Units held After Conversion:

Name(s) for Common Unit Certificate:

Address for Delivery of Certificate:

Authority : Any individual executing this Notice of Conversion on behalf of an entity has authority to act on behalf of such entity and has been duly and properly authorized to sign this Notice of Conversion on behalf of such entity.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Notice of Conversion.

HOLDER :

[INSERT SIGNATURE BLOCK]

EXHIBIT F
TO
FIFTH AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP OF
AMERICAN MIDSTREAM PARTNERS, LP

SERIES D CALL EXERCISE NOTICE

This Series D Call Exercise Notice is executed by American Midstream Partners, LP, a Delaware limited partnership (the " Partnership "), pursuant to the terms and conditions of that certain Fifth Amended and Restated Agreement of Limited Partnership of the Partnership, as amended (the " Partnership Agreement "). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Partnership Agreement.

Series D Call Right : In accordance with and pursuant to Section 5.15(c) of the Partnership Agreement, the Partnership hereby elects to purchase the number of Series D Preferred Units indicated below as of the date specified below as the Series D Call Closing Date.

Series D Preferred Units held:

Series D Preferred Units to be Acquired:

Address to be Used for Delivery of the Purchase Price:

Series D Call Closing Date:

Delivery of Purchase Price : If the recipient of this Series D Call Exercise Notice desires for the purchase price to be provided by wire transfer, the recipient must provide bank account information at least two (2) days before the Series D Call Closing Date above. If the recipient of this Series D Call Exercise Notice desires for a check for the purchase price to be delivered to an address other than the address above, the recipient must provide such alternative address at least two (2) days before the Series D Call Closing Date above.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Series D Call Exercise Notice.

American Midstream Partners, L.P.

By: American Midstream GP, LLC
Its General Partner

By: _____
Name:
Title:

August 2, 2016

Regina:

On behalf of American Midstream GP, LLC (" *Company* "), general partner of American Midstream Partners, LP (" *Partnership* "), I am pleased to offer you this opportunity to join our team. The purpose of this letter is to summarize the terms of your employment offer.

Your position will be Senior Vice President & General Counsel of the Company and you will report to Lynn Bourdon, President & Chief Executive Officer, effective Tuesday, September 6, 2016 out of the Houston office. Your annualized base salary will be $275,000, payable in bi-weekly installments of $10,576.92. This position is considered an exempt position for purposes of federal wage-hour law. As an exempt employee, will not be eligible for overtime time pay for hours worked in excess of 40 in a given workweek.

You will be eligible to participate in the American Midstream Short Term Incentive Plan (STIP). The STIP provides you with the opportunity to receive an annual bonus based on your performance in achieving stated goals and targets and upon other subjective factors that may be taken into consideration by the CEO and the Board of Directors of the Company (" *Board* ") in their sole discretion. For the Company's fiscal year ending December 31, 2016 you are eligible for a target bonus amount of 75% of your then-current annual base salary payable in either cash or units in the discretion of the Board. The bonus will be payable at the time bonuses are paid to other employees of the Company and, for 2016, will be pro-rated at six months. The bonus will be conditioned on your active employment at the time of payment. Your STIP opportunities for subsequent fiscal periods will be subject to the administrative guidelines that the Board approves for the STIP.

You will also be eligible to participate in the Company's Long Term Incentive Plan (" *LTIP* ") in 2017 with a target LTIP award of 125% of your then-current annual base salary. The goal of the LTIP is to reward individual performance and contributions to the successful and profitable operations of the Partnership. LTIP grants vest over a four-year period; 25% of which vest on the first anniversary date of grant agreement and the remaining 75% vest in 25% increments on each succeeding anniversary date. Your LTIP opportunities for subsequent years will be subject to the administrative guidelines that the Board approves for the LTIP. Your LTIP grant will be governed by the terms of the LTIP, including vesting being conditioned on your active employment at the scheduled dates of vesting.

In addition, you will receive sign-on equity grants of 45,000 phantom units and 45,000 option units (with a strike price equal to the AMID NYSE common unit closing price on the last trading day prior to the date of grant) (both issued under the LTIP), to be awarded within the first 30 days of employment, 25% of which will vest or be exercisable, as applicable and subject to the terms of the LTIP, on the first anniversary date of the grant agreement and the remaining 75% will vest or be exercisable, as applicable and subject to the terms of the LTIP, in 25% increments on each succeeding anniversary date.

Additionally, you will be eligible to participate in American Midstream's relocation program to facilitate your relocation to the Houston metro area, including a $50,000 miscellaneous expense allowance as well as temporary living benefits, house hunting trip, reimbursement for closing costs associated with the sale of your existing home and purchase of a new home, moving of household goods, and other relocation benefits as agreed upon.

If the Company terminates your employment other than for Cause (defined below), you will be entitled to receive a one-time payment upon such termination of employment, equivalent to twelve months of your base salary plus one times the amount, if any, paid to you under the STIP for the prior calendar year (" *One-Time Payment* "). Payment of the One-Time Payment will be subject to execution of the Company's release agreement (which condition the Company may elect to waive in its sole discretion), and your compliance with the provisions outlined below regarding protection of confidential information, non-competition and non- solicitation. For

purposes of this offer letter, ' *Cause* ' shall mean you have (A) engaged in gross negligence, gross incompetence or willful misconduct in the performance of the duties required of you in connection with your employment by the Company; (B) refused without proper reason to perform the duties and responsibilities required of you in connection with your employment by the Company; (C) willfully engaged in conduct that is materially injurious to the Company or its affiliates (which term includes, without limitation, the Partnership) (monetarily or otherwise); (D) committed an act of fraud, embezzlement or willful breach of fiduciary duty to the Company or its affiliates (including the unauthorized disclosure of confidential or proprietary material information of the Company or its affiliates); (E) alcohol or substance abuse that has impaired or could reasonably be expected to impair your ability to perform the duties and responsibilities required of you in connection with your employment by the Company; (F) failure to comply with the Company's or the Partnership's policies in any material respect (including those regarding harassment and discrimination) or (G) been convicted of (or pleaded no contest to) a crime involving fraud, dishonesty, moral turpitude or any felony.

Payment of the One-Time Payment shall be conditioned on your agreement to preserve and protect the confidentiality of all Confidential Information (defined below) for one year following termination of your employment with the Company, provided that you shall have no obligation to keep confidential information to the extent (a) such Confidential Information has become publicly available other than as a result of your disclosure thereof or (b) disclosure is required by law. As used herein, " *Confidential Information* **"** shall mean all confidential or proprietary information of the Company or its affiliates or that of third parties to which you have had access by virtue of your position with the Company, including without limitation financial information and relationships, trade secrets, business information, customer information, business opportunities, M&A activity (past and that which has been considered), work product, pricing terms, evaluations, acquisition prospects, operational information, privileged information and similar.

Payment of the One-Time Payment shall also be conditioned on your agreement that for one year following termination of your employment with the Company, you will not directly or indirectly engage or employ or solicit to engage or employ, any person who is an employee of the Company or any of its affiliates, nor will you canvass, solicit, approach or otherwise attempt to entice away from the Company or any of its affiliates any customer of any of such entities.

Further, payment of the One-Time Payment shall also be conditioned on your agreement that that for one year following termination of your employment with the Company, you will not carry on, participate or engage in, directly or indirectly, any business endeavor that competes with business in which the Company or its any of its affiliates are engaged, nor will you, directly or indirectly, own, manage, operate, join, become an employee, consultant, partner, owner or member of (or an independent contractor to), or participate in or loan money to any business, individual, partnership, firm, corporation or other entity, which engages in such a competing business. The above shall be evaluated on a county-by-county basis.

In addition, if you terminate your employment with the Company for any reason, you agree that the Company, at its sole option, may elect to pay you the One-Time Payment, in which event you agree to be bound by the provisions set forth in the preceding three paragraphs regarding protection of confidential information, non-competition and non-solicitation.

American Midstream offers competitive Medical, Dental, Vision, Flexible Spending Accounts and 401k retirement plan benefit programs which you will be eligible to participate in effective October 1, 2016. Eligibility for Company-paid benefits such as employee and dependent life insurance and short- and long-term disability are subject to applicable waiting periods.

You will accrue paid time off at a rate of .0962 hours per hour worked (up to 80 hours worked within a pay period), or up to 200 hours annually. The annual amount will be prorated based on your hire date. American Midstream also offers nine Company-paid holidays and two floating holidays annually for any employees hired before June 1. Employees hired after June 1 will be eligible for one floating holiday in the current calendar year.

This offer of employment is conditional upon successful completion of American Midstream's pre-employment screening process, inclusive of a drug test and criminal background check.

The information in this letter is not intended to constitute a contract of employment, either express or implied. We are an at-will employer, which means that either the Company or you are free to end this employment

relationship at any time, with or without reason or notice. While we reserve the right to change or terminate the various employment policies, compensation and benefit programs, in our sole discretion, the at-will aspect of your employment is not subject to change except in a written agreement that is signed by you and a designated member of the Board.

American Midstream is a small company and you may be asked to assist with other projects for the Company and Partnership in addition to your regular job responsibilities. We foster initiative, self-directed work, ownership and teamwork in order to help one another accomplish our business goals.

We welcome you to our team and hope you'll be a great contributor.

Please indicate your acceptance of this offer by signing below and returning a copy of this letter no later than Thursday, August 4, 2016.

Sincerely,

Name: /s/ Lynn L. Bourdon III

Signature: Lynn L. Bourdon III
Chairman, President & Chief Executive Officer

I acknowledge the terms outlined above and accept American Midstream's offer of employment. I understand that my employment is contingent upon completion of background check, drug test, and favorable MVR report, if required. With this acknowledgement, I attest that I am not party to any agreement that in any way prohibits or imposes any restrictions on my employment with American Midstream, and my acceptance of this offer will not breach any agreements to which I am a party.

Name: Regina Gregory

Signature: /s/ Regina Gregory Date: 8/4/2016

EXHIBIT 10.60

American Midstream GP, LLC Long-Term Incentive Plan Grant of Phantom Units

Grantee: Regina Gregory
Grant Date: September 8, 2016

1. **Grant of Phantom Units .** American Midstream GP, LLC (the *" Company"),* general partner of American Midstream Partners, LP (the *" Partnership ")* hereby grants to you, Regina Gregory, 45,000 Phantom Units under the American Midstream GP, LLC Long Term Incentive Plan (the " Plan ") on the terms and conditions set forth herein and in the Plan, which is incorporated herein by reference as a part of this Agreement ("Agreement" or "Grant Agreement"). In the event of any conflict between the terms of this Agreement and the Plan, the Plan shall control. Capitalized terms used in this Agreement but not defined herein shall have the meanings ascribed to such terms in the Plan, unless the context requires otherwise.

2. **Vesting .** Except as otherwise provided in Paragraph 3 below, the Phantom Units granted hereunder shall vest on the dates as described below:

Vesting Dates	Number of Units Vesting
prior to 9/08/2016	—
on 9/08/2017	11,250
on 9/08/2018	11,250
on 9/08/2019	11,250
on 9/08/2020	11,250

3. **Events Occurring Prior to Full Vesting.**

(a) **Death or Disability .** If your employment with the Company terminates as a result of your death or Total and Permanent Disability, the unvested Phantom Units then held by you automatically will become fully vested upon such termination. For purposes of this Agreement, your "Total and Permanent Disability" means that you are qualified for long-term disability benefits under the Company's long-term disability plan or insurance policy; or, if no such plan or policy is then in existence or you are not eligible to participate in such plan or policy, that you, because of a physical or mental condition resulting from bodily injury, disease, or mental disorder, are unable to perform your duties of employment for a period of six (6) continuous months, as determined in good faith by the Committee.

(b) **Other Terminations .** If your employment with the Company terminates for any reason other than as provided in Paragraph 3(a) above, all unvested Phantom Units then held by you automatically shall be forfeited without payment upon such termination. F o r purposes of this Paragraph 3, you will not be deemed to have terminated emp l oyment for so long as you maintain continuous status as an Employee or a Director of th e Company or any Affiliate.

4. **Payment.** If vesting of a Phantom Unit shall occur pursuant to Paragraph 2 or 3(a) , above, then as soon as administratively practicable after the vesting of such Phantom Unit, but not later than seven days thereafter, you shall be paid a lump sum payment in Units equal to th e number of vested Phantom Units. Notwithstanding the foregoing, however, the Committee may, in its sole discretion, direct that payment be made to you i n th e form of cash (in lieu of units) for each vested Phantom Uni t.

5. **Limitations Upon Transfer.** All rights under this Agreement shall belong to you alone and may not be transferred, a ssigned, pledged, or hypothecated by you in any way(whether by operation of law or otherwise), other than by will or the laws of descent and distribution and shall not be subject to execution, attachment, or similar process. Upon any attempt by you to transfer, assign, pledge, hypothecate, or otherwise dispose of such rights contrary to the provisions in this Agreement or the Plan, or upon the levy of any attachment or similar process upon such rights, such rights shall immediately become null and void.

6. **Restrictions .** By accepting this grant, you agree that any Units that you may acq u ire u pon payment of this Award will not be sold or otherwise disposed of in any manner that would co n stitute a violation of any applicable federal or state

securities laws. You also agree that (i) any certificates representing the Units acquired under this Award may bear such legend or legends as the Committee deems appropriate in order to assure compliance with applicable securities laws and any restrictions set forth in this Agreement, (ii) the Company may refuse to register the transfer of the Un i ts to be acquired under this Award on the transfer records of the Partnership if such proposed transfer would i n t h e opinion of counsel satisfactory t o the Pa rt nership constitute a violat i o n of any applicable securiti e s law, and (iii) the Partnership may give related instructions to its transfer agent, if an y, to stop registration of t h e transfer of the Units to be acquired under this Award.

7. **Withholding of Taxes.** To the extent that the gran t, ves ti ng or payment of a Phantom Un i t results in the r eceipt of compensa ti on by you with respect to which the Company or an Affiliate has a tax withholding obligation pursuant t o app l icable law, unless other arrangements have been made by you that are acceptable to the Company or such Affiliate, you shall del i ver to the Company or the Affiliate such amount of money as the Company o r the Affiliate may require to meet its withholding obligations unde r such applicable law. If you fail to do so, the Company is authorized to withho l d from any cash or Unit remuneration (includi n g withholding any Uni t s to be distributed to you under this Agreement) then or t hereafter payable to yo u any t ax requi r ed to be w i thheld by reason of such resulting compensation income. No payment of a vested P h antom Unit shall be made pursuant to this Agreement until you have paid or m ade arrangements approved by the Company or the Affiliate to satisfy in full the applicable tax withholding requirements of t he Company or Affiliate with respect to such event. You may request tha t the Committee settle in cash, rather than in Units, a portion of any vested and payab l e Phantom Units to provide for the satisfact i on of any tax w i thholding ob li gation resulting from such Phantom Units, and the Committee will determine the approval or the Company's performance of such request on a case by case basis.

8. **Rights as Unitholder .** Phantom Units awarded under the Plan do not have voting nor consent rights. You, or your executor, administrator, heirs, or legatees shall have the right to vote and receive distributions on Units and all the other privileges of a unitholder of the Partnership only from the date of issuance of a Unit certificate in your name representing payment of a vested Phantom Unit.

9. **Insider Trading Policy .** The terms of the Company's Insider Trading Policy with respect to Units are incorporated herein by reference. The timing of delivery of any Units pursuant to a vested Phantom Unit shall be subject to and comply with such Policy.

10. **Binding Effect .** This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and upon any person lawfully claiming under you.

11. **Entire Agreement .** This Agreement and the Plan constitute the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the Award granted hereby.

12. **Modifications .** Except as provided below, any modification of this Agreement shall be effective only if it is in writing and signed by both you and an authorized officer of the Company.

13. **Governing Law .** This grant shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflicts of laws principles thereof.

AMERICAN MIDSTREAM GP, LLC

By: **/s/Lynn L. Bourdon III**
Lynn L. Bourdon III
President, Chairman of the Board & Chief Executive Officer

"GRANTEE"

/s/ Regina Gregory
Regina Gregory

EXHIBIT 10.61

UNIT PURCHASE OPTION GRANT NOTICE

Capitalized terms not specifically defined in this Unit Purchase Option Grant Notice (the ***"Grant Notice")*** have the meanings given to them in the American Midstream GP, LLC Long-Term Incentive Plan (as amended and restated from time to time, the ***"Plan")*** of American Midstream GP, LLC (the ***"Company"),*** the general partner of American Midstream Partners, LP ***("AMID").***

The Company has granted to the participant listed below ***("Participant")*** the Unit purchase option described in this Grant Notice (the ***"Option"),*** subject to the terms and conditions of the Plan and the Unit Option Agreement attached as Exhibit A (the ***"Agreement"),*** both of which are incorporated into this Grant Notice by reference.

Participant:	Regina Gregory
Grant Date:	September 19, 2016
Exercise Price Per Unit:	$13.88
Units Subject to the Option:	45,000
Final Expiration Date:	September 30 of the calendar year following the calendar year in which the Option becomes vested and exercised in accordance with the vesting terms below.
Vesting Schedule:	Subject to the terms of the Agreements, 25% of the Option will become vested and exercisable on the first anniversary date of this Option and the remaining 75% will become vested and exercisable in 25% increments on each succeeding anniversary date, subject to Participants continued employment with the Company on such date.

By Participant's signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

AMERICAN MIDSTREAM GP, LLC		PARTICIPANT
By:	/s/ Lynn L. Bourdon III	/s/ Regina Gregory
Name:	Lynn L. Bourdon III	
Title:	President & CEO	

EXHIBIT 10.61

Exhibit A

UNIT PURCHASE OPTION AGREEMENT

Capitalized terms not specifically defined in this Agreement have the mea n ings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I.
GENERAL

1.1 Grant of Option . The Company has granted to Participant the Option effective as of the grant date set forth in the Grant Notice (the " **Grant Date** ").

1.2 Incorporation of Terms of Plan . The Option is subject to the terms and conditions set forth in this Agreement and the Plan, which are incorporated herein by reference. Notwithstanding any provision of the Plan to the contrary, in no event will any amendment to the Plan materially and adversely affect the Participant's rights with respect to the Option without the Participant's consent. In addition, in no event will the Committee take the action described in Section 6(h)(vii)(E) of the Plan unless, in connection with the applicable transaction or circumstance, the Committee accelerates the vesting of the Option and notifies and allows the Participant a reasonable period of time to exercise the Option prior to the closing or occurrence of such transaction or circumstance (and allows the Participant to make any applicable election with respect to the underlying Units in such transaction or circumstance (a **"Transaction Election"**)). Any accelerated vesting in connection with the foregoing sentence may be conditioned on the closing or occurrence of the applicable transaction or circumstance, provided that in all events the Participant shall have the right to make any applicable Transaction Election.

ARTICLE II.
PERIOD OF EXERCISABILITY

2.1 Commencement of Exercisability . The Option will vest and become exercisable according to the vesting schedule in the Grant Notice.

2.2 Duration of Exercisability . Any portion of the Option which vests and becomes exercisable will remain vested and exercisable until the Option expires. The Option will be forfeited immediately upon its expiration.

2.3 Expiration of Option . The Option may not be exercised to any extent by anyone after, and will expire on, the final expiration date in the Grant Notice.

ARTICLE III.
EXERCISE OF OPTION

3.1 Person Eligible to Exercise . During Participant's lifetime, only Participant may exercise the Option.

3.2 Manner of Exercise. To exercise the Option, Participant must deliver a written exercise notice to the Company, in such form as may be prescribed by the Committee, along with payment in full of the exercise price for the portion of the Option being exercised in cash or by check acceptable to the Company, provided that at Participant's election he may pay the exercise price in a "cashless-broker" exercise through a program approved by the Company or with the withholding of Units that would otherwise be delivered to the Participant upon the exercise of the Option.

3.3 Partial Exercise . The Option, if exercisable, may be exercised, in whole or in part, according to the procedures in the Plan at any time prior to the time the Option expires, except that the Option may only be exercised for whole Units.

3.4 Tax Withholding . To the extent that the exercise of the Option results in the receipt of compensation by Participant with respect to which the Company or an Affiliate has a tax withholding obligation pursuant to applicable law, unless other arrangements have been made by Participant that are acceptable to the Company or such Affiliate for the satisfaction of such withholding obligations, Participant shall deliver to the Company or the Affiliate such amount of money as the Company or the Affiliate may require to meet its withholding obligations under such applicable law. If Participant fails to do so, the Company is authorized to withhold from any cash or Unit remuneration (including withholding any Units to be issued upon exercise of the Option) then or thereafter payable to Participant any tax required to be withheld by reason of such resulting compensation income. No Units shall be issued pursuant to this Agreement until Participant has paid or made arrangements

approved by the Company or the Affiliate to satisfy in full the applicable tax withholding requirements of the Company or Affiliate with respect to such event.

ARTICLE IV. OTHER PROVISIONS

4.1 Adjustments. Participant acknowledges that the Option is subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's General Counsel at the Company's principal office or the General Counsel's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all applicable laws and, to the extent applicable laws permit, will be deemed amended as necessary to conform to applicable laws.

4.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the Option will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule l 6b-3) that are requirements for the application of such exemptive rule. To the extent applicable laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Option, and rights no greater than the right to receive the Units as a general unsecured creditor with respect to the Option, as and when exercised pursuant to the terms hereof.

4.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company, AMID or their Affiliates or interferes with or restricts in any way the rights of the Company, AMID or their Affiliates, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company, AMID or their Affiliates and Participant.

4.11 Insider Trading Policy . The terms of the Company's Insider Trading Policy with respect to Units are incorporated herein by reference.

4.12 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to applicable laws, each of which will be deemed an original and all of which together will constitute one instrument.

4.13 Modifications . Except as provided below, any modification of this Agreement shall be effective only if it is in writing and signed by both you and an authorized officer of the Company.

4.14 Governing Law. This grant shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflicts of laws principles thereof.

* * * * *

EXHIBIT 10.62

SEPARATION AGREEMENT AND RELEASE AND WAIVER

This Separation Agreement and Release and Waiver (" Agreement ") is entered into by and between American Midstream GP, LLC (" American Midstream ") and Michael D. Suder (" Suder ") and effective November 21, 2016. Suder and American Midstream are also referred to in this Agreement individually as a " Party " or collectively as " Parties ".

1. Background. Suder served as the President and Chief Executive Officer of American Midstream's wholly owned subsidiary Blackwater Midstream Holdings LLC and its affiliates ("Blackwater"). Suder resigned his position by agreement, effective November 21, 2016 (" Date of Termination "). Suder has an Employment Agreement with American Midstream dated effective December 17, 2013, as modified and amended on November 4, 2015, and March 7, 2016 (collectively " EA ") all attached as Exhibit 1 to this Agreement. The Parties agree to Suder's resignation and to fully compromise any disagreements and fully settle all matters between them, including Suder's employment, as set forth below.

2. Consideration . American Midstream agrees:

a. That it will pay Suder severance pay, consisting of money that American Midstream is not obligated to pay Suder, less applicable taxes and other withholdings, as follows:

i. $300,000 to be paid in bi-weekly installments for 52 weeks pursuant to American Midstream's payroll schedule with the first payment to be December 2, 2016.

ii. During the 12-month period following the Date of Termination, to the extent that Suder (and his eligible dependents as of the Date of Termination) are eligible for and elect continuation (COBRA) coverage under any medical, vision and dental benefit plans (excluding disability insurance) maintained by American Midstream under which Suder was covered immediately prior to the Date of Termination, American Midstream agrees to pay the benefit administrator on behalf of Suder a taxable amount equal to the amount (if any) that American midstream contributes towards the cost of coverage for a similarly situated active employee. Such amount may be taxable to Suder, and will be paid monthly through the 12 month anniversary of the Date of Termination.

b. Suder agrees that American Midstream has paid him all of the compensation it owed him under his EA and any amendments or related documents, and that it does not owe him the above monetary consideration unless he executes this Agreement. He further agrees that the above consideration represents the complete satisfaction and compromise of all disputes or potential disputes between him and American Midstream.

c. Suder agrees that should he breach this Agreement or any of the provisions of the EA that are referenced in Paragraph 5 below, he will not be entitled to the consideration referenced in (a)(i) and (a)(ii) above other than the first of the 52 weeks payments referenced in (a)(i). In the event American Midstream has made additional payments to Suder prior to his breach, he agrees that he must repay those additional payments immediately, and agrees to judgment against him for that amount, plus attorneys' fees incurred by American Midstream in addressing Suder's breach. After Suder's breach, or suspected breach, American Midstream has the right to cease all payments referenced in (a)(i) and (ii) above to Suder that it has not already paid, other than the first of the 52 weeks payments.

3. Release of Claims by Suder. Suder, for himself and his family, heirs, executors and administrators, fully and finally waives, discharges and unconditionally and irrevocably releases American Midstream [1] , from any and all claims and rights of any kind (including, without limitation, causes of action for costs, compensatory damages, liquidated damages, exemplary and punitive damages, and injunctive relief) that Suder may have, whether now known or unknown, suspected or unsuspected, including, but not limited to, claims arising out of or in any way connected with Suder's employment with and/or termination of his employment from American Midstream.

The claims and rights Suder releases include, but are not limited to: (a) claims for breach of contract, defamation, tortious interference with contract, "wrongful termination," and all other common law claim; (b) all Federal statutory claims, such as claims under Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act, the Occupational Safety and Health Act (including claims for retaliation), the Older Workers Benefit Protection Act, the Workers' Adjustment and Retraining Notification Act; and all claims under the statutory law of any State, including Louisiana, Texas, and Colorado, for example; and (c) all other claims that Suder could bring due to his employment, his termination of employment, or for any other reason.

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[1] This release of American Midstream includes all of its parents and all subsidiary, affiliate, or related companies, past, current and future insurers, principals, owners, directors, officers, employees, attorneys and agents, and the trustees and administrators (past, present, and future) of American Midstream's ERISA and/or other benefit plans, where applicable, and the heirs and assigns of each of the aforementioned individuals or entities, in their personal, individual, official and/or corporate capacities (referred to in this Agreement as " American Midstream ").

5. Abrogation of Suder's Employment Agreement Except Post-Employment Restrictions . Suder agrees that this Agreement abrogates all provisions of his EA, except for the post-employment restrictions and other restrictions/provisions set forth below. Suder also agrees that the provisions set forth below remain independently enforceable, and are also incorporated into this Agreement by reference. He specifically reiterates his agreement to honor the restrictions identified below, as follows:

a. The definition of "confidential information" in Paragraph 1.6;
b. The definition of "work product" in Paragraph 1.10;
c. The provisions of Article VI Protection of the Company's Confidential Information;
d. The provisions of Article VII Non-Competition Agreement;
e. The provisions of Article VIII Statements Concerning the Company;
f. The following provisions of Article IX Miscellaneous:
   i. 9.3 Litigation;
   ii. 9.4 Dispute Resolution;

6. Representations and Warranties (including acknowledgment of knowing and voluntary release of Age Discrimination Claims under Age Discrimination in Employment Act and Older Workers Benefit Protection Act). Suder represents and warrants that: (a) he is represented by, or has been advised by the Company to retain, counsel of his choosing with respect to this Agreement; (b) he has not been induced to enter this Agreement by a statement, action or representation of any kind or character made by the persons or entities released under this Agreement or any person or persons representing them, other than those expressly made in this Agreement; (c) he is legally competent to execute this Agreement; (d) this Agreement, including his release and waiver of claims under the Age Discrimination in Employment Act as amended and the Older Workers Benefit Protection Act , is written in a manner that he understands; (e) he has carefully read and understands the terms, conditions and effect of this Agreement, and has executed it freely, knowingly, voluntarily, and without duress; (e) he is fully and completely informed of the facts relating to the subject matter of this Agreement, that the claims being compromised are disputed, and enters into this Agreement knowingly and voluntarily after having given careful and mature consideration of the making of this Agreement; (f) he fully understands and intends that this Agreement is a full, final and complete resolution of all matters described herein, **and fully understands and agrees that he is waiving any and all rights or claims, if any, that he may have arising under the Age Discrimination in Employment Act as amended and the Older Workers Benefit Protection Act, which have arisen on or before the date of execution of this Agreement** ; and (g) he has actual authority to execute this Agreement. Suder represents and warrants that, once American Midstream has made all of the payments required by this Agreement, it will have paid him all compensation owed to him.

7. Suder's Acknowledgement. The Parties acknowledge that Suder's status as an employee of American Midstream ceased as of November 21, 2016, and that Suder will thereafter not be eligible to participate in any pension, profit-sharing, cafeteria or other employee-benefit plan provided by American Midstream for the benefit of its employees. Provided, however, that any rights which Suder may have under or pursuant to any pension or profit sharing plan maintained by American Midstream will be determined under the terms and conditions of such plan(s) consistent with the termination of Suder's status as an employee of American Midstream.

8. Cooperation. Suder agrees to cooperate with American Midstream in transitioning his job duties to whomever American Midstream designates. He further agrees to cooperate with American Midstream in locating and providing information regarding any issue about which Suder has knowledge. He agrees that he will provide truthful testimony at trial and in depositions, if needed, regarding any claims filed against American Midstream by any person or entity which are based on factual allegations about which Suder has knowledge. In such a situation, American Midstream will reimburse Suder any travel expenses. Suder further agrees that he will not re-enter any premises of American Midstream, or have anyone else access such premises on his behalf and will promptly return any American Midstream property or information (including any information that Suder has on his personal computer or in his personal email account which he acknowledges that he used or American Midstream business and thus has American Midstream information on his personal computer and in his personal email).

9. Entire Agreement . This Agreement constitutes the entire agreement and understanding between the Parties. This Agreement supersedes any and all prior agreements, negotiations, promises, arrangements or understandings between the Parties relating to the claims released pursuant to this Agreement or any matters related thereto.

10. Twenty-One Day Period . Suder acknowledges that he has been given a period of at least twenty-one (21) days to consider the terms of this Agreement and, if Suder should execute it prior to the expiration of the twenty-one day consideration period, knowingly waives his right to consider this Agreement for twenty-one days.

11. Seven-Day Revocation Period . Suder acknowledges that he may, for a period of seven (7) days following the execution of this Agreement, revoke his acceptance of it. This revocation must be done in writing and delivered to Scott McLaughlin, of Jackson Walker, L.L.P., 1401 McKinney Street, Suite 1900, Houston, Texas 77010, (713) 752-4301 (telephone), (713) 754-6701 (facsimile), before the close of business on the seventh day after execution. This Agreement will not become effective until the expiration of this seven-day revocation period.

12. Confidentiality. The Parties agree that this Agreement will remain confidential. Neither party will share the terms of this Agreement, or this Agreement, with any other person or entity, other than (a) lawyers and internal and external personnel with a need to know, (b) as required by law, and in the case of (b), the disclosing party will give 10 days' notice to the other party. Further, the parties are prohibited from using this Agreement in any litigation, whether between them or otherwise, except by using it as a sealed exhibit, and neither party will disclose the terms of this Agreement in any litigation, unless compelled by a court of competent jurisdiction.

13 . Agreement Execution. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, and all of which will constitute one and the same agreement.

14. Amendment, Waiver and Assignment. This Agreement may be amended only by a writing signed by the Parties. Failure on the part of either Party to complain of any action or inaction on the part of the other, no matter how long the same may continue, will never be deemed to be a waiver by such Party of any of its rights herein. Further, the Parties agree that no waiver at any time of any provisions of this Agreement will be construed as a waiver of any other provisions herein, and that a waiver at any time of any provisions herein will not be construed as a waiver at any subsequent time of the same provisions. This Agreement will be binding upon each Party and its and his heirs, administrators, representatives, executors, successors and assigns.

[Remainder of Pages Intentionally Left Blank - Signature Page Follows]

I have read each and every paragraph of this Agreement, I have been advised to consult with my attorney, I understand my respective rights and obligations and I am signing this Agreement after having had a reasonable period to consider it.

I further acknowledge that I understand the above Agreement includes the release of all claims arising from my employment with American Midstream. I understand that I am waiving unknown claims resulting from my employment with and termination from American Midstream and I am doing so intentionally.

MICHAEL D. SUDER

By: /s/ Michael D. Suder — 11/27/2016

Michael D. Suder — Date

AMERICAN MIDSTREAM GP, LLC

By: /s/ Lynn L. Bourdon III — 11/28/2016

Lynn L. Bourdon III — Date

Its: President and CEO

EXHIBIT 10.63

SEPARATION AGREEMENT AND RELEASE

This Separation Agreement and Release (" *Separation Agreement* ") is entered into between **Matthew W. Rowland** , the undersigned Employee (referred to as " *you* " or " *your* ") and **American Midstream GP, LLC** (the " *COMPANY* ").

Section 1 - Separation. Your resignation from the COMPANY will be effective on the later of January 31, 2017 or the date on which the COMPANY's new Chief Operating Officer begins working for COMPANY, but in no case will be later than March 1, 2017 (the " *Termination Date* "). You agree to continue working full time for COMPANY in the position of Senior Vice President and Chief Operating Officer until the Termination Date. Regardless of whether you choose to execute this Separation Agreement, you will be paid your base salary through the Termination Date in accordance with the COMPANY's regular payroll practices and you will be paid for any unused paid time off that you have accrued through December 31, 2016, on or before January 31, 2017. In addition you will be paid for any unused time off that you have accrued in 2017 through the Termination Date on or before fifteen (15) days following the Termination Date.

Section 2 - Consideration.

a) In exchange for your commitments as outlined in this Separation Agreement, the COMPANY agrees to provide you with the payments and benefits outlined in this Section 2 (collectively, the " *Severance Payments and Benefits* "); *provided* , *however* , that (1) you timely execute and do not revoke this Separation Agreement and it becomes enforceable and irrevocable and (2) you comply (and continue to comply) with your commitments and obligations outlined in this Separation Agreement. You agree and acknowledge that you are not otherwise entitled to the Severance Payments and Benefits and that the Severance Payments and Benefits serve as adequate consideration for your release of claims and other commitments set forth in this Separation Agreement.

b) Subject to the terms of this Separation Agreement, the COMPANY will continue to pay you your 2016 base salary, less any applicable federal, state, and local withholdings, taxes and any other deductions required by law, for twelve (12) months after the Termination Date. in accordance with the COMPANY's normal payroll practices (the " *Severance Payments* "). The Severance Payments will begin on the next regularly scheduled COMPANY payroll date after the later of January 31, 2017 or the Termination Date (as defined in Section 4).

c) Subject to the terms of this Separation Agreement, the COMPANY will pay you your 2016 bonus at 100% of your Target ($213,750, less applicable any applicable federal, state, and local withholdings, taxes and any other deductions required by law) at the same time that COMPANY pays its employees such annual bonuses, which in no event will be later than March 15, 2017.

d) Subject to the terms of this Separation Agreement and notwithstanding anything to the contrary in the COMPANY's Third Amended and Restated Long Term Incentive Plan or any equity grant, you will not forfeit your unvested units on the Termination Date. Instead, you will continue to vest any unvested units pursuant to the COMPANY's Third Amended and Restated Long Term Incentive Plan until all such units have fully vested.

e) If you elect continuation coverage under COMPANY's group health care plans in accordance with Part 6 of Subtitle B of Title I of the Employee Retirement Income Security Act of 1974, as amended (" *COBRA* "), COMPANY will pay the monthly premium for such plans in accordance with the regularly scheduled premium due dates until the earlier of (1) twelve (12) months after the Termination Date of this Separation Agreement, or (2) you are no longer enrolled in or otherwise eligible for COBRA. In order to elect continuation coverage, you must timely complete and submit all necessary election forms to COMPANY's third party COBRA administrator.

Section 3 - Release and Covenant Not To Sue.

In exchange for the mutual promises set forth in this Separation Agreement (including the Severance Payment and Benefits outlined in Section 2 above), you, on behalf of yourself and your agents, heirs, administrators, executors, assignors, assigns and anyone acting or claiming to act on your or their joint or several behalf, hereby irrevocably and unconditionally release and forever discharge COMPANY together with American Midstream Partners, LP (a Delaware limited partnership) and its and their parents, subsidiaries, affiliates (including without limitation, ArcLight Capital Partners and subsidiaries and affiliates), partners, joint venturers, predecessor and successor corporations and business entities, past, present and future, and its and their agents, directors, officers, board members, equity holders, members, managers, employees, shareholders, investors, insurers and reinsurers, representatives, attorneys, employee benefit plans and plan administrators (and the trustees or other individuals affiliated with such plans), other representatives, affiliates, trustees, divisions, and subsidiaries and their predecessors, successors, assigns, and anyone acting on their joint or several behalf, past, present, and future (collectively the " *Released Parties* ") of and from any and

all claims, complaints, demands, costs, expenses, grievances, obligations, liabilities, actions and causes of action of whatever kind and character in law or in equity, whether known or unknown, through the date upon which you execute this Separation Agreement, including (but not limited to) any claims under Title VII of the Civil Rights Act of 1964, Section 1981 of the Civil Rights Act of 1870, the Age Discrimination in Employment Act (as more fully explained in Section 4 below), the Americans with Disabilities Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act, the Family and Medical Leave Act, the Texas Commission on Human Rights Act, the Texas Payday Law, other provisions of the Texas Labor Code and any other applicable federal, state, or local constitutional, statutory or common law claims, including (but not limited to) any claims based upon implied or express contract, wages or benefits owed, covenants of fair dealing and good faith, wrongful discharge, negligence, assault, battery, public policy, intentional infliction of emotional distress, retaliation or defamation.

It is your express intent to enter into this full and final release of any and all claims, whether known or unknown, against any of the Released Parties whatsoever through the date upon which you execute this Separation Agreement, except claims specifically excluded from this release, which are described in Section 5, below.

Section 4 - Release of Age Discrimination in Employment Claims.

You understand that the release set forth in Section 3 includes a release of any claims you may have under the Age Discrimination in Employment Act (" *ADEA* "), 29 U.S.C. § 621 *et seq.* , against any of the Released Parties that may have existed on or prior to the date upon which you execute this Separation Agreement. You understand that the ADEA is a federal statute that prohibits discrimination on the basis of age. You wish to waive any and all claims under the ADEA that you may have against any of the Released Parties as of the date upon which you execute this Separation Agreement, and hereby waive such claims. You understand that any claims under the ADEA that may arise after the date on which you execute this Separation Agreement are not waived. You acknowledge and agree that you are receiving consideration for the waiver of any and all claims under the ADEA to which you are not already entitled.

You acknowledge that, pursuant to and in compliance with the rights afforded you under the Older Worker Benefit Protection Act, you are advised:

a) to consult with an attorney before executing this Separation Agreement;

b) that you have, at your option, twenty-one (21) days to consider this Separation Agreement;

c) that you may revoke this Separation Agreement at any time within the seven (7) day period following his execution of this Separation Agreement (the " *Revocation Period* ");

d) that this Separation Agreement shall not become effective or enforceable until the Revocation Period has expired; and

e) that you are not waiving claims that may arise after the date on which you execute this Separation Agreement.

You may revoke this Separation Agreement by delivering a written notice of revocation to **American Midstream, 2103 CityWest Blvd, Building 4, Houston, TX 77042 Attn: Director of Human Resources** . If mailed, such written notice must be postmarked within the Revocation Period properly addressed as set forth above. If you do not revoke this Separation Agreement within the Revocation Period, this Separation Agreement will become effective and enforceable on the date immediately following the later of the last day of Revocation Period or the Termination Date (the " *Effective Date* "). The offer to enter into this Separation Agreement shall remain open for twenty-one (21) days after you receive it, after which time it shall be deemed withdrawn without further action or notice by COMPANY. You understand and acknowledge that if you revoke this Separation Agreement within the Revocation Period, you will not receive the Severance Payment and Benefits.

Section 5 - Exceptions to Release. Excluded from the release contained in Sections 3 and 4 are any claims that arise after the date that you sign this Separation Agreement and any other claims that cannot be waived by law, including (but not limited to) the right to file a charge with, or participate in, an investigation conducted by any government agency, such as the United States Department of Labor, the Equal Employment Opportunity Commission, or the National Labor Relations Board. You acknowledge, however, that you are waiving the right to any monetary recovery or relief, including attorneys' fees, in connection with any charge or investigation or to file an individual or class action lawsuit against any Released Party. You and COMPANY acknowledge and agree that nothing in this Separation Agreement prevents you from instituting any action to challenge the validity of the release under the ADEA, to enforce the terms of this Separation Agreement, or from enforcing rights, if any, under ERISA to recover any vested retirement benefits.

Section 6 - Transition Services and Restrictive Covenants.

a) You agree to cooperate with the COMPANY in the transition of your prior role and position to others, and to be fully involved with the integration of JP Energy Partners. You also agree that you shall, without any additional compensation, provide services to the COMPANY, as requested, up to eighty (80) hours per month, for twelve (12) months following the Termination Date (" *Transition Services Period* "). In the event that you provide any assistance to the COMPANY after the Termination Date, the COMPANY shall reimburse you for normal and reasonable travel-related expenses that you actually incur in connection with your provision of services to the COMPANY pursuant to this Section 6.

b) During the Transition Services Period, the COMPANY will provide you with access to new "Confidential Information" (as that term is defined in your Employment Agreement with the COMPANY, dated August 22, 2013 (the " *Employment Agreement* ")) and the business goodwill of the COMPANY; and you agree not to use or disclose such Confidential Information at any time in perpetuity except as necessary to carry out your services for the COMPANY during the Transition Period.

c) For eighteen (18) months following the Termination Date, you agree not to, directly or indirectly, either for your own benefit or for the benefit of anyone else, hire any current employee of the COMPANY or solicit, induce, or attempt to solicit or induce, any current employee of the COMPANY to terminate his or her employment with the COMPANY.

d) For twelve (12) months following the Termination Date, you agree not to directly or indirectly compete with the COMPANY (1) within 50-miles of any location in which the COMPANY conducts business in the United States as of the Termination Date (but this does not include Pinnacle Propane's or Pinnacle Propane Express' business or assets), or (2) on any projects that the COMPANY is reviewing or has reviewed. This Section 6(d) will not apply to the Badger assets *provided that* the relevant project or business is not under review or has not been reviewed by the COMPANY or is not reviewed by the COMPANY during the Transition Services Period.

e) You agree that these restrictions are reasonable and necessary to protect the COMPANY's legitimate business interests and that you will not challenge the reasonableness or enforceability of any of the covenants set forth in this Section 6.

f) It is expressly understood that the COMPANY's obligations under Section 2 of this Separation Agreement shall cease in the event that you breach any of your non-disclosure, non-solicitation, or non-competition obligations set forth above in this Section 6.

Section 7 - Survival and Affirmation of Post-Employment Obligations. In executing this Separation Agreement, you agree that your post-employment obligations set forth in Articles 5, 6 and 7 of your Employment Agreement, including but not limited to the non-disclosure, non-competition, and non-solicitation covenants, survive the COMPANY's non-renewal of the Employment Agreement and the separation of your employment and you reaffirm your agreement to comply with such post-employment obligations. Notwithstanding anything to the contrary therein, your non-compete obligations in the Employment Agreement will not apply to the Badger assets *provided that* the relevant project or business is under review or has been reviewed by the COMPANY or is reviewed by the COMPANY during the Transition Services Period. It is expressly understood that the COMPANY's obligations under Section 2 of this Separation Agreement shall cease in the event that you breach any of your post-employment obligations set forth in the Employment Agreement.

Section 8 - No Admission of Wrongful Conduct. You acknowledge and agree that, by providing the Severance Payments and Benefits described above and entering into this Separation Agreement, neither COMPANY nor any of the other Released Parties is admitting any unlawful or otherwise wrongful conduct or liability to you or your heirs, executors, administrators, assigns, agents, or other representatives.

Section 9 - Equipment, Records and Keys. You and COMPANY shall mutually agree to a date, time and place at which you shall return to COMPANY all of its property in your possession or control, including but not limited to, all paper records and documents, access cards and keys to any COMPANY facilities. Notwithstanding the foregoing, all parties acknowledge that there may be additional follow up work requested of you after the Termination Date which may require access to certain COMPANY equipment and records, and that you shall be entitled to retain same for ready access and assistance to COMPANY for a reasonable time period, whereafter COMPANY may request return of same.

Section 10 - Miscellaneous.

a) Severability. If any provision of this Separation Agreement is declared by any court of competent jurisdiction to be invalid for any reason, such clause shall be modified to the extent possible to comply with the stated intent, and

in any case such invalidity shall not affect the remaining provisions. Such remaining provisions shall be fully severable, and this Separation Agreement shall be construed and enforced as if such invalid provisions never had been inserted in the Separation Agreement except as modified as aforesaid.

b) Receipt of Separation Agreement. You acknowledge that you received this Separation Agreement on January 5, 2016.

c) No Waiver for Failure to Enforce. The failure by any party to this Separation Agreement to enforce at any time, or for any period of time, any one or more of the terms or conditions of this Separation Agreement shall not be a waiver of such terms or conditions of this Separation Agreement or of such party's right thereafter to enforce each and every term and condition of this Separation Agreement.

d) Taxes. The COMPANY may withhold from any amounts payable under this Separation Agreement all federal, state, city or other taxes as that it is required to withhold pursuant to any applicable law, regulation or ruling. Notwithstanding any other provision of this Separation Agreement, the COMPANY shall not be obligated to guarantee any particular tax result for you with respect to any payment provided to you hereunder, and you shall be responsible for any taxes imposed on you with respect to any such payment.

e) Successors and Assigns. This Separation Agreement shall bind and inure to the benefit of and be enforceable by you, COMPANY and the other Released Parties and their respective heirs, executors, personal representatives, successors and assigns, except that you may not assign this Separation Agreement or any of your rights or obligations hereunder without the prior written consent of COMPANY. Any attempted assignment by you in violation of this provision shall be void.

f) Entire Agreement. This Separation Agreement and the documents referenced herein represent the entire agreement and understanding between you and COMPANY regarding your employment with and separation from COMPANY and the events leading thereto and associated therewith, and supersede and replace any and all prior agreements and understandings concerning your relationship with COMPANY.

g) Code Section 409A. This Separation Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (" *Section 409A* ") or an exemption thereunder and will be construed and administered in accordance with Section 409A to the maximum extent possible. Any payments under this Separation 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 will be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Separation Agreement will be treated as a separate payment. Notwithstanding the foregoing, the COMPANY makes no representations that the payments and benefits provided under this Separation Agreement comply with Section 409A and in no event will the COMPANY be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred on account of non-compliance with Section 409A. To the extent that any reimbursement or in-kind benefit provided under this Separation Agreement is nonqualified deferred compensation within the meaning of Section 409A: (i) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year; (ii) the reimbursement of an eligible expense must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and (iii) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit. The term "terminate employment" and similar terms as used in this Separation Agreement shall mean a "separation from service" (within the meaning of Treasury Regulation Section 1.409A-1(h) (" *Separation from Service* "). If you are a "specified employee," determined pursuant to procedures adopted by COMPANY in compliance with Section 409A, on the date of your Separation from Service, and if any portion of the payments or benefits to be received by you upon your Separation from Service would constitute nonqualified deferred compensation (within the meaning of Section 409A), then to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable or provided pursuant to this Separation Agreement during the six-month period immediately following your Separation from Service will instead be paid or made available on the earlier of (i) the date that the first business day of the seventh month after your Separation from Service or (ii) your death.

h) Choice of Law. This Separation Agreement shall in all respects be interpreted, construed and governed by and in accordance with the internal substantive laws of the State of Texas, without regard to its conflict of law rules.

[Remainder of Page Intentionally Left Blank]

I HAVE CAREFULLY READ THE TERMS OF THIS SEPARATION AGREEMENT AND I EXECUTE IT VOLUNTARILY, FULLY UNDERSTANDING AND ACCEPTING THE PROVISIONS OF THIS AGREEMENT IN ITS ENTIRETY AND WITHOUT RESERVATION AFTER HAVING HAD SUFFICIENT TIME AND OPPORTUNITY TO CONSULT WITH MY LEGAL ADVISORS PRIOR TO EXECUTING THIS AGREEMENT. I HAVE BEEN ADVISED TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS AGREEMENT. IN AGREEING TO SIGN THIS AGREEMENT I HAVE NOT RELIED ON ANY STATEMENTS OR EXPLANATION MADE BY THE COMPANY. I HAVE HAD TWENTY-ONE (21) DAYS TO CONSIDER THIS AGREEMENT. I UNDERSTAND THAT I MAY REVOKE AND CANCEL THE AGREEMENT WITHIN SEVEN (7) DAYS AFTER SIGNING IT BY SERVING WRITTEN NOTICE UPON COMPANY.

Employee:

Matthew W. Rowland
Print

/s/ Matthew W. Rowland
Signature

1-17-2017
Date

For the COMPANY:

Lynn L. Bourdon III
Name

President & CEO
Title

1-17-2017
Date

EXHIBIT 21.1

American Midstream Partners, LP
List of Subsidiaries

Name	Jurisdiction of Organization
American Midstream, LLC	Delaware
American Midstream AMPAN, LLC	Delaware
American Midstream (Alabama Gathering), LLC	Alabama
American Midstream (Alabama Intrastate), LLC	Alabama
American Midstream (AlaTenn), LLC	Alabama
American Midstream Bakken, LLC	Delaware
American Midstream (Bamagas Intrastate), LLC	Delaware
American Midstream Blackwater, LLC	Delaware
American Midstream (Burns Point), LLC	Delaware
American Midstream Chatom, LLC	Delaware
American Midstream Chatom Unit 1, LLC	Delaware
American Midstream Chatom Unit 2, LLC	Delaware
American Midstream Costar, LLC	Delaware
American Midstream Delta House, LLC	Delaware
American Midstream Emerald, LLC	Delaware
American Midstream East Texas Rail, LLC	Delaware
American Midstream EnerTrade, LLC*	Delaware
American Midstream Finance Corporation	Delaware
American Midstream Gas Solutions GP, LLC	Delaware
American Midstream Gas Solutions LP, LLC	Delaware
American Midstream Gas Solutions, LP	Delaware
American Midstream (Lavaca), LLC	Delaware
American Midstream (Louisiana Intrastate), LLC	Delaware
American Midstream Madison, LLC	Delaware
American Midstream Marketing, LLC	Delaware
American Midstream Mesquite, LLC	Delaware
American Midstream (Midla), LLC	Delaware
American Midstream Midla Financing Holding, LLC	Delaware
American Midla Financing, LLC	Delaware
American Midstream Midla Reconfiguration, LLC	Delaware
American Midstream (Mississippi), LLC	Delaware
American Midstream Offshore (Seacrest), LP	Texas
American Midstream Onshore Pipelines, LLC	Delaware
American Midstream Permian, LLC	Delaware
American Midstream Pine Woods, LLC	Delaware
American Midstream Republic, LLC	Delaware
American Midstream (SIGCO Intrastate), LLC	Delaware
American Midstream (Tennessee River), LLC	Alabama
American Midstream Terminaling, LLC	Delaware
American Midstream Transtar Gas Processing, LLC	Delaware
American Panther, LLC*	Delaware
Blackwater Georgia, LLC	Georgia

Blackwater Harvey, LLC	Delaware
Blackwater Investments, Inc.	Delaware
Blackwater Maryland, LLC	Maryland
Blackwater Midstream Corp.	Nevada
Blackwater New Orleans, LLC	Louisiana
Cayenne Pipeline, LLC	Delaware
Centana Gathering, LLC	Delaware
Centana Oil Gathering, LLC	Delaware
High Point Gas Gathering, LLC	Texas
High Point Gas Gathering Holdings, LLC	Delaware
High Point Gas Transmission, LLC	Delaware
High Point Gas Transmission Holdings, LLC	Delaware
Main Pass Oil Gathering Company, LLC	Delaware
Mid Louisiana Gas Transmission, LLC	Delaware

*Not wholly owned

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-3 (Nos. 333-198888, 333-201434, and 333-201436) and on Forms S-8 (Nos. 333-216585, 333-176438, 333-183290, and 333-209614) of American Midstream Partners, LP of our report dated March 24, 2017, relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Houston, Texas
March 24, 2017

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

American Midstream Partners, LP
Houston, Texas

We hereby consent to the incorporation by reference in the Registration Statements on Form S3 (File Nos. 333-198888, 333-201434 and 333-201436) and Form S-8 (File Nos. 333-216585, 333-176438, 333-183290, and 333-209614) of American Midstream Partners, LP of our report dated March 3, 2017, relating to the financial statements of Delta House FPS, LLC which appear in this Form 10-K.

/s/ BDO USA, LLP

Houston, Texas
March 24, 2017

EXHIBIT 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

American Midstream Partners, LP
Houston, Texas

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (File Nos. 333-198888, 333-201434 and 333-201436), and Form S-8 (File Nos 333-216585, 333-176438, 333-183290, and 333-209614) of American Midstream Partners, LP of our report dated February 21, 2017, relating to the financial statements of Main Pass Oil Gathering Company, LLC which appear in this Form 10-K.

/s/ BDO USA, LLP
Houston, Texas
March 24, 2017

EXHIBIT 23.4

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

American Midstream Partners, LP
Houston, Texas

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (Nos. 333-198888, 333-201434, and 333-201436) and Form S-8 (Nos. 333-216585, 333-176438, 333-183290, and 333-209614) of American Midstream Partners, LP of our report dated March 24, 2017 relating to the financial statements of Destin Pipeline Company, L.L.C., which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Houston, Texas
March 24, 2017

EXHIBIT 23.5

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

American Midstream Partners, LP
Houston, Texas

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (Nos. 333-198888, 333-201434, and 333-201436) and Form S-8 (Nos. 333-216585, 333-176438, 333-183290, and 333-209614) of American Midstream Partners, LP of our report dated March 24, 2017 relating to the financial statements of Okeanos Gas Gathering Company, LLC, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Houston, Texas
March 24, 2017

EXHIBIT 23.6

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in (i) Registration Statement Nos. 333-216585, 333-209614, 333-176438, and 333-183290 on Form S-8 of American Midstream Partners, LP and (ii) Registration Statement Nos. 333-198888, 333-201434, and 333-201436 on Form S-3 of American Midstream Partners, LP of our report dated March 1, 2017, relating to the financial statements of Tri-States NGL Pipeline, L.L.C., as of and for the year ended December 31, 2016, appearing in the Annual Report on Form 10-K of American Midstream Partners, LP for the year ended December 31, 2016.

/s/ Deloitte & Touche LLP

Houston, Texas
March 24, 2017

EXHIBIT 23.7

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-3 No. 333-198888, No. 333-201434 and No. 333-201436 and Form S-8 No. 333-216585, No. 333-176438, No. 333-183290, and No. 333-209614) of American Midstream Partners, LP of our report dated June 29, 2016, with respect to the financial statements of Destin Pipeline Company, L.L.C. as of and for the years ended December 31, 2015 and 2014 included in this Annual Report (Form 10-K) for the year ended December 31, 2016.

/s/ Ernst &Young LLP
Chicago, Illinois
March 24, 2017

EXHIBIT 23.8

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-3 No. 333-198888, No. 333-201434 and No. 333-201436 and Form S-8 No. 333-216585, No. 333-176438, No. 333-183290, and No. 333-209614) of American Midstream Partners, LP of our report dated June 29, 2016, with respect to the financial statements of Okeanos Gas Gathering Company, LLC as of and for the years ended December 31, 2015 and 2014 included in this Annual Report (Form 10-K) for the year ended December 31, 2016.

/s/ Ernst &Young LLP
Chicago, Illinois
March 24, 2017

EXHIBIT 23.9

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-3 No. 333-198888, No. 333-201434 and No. 333-201436 and Form S-8 No. 333-216585, No. 333-176438, No. 333-183290, and No. 333-209614) of American Midstream Partners, LP of our report dated June 29, 2016, with respect to the financial statements of Tri-States NGL Pipeline, L.L.C. as of and for the years ended December 31, 2015 and 2014 included in this Annual Report (Form 10-K) for the year ended December 31, 2016.

/s/ Ernst &Young LLP
Chicago, Illinois
March 24, 2017

EXHIBIT 23.10

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-3 No. 333-198888, No. 333-201434 and No. 333-201436 and Form S-8 No. 333-216585, No. 333-176438, No. 333-183290, and No. 333-209614) of American Midstream Partners, LP of our report dated April 6, 2015, with respect to the financial statements of Main Pass Oil Gathering Company as of and for the years ended December 31, 2014 and 2013 included in this Annual Report (Form 10-K) for the year ended December 31, 2016.

/s/ Ernst &Young LLP
Chicago, Illinois
March 24, 2017

EXHIBIT 23.11

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

American Midstream Partners, LP
Houston, Texas

We hereby consent to the incorporation by reference in the Registration Statements on Form S3 (File Nos. 333-198888, 333-201434 and 333-201436) and Form S-8 (File Nos. 333-216585, 333-176438, 333-183290, and 333-209614) of American Midstream Partners, LP of our report dated March 3, 2017, relating to the financial statements of Delta House Oil and Gas Lateral, LLC which appear in this Form 10-K.

/s/ BDO USA, LLP

Houston, Texas
March 24, 2017

EXHIBIT 23.12

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

American Midstream Partners, LP
Houston, Texas

We hereby consent to the incorporation by reference in the Registration Statements on Form S3 (File Nos. 333-198888, 333-201434 and 333-201436) and Form S-8 (File Nos. 333-216585, 333-176438, 333-183290, and 333-209614) of American Midstream Partners, LP of our report dated March 3, 2017, relating to the financial statements of Pinto Offshore, LLC which appear in this Form 10-K.

/s/ BDO USA, LLP

Houston, Texas
March 24, 2017

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Lynn L. Bourdon III, certify that:

1. I have reviewed this Annual Report on Form 10-K of American Midstream Partners, 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 fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Date: March 27, 2017

/s/ Lynn L. Bourdon III

Lynn L. Bourdon III
President and Chief Executive Officer of
American Midstream GP, LLC
(the general partner of
American Midstream Partners, LP)

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Eric T. Kalamaras, certify that:

1 I have reviewed this Annual Report on Form 10-K of American Midstream Partners, 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 fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Date: March 27, 2017

/s/ Eric T. Kalamaras

Eric T. Kalamaras
Senior Vice President & Chief Financial Officer
American Midstream GP, LLC
(the general partner of
American Midstream Partners, LP)

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 American Midstream Partners, LP (the “Registrant”) on Form 10-K for the period ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Lynn L. Bourdon III, President and Chief Executive Officer of American Midstream GP, LLC, the general partner of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: March 27, 2017

/s/ Lynn L. Bourdon III

Lynn L. Bourdon III
President and Chief Executive Officer of
American Midstream GP, LLC
(the general partner of
American Midstream Partners, LP)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate document. A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Registrant and will be retained by the Registrant 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 American Midstream Partners, LP (the "Registrant") on Form 10-K for the period ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric T. Kalamaras, Senior Vice President & Chief Financial Officer of American Midstream GP, LLC, the general partner of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: March 27, 2017

/s/ Eric T. Kalamaras

Eric T. Kalamaras
Senior Vice President & Chief Financial Officer
American Midstream GP, LLC
(the general partner of
American Midstream Partners, LP)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate document. A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 99.1

PINTO OFFSHORE HOLDINGS, LLC
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Report of Independent Registered Public Accounting Firm

Members
Pinto Offshore Holdings, LLC
Houston, Texas

We have audited the accompanying balance sheets of Pinto Offshore Holdings, LLC (the "Company") as of December 31, 2016 and 2015 and the related statements of income, changes in members' equity, and cash flows for the year ended December 31, 2016 and for the period from September 9, 2015 (Inception) through December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pinto Offshore Holdings, LLC at December 31, 2016 and 2015, and the results of its operations and its cash flows for the year ended December 31, 2016 and for the period from September 9, 2015 (Inception) through December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 6 to the financial statements, the 2015 financial statements have been restated to correct a misstatement.

/s/ BDO USA, LLP

Houston, Texas
March 3, 2017

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.
BDO is the brand name for the BDO network and for each of the BDO Member Firms.

PINTO OFFSHORE HOLDINGS, LLC
BALANCE SHEETS
(in thousands)

	December 31,			
	2016		2015	
			(Restated) (See Note 6)	
Assets				
Current assets				
Investment in unconsolidated affiliates	$	132,610	$	213,422
Total Assets	$	132,610	$	213,422
Liabilities and Members' Equity				
Current Liabilities				
Accounts payable and accrued liabilities	$	—	$	10
Total current liabilities		—		10
Total liabilities		—		10
Commitments and contingencies - Note 3				
Members' Equity		132,610		213,412
Total liabilities and members' equity	$	132,610	$	213,422

See accompanying notes to financial statements.

PINTO OFFSHORE HOLDINGS, LLC
STATEMENTS OF INCOME
(in thousands)

	Year Ended December 31, 2016	For the Period from September 9, 2015 (Inception) through December 31, 2015
		(Restated) (See Note 6)
Equity in earnings of unconsolidated affiliates	$ 103,770	$ 27,080
General and administrative expenses	223	111
Net Income	$ 103,547	$ 26,969

See accompanying notes to financial statements.

PINTO OFFSHORE HOLDINGS, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
(in thousands, except unit amounts)

	Units	
	Issued	Amount
Balance, September 9, 2015 (Inception)	$ —	$ —
Issuance of membership units in exchange for assets contributed	10,000	235,334
Distributions	—	(48,992)
Capital contributions	—	101
Net income (restated)	—	26,969
Balance, December 31, 2015 (Restated)	10,000	213,412
Distributions	—	(184,582)
Capital contributions	—	233
Net income	—	103,547
Balance, December 31, 2016	10,000	$ 132,610

See accompanying notes to financial statements.

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PINTO OFFSHORE HOLDINGS, LLC
STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31, 2016	For the Period from September 9, 2015 (Inception) through December 31, 2015 (Restated) (See Note 6)
Cash flows from operating activities	$ 103,547	$ 26,969
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in earnings of unconsolidated affiliates	(103,770)	(27,080)
Distributions from unconsolidated affiliates	184,582	48,992
Changes in operating assets and liabilities:		
Accounts payable and other current liabilities	(10)	10
Net cash provided by operating activities	184,349	48,891
Cash flows from investing activities	—	—
Cash flows from financing activities		
Distributions to members, net	(184,349)	(48,891)
Net cash used in financing activities	(184,349)	(48,891)
Change in cash and cash equivalents	—	—
Cash and cash equivalents, beginning of year	—	—
Cash and cash equivalents, end of year	$ —	$ —
Non-cash investing and financing activities		
Assets contributed in exchange for membership units	$ —	$ 235,334
Capitalization of amount due to members	$ 233	$ 101

See accompanying notes to financial statements.

PINTO OFFSORE HOLDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
(in thousands)

1. Organization and Nature of Operations

Pinto Offshore Holdings, LLC (the "Company") was formed in the state of Delaware as a limited liability company on September 9, 2015. The Company will continue in existence until it is dissolved and terminated by the members of the Company in accordance with the provisions of the Amended and Restated Limited Liability Agreement (the "LLC Agreement"). The purpose of the Company is to directly or indirectly acquire, own, hold, manage, and dispose of the limited liability company interests of Delta House FPS LLC, a Delaware limited liability company ("FPS"), and Delta House Oil and Gas Lateral LLC, a Delaware limited liability company ("OGL").

OGL receives and transports hydrocarbons from the Marmalard, Neidermeyer, and SOB II prospects (the "Anchor Prospects"), the Blue Wing Olive, Malachite, and SOB III prospects (the "Secondary Prospects"), and the Otis and Odd Job prospects (the "Additional Priority Prospects") in the Gulf of Mexico, and any future additional prospects from a floating production system (the "Base FPS"), which has been developed and is operated by FPS, to commercial pipeline operators. The Base FPS and the oil and gas lateral transportation facilities initiated operations in April 2015.

Profits and losses are allocated to the members in proportion to their equity percentage interests. Assets were contributed to the Company and all privileges, preferences, duties, liabilities, obligations, and rights set forth in the LLC Agreement commenced on September 18, 2015.

The Company has reviewed its relationships with FPS and OGL and determined that the relationships meet the criteria to be considered variable interest entities ("VIEs") as defined by Financial Accounting Standards Board ("FASB") Accounting Standards Codification 810, *Consolidation* . However, the Company has determined it does not have the power to direct the activities of FPS and OGL that most significantly impact their performance, such as oversight of day-to-day operations, hiring, scheduling, and maintaining the workforce that operates FPS and OGL, ongoing repairs and maintenance including selecting and hiring the contractors or employees performing that work, and operating the facilities. The power to direct those activities and decisions are held by FPS and OGL's operator. Additionally, there are no substantive kick-out or liquidation rights to remove the operator. As the Company is not the primary beneficiary of FPS and OGL, but can exercise significant influence, the Company accounts for its investments in FPS and OGL as equity method investments.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared in U.S. dollars using accounting principles generally accepted in the United States ("GAAP").

Equity Method Investments

Investments in which the Company has the ability to exercise significant influence, but are not deemed to have control, are accounted for under the equity method. The Company's unconsolidated affiliates, FPS and OGL, are accounted for under the equity method. The investment in unconsolidated affiliates represents the carrying amount on the Company's balance sheet of its investment in its equity method investees. This is not an indicator of the fair value of the investments, rather it is the initial cost adjusted for the entity's share of earnings and losses of the investees, adjusted for any distributions (dividends) and other than temporary impairment losses recognized. Equity in the earnings of unconsolidated affiliates reported on the statement of income represents the Company's proportionate share of the net income of its investees for the period to which the equity method of accounting is applied.

Fair Value of Financial Instruments

The Company's financial instruments consist of accounts payable. The carrying amount approximates fair value due to the

short-term nature of those instruments.

Use of Estimates

When preparing financial statements in conformity with U.S. GAAP, management must make estimates and assumptions based on information available at the time. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosures of contingent assets and liabilities as of the date of the financial statements. Estimates and assumptions are based on information available at the time such estimates and assumptions are made. Adjustments made with respect to the use of these estimates and assumptions often relate to information not previously available. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements. Actual results could differ materially from estimated amounts.

Concentration of Credit Risk

The Company's investments in unconsolidated affiliates are composed of operations located in the Gulf of Mexico which provide infrastructure capacity and transportation services to producers of oil and natural gas. Those affiliates have a concentration of accounts receivable balances due from companies engaged in the production of oil and natural gas in the Gulf of Mexico. The affiliates' customers may be similarly affected by changes in economic, regulatory, weather, or other factors.

Income Taxes

The Company files its federal income tax return as a limited liability corporation under the Internal Revenue Code. In lieu of corporate income taxes, the members of the Company are taxed on their proportionate share of the Company's taxable income. Accordingly, no provision or liability has been recognized for federal income tax purposes in the accompanying financial statements, as taxes are the responsibility of the individual members of the Company.

Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. The Company had no uncertain tax positions as of December 31, 2016 and 2015. During the year ended December 31, 2016 and for the period from September 9, 2015 (Inception) through December 31, 2015, the Company did not incur any income tax-related interest or penalties.

Recent Accounting Pronouncements

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)* . The ASU intends to reduce diversity in practice on how the following cash activities are presented in the statement of cash flows: (1) debt prepayment or debt extinguishment costs; (2) settlement of zero-coupon debt instruments; (3) contingent considerations payments made after a business combination; (4) proceeds from the settlement of insurance claims; (5) proceeds from the settlement of corporate and bank-owned life insurance policies; (6) distributions received from equity method investments; and (7) beneficial interests in securitization transactions. The guidance also describes a predominance principle in which cash flows with aspects of more than one class that cannot be separated should be classified based on the activity that is likely to be the predominant source or use of cash flow. The guidance is effective for public entities for annual and interim periods beginning after December 15, 2017, and effective for nonpublic entities for annual periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. Early adoption is permitted, provided that all of the amendments are adopted in the same period, and must be applied using a retrospective transition method. The Company is currently evaluating the impact of the guidance on its financial statements. The Company has significant distributions from equity method investees that will be evaluated under this new guidance.

In October 2016, the FASB issued ASU No. 2016-17, *Consolidation (Topic 810): Interests Held through Related Parties That Are under Common Control* . The ASU amends the consolidation requirements that apply to a single decision maker's evaluation of interests held through related parties that are under common control when it is determining whether it is the primary beneficiary of a variable interest entity (VIE). Under the ASU, a reporting entity considers its indirect economic interests in a VIE held through related parties that are under common control on a proportionate basis, in a manner consistent with its consideration of its indirect economic interests held through related parties that are not under common control. The guidance is effective for public entities for annual and interim periods beginning after December 15, 2016, and effective for nonpublic

entities for annual periods beginning after December 15, 2016, and interim reporting periods within annual reporting periods beginning after December 15, 2017. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The Company has evaluated this standard and determined that it will not have an impact on its financial statements.

3. Commitments and Contingencies

Legal Proceedings

The Company is not currently party to any pending litigation or governmental proceedings, other than ordinary routine litigation incidental to its business. While the ultimate impact of any proceedings cannot be predicted with certainty, the Company believes that the resolution of any of its pending proceedings will not have a material effect on its financial condition or results of operations.

Environmental Matters

Both FPS and OGL are subject to federal and state laws and regulations relating to the protection of the environment. Environmental risk is inherent to processing platform operations and oil and natural gas pipeline transportation, and the Company, at times, in connection with its investment in FPS and OGL, could be subject to environmental cleanup and enforcement actions. The Company is not aware of any material environmental matters.

4. Investments in Unconsolidated Affiliates

On September 18, 2015, Toga Offshore, LLC ("Toga"), the Company's majority owner, contributed 49% of the outstanding Class A membership units of FPS and 49% of the outstanding Class A membership units of OGL to the Company for no consideration. As this was a transaction between entities under common control, the investments in FPS and OGL were transferred at Toga's carrying value as of the contribution date. The change in the Company's investments in FPS and OGL for the year ended December 31, 2016 and for the period from September 9, 2015 (Inception) through December 31, 2015 are summarized as follows (in thousands):

	FPS	OGL	Total
September 9, 2015 (Inception)	$ —	$ —	$ —
Contribution of investment	145,261	90,073	235,334
Distributions	(40,519)	(8,473)	(48,992)
Equity in earnings of unconsolidated affiliates	19,074	8,006	27,080
December 31, 2015 (Restated)	123,816	89,606	213,422
Distributions	(152,169)	(32,413)	(184,582)
Equity in earnings of unconsolidated affiliates	72,875	30,895	103,770
December 31, 2016	$ 44,522	$ 88,088	$ 132,610

Summarized financial information for FPS and OGL as of December 31, 2016 and 2015, for the year ended December 31, 2016, and for the period from September 18, 2015 through December 31, 2015, is as follows (in thousands):

	FPS		OGL	
	As of December 31, 2016	As of December 31, 2015	As of December 31, 2016	As of December 31, 2015
Current Assets	$ 58,445	$ 125,260	$ 13,726	$ 11,565
Non-current assets	$ 644,438	$ 658,127	$ 168,654	$ 173,536
Current liabilities	$ 110,058	$ 129,056	$ 189	$ 33
Non-current liabilities	$ 458,326	$ 358,008	$ 2,418	$ 2,198
	Year Ended December 31, 2016	For the Period from September 18, 2015 through December 31, 2015	Year Ended December 31, 2016	For the Period from September 18, 2015 through December 31, 2015
Revenues - related party	$ 182,059	$ 48,155	$ 68,381	$ 17,932
Income from operations	$ 161,764	$ 42,503	$ 63,051	$ 16,337
Net income	$ 148,725	$ 38,929	$ 63,051	$ 16,337

As holders of 49% of the Class A membership units of FPS and OGL, the Company is exposed to the risk of loss of its entire investment. Additionally, pursuant to the Amended and Restated Limited Liability Company Operating Agreements for both FPS and OGL, Class A members can be required to contribute additional funds for operating costs to the extent such operating costs exceed available cash held by FPS or OGL and for expansion projects as voted upon by the Class A members.

5. Members' Equity

There is one class of equity units (the "Units"), as established by the LLC Agreement, which may be divided into one or more types, classes, or series, in accordance with the terms and conditions of the LLC Agreement. The Units shall have the privileges, preferences, duties, liabilities, obligations, and rights set forth in the LLC Agreement. There were 10,000 units authorized and outstanding as of December 31, 2016 and 2015.

For purposes of adjusting the capital accounts of the members, the net profits, net losses, and, to the extent necessary, individual items of income, gain, loss and deduction, for any fiscal year, or other period, shall be allocated among the members in a manner such that the adjusted capital account of each member, immediately after making such allocation, is, as nearly as possible, equal (proportionately) to then distributions that would be made to such member if the Company were dissolved, its affairs wound up, and its properties sold for cash equal to their gross asset values, all Company liabilities were satisfied (limited with respect to each nonrecourse liability to the gross asset value of the asset securing such liability), and the net assets of the Company were distributed to the members immediately after making such allocation.

On September 18, 2015, Toga, the majority owner of Stork Offshore Holdings, LLC ("Stork") and an affiliate of ArcLight Asset Management, LLC, contributed their ownership interest in FPS (approximately 49%) to the Company. Subsequently, on September 18, 2015, American Midstream Delta House, LLC (an affiliate of American Midstream Partners, LP) ("AMID"), purchased a 26.33% interest in FPS, resulting in AMID owning an approximate 12.9% indirect interest in FPS.

On September 18, 2015, Toga, the majority owner of Otter Offshore Holdings, LLC ("Otter") and an affiliate of ArcLight Asset Management, LLC, contributed their ownership interest in OGL (approximately 49%) to the Company. Subsequently, on September 18, 2015, AMID purchased a 26.33% interest in OGL, resulting in AMID owning an approximate 12.9% indirect interest in OGL.

During the period from September 9, 2015 (Inception) through December 31, 2015, FPS and OGL declared distributions totaling $48,992 to the Company. Simultaneously, the Company declared distributions of $48,992 to its members, Toga and AMID. The distributions were paid to the members by FPS and OGL on behalf of the Company.

During the year ended December 31, 2016, FPS and OGL declared distributions totaling $184,582 to the Company. Simultaneously, the Company declared distributions of $184,582 to its members, Toga and AMID. The distributions were paid to the members by FPS and OGL on behalf of the Company.

During the period from September 9, 2015 (Inception) through December 31, 2015, OGL paid accounting fees totaling $101 on behalf of the Company, which is reflected as a capital contribution in the statement of members' equity.

During the year ended December 31, 2016, OGL paid accounting and legal fees totaling $233 on behalf of the Company, which is reflected as a capital contribution in the statement of members' equity.

6. Restatement

The 2015 financial statements have been restated to correct the investment in unconsolidated affiliates and equity in earnings of unconsolidated affiliates as a result of an error in the estimation of salvage value used to calculate 2015 depreciation expense in the FPS financial statements. The correction of this error had the following effects on the 2015 amounts previously reported (in thousands):

	2015 (As Previously Reported)	Restatement Adjustments	2015 (Restated)
Balance Sheet			
Assets			
Investment in unconsolidated affiliates	$ 214,824	$ (1,402)	$ 213,422
Total assets	214,824	(1,402)	213,422
Liabilities and Members' Equity			
Members' equity	214,814	(1,402)	213,412
Total liabilities and members' equity	214,824	(1,402)	213,422
Statement of Operations			
Equity in earnings of unconsolidated affiliates	28,482	(1,402)	27,080
Net income	28,371	(1,402)	26,969

Changes are also reflected on the 2015 statement of members' equity and 2015 statement of cash flows with no effect on cash flow from operations.

7. Subsequent Events

The Company has evaluated subsequent events through March 3, 2017, which is the date these financial statements were available for issuance.

DELTA HOUSE FPS, LLC
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Report of Independent Registered Public Accounting Firm

Members
Delta House FPS, LLC Houston, Texas

We have audited the accompanying balance sheets of Delta House FPS, LLC (the "Company") as of December 31, 2016 and 2015 and the related consolidated statements of operations, changes in members' equity, and cash flows for each of the two years in the period ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delta House FPS, LLC at December 31, 2016 and 2015, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 9 to the financial statements, the 2015 financial statements have been restated to correct a misstatement.

/s/ BDO USA, LLP

Houston, Texas
March 3, 2017

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DELTA HOUSE FPS, LLC
BALANCE SHEETS
(in thousands)

	December 31,	
	2016	**2015**
		(Restated) (See Note 9)
ASSETS:		
Current assets		
Cash and cash equivalents	$ 2	$ —
Restricted cash	13,655	43,004
Accounts receivable - related party	44,507	82,081
Prepaid expenses	276	175
Derivative asset	5	—
Total current assets	58,445	125,260
Restricted cash - decommissioning	1,133	284
Accounts receivable - related party - decommissioning	153	125
Property and equipment, net	643,080	657,550
Derivative asset	72	168
Total assets	$ 702,883	$ 783,387
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	170	102
Accounts payable and accrued liabilities - affiliates	19	19
Derivative liability	—	1,027
Deferred revenue	25,514	—
Short-term debt	223	121
Current portion of long-term debt	84,132	127,787
Total current liabilities	110,058	129,056
Long-term debt, net of debt issuance costs	40,382	165,623
Deferred revenue	398,812	177,928
Asset retirement obligations	19,132	14,457
Total liabilities	568,384	487,064
Commitments and contingencies (Note 7)		
Members’ equity	134,499	296,323
Total liabilities and members’ equity	$ 702,883	$ 783,387

See accompanying notes to financial statements.

DELTA HOUSE FPS, LLC
STATEMENT OF OPERATIONS
(in thousands)

	Years Ended December 31,	
	2016	**2015**
		(Restated) (See Note 9)
Revenues - related party	$ 182,059	$ 90,948
Expenses		
General and administrative	1,138	1,397
Accretion of asset retirement obligations	605	538
Depreciation and amortization	18,552	11,906
Total expenses	20,295	13,841
Income from operations	161,764	77,107
Other expenses		
Interest expense	12,615	9,980
Loss on derivatives	424	1,349
Total other expenses	13,039	11,329
Net income	$ 148,725	$ 65,778

See accompanying notes to financial statements.

DELTA HOUSE FPS, LLC
STATEMENT OF MEMBERS' EQUITY
(in thousands, except unit amounts)

	Class A		Class B		Class C		Class D		Members'
	Issued	Amount	Issued	Amount	Issued	Amount	Issued	Amount	Equity
Balance, December 31, 2014	92,164	$ 283,004	6,466	$ 6,466	—	$ —	3	$ 3	$ 289,473
Units issued for capital contributions	—	—	41,392	41,392	—	—	—	—	41,392
Capital contributions	—	8,219	—	—	—	—	—	—	8,219
Distributions	—	(108,539)	—	—	—	—	—	—	(108,539)
Net income (**restated**)	—	65,778	—	—	—	—	—	—	65,778
Balance, December 31, 2015 (Restated)	92,164	248,462	47,858	47,858	—	—	3	3	296,323
Distributions	—	(310,549)	—	—	—	—	—	—	(310,549)
Net income	—	148,725	—	—	—	—	—	—	148,725
Balance, December 31, 2016	92,164	86,638	47,858	47,858	—	—	3	3	134,499

See accompanying notes to financial statements.

DELTA HOUSE FPS, LLC
STATEMENT OF CASH FLOWS
(in thousands)

	Years Ended December 31,	
	2016	2015 (Restated) (See Note 9)
Cash flows from operating activities		
Net income	$ 148,725	$ 65,778
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18,552	11,906
Accretion of asset retirement obligations	605	538
Amortization of debt issuance costs	2,000	1,415
Loss on derivatives	424	1,349
Changes in operating assets and liabilities:		
Accounts receivable - related party	37,546	(82,158)
Accounts payable and other current liabilities	68	(244)
Prepaid expenses	(101)	(175)
Deferred revenue	246,398	177,928
Net cash provided by operating activities	454,217	176,337
Cash flows from investing activities		
Change in restricted cash	28,500	(37,963)
Payments for property and equipment	(13)	(52,238)
Net cash provided by (used in) investing activities	28,487	(90,201)
Cash flows from financing activities		
Capital contributions	—	49,611
Debt issuance costs	—	(38)
Debt borrowing	607	480
Debt repayment	(171,402)	(28,119)
Distributions to members	(310,549)	(108,539)
Settlements on derivatives	(1,358)	(1,845)
Net cash used in financing activities	(482,702)	(88,450)
Increase (decrease) in cash and cash equivalents	2	(2,314)
Cash and cash equivalents, beginning of year	—	2,314
Cash and cash equivalents, end of year	$ 2	$ —
Supplemental cash flow disclosures:		
Interest paid	$ 10,457	$ 8,101
Non-Cash Investing Activities		
Changes in property and equipment financed by accounts payable and accrued liabilities	$ —	$ (8,358)
Changes in asset retirement cost	$ 4,070	$ 13,919
Capitalized amortization of debt issuance costs	$ —	$ 582

See accompanying notes to financial statements.

DELTA HOUSE FPS, LLC

NOTES TO FINANCIAL STATEMENTS

(in thousands)

1. Organization and Nature of Operations

Delta House FPS, LLC (the "Company") was formed in the state of Delaware as a limited liability company on October 18, 2012. The Company is to continue in existence until it is dissolved and terminated by the members of the Company in accordance with the provisions of the Amended and Restated Limited Liability Company Operating Agreement (the "LLC Agreement" or "Operating Agreement"). The Company was formed to finance, design, construct, and own and operate a floating production system ("Base FPS") for use in the Gulf of Mexico. The planned capacity of the Base FPS is 80,000 barrels of oil per day, 200 MMCF of natural gas per day, and 40,000 barrels of water per day. The oil lateral facilities attached to the Base FPS have a planned capacity of 100,000 barrels of oil per day. The natural gas lateral facilities attached to the Base FPS have a planned capacity of 240 MMCF of natural gas per day.

The Base FPS became operational in April 2015.

On December 6, 2012, the Company entered into agreements with the producers (the "Producers") of the Marmalard, Neidermeyer, and SOB II prospects (the "Anchor Prospects"), Blue Wing Olive, Malachite, and SOB III prospects (the "Secondary Prospects"), and Otis and Odd Job prospects (the "Additional Priority Prospects") in the Gulf of Mexico for the use of the Company's Base FPS. The Producers have agreed to pay the Company a production handling fee based on the oil, natural gas, and condensate produced and processed by the Base FPS. In the event of a suspension of production, the Producers are contractually obligated to pay a suspension fee as defined in the processing agreement. The Producers will also pay a decommissioning fee on the production processed through the facility, which will be used to fund the decommissioning and abandonment costs of the Base FPS.

Profits and losses are allocated to the members in proportion to their equity percentage interests, with certain restrictions dictated by specific terms under the LLC Agreement.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared in U.S. dollars using accounting principles generally accepted in the United States ("GAAP").

Cash and Cash Equivalents

Cash and cash equivalents represent cash and short-term, highly liquid investments, with original maturities of three months or less. There were no cash equivalents as of December 31, 2016 and 2015.

Restricted Cash

The Company is required under the terms of its credit agreement to maintain restricted cash deposits for construction, revenue receipts, debt service, decommissioning, operating expenses, and loss proceeds.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, debt, and derivative assets and liabilities. See Notes 4 and 5 regarding the fair value of derivative assets and liabilities. The carrying amounts of the other financial instruments approximate fair value due to the short-term nature of these instruments or market rates of interest.

Accounts Receivable - Related Party

Receivables from the processing of oil and natural gas are unsecured. All accounts receivable are from the Producers who are members of the Company. Allowance for doubtful accounts are determined based on management's assessment of the creditworthiness of the customer. Past due accounts are written off against the allowance for doubtful accounts only after all collection attempts have been exhausted. At December 31, 2016 and 2015, management believed that all balances from

customers were fully collectible such that no allowance for doubtful accounts was deemed necessary.

Property and Equipment

Property and equipment are recorded at cost. Betterments are capitalized. Repair and maintenance costs are expensed as incurred. Property and equipment consisted of the following (in thousands):

	Useful Life Years	December 31, 2016	December 31, 2015
			(Restated)
Floating production system	27	$ 673,538	$ 669,456
Accumulated depreciation		(30,458)	(11,906)
Property and equipment, net		$ 643,080	$ 657,550

The Company capitalized interest on expenditures incurred for the construction of the floating production platform until the time construction was completed and the asset was ready for its intended use which occurred in April 2015. During the year ended December 31, 2015, the Company capitalized interest and realized interest rate swap settlements of $4,554.

The estimated useful lives of the Base FPS is revised when circumstances or events indicate that the overall life of the Base FPS differs from the previous estimate. In the fourth quarter of 2016 the useful lives were revised from 40 years to 27 years based on changes in the estimated production life of the oil and natural gas reserves on which the Base FPS is dependent. Changes in estimated useful lives are accounted for prospectively from the date of the revision as a change in accounting estimate.

Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets, net of any salvage value. Depreciation expense during the years ended December 31, 2016 and 2015 was $18,552 and $11,906 (restated - see Note 9), respectively.

The recoverability of long-lived assets are evaluated when events or changes in circumstances indicate that the carrying amount of the long-lived asset might not be recoverable. If such impairment indicators exist, the Company performs a two-step impairment test. First, the undiscounted future cash flows of the long-lived assets are estimated and compared to the assets' carrying value, and, if the undiscounted cash flows are less than the carrying value, the assets are considered impaired. Second, the impairment loss is measured by reducing the carrying value to the estimated fair value of the assets which is determined through either quoted market prices in active markets or present value techniques. No impairment losses were recorded during the years ended December 31, 2016 and 2015.

Asset Retirement Obligations ("AROs")

AROs are legal obligations associated with the removal and abandonment of tangible long-lived assets and are recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made. AROs are initially measured at their estimated fair values and recorded as liabilities with an increase as well to the carrying amount of the related long-lived asset. In future periods subsequent to initial recognition, accretion of the liability is recognized each period and the asset is depreciated using the straight-line method over its useful life. During the year ended December 31, 2015, the Company recorded an ARO for the dismantlement of the Base FPS. A revision to the estimate was recorded during the year ended December 31, 2016 due to changes in the estimated costs to remove and abandon the assets. Accretion expense during the years ended December 31, 2016 and 2015 was $605 and $538, respectively.

The following table provides an analysis of changes in the ARO liability during the years ended December 31, 2016 and 2015:

	2016	2015
Beginning balance	$ 14,457	$ —
Liabilities incurred	—	13,919
Revisions in estimate	4,070	—
Accretion	605	538
Ending balance	$ 19,132	$ 14,457

Revenue Recognition

The Producers will pay the company a production handling fee per barrel of oil equivalent ("BOE"), which is tiered, and which will decrease throughout the term of the contract, based on delivery of specific levels of production to the FPS, a suspension fee if targeted capacity levels are not met, and a decommissioning fee, which will be used to fund the decommissioning and abandonment of the Base FPS. All costs relating to the operation of the facility are the obligation of the Producers, with the exception of certain excluded costs.

As a result of the tiered fee structure, the Company recognizes revenue from the production handling fees based on the estimated average production handling fee and the production handled during the period from each prospect. The estimated average production handling fee is determined as the estimated remaining expected fees divided by the estimated future production (risk-adjusted proved, probable and possible reserves) from the Anchor Prospects and Additional Priority Prospects.

Production handling fees billed in excess of revenue recognized are recorded as deferred revenue. At December 31, 2016 and 2015, deferred revenue related to the production handling fees was $423,040 and $177,519, respectively.

The Company bills the Producers a suspension fee when a "suspension event" occurs. A suspension event is considered to occur if prior to FPS owner-payout on a rolling 30-day production from any Anchor prospect ceases or is suspended for a period of at least 336 hours and the total processing fees for that month for all production, including any production from third party prospects, delivered to the FPS are less than the suspension fee. The suspension fee paid by the Producers of the prospects is determined as one-twelfth of eight (8) percent of the amount required to achieve FPS owner-payout. No suspension fees were earned or billed during the years ended December 31, 2016 and 2015.

The Company invoices the Producers a decommissioning fee for each BOE processed. The decommissioning fee per BOE processed is determined based on the estimated future decommissioning costs for the Base FPS and the estimated future production. Within 90 days of the date of last sustainable production from the Anchor Prospects and Additional Priority Prospects, the Company may elect to (i) abandon and remove the Base FPS using the decommissioning fees collected from the Producers, (ii) retain ownership of the Base FPS and assume the obligation of the abandonment and removal costs, including refunding the decommissioning fees collected from the Producers, or (iii) delay provisionally for a further 90 days its determination to abandon and remove or retain ownership of the Base FPS. At the current time it is uncertain which election will be taken by the Company. Due to the significant length of time before the removal and abandonment costs are expected to occur, the decommissioning fees are recorded as long-term accounts receivable and long-term deferred revenue when billed. Cash collected on the fees are recorded as long-term restricted cash. The Company has billed $1,286 and $409 of decommissioning fees, and has collected and recorded long-term restricted cash of $1,133 and $284 as of December 31, 2016 and 2015, respectively, for future decommissioning costs.

Operating Costs

The Base FPS is operated by LLOG Exploration Offshore, LLC ("LLOG") on behalf of the Producers (See Note 6). With the exception of certain excluded costs, LLOG initially pays and discharges all necessary and reasonable costs incurred in connection with the performance, operation, repair, and maintenance activities of the Base FPS. LLOG receives reimbursements of costs incurred from the Producers under Production Handling and Floating Production System Use Agreements ("Production Agreements") (See Note 6). LLOG allocates the Base FPS costs and related overhead among the producers in accordance with the applicable provisions of the Production Agreements.

Use of Estimates

When preparing financial statements in conformity with U.S. GAAP, management must make estimates and assumptions based on information available at the time. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosures of contingent assets and liabilities as of the date of the financial statements. Estimates and assumptions are based on information available at the time such estimates and assumptions are made. Adjustments made with respect to the use of these estimates and assumptions often relate to information not previously available. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements. Estimates and assumptions are used in, among other things i) developing fair value estimates, including assumptions for future cash flows and discount rates, for the interest rate swap derivative valuations, ii) analyzing long-lived assets for possible impairment, iii) estimating the useful lives of assets, iv) estimating the inputs required in calculating the asset retirement obligations, and v) determining the estimated average production handling fee rates using third-party oil and natural gas reserve estimates for revenue recognition purposes. Actual results could differ materially from estimated amounts.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and cash equivalents, restricted cash, accounts receivable - related party, and derivative instruments.

Cash and cash equivalents and restricted cash include investments in money market securities and securities backed by the U.S. government. The Company's cash accounts, which at times exceed federally insured limits, are held by major financial institutions. The Company believes that no significant concentration of credit risk exists with respect to cash and cash equivalents or its derivative instruments.

The Company has concentrations of credit risk from its sources of revenue and accounts receivable due to the limited geographic area in which the Company operates and its single revenue generating asset. The Base FPS, which is located in the Gulf of Mexico, provides processing capacity that links producers of oil, natural gas, liquids, and condensate, to onshore markets in the region. The Company has a concentration of accounts receivable balances due from the Producers engaged in the production of oil and natural gas in the Gulf of Mexico through the Base FPS. These customers may be similarly affected by changes in economic, regulatory, weather, or other factors.

Debt Issuance Costs

The Company incurred debt issuance costs of $14,983 in connection with the Credit Facility entered into on June 20, 2014. Debt issuance costs are recorded as a reduction of the related long-term debt and amortized over the term of the debt. Amortization related to debt issuance costs totaled $2,000 and $1,997 during the years ended December 31, 2016 and 2015, respectively. Amortization of debt issuance costs is included in interest expense or was capitalized as a component of interest cost prior to the Base FPS being placed into service. During the year ended December 31, 2015, $582 of debt issuance costs were capitalized. At December 31, 2016 and 2015, the Company had $9,830 and $11,830, respectively, of debt issuance costs which have been classified as a reduction of long-term debt.

Income Taxes

The Company files its federal income tax return as a limited liability corporation under the Internal Revenue Code. In lieu of corporate income taxes, the members of the Company are taxed on their proportionate share of the Company's taxable income. Accordingly, no provision or liability has been recognized for federal income tax purposes in the accompanying financial statements, as taxes are the responsibility of the individual members of the Company.

The Base FPS operates in federal waters in the Gulf of Mexico, and is therefore not subject to state income tax.

Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. The Company includes

tax-related interest and penalties in income tax expense. The Company had no uncertain tax positions as of December 31, 2016 and 2015. During the years ended December 31, 2016 and 2015, the Company did not incur any income tax-related interest or penalties.

None of the Company's federal income tax returns are currently under examination by the Internal Revenue Service ("IRS"). However, fiscal years 2012 and later remain subject to examination by the IRS.

Derivative Financial Instruments

Financial derivatives are used as part of the Company's overall risk management strategy in order to reduce the effects of interest rate fluctuations on its variable interest rate debt.

The Company has not designated any of its derivative contracts as accounting hedges, and therefore, all of the derivative instruments are being marked-to-market on the balance sheets, with changes in fair value recorded in the statements of operations.

Although the counterparties provide no collateral, the derivative agreements with each counterparty allow the Company, so long as it is not a defaulting party, after a default or the occurrence of a termination event, to set-off an unpaid derivative agreement receivable against the interest of the counterparty in any outstanding balance under the credit facility. If a counterparty were to default in payment of an obligation under the derivative agreements, the Company could be exposed to interest rate fluctuations.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which supersedes nearly all existing revenue recognition guidance under GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing GAAP. The standard's effective date has been deferred by the issuance of ASU No. 2015-14, and is effective for public entities for annual and interim periods beginning after December 15, 2017, and effective for nonpublic entities for annual periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The guidance permits using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). Early application is permitted. The Company is currently assessing the performance obligations related to its long-term revenue contracts and the impact the new guidance will have on the timing of its revenue recognition.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)* . The ASU intends to reduce diversity in practice on how the following cash activities are presented in the statement of cash flows: (1) debt prepayment or debt extinguishment costs;(2) settlement of zero-coupon debt instruments; (3) contingent considerations payments made after a business combination; (4) proceeds from the settlement of insurance claims; (5) proceeds from the settlement of corporate and bank-owned life insurance policies; (6) distributions received from equity method investments; and (7) beneficial interests in securitization transactions. The guidance also describes a predominance principle in which cash flows with aspects of more than one class that cannot be separated should be classified based on the activity that is likely to be the predominant source or use of cash flow. The guidance is effective for public entities for annual and interim periods beginning after December 15, 2017, and effective for nonpublic entities for annual periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. Early adoption is permitted, provided that all of the amendments are adopted in the same period, and must be applied using a retrospective transition method. The Company is currently evaluating the impact of the guidance on its financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the Emerging Issues Task Force)* . The ASU intends to address classification and presentation of changes in restricted cash on the statement of cash flows. The standard requires an entity's reconciliation of the beginning-of-period and end-of-period total amounts shown on the statement of cash flows to include in cash and cash equivalents amounts generally described as restricted cash and restricted cash equivalents. The ASU does not define restricted cash or restricted cash equivalents, but an entity will need to disclose the nature of the restrictions. The guidance is effective for public entities for annual and interim periods beginning after December 15, 2017, and effective for nonpublic entities for annual periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, adjustments should be reflected at the beginning of the fiscal year that includes that interim period. Entities should apply this ASU using a retrospective transition method to each period presented. The Company is currently evaluating the impact of the guidance on its financial statements.

3. Debt

On June 20, 2014, the Company entered into a $400 million credit facility with a consortium of banks to issue term construction loans of $333 million, with a maturity date of September 20, 2021, and issue letters of credit of $67 million supporting the Company's debt service reserve obligations. The outstanding balance of the term loans as of December 31, 2016 and 2015 was $124,514 and $293,410, net of debt issuance costs of $9,830 and $11,830, respectively. The credit facility bears interest at the applicable London Interbank Offered Rate plus a margin of 3.25% for the first three years, 3.5% for the next three years, and 3.75% for the years thereafter, or an alternate margin computed based on the Prime Loan Rate plus applicable margins of 2.25% for the first three years, 2.5% for the next three years, and 2.75% thereafter. As of December 31, 2016 and 2015, the Company's interest rate was 3.86% and 3.68%, respectively.

The repayment schedule requires four payments per year through the maturity date of the credit facility. Repayments began in August 2015.

The credit facility is secured by mortgages on the Company's Base FPS.

The Company must comply with various restrictive covenants in the credit agreement. These covenants include, among others: maintenance of insurance, obtaining interest rate protection agreements, performance under the project documents, limitations on additional indebtedness, and restrictions on the declaration or payment of dividends. As of December 31, 2016 and 2015, the Company was in compliance with all of the restrictive covenants.

The future maturities under the credit facility as of December 31, 2016 were as follows:

Period Ending December 31,		
2017	$	84,132
2018		40,237
2019		9,975
Debt issuance costs		(9,830)
	$	124,514

During the year ended December 31, 2015, the Company entered into a short-term note to finance its excess liability insurance policy. The note had an 11-month term and an annual percentage rate of 3.49%. The final payment was made in February 2016. On June 1, 2016, the Company again entered into a short-term note to finance its excess liability insurance policy. The note has an 11-month term and an annual percentage rate of 3.49%. The balances of the notes as of December 31, 2016 and 2015 were $223 and $121, respectively.

4. Derivative Instruments

The Company is exposed to interest rate risk through its long-term borrowings, which are variable interest rate instruments. In July 2014, the Company entered into interest rate swap contracts, expiring through November 2018, under which the Company agreed to pay an amount equal to a specified fixed rate of interest times a notional principal amount, and to receive in return, an amount equal to a specified variable rate of interest times the same notional principal amount. On May 31, 2016 and June 1, 2016, the Company amended existing interest rate swap agreements with its counterparties. The amendments reduced the contract fixed interest rates, changed the floating indexes from three to one month LIBOR and changed the settlement frequency from quarterly to monthly. The changes took effect as of the amendment dates and will impact the value of the swaps for the remainder of their terms.

The Company's interest rate swaps as of December 31, 2016 and 2015, and related fair values, were as follows:

Fair Value of Interest Rate Swaps at December 31, 2016						
Period		**Notional Amount**	**Contract Rate**	**Variable Rate Range**		**Fair Value**
5/16 - 11/18	$	35,689	1.116%	LIBOR-BBA	$	24
6/16 - 11/18		35,689	1.108%	LIBOR-BBA		24
5/16 - 11/18		21,413	1.110%	LIBOR-BBA		15
5/16 - 11/18		21,413	1.113%	LIBOR-BBA		14
Total	$	114,204			$	77

Fair Value of Interest Rate Swaps at December 31, 2015						
Period		**Notional Amount**	**Contract Rate**	**Variable Rate Range**		**Fair Value**
1/15 - 11/18	$	75,259	1.266%	LIBOR-BBA	$	(269)
1/15 - 11/18		75,259	1.266%	LIBOR-BBA		(268)
1/15 - 11/18		45,155	1.266%	LIBOR-BBA		(161)
1/15 - 11/18		45,155	1.266%	LIBOR-BBA		(161)
Total	$	240,828			$	(859)

The following table summarizes the fair values of the interest rate swaps, on a gross basis, at December 31, 2016 and 2015, and identifies the balance sheet classification of these assets and liabilities (in thousands):

	Asset Derivatives			**Liability Derivatives**				
	Balance Sheet Location		**Fair Value**	**Balance Sheet Location**		**Fair Value**		**Net Asset (Liability)**
As of December 31, 2016	Current Asset	$	5	Current Liability	$	—	$	5
	Non-Current Asset		72	Non-Current Liability		—		72
Total		$	77			—	$	77
As of December 31, 2015	Current Asset	$	—	Current Liability	$	(1,027)	$	(1,027)
	Non-Current Asset		168	Non-Current Liability		—		168
Total		$	168		$	(1,027)	$	(859)

During the years ended December 31, 2016 and 2015, the Company recognized an unrealized gain on derivatives of $934 and $496, respectively, which is included as a loss on derivatives in the Company's statements of operations. During the years ended December 31, 2016 and 2015, the Company paid cash settlements of $1,358 and $2,275, respectively, to the counterparties.

The Company capitalized $430 of those settlements as a component of interest cost prior to the Base FPS being placed into service during the year ended December 31, 2015.

5. Fair Value Measurements

Fair value is based on 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. The Company utilizes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.
Level 2 - Observable prices that are based on inputs not quoted on active markets, but corroborated by market data .
Level 3 - Unobservable inputs are used when little or no market data is available.

The following table sets forth, by the fair value hierarchy, the Company's financial assets and liabilities that are accounted for at fair value on a recurring basis as of December 31, 2016 and 2015 (in thousands):

	Market Prices for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
As of December 31, 2016				
Assets				
Interest rate swaps	$ —	$ 77	$ —	$ 77
As of December 31, 2015				
Liabilities				
Interest rate swaps	$ —	$ (859)	$ —	$ (859)

6. Related Party Transactions

Production Handling and Floating Production System Use Agreements

The Company entered into separate production handling agreements with the Producers which are effective for an initial term of five (5) years and will be automatically extended for successive five (5)-year periods unless and until terminated by the Company or the Producers pursuant to the terms of the agreements. Termination of the agreements may occur i) at the end of the economic life of the reserves of the prospects; ii) upon the occurrence of an event of default (as defined in the agreement); iii) any act of omission that constitutes gross negligence or willful misconduct; iv) by the Company, if after first commercial production, there has been no production for two (2) years, and there are no then-current operations underway to re-establish production, or the aggregate production being processed by the Base FPS is less than 2,000 BOE per day for 180 consecutive days; v) if damage to the Base FPS renders the Base FPS an actual or constructive loss; vi) if maintenance or repair, or a change mandated by a government authority to the Base FPS requires major work and the Producers decline to become a participating producer; or vii) by the Company, if a suspension period for a producer does not terminate by July 31, 2018.

The Producers currently hold Class A Units in the Company. Under the Production Agreements, the Company agreed to construct and decommission the Base FPS that accepts dedicated production from the Anchor Prospects, Secondary Prospects, and the Additional Priority Prospects, which then processes the production and delivers comingled processed oil, natural gas, and condensate to the oil and natural gas laterals, which connect to pipelines transporting the oil, natural gas, and condensate to shore. In addition, the Company ensures that LLOG operates the Base FPS according to the project agreements.

The Company billed the Producers a total of $428,457 and $268,876 for production handling fees and decommissioning fees for services performed during the years ended December 31, 2016 and 2015 , respectively. As of December 31, 2016 and 2015 , the Company had total receivables of $44,660 and $82,206, respectively, due from the Producers.

Asset Management Agreement

Consolidated Asset Management Services (Texas), LLC ("CAMS"), provides construction and asset management services to the Company under the terms of an Asset Management Agreement ("AMA"). CAMS is indirectly owned by Tessa Group, LLC, a general partner holding a 60% partnership interest in CAMS and ArcLight Asset Management, LLC, a limited partner which (i) holds a 40% partnership interest in CAMS and (ii) is an affiliate of ArcLight Capital Partners, LLC ("ArcLight"). At December 31, 2016, ArcLight holds an effective 38.8% interest in the Company's Class A units through its subsidiaries

Stork Offshore Holdings, LLC and Pinto Offshore Holdings, LLC.

The initial term of the AMA was through the date of First Commercial Production, which is defined as the date on which the last of the following occurs: (a) the Base FPS has been constructed, installed, and commissioned pursuant to the Construction Contracts and the Project Management Agreement, (b) production is delivered from an Anchor Prospect to the Base FPS and the Base FPS accepts such delivery, or (c) the Base FPS delivers hydrocarbons to the Lateral Facilities for delivery to the Commercial Pipeline Delivery Point. The initial term of the AMA ended in April 2015. As no party declined to extend the AMA with one hundred twenty (120) days written notice before the end of the initial term, the AMA was and will continue to be automatically renewed for successive periods of one (1) year each until such an extension decline occurs. CAMS is paid a fixed monthly fee and recovers the expenses it incurs under the AMA.

During the years ended December 31, 2016 and 2015, the Company incurred costs of $225 and $225, respectively, related to the AMA, of which $0 and $66, respectively, were capitalized as costs related to the Base FPS.

As of December 31, 2016 and 2015, the Company had accounts payable due to CAMS of $19 and $19, respectively.

Project Management Agreement and Operating Agreement

LLOG provided project management services to the Company under the terms of a Project Management Agreement (“PMA”). LLOG, along with its subsidiary, LLOG Bluewater Holdings, LLC holds a combined interest in the Company of 0.5%. The PMA terminated on the earliest of: (a) First Commercial Production and the substantial completion of all activities under the Construction Contracts and payment of Project Costs; (b) written consent of all Parties terminating the PMA; or (c) at the election of each Owner, with respect to its respective Project Facilities or the election by all Owners with respect to all Project Facilities, upon termination of all Production Handling Agreements or Transportation Agreements, in accordance with their termination provisions. First Commercial Production and the substantial completion of all activities under the Construction Contracts and payment of Project Costs occurred in April 2015, at which point, the PMA terminated, and the Operating Agreement between the Company and LLOG became effective. LLOG was paid a fee equal to 2.5% of the incurred project costs, and recovered the expenses it incurred under the PMA. Under the Operating Agreement, LLOG operates the Base FPS and is paid a fee of 12% of the cost of operating the Base FPS, exclusive of certain legal expenses. These fees were billed directly to the Producers.

During the years ended December 31, 2016 and 2015, the Company incurred costs of $0 and $988, respectively, related to the PMA, which were capitalized as costs related to the Base FPS.

7. Commitments and Contingencies

Legal Proceedings

The Company is not currently party to any pending litigation or governmental proceedings, other than ordinary routine litigation incidental to its business. While the ultimate impact of any proceedings cannot be predicted with certainty, the Company believes that the resolution of any of its pending proceedings will not have a material effect on its financial condition or results of operations.

Environmental Matters

The Company is subject to federal and state laws and regulations relating to the protection of the environment. Environmental risk is inherent to processing platform operations, and it could, at times, be subject to environmental cleanup and enforcement actions. The Company is not aware of any material environmental matters.

8. Members’ Equity

There are four classes of equity units established by the LLC Agreement:

a. Class A Units - a class of capital interests in respect of construction and operation of the Base FPS
b. Class B Units - a class of capital interests in respect of construction cost overruns with respect to the Base FPS
c. Class C Units - a class of capital interests in respect of expansions to the Base FPS
d. Class D Units - a class of capital interests in respect of unreimbursed major expenditures related to the Base FPS

Class B, C and D units have no voting rights. Distributions to members holding each class of equity units are subject to waterfall provisions contained in the LLC Agreement.

For purposes of adjusting the capital accounts of the members, the net profits, net losses, and to the extent necessary, individual items of income, gain, loss, and deduction, for any fiscal year, or other period, shall be allocated among the members in a manner such that the adjusted capital account of each member, immediately after making such allocation, is, as nearly as possible, equal (proportionately) to then distributions that would be made to such member if the Company were dissolved, its affairs wound up, and its properties sold for cash equal to their gross asset values, all Company liabilities were satisfied (limited with respect to each nonrecourse liability to the gross asset value of the asset securing such liability), and the net assets of the Company were distributed to the members immediately after making such allocation.

During the year ended December 31, 2015, $8,219 and $41,392 of Class A and Class B capital contributions, respectively, were made by the members. No contributions were made during the year ended December 31, 2016.

During the years ended December 31, 2016 and 2015, the Company paid distributions to the members of Class A units totaling $310,549 and $108,539, respectively, using proceeds received from the production handling fees.

9. Restatement

The 2015 financial statements have been restated to correct an error in the estimation of salvage value used to calculate 2015 depreciation expense. The correction of this error had the following effects on the 2015 amounts previously reported:

	2015 (As Previously Reported)	Restatement Adjustments	2015 (Restated)
Balance sheet			
Assets			
Property and equipment, net	$ 664,638	$ (7,088)	$ 657,550
Total assets	790,475	(7,088)	783,387
Liabilities and members' equity			
Members' equity	303,411	(7,088)	296,323
Total liabilities and members' equity	790,475	(7,088)	783,387
Statement of operations			
Depreciation and amortization	4,818	7,088	11,906
Total expenses	6,753	7,088	13,841
Income from operations	84,195	(7,088)	77,107
Net income	72,866	(7,088)	65,778

Changes are also reflected on the 2015 statement of members’ equity and 2015 statement of cash flows with no effect on cash flow from operations.

10. Subsequent Event s

The Company has evaluated subsequent events through March 3, 2017, which is the date these financial statements were available for issuance.

EXHIBIT 99.3

DELTA HOUSE OIL AND GAS LATERAL, LLC
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Report of Independent Registered Public Accounting Firm

Members
Delta House Oil and Gas Lateral, LLC
Houston, Texas

We have audited the accompanying balance sheets of Delta House Oil and Gas Lateral, LLC (the "Company") as of December 31, 2016 and 2015 and the related statements of operations, changes in members' equity, and cash flows for each of the two years in the period ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delta House Oil and Gas Lateral, LLC at December 31, 2016 and 2015, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

/s/ BDO USA, LLP

Houston, Texas
March 3, 2017

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DELTA HOUSE OIL AND GAS LATERAL, LLC
BALANCE SHEETS
(in thousands)

	December 31			
	2016		2015	
ASSETS:				
Current assets				
Cash and cash equivalents	$	1,983	$	1,364
Accounts receivable - related party		11,743		10,201
Total current assets		13,726		11,565
Restricted cash - decommissioning		463		135
Accounts receivable - related party - decommissioning		47		60
Property and equipment, net		168,144		173,341
Total assets	$	182,380	$	185,101
LIABILITIES AND MEMBERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	170	$	14
Accounts payable and accrued liabilities - affiliate		19		19
Total current liabilities		189		33
Asset retirement obligations		2,418		2,198
Total liabilities		2,607		2,231
Commitments and contingencies (see Note 3)		—		—
Members' equity		179,773		182,870
Total liabilities and members' equity	$	182,380	$	185,101

See accompanying notes to financial statements.

DELTA HOUSE OIL AND GAS LATERAL, LLC
STATEMENT OF OPERATIONS
(in thousands)

	Year Ended December 31	
	2016	**2015**
Revenues - Related Party	$ 68,381	$ 30,902
Expenses		
General and administrative	361	189
Depreciation	4,884	3,162
Accretion of asset retirement obligations	85	99
Total Expenses	5,330	3,450
Net Income	$ 63,051	$ 27,452

See accompanying notes to financial statements.

DELTA HOUSE OIL AND GAS LATERAL, LLC
STATEMENT OF MEMBERS' EQUITY
(in thousands, except unit amounts)

	Class A		Class B		Class C		Class D		Members'
	Issued	Amount	Issued	Amount	Issued	Amount	Issued	Amount	Equity
Balance, December 31, 2014	5,409	$ 151,560	—	$ —	—	$ —	3	$ 3	$ 151,563
Capital contributions	—	24,287	—	—	—	—	—	—	24,287
Distributions	—	(20,432)	—	—	—	—	—	—	(20,432)
Net income	—	27,452	—	—	—	—	—	—	27,452
Balance, December 31, 2015	5,409	182,867	—	—	—	—	3	3	182,870
Distributions	—	(66,148)	—	—	—	—	—	—	(66,148)
Net income	—	63,051	—	—	—	—	—	—	63,051
Balance, December 31, 2016	5,409	$ 179,770		$ —	—	$ —	3	$ 3	$ 179,773

See accompanying notes to financial statements.

DELTA HOUSE OIL AND GAS LATERAL, LLC
STATEMENT OF CASH FLOWS
(in thousands)

	Year Ended December 31,	
	2016	**2015**
Cash flows from operating activities		
Net Income	$ 63,051	$ 27,452
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,884	3,162
Accretion of asset retirement obligations	85	99
Changes in operating assets and liabilities:		
Accounts receivable - related party	(1,529)	(8,163)
Accounts payable and other current liabilities	156	(2)
Net cash provided by operating activities	66,647	22,548
Cash flows from investing activities		
Change in restricted cash	(328)	(135)
Payments for capital expenditures	—	(28,042)
Other	448	—
Net cash provided by (used in) investing activities	120	(28,177)
Cash flows from financing activities		
Capital contributions	—	24,287
Distributions to members	(66,148)	(20,432)
Net cash provided by (used in) financing activities	(66,148)	3,855
Increase (decrease) in cash and cash equivalents	619	(1,774)
Cash and cash equivalents, beginning of year	1,364	3,138
Cash and cash equivalents, end of year	$ 1,983	$ 1,364
Non-cash investing activities		
Changes in property and equipment funded through accounts payable and accrued liabilities	$ —	$ (9,735)
Changes in asset retirement cost	$ 135	$ 2,099

See accompanying notes to financial statements.

1. Organization and Nature of Operations

Delta House Oil and Gas Lateral, LLC (the "Company") was formed in the state of Delaware as a limited liability company on October 18, 2012. The Company will continue in existence until it is dissolved and terminated by the members of the Company in accordance with the provisions of the Limited Liability Agreement (the "LLC Agreement" or "Operating Agreement"). The Company was formed to finance, design, construct, and own and operate oil and natural gas lateral transportation facilities (the "Facilities"), which receive and transport production of hydrocarbons from the Marmalard, Neidermeyer, and SOB 2 prospects (the "Anchor Prospects"), the Blue Wing Olive, Malachite, and SOB III prospects (the "Secondary Prospects"), and the Otis and Odd Job prospects (the "Additional Priority Prospects") in the Gulf of Mexico and any future additional prospects from a floating production platform (the "Base FPS") developed by Delta House FPS, LLC, to commercial pipeline operators. The planned capacity of the Facilities is 100,000 barrels of oil per day and 240 MMCF of natural gas per day.

The Base FPS and the Facilities commenced operations in April 2015.

On December 6, 2012, the Company entered into agreements with the producers (the "Producers") of the Anchor Prospects and the Secondary Prospects, and then subsequently of the Additional Priority Prospects, to provide oil and natural gas transportation services (collectively, the "Transportation Agreements"). The Producers have agreed to pay the Company a variable fee for each barrel of oil and MMBtu of natural gas produced and delivered to the Base FPS. Additionally, the Producers are contractually obligated to pay a fixed monthly fee of $925 for oil and $943 for natural gas for the right to use the Facilities.

Profits and losses are allocated to the members in proportion to their equity percentage interests, with certain restrictions dictated by specific terms under the LLC Agreement.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared in U.S. dollars using accounting principles generally accepted in the United States ("GAAP").

Cash and Cash Equivalents

Cash and cash equivalents represent cash and short-term, highly liquid investments, with original maturities of three months or less. There were no cash equivalents as of December 31, 2016 or 2015.

Restricted Cash

The Company maintains restricted cash for future decommissioning obligations, and has collected and recorded $463 and $135 of long-term restricted cash as of December 31, 2016 and 2015, respectively.

Accounts Receivable - Related Party

Receivables from the sale of oil and natural gas transportation services are unsecured. All accounts receivable are from the Producers, who are members of the Company. Allowance for doubtful accounts are determined based on management's assessment of the creditworthiness of the customer. Past due accounts are written off against the allowance for doubtful accounts only after all collection attempts have been exhausted. At December 31, 2016 and 2015, management believed that all balances from customers were fully collectible such that no allowance for doubtful accounts was deemed necessary.

Revenue Recognition

Revenue from our oil and natural gas export offshore pipelines is based on a fixed monthly fee for the right to use the Facilities and a fixed fee per unit of volume gathered or transported multiplied by the volume delivered. Transportation fees are based on contractual arrangements. Revenue associated with these fee-based contracts is recognized when volumes have been

delivered.

The Company recognizes a decommissioning fee for each barrel of oil equivalent processed and has recorded $314 and $194 of decommissioning fee revenue during the years ended December 31, 2016 and 2015, respectively.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable. The carrying amounts approximate fair value due to the short-term nature of these instruments.

Property and Equipment

Property and equipment are recorded at cost. Betterments are capitalized. Repair and maintenance costs are expensed as incurred. Property and equipment consists of the following (in thousands):

	Useful Life (Years)	December 31, 2016	December 31, 2015
Pipelines	27	$ 176,190	$ 176,503
Accumulated depreciation		(8,046)	(3,162)
Property and equipment, net		$ 168,144	$ 173,341

The estimated useful lives of the Facilities are revised when circumstances or events indicate that the overall life of the Facilities differs from the previous estimate. In the fourth quarter of 2016 the useful lives were revised from 40 years to 27 years based on changes in the estimated production life of the oil and natural gas reserves on which the Facilities are dependent. Changes in estimated useful lives are accounted for prospectively from the date of the revision as a change in accounting estimate.

Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets, net of any salvage value. Depreciation expense during the years ended December 31, 2016 and 2015 was $4,884 and $3,162, respectively.

The recoverability of long-lived assets are evaluated when events or changes in circumstances indicate that the carrying amount of the long-lived asset might not be recoverable. If such impairment indicators exist, the Company performs a two-step impairment test. First, the undiscounted future cash flows of the long-lived assets are estimated and compared to assets' carrying value and, if the undiscounted cash flows are less than the carrying value, the assets are considered impaired. Second, the impairment loss is measured by reducing the carrying value to the estimated fair value of the assets which is determined through either quoted market prices in active markets or present value techniques. No impairment losses were recorded during the years ended December 31, 2016 and 2015.

Asset Retirement Obligations ("AROs")

AROs are legal obligations associated with the removal and abandonment of tangible long-lived assets and are recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made. AROs are initially measured at their estimated fair values and recorded as liabilities with an increase as well to the carrying amount of the related long-lived asset. In future periods subsequent to initial recognition, accretion of the liability is recognized each period and the asset is depreciated using the straight-line method over its useful life. During the year ending December 31, 2015, the Company recorded an ARO relating to the future dismantlement of the Facilities. A revision to the estimate was recorded during the year ended December 31, 2016 due to changes in the estimated costs to remove and abandon the assets. Accretion expense during the years ended December 31, 2016 and 2015 was $85 and $99, respectively.

The following table provides an analysis of changes in the ARO liability during the years ended December 31, 2016 and 2015 (in thousands):

	2016	2015
Beginning balance	$ 2,198	$ —
Liabilities incurred	—	2,099
Revisions in estimate	135	—
Accretion	85	99
Ending balance	$ 2,418	$ 2,198

Use of Estimates

When preparing financial statements in conformity with U.S. GAAP, management must make estimates and assumptions based on information available at the time. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosures of contingent assets and liabilities as of the date of the financial statements. Estimates and assumptions are based on information available at the time such estimates and assumptions are made. Adjustments made with respect to the use of these estimates and assumptions often relate to information not previously available. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements. Estimates and assumptions are used in, among other things i) analyzing long-lived assets and assets for possible impairment, ii) estimating the useful lives of assets, and iii) estimating the inputs required in calculating the asset retirement obligations. Actual results could differ materially from estimated amounts.

Income Taxes

The Company files its federal income tax return as a limited liability corporation under the Internal Revenue Code. In lieu of corporate income taxes, the members of the Company are taxed on their proportionate share of the Company's taxable income. Accordingly, no provision or liability has been recognized for federal income tax purposes in the accompanying financial statements, as taxes are the responsibility of the individual members of the Company.

The Company's assets are located in federal waters in the Gulf of Mexico, and therefore, are not subject to state income taxes.

Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. The Company had no uncertain tax positions as of the years ended December 31, 2016 and 2015. During the years ended December 31, 2016 and 2015, the Company did not incur any income tax-related interest or penalties.

None of the Company's federal income tax returns are currently under examination by the Internal Revenue Service ("IRS"). However, fiscal years 2012 and later remain subject to examination by the IRS.

Concentration of Credit Risk

The Company's primary assets, which are located in the Gulf of Mexico, provide transportation services to producers of oil and natural gas from the Base FPS. The Company has a concentration of accounts receivable balances due from companies engaged in the production of oil and natural gas in the Gulf of Mexico. These customers may be similarly affected by changes in economic, regulatory, weather, or other factors.

The Company maintains cash and cash equivalents and restricted cash balances at financial institutions in the United States of America, which at times exceed federally insured amounts. The Company has not experienced any losses in such accounts, and does not believe a significant concentration of credit risk exists with its cash and cash equivalents.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which supersedes nearly all existing revenue recognition guidance under GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing GAAP. The standard's effective date has been deferred by the issuance of ASU No. 2015-14, and is effective for public entities for annual and interim periods beginning after December 15, 2017, and effective for nonpublic entities for annual periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The guidance permits using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). Early application is permitted, but not before December 15, 2016, the ASU's original effective date. The Company is currently assessing the performance obligations related to its long-term revenue contracts and the impact the new guidance will have on the timing of its revenue recognition.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)* . The ASU intends to reduce diversity in practice on how the following cash activities are presented in the statement of cash flows: (1) debt prepayment or debt extinguishment costs; (2)settlement of zero-coupon debt instruments; (3) contingent considerations payments made after a business combination; (4) proceeds from the settlement of insurance claims; (5) proceeds from the settlement of corporate and bank-owned life insurance policies; (6) distributions received from equity method investments; and (7) beneficial interests in securitization transactions. The guidance also describes a predominance principle in which cash flows with aspects of more than one class that cannot be separated should be classified based on the activity that is likely to be the predominant source or use of cash flow. The guidance is effective for public entities for annual and interim periods beginning after December 15, 2017, and effective for nonpublic entities for annual periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. Early adoption is permitted, provided that all of the amendments are adopted in the same period, and must be applied using a retrospective transition method. The Company is currently evaluating the impact of the guidance on its financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the Emerging Issues Task Force)* . The ASU intends to address classification and presentation of changes in restricted cash on the statement of cash flows. The standard requires an entity's reconciliation of the beginning-of-period and end-of-period total amounts shown on the statement of cash flows to include in cash and cash equivalents amounts generally described as restricted cash and restricted cash equivalents. The ASU does not define restricted cash or restricted cash equivalents, but an entity will need to disclose the nature of the restrictions. The guidance is effective for public entities for annual and interim periods beginning after December 15, 2017, and effective for nonpublic entities for annual periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, adjustments should be reflected at the beginning of the fiscal year that includes that interim period. Entities should apply this ASU using a retrospective transition method to each period presented. The Company is currently evaluating the impact of the guidance on its financial statements.

3. Commitments and Contingencies

Legal Proceedings

The Company is not currently party to any pending litigation or governmental proceedings, other than ordinary routine litigation incidental to its business. While the ultimate impact of any proceedings cannot be predicted with certainty, the Company believes that the resolution of any of its pending proceedings will not have a material effect on its financial condition or results of operations.

Environmental Matters

The Company is subject to federal and state laws and regulations relating to the protection of the environment. Environmental risk is inherent to processing platform operations and oil and natural gas pipeline transportation, and it could, at times, be subject to environmental cleanup and enforcement actions. The Company is not aware of any material environmental matters.

4. Related Party Transactions

Transportation Agreements

The Company entered into separate Transportation Agreements with the Producers. Under the terms of the Transportation Agreements, the Company agreed to construct, install, and decommission the Facilities that accepts dedicated production from the Anchor Prospects and Additional Priority Prospects at the Base FPS in the Gulf of Mexico, and deliver the production to pipeline operators. In addition, the Company ensures that LLOG Exploration Offshore, LLC ("LLOG") operates the Company's Facilities according to the project agreements. The Producers currently hold Class A Units in the Company.

The Company billed the Producers a total of $68,381 and $30,902 for transportation and decommissioning fees for services performed during the years ended December 31, 2016 and 2015 , respectively. As of December 31, 2016 and 2015 , the Company had total receivables of $11,790 and $10,261, respectively, due from the Producers.

Asset Management Agreement

Consolidated Asset Management Services (Texas), LLC ("CAMS"), provides construction and asset management services to the Company under the terms of an Asset Management Agreement ("AMA"). CAMS is indirectly owned by Tessa Group, LLC, a general partner holding a 60% partnership interest in CAMS, and ArcLight Asset Management, LLC, a limited partner which (i) holds a 40% partnership interest in CAMS and (ii) is an affiliate of ArcLight Capital Partners, LLC ("ArcLight"). At December 31, 2016, ArcLight holds an effective 38.8% of the Class A units in the Company through its subsidiaries, Otter Offshore Holdings, LLC and Pinto Offshore Holdings, LLC.

The initial term of the AMA was through the date of First Commercial Production, which is defined as the date on which the last of the following occurs: (a) the Base FPS has been constructed, installed, and commissioned pursuant to the Construction Contracts and the Project Management Agreement by Delta House FPS, LLC, (b) production is delivered from an Anchor Prospect to the Base FPS, and the Base FPS accepts such delivery, or (c) the Base FPS delivers Hydrocarbons to the Lateral Facilities owned by the Company for delivery to the Commercial Pipeline Delivery Point. The initial term of the AMA ended in April 2015. As no party declined to extend the AMA with one hundred twenty (120) days written notice before the end of the initial term, the AMA was and will continue to be automatically renewed for successive periods of one (1) year each until such an extension decline occurs. CAMS is paid a fixed monthly fee and recovers the expenses it incurs under the AMA.

During the years ended December 31, 2016 and 2015, the Company incurred costs of $225 and $225, respectively, related to the AMA, of which $0 and $94 was capitalized, respectively.

As of December 31, 2016 and 2015, the Company had accounts payable due to CAMS of $19 and $19, respectively.

Project Management Agreement and Operating Agreement

LLOG provided project management services to the Company under the terms of a Project Management Agreement ("PMA"). LLOG, along with its subsidiary, LLOG Bluewater Holdings, LLC, holds a combined partnership interest in the Company of 0.5%%.

The PMA terminated on the earliest of: (a) First Commercial Production and the substantial completion of all activities under the Construction Contracts and payment of Project Costs, (b) written consent of all Parties terminating the PMA, or (c) at the election of each Owner, with respect to its respective Project Facilities, or the election by all Owners with respect to all Project Facilities, upon termination of all Production Handling Agreements or Transportation Agreements, in accordance with their termination provisions. First Commercial Production and the substantial completion of all activities under the Construction Contracts and payment of Project Costs occurred in April 2015, at which point, the PMA terminated, and the Operating Agreement between the Company and LLOG became effective. LLOG was paid a fee equal to 2.5% of the incurred project costs and recovered the expenses it incurred under the PMA. Under the Operating Agreement, LLOG operates the Base FPS and is paid a fee of 12% of the cost of operating the Base FPS, exclusive of certain legal expenses. These fees were billed

directly to the Producers.

During the years ended December 31, 2016 and 2015, the Company incurred costs of $0 and $877, respectively, related to the PMA, which were capitalized.

5. Members' Equity

There are four classes of equity units as established by the LLC Agreement:

- Class A units - a class of capital interests in respect of construction and operation of the Facilities
- Class B units - a class of capital interests in respect of construction cost overruns with respect to the Facilities
- Class C units - a class of capital interests in respect of expansions to the Facilities
- Class D units - a class of capital interests in respect of unreimbursed major expenditures related to the Facilities

Class B, C, and D units have no voting rights. Distributions to members holding each class of equity units are subject to waterfall provisions contained in the operating agreement.

For purposes of adjusting the capital accounts of the members, the net profits, net losses, and, to the extent necessary, individual items of income, gain, loss and deduction, for any fiscal year or other period, shall be allocated among the members in a manner such that the adjusted capital account of each member, immediately after making such allocation, is, as nearly as possible, equal (proportionately) to then distributions that would be made to such member, if the Company were dissolved, its affairs wound up, and its properties sold for cash equal to their gross asset values, all Company liabilities were satisfied (limited with respect to each nonrecourse liability to the gross asset value of the asset securing such liability), and the net assets of the Company were distributed to the members immediately after making such allocation.

During the year ended December 31, 2015, $24,287 of Class A capital contributions were made by the members. No contributions were made during the year ended December 31, 2016.

During the years ended December 31, 2016 and 2015, the Company paid distributions totaling $66,148 and $20,432, respectively, to the members of Class A units.

6. Subsequent Events

The Company has evaluated subsequent events through March 3, 2017, which is the date these financial statements were available for issuance.

EXHIBIT 99.4

Destin Pipeline, L.L.C.
Financial Statements
Year Ended December 31, 2016

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Report of Independent Auditors

To the Management of Destin Pipeline Company, L.L.C.:

We have audited the accompanying financial statements of Destin Pipeline Company, L.L.C., which comprise the balance sheet as of December 31, 2016, and the related statements of operations, of changes in members' equity and of cash flows for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Destin Pipeline Company, L.L.C. as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP
Houston, TX
March 24, 2017

Destin Pipeline Company, L.L.C
Balance Sheet
December 31, 2016
(in thousands)

Assets		
Current assets		
Cash and cash equivalents	$	16,602
Accounts receivables		
Third parties		4,119
Affiliates		2,558
Prepayments and other current assets		4,090
Total current assets		27,369
Pipelines and equipments, net		251,221
Total assets	$	278,590
Liabilities and members' equity		
Current liabilities		
Accounts payable		
Third parties	$	5,336
Affiliates		3,537
Deferred income		
Third parties		1,998
Affiliates		1,117
Accrued real estate and property taxes		4,916
Other current liabilities		2,173
Total current liabilities		19,077
Deferred income		
Third parties		31,795
Affiliates		12,786
Total liabilities		63,658
Members' equity		214,932
Total liabilities and members' equity	$	278,590

The accompanying notes are on integral part of these financial statements

Destin Pipeline Company, L.L.C
Statement of Operations
For the Year Ended December, 31 2016
(in thousands)

Transportation revenue:		
Third parties	$	36,681
Affiliates		12,568
Total revenue		49,249
Operating expenses:		
Operating and maintenance		13,787
General and administrative		3,881
Depreciation		14,600
Taxes, other than income taxes		4,262
Total operating expenses		36,530
Operating income		12,719
Other income (expenses)		
Other income		3,050
Interest income		10
Interest expense		(1)
Total other income, net		3,059
Net income	$	15,778

The accompanying notes are on integral part of these financial statements

Destin Pipeline Company, L.L.C.
Statements of Change in Members' Equity
Year Ended December 31, 2016
(in thousands)

	Amoco Destin Pipeline Company	Enbridge Offshore (Destin), L.L.C.	Emerald Midstream, L.L.C.	American Midstream Emerald, L.L.C	Members' Equity
Balance at January 1, 2016	166,768	83,386	—	—	250,154
Net income	5,435	5,259	643	4,441	15,778
Members' distributions	(18,107)	(16,998)	—	(15,895)	(51,000)
Transfer of members' interest on March 31, 2016	(117,560)	—	117,560	—	—
Transfer of members' interest on April 25, 2016	—	—	(118,203)	118,203	—
Balance at December 31, 2016	$ 36,536	$ 71,647	$ —	$ 106,749	$ 214,932

The accompanying notes are on integral part of these financial statements

Destin Pipeline Company, L.L.C
Statements of Cash Flows
For the Year Ended December 31, 2016
(in thousands)

Operating activities		
Net income	$	15,778
Adjustments to reconcile net income to net cash		
provided by operating activities:		
Depreciation expenses		14,600
Changes in operating assets and liabilities		
Accounts receivable - third parties		767
Accounts receivable - affiliates		(1,144)
Prepayments and other current assets		(3,906)
Accounts payable - third parties		3,203
Accounts payable - affiliates		2,167
Accrued real estate and property taxes		91
Deferred income - third parties		189
Deferred income - affiliates		(452)
Deferred credits		(1,316)
Other current liabilities		2,173
Non-current deferred revenue - affiliate		4,051
Net cash provided by operating activities		36,201
Investing activities		
Capital expenditures		(1,609)
Cash received on reimbursable projects		14,281
Net cash provided by investing activities		12,672
Financing activities		
Distributions to members		(51,000)
Net cash used in financing activities		(51,000)
Net decrease in cash		(2,127)
Cash and cash equivalents - beginning of the year		18,729
Cash and cash equivalents - end of the year	$	16,602
Supplemental disclosure of cash flows information		
Capital expenditures in accounts payable	$	232

The accompanying notes are on integral part of these financial statements

EXHIBIT 99.4

Destin Pipeline Company, L.L.C.
Notes to Financial Statements
Year Ended December, 31 2016

1. Organization and Nature of Business

Destin Pipeline Company, L.L.C. ("Destin" or the "Company") was formed as a Delaware limited liability company on February 28, 1997 and as of December 31, 2015, its membership interests were owned by Amoco Destin Pipeline Company, L.L.C. ("Amoco Destin") (66.7%) and Enbridge Offshore (Destin), L.L.C. ("Enbridge Destin") (33.33%). On March 31, 2016, Amoco Destin sold membership interests totaling 49.67% to Emerald Midstream, L.L.C. ("Emerald Midstream") and on April 25, 2016, Emerald Midstream sold its membership interest to American Midstream Emerald, L.L.C. ("Emerald"), an affiliated entity.

As Destin is a limited liability corporation, its member are not liable for the Company's debts, obligations, or liabilities, including under a judgment decree or order of a court. Contributions and distributions, as well as profits and losses, are allocated among the members on a pro-rata basis in accordance with their respective ownership interests.

Destin was formed to construct, own, and operate the Destin Pipeline System (the "System") and any other natural gas pipeline systems approved by the members. Destin is engaged in the transportation of natural gas from various platforms in the Gulf of Mexico to various interconnections with interstate pipelines in the state of Mississippi. Destin operates in one industry segment, and its customers are shippers who transport gas from various offshore properties and from onshore receipt points to markets located downstream on one or more of the interconnecting pipelines. The System consists of pipelines with various diameters up to 36 inches in addition to compression, measurement, and platform facilities. The System was constructed in 1997 and started providing natural gas transportation service in September 1998.

Destin has no employees and receives all administrative and operating support through contractual arrangements with affiliated companies, Amoco Destin provided the Company with operations, management and administrative support pursuant to a related agreement which was in effect until October 31, 2016. On November 1, 2016, the Company entered into a new agreement with Emerald to provide the support previously provided by Amoco Destin.

2. Summary of Significant Accounting

Cash and Cash Equivalents

Cash and cash equivalents consist of cash balances and highly liquid investments that have an original maturity of three months or less when purchased.

Concentration of Credit Risk

Accounts receivable are concentrated among shippers with operations in the Gulf of Mexico and in the state of Mississippi. Management believes that concentrations of credit risk with respect to trade receivables are limited due to ongoing credit evaluations preformed on the Company's customers. Destin limits the amount of credit extended when deemed necessary and, generally, does not require collateral.

Pipelines and Equipment

Pipelines and equipment, including transportation assets, are recorded at historical cost, less accumulated depreciation and impairment charges, if any. Transportation assets consist primarily of line pipe and equipment. Additions and improvements that expand the productive capacity or extend the useful life of the System are capitalized. Destin determines depreciation using the straight-line method over the estimated useful lives of the assets, which range from 20 to 25 years. Line fill, included in pipelines and equipment, represents natural gas acquired to commence operations of the pipeline and is valued at the lower of historical cost or net realizable value.

Impairment of Pipelines and Equipment

Destin reviews pipeline and equipment assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to the future undiscounted net cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the

carrying amount of the asset exceeds its fair value.

Asset Retirement Obligations

Destin has certain asset retirement obligations (AROs) related to certain of its pipelines and equipment; however, it is unable to reasonably estimate the related obligations due to the uncertainty about the potential timing of the settlement dates. Such AROs will be recognized in the period in which sufficient information exists to reasonably estimate the settlement dates.

Environmental Liabilities

Liabilities for environmental costs are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated. These liabilities are not reduced by possible recoveries from third parties and are presented on an undiscounted basis.

Income Taxes

Destin is treated as a pass-through entity under the provisions of the United States Internal Revenue Code. Accordingly, the accompanying financial statements do not reflect a provision for income taxes, as Destin's results of operations and related credits and deductions for income tax purposes will be passed through to and taken into account by its members in computing their respective income taxes.

Fair Value Measurement

Destin uses fair value to measure certain of its assets and liabilities in its financial statements. Fair value is the amount 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 (i.e., the exit price). Destin categorizes the fair value of its financial assets and liabilities according to the hierarchy established by the Financial Accounting Standards Board (FASB), which prioritizes the inputs to valuation techniques used to measure fair value (described below). Destin also considers counterparty credit risk in its assessment.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Hierarchy Levels 1, 2 or 3 are terms for the priority of inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as follows:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 inputs that are either directly or indirectly observable.
- Level 3 - Unobservable inputs developed using estimates and assumptions developed by Destin, which reflect those that a market participant would use.

Financial Instruments

Destin's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable. The carrying amounts of these items approximate fair value. The fair value of cash equivalents is determined based upon quoted market prices which represents a Level 1 measurement.

Revenue Recognition

The Company recognizes revenue when there is persuasive evidence of an arrangement, the sales price is fixed or determinable, services are rendered and the collection of the resultant receivable is probable. Revenue for the transportation of natural gas is recognized based on volumes received into the System and delivered to the interconnect facilities in accordance with contractual terms at the time transportation services are provided. Certain customers pay in advance and, accordingly, recognition of the related revenue is deferred until services are provided.

In the course of providing transportation services to customers, Destin may receive different quantities of gas from shippers than the quantities delivered on behalf of those shippers. These transactions result in imbalances (gains and losses) that are settled in cash on an annual basis. In addition, certain imbalances may occur at interconnecting facilities when Destin delivers

more or less than what was nominated (scheduled). The settlement of these imbalances is governed by operational balancing agreements. Destin records the net amount of all third-party imbalances for each counterparty as a liability (included as deferred credits on the balance sheets) or as a receivable, if necessary. The tariff stipulates that net gains in excess of losses are reimbursed to shippers pro-rata based on their respective throughputs. In addition, pursuant to the transportation contracts, Destin collects a reservation charge when shippers do not transport a specified minimum daily quantity.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the related reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Deferred Income

From time to time, Destin enters into agreements with certain of its customers to construct facilities which will be used to provide services to those customers and in connection therewith, the customers agree to reimburse Destin for some or all of the related construction costs. Destin records the amounts received from the customers as deferred revenue which is subsequently recognized over the useful lives of the related agreements. Such amounts are included in *Other income* in the Statement of Operations.

3. Related Party Transactions

Destin earned $12.6 million of revenue from performing transportation services for Amoco Destin's affiliates during the year ended December 31, 2016. Destin had accounts receivable of $2.6 million from Amoco Destin's affiliates, relating to transportation services and gas imbalances at December 31, 2016.

Emerald currently serves as operator of the System and provides operating, maintenance and repair, and administrative and Emerald currently serves as operator of the System and provides operating, maintenance and repair, and administrative and other services to the Company. Amoco Destin served as operator of the pipeline until October 31, 2016. Management fees paid for 2016 totaled $2 million, including $1.6 million to Amoco Destin and $0.4 million to Emerald. Additionally, Destin reimbursed Amoco Destin and Emerald and their affiliates $1.5 million and $1.8 million, respectively, for costs and expenses they incurred on behalf of the Destin. Management fees costs reimbursements are included in General and administrative expenses in the Statement of Operations. At December 31, 2016, Destin had accounts payable to Amoco Destin and Emerald of $1.6 million and $1.9 million.

4. Pipelines and Equipment

Pipelines and equipment at December 31, 2016 consist of the following (in thousands):

Transportation assets	$	519,030
Land		1,423
Right of way		18,124
Buildings and improvements		27,295
Vehicles		119
Office and data equipment		980
Assets under construction		2,022
Line fill		1,071
Pipelines and equipment		570,064
Less: Accumulated depreciation		(318,843)
Pipelines and equipment, net		251,221

Transportation assets mainly consist of pipeline construction, line pipe, fittings, and pumping equipment. Total depreciation expense was $14.6 million for the year ended December 31, 2016.

5. Regulatory Matters

The Federal Energy Regulatory Commission (FERC) has jurisdiction over Destin with respect to transportation of gas, rates and charges, construction of new facilities, extension or abandonment of service facilities, accounts and records, and certain other matters.

FERC related charges totaled $0.3 million in 2016, and are included in *Administrative and general expense* in the Statement of Operations.

6. Commitments and Contingencies

In the ordinary course of business, Destin is subject to various laws and regulations, including regulations of the FERC. In the opinion of management, the cost of compliance with existing laws and regulations will not materially affect the financial position or results of operations of Destin.

7. Accounting Standards Issued and Not Yet Adopted

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which amends the existing accounting guidance for revenue recognition. The update requires an entity to recognize revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU No. 2015-14 was subsequently issued and deferred the effective date of ASU No. 2014-09 to annual reporting periods beginning after December 15, 2018, including interim reporting periods within that period. In March 2016, the FASB issued ASU No. 2016-08, Revenue from Contracts with Customers (Topic 606): Principal Versus Agent Considerations, as further clarification on principal versus agent considerations. In April 2016, the FASB issued ASU No. 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing as further clarification on identifying performance obligations and the licensing implementation guidance. In May 2016, the FASB issued ASU No. 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients, as clarifying guidance on specific narrow scope improvements and practical expedients. Destin is in the process of reviewing its various customer arrangements in order to determine the impact of adopting these updates will have on its financial statements and related disclosures and expects to complete the review in the third quarter of 2017.

In February 2016, the FASB issued ASU No. 2016-02 (Topic 842) "Leases" which supersedes the lease recognition requirements in Accounting Standards Codification Topic 840, "Leases". Under ASU No. 2016-02 lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. Leases will continue to be classified as
either finance or operating. ASU No. 2016-02 is effective for annual reporting periods, and interim periods within those years beginning after December 15, 2018. Entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements, and there are certain optional practical expedients that an entity may elect to apply. Full retrospective application is prohibited and early adoption by public entities is permitted. Destin is currently evaluating the impact this update will have on its financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 320): Classification of Cash Receipts and Cash Payments, which addresses eight specific cash flow issues with the objective of reducing the existing diversity of presentation and classification in the statement of cash flows. ASU No. 2016-15 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal periods. Early adoption is permitted, but only if all aspects are adopted in the same period. Destin is currently evaluating the impact this update will have on its consolidated statements of cash flows and related disclosures.

8. Subsequent Events

Destin evaluated subsequent events through March 24, 2017, the date these financial statements were available to be issued.

Tri-States NGL Pipeline, L.L.C.
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EXHIBIT 99.5

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Tri-States NGL Pipeline, L.L.C.
Houston, Texas

We have audited the accompanying financial statements of Tri-States NGL Pipeline, L.L.C. (the "Company"), which comprise the balance sheet as of December 31, 2016 and the related statements of operations, cash flows and members' equity for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tri-States NGL Pipeline, L.L.C. as of December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Houston, Texas
March 1, 2017

Tri-States NGL Pipeline, L.L.C.
Balance Sheet
December 31, 2016
(in thousands of dollars)

Assets		
Current assets		
Cash and cash equivalents	$	5,792
Accounts receivable - trade		3,095
Accounts receivable - related parties		369
Total current assets		9,256
Property, plant and equipment, net		123,546
Total assets	$	132,802
Liabilities and Members' Equity		
Current liabilities		
Accounts payable - trade	$	372
Accounts payable - related parties		84
Accrued expenses payable		221
Accrued ad valorem taxes payable		1,779
Other accrued liabilities		103
Total current liabilities		2,559
Asset retirement obligations		1,117
Commitments and contingencies (see Note 6)		
Members' equity		129,126
Total liabilities and members' equity	$	132,802

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

Tri-States NGL Pipeline, L.L.C.
Statement of Operations
For the Year Ended December 31, 2016
(in thousands of dollars)

Transportation revenues		
Related parties	$	13,366
Third parties		26,787
Total revenues		40,153
Costs and expenses		
Operating costs and expenses		6,499
Depreciation expense		5,720
General and administrative expenses		1,606
Total costs and expenses		13,825
Operating income		26,328
Net income	$	26,328

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

Tri-States NGL Pipeline, L.L.C.
Statement of Cash Flows
For the Year Ended December 31, 2016
(in thousands of dollars)

Operating activities	
Net income	$ 26,328
Reconciliation of net income to net cash flows provided by operating activities:	
Depreciation expense	5,720
Effect of changes in operating accounts:	
Decrease in accounts receivable - third parties	1,031
Increase in accounts receivable - affiliates	(369)
Decrease in prepaid expenses and other current assets	131
Decrease in accounts payable - third parties	(644)
Increase in accounts payable - affiliates	84
Increase in accrued expenses payable	221
Increase in accrued liabilities	30
Net cash flows provided by operating activities	32,532
Investing activities	
Capital expenditures	(296)
Cash used in investing activities	(296)
Financing activities	
Cash distributions to Members	(31,510)
Cash used in financing activities	(31,510)
Net change in cash and cash equivalents	726
Cash and cash equivalents, January 1	5,066
Cash and cash equivalents, December 31	$ 5,792
Supplemental disclosure of cash flow information	
Capital expenditures included in accrued liabilities	$ 147

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

Tri-States NGL Pipeline, L.L.C.
Statement of Members' Equity
For the Year Ended December 31, 2016
(in thousands of dollars)

	Enterprise Products Operating LLC (50%)	Enterprise NGL Pipelines LLC (33 1/3%)	Amoco Tri-States Pipeline Co. (--)	Emerald Midstream LLC (--)	American Midstream Emerald LLC (16 2/3%)	Total
Balance, January 1, 2016	$ 67,882	$ 45,253	$ 21,173	$ —	$ —	$ 134,308
Net income	13,128	8,751	1,339	507	2,603	26,328
Transfer of Member's interest effective March 31, 2016	—	—	(21,052)	21,052	—	—
Transfer of Member's interest effective May 1, 2016	—	—	—	(21,059)	21,059	—
Distributions to Members	(15,755)	(10,502)	(1,460)	(500)	(3,293)	(31,510)
Balance, December 31, 2016	$ 65,255	$ 43,502	$ —	$ —	$ 20,369	$ 129,126

The accompanying notes are an integral part of these financial statements

Tri-States NGL Pipeline, L.L.C.
Notes to Financial Statements

1. Company Organization and Description of Business

Tri-States NGL Pipeline, L.L.C. ("Tri-States"), a Delaware limited liability company formed in 1998, owns a 167-mile natural gas liquids ("NGL") pipeline that extends from Mobile Bay, Alabama, to Kenner, Louisiana. Unless the context requires otherwise, references to "we," "us," "our" or the "Company" within these notes are intended to mean Tri-States.

At December 31, 2016, our membership interests were owned 50% by Enterprise Products Operating L.P. ("EPO"), 33.33% by Enterprise NGL Pipelines, L.L.C. ("ENGL") and 16.67% by American Midstream Emerald, LLC ("AME"). AME acquired its member interest in us on April 27, 2016 (with an effective date of May 1, 2016) from an affiliate, Emerald Midstream, LLC ("Emerald"), which in turn acquired the member interest from Amoco Tri-States NGL Pipeline Company ("Amoco") effective March 31, 2016. For their respective periods of ownership during 2016, EPO, ENGL, AME, Emerald and Amoco are referred to individually as a "Member" and collectively as the "Members."

EPO currently serves as operator of the pipeline and provides operating, maintenance and repair, administrative and other services related to our business and affairs (see Note 5).

2. Summary of Significant Accounting Policies

Our financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("GAAP").

Dollar amounts presented in the tabular data within these footnote disclosures are stated in thousands of dollars.

In preparing these financial statements, we have evaluated subsequent events for potential recognition or disclosure through March 1, 2017, the issuance date of the financial statements.

Cash and Cash Equivalents
Cash and cash equivalents represent unrestricted cash on hand and may also include highly liquid investments with original maturities of less than three months from the date of purchase.

Contingencies
Certain conditions may exist as of the date our financial statements are issued, which may result in a loss to us but which will only be resolved when one or more future events occur or fail to occur. Our management and legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to pending legal proceedings or unasserted claims that may result in such proceedings, our management and legal counsel evaluate the perceived merits of such matters including the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be recognized and the nature of the contingent liability would be disclosed in our financial statements.

If the assessment indicates that a loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss (if determinable), would be disclosed, if material.

Loss contingencies considered remote are generally not disclosed or recognized unless they involve guarantees that are material to us, in which case the nature of the guarantee would be disclosed.

We had no loss contingency matters requiring recognition or disclosure at December 31, 2016.

Environmental Costs
Our operations are subject to extensive federal and state environmental regulations. Environmental costs for remediation are

accrued based on estimates of known remediation requirements. Such accruals are based on management's best estimate of the ultimate cost to remediate a site and are adjusted as further information and circumstances develop. Those estimates may change substantially depending on information about the nature and extent of contamination, appropriate remediation technologies and regulatory approvals. Expenditures to mitigate or prevent future environmental contamination will be capitalized. Ongoing environmental compliance costs are charged to expense as incurred. In accruing for environmental remediation liabilities, costs of future expenditures for environmental remediation are not discounted to their present value, unless the amount and timing of the expenditures are fixed or reliably determinable. There were no environmental remediation liabilities incurred as of December 31, 2016.

Estimates

Preparing our financial statements in conformity with GAAP requires us to make estimates that affect amounts presented in the financial statements. Our most significant estimates relate to (i) the useful lives and depreciation methods used for fixed assets; (ii) measurement of fair value and projections used in impairment testing of fixed assets; and (iii) revenue and expense accruals.

Actual results could differ materially from our estimates. On an ongoing basis, we review our estimates based on currently available information. Any changes in the facts and circumstances underlying our estimates may require us to update such estimates, which could have a material impact on our financial statements.

Fair Value Information

The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable approximate their fair values based on their short-term nature.

Impairment Testing for Long-Lived Assets

Long-lived assets such as pipelines and facilities are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Long-lived assets with carrying values that are not expected to be recovered through future cash flows are written-down to their estimated fair values. The carrying value of a long-lived asset is deemed not recoverable if it exceeds the sum of undiscounted cash flows expected to result from the use and eventual disposition of the asset. If the asset's carrying value exceeds the sum of its undiscounted cash flows, a non-cash asset impairment charge equal to the excess of the asset's carrying value over its estimated fair value is recorded. Fair value is defined 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 a specified measurement date. We measure fair value using market price indicators or, in the absence of such data, appropriate valuation techniques. No asset impairment charges were recognized during the year ended December 31, 2016.

Income Taxes

We are organized as a pass-through entity for federal income tax purposes. As a result, our financial statements do not provide for such taxes, and our Members are individually responsible for their allocable share of our taxable income for federal income tax purposes.

Property, Plant and Equipment

Pipelines and equipment are recorded at historical cost. Expenditures for additions, improvements and other enhancements to pipelines and equipment are capitalized, and minor replacements, maintenance, and repairs that do not extend asset life or add value are charged to expense as incurred. When pipelines and equipment assets are retired or otherwise disposed of, the related cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is included in results of operations for the respective period.

Our pipelines and equipment are depreciated using the straight-line method, which results in depreciation expense being incurred evenly over the life of an asset. Our estimate of depreciation expense incorporates management assumptions regarding the useful economic lives and residual values of our assets

We have asset retirement obligations ("AROs") related to pipeline right of way agreements. These obligations consist of estimated future costs of dismantlement, removal, site reclamation and similar activities associated with the retirement of pipeline and equipment assets. We recognize the fair value of a liability for an ARO in the period in which it is incurred and can be reasonably estimated, with the associated asset retirement cost capitalized as part of the carrying value of the asset. ARO amounts are measured at their estimated fair value using expected present value techniques. Over time, the ARO liability is accreted to its present value

(through accretion expense) and the capitalized amount is depreciated over the remaining useful life of the related long-term asset. We will incur a gain or loss to the extent that our ARO liabilities are not settled at their recorded amounts.

See Note 3 for additional information regarding our pipelines and equipment and related AROs.

Revenue Recognition
We recognize revenue when all of the following criteria are met: (i) persuasive evidence of an exchange arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the buyer's price is fixed or determinable and (iv) collectibility is reasonably assured.

We provide pipeline transportation services to shippers and recognize the associated revenues when NGL volumes are delivered. The tariffs we charge for such services are regulated by the Federal Energy Regulatory Commission and various state regulations. The statutes applicable to such tariffs require the filing of "just and reasonable" tariff rates and the provision of nondiscriminatory service to shippers.

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update 606, *Revenue From Contracts With Customers* ("ASC 606"). The core principle in the new guidance is that a company should recognize revenue in a manner that fairly depicts the transfer of goods or services to customers in amounts that reflect the consideration the company expects to receive for those goods or services. In order to apply this core principle, companies will apply the following five steps in determining the amount of revenues to recognize: (i) identify the contract; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the performance obligation is satisfied. Each of these steps involves management's judgment and an analysis of the contract's material terms and conditions.

We are reviewing our revenue contracts in light of ASC 606; however, due to the early stage of this process, we are currently not in a position to estimate the impact the new guidance will have on our financial statements. We will adopt the new standard on January 1, 2018 using the modified retrospective method, which will require us to apply the new guidance to (i) all existing revenue contracts as of January 1, 2018 through a cumulative adjustment to equity for any differences between previously recognized revenues and the amount of revenue that would have been recognized under ASC 606 and (ii) all new revenue contracts entered into after January 1, 2018. Revenues presented for any comparative historical periods prior to 2018 would not be revised.

3. Property, Plant and Equipment

The historical cost of our property, plant and equipment and related accumulated depreciation were as follows at December 31, 2016:

	Estimated Useful Life in Years	
Plant and pipeline facilities	30-32	$ 181,880
Transportation equipment	4	218
Construction in progress		370
Total		182,468
Less accumulated depreciation		58,922
Property, plant and equipment, net		$ 123,546

Depreciation expense was $5.7 million for the year ended December 31, 2016.

Asset Retirement Obligations
Property, plant and equipment includes $1.1 million of estimated asset retirement costs that were capitalized as an increase in the associated long-lived asset at December 31, 2016. Based on information currently available, we estimate that accretion expense related to our AROs will approximate $90 thousand to $120 thousand per year over the next five years.

4. Members' Equity

As a limited liability company, our Members are not personally liable for any of our debts, obligations or other liabilities.

Income or loss amounts are allocated to Members based on their respective member interests (a standard allocation) and periods of ownership; however, a special earnings allocation is made to EPO and ENGL in connection with their participation in an expansion project in 2009. Earnings related to this expansion project are allocated 60% to EPO and 40% to ENGL. The following table is a reconciliation of our earnings allocation for the year ended December 31, 2016:

	EPO (50%)	ENGL (33 1/3%)	Amoco (--)	Emerald (--)	AME (16 2/3%)	Total
Standard allocation	$ 13,355	$ 8,903	$ 1,339	$ 507	$ 2,603	$ 26,707
Special allocation	(227)	(152)	--	--	--	(379)
Net income allocation	$ 13,128	$ 8,751	$ 1,339	$ 507	$ 2,603	$ 26,328

Cash contributions from and distributions to Members are also based on their respective membership interests.

Cash distributions (if any) are determined by our Board of Directors and paid to Members in accordance with their respective membership interests.

5. Related Party Matters

We earned $7.0 million and $6.3 million of related party revenues from performing NGL transportation services for EPO and affiliates of Amoco, respectively, during the year ended December 31, 2016. Related party amounts presented for Amoco and its affiliates reflect the three month period that Amoco was a Member. Amoco has continued to be a shipper on our pipeline since divesting its ownership interest to Emerald effective March 31, 2016.

EPO currently serves as operator of the pipeline and provides operating, maintenance and repair, administrative and other services related to our business and affairs. An affiliate of Amoco served as operator of our pipeline until September 30, 2016. We paid this affiliate $0.4 million for such services during the three month period ending March 31, 2016 that Amoco was a Member. EPO assumed operatorship on October 1, 2016 and received $0.3 million for such services during the fourth quarter of 2016.

The following table presents related party expense amounts for the year ended December 31, 2016:

Operating costs and expenses	$ 2,398
General and administrative costs	675
Total related party expenses	$ 3,073

6. Commitments and Contingencies

As part of our normal business activities, we may be subject to various laws and regulations, including those related to environmental matters. In the opinion of management, compliance with existing laws and regulations is not expected to have a material effect on our financial position, results of operations or cash flows.

Also, in the normal course of business, we may be a party to lawsuits and similar proceedings before various courts and governmental agencies involving, for example, contractual disputes, environmental issues and other matters. We are not aware of any such matters at December 31, 2016. If new information becomes available, we will establish accruals and/or make disclosures as appropriate.

7. Significant Risks

Credit Risk Due to Customer Concentration
The following table presents the percentage of our revenues by customer for year ended December 31, 2016:

Williams Energy Resources LLC and affiliates	49%
Amoco and affiliates	34%
EPO and affiliates	17%

Amoco and its affiliates was a related party for the period January 1, 2016 through March 31, 2016, the period that Amoco was a Member.

The loss of any of these customers or a significant reduction in the volumes transported by each party on our pipeline would have a material adverse effect on our financial position, results of operations and cash flows.

Nature of Operations
Our operations are within the midstream energy industry. As such, our financial position, results of operations and cash flows may be indirectly affected by changes in NGL commodity prices and changes in the relative price levels among other hydrocarbon products. In general, the prices of natural gas, NGLs, crude oil and other hydrocarbon products are subject to fluctuations in response to changes in supply, market uncertainty and a variety of additional factors that are beyond our control.

A significant decline in the volume of NGLs transported by our pipeline would adversely impact our profitability. Examples of factors that could result in a significant decline in the volume of NGLs transported include: long-term depressed prices for NGLs, a decrease in natural gas or crude oil exploration and development activities, lower demand for NGLs by the petrochemical, refining or heating industries due to general economic conditions, and other events. For example, a natural gas processing facility owned by EPO and located in Pascagoula, Mississippi experienced a fire in June 2016 that disrupted transportation volumes on our pipeline. Repairs to EPO's Pascagoula plant were completed in December 2016 and the facility was returned to commercial service, and volumes on our pipeline have returned to approximately normal levels.

Insurance Risks
Our assets are located in south Louisiana, which is prone to tropical weather events such as hurricanes. If we were to experience a significant weather-related loss for which we were not fully insured, it could have a material impact on our financial position, results of operations and cash flows. Each Member is responsible for any loss or damage to our assets in proportion to its ownership interest.

OKEANOS GAS GATHERING COMPANY, LLC
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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Report of Independent Auditors

To the Management of Okeanos Gas Gathering Company, LLC:

We have audited the accompanying financial statements of Okeanos Gas Gathering Company, LLC, which comprise the balance sheet as of December 31, 2016, and the related statements of operations, of changes in members' equity and of cash flows for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Okeanos Gas Gathering Company, LLC as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ PricewaterhouseCoopers LLP
Houston, TX
March 24, 2017

OKEANOS GAS GATHERING COMPANY, LLC
BALANCE SHEET
DECEMBER 31, 2016
(in thousands)

ASSETS		
Current assets		
Cash and cash equivalents	$	6,519
Accounts receivables		
Third parties		448
Affiliates		876
Total current assets		7,843
Pipelines and equipments, net		139,310
Total assets	$	147,153
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable		
Third parties	$	71
Affiliates		627
Accrued liabilities		57
Total current liabilities		755
Asset retirement obligation		9,644
Total liabilities		10,399
Members' equity		136,754
Total liabilities and members' equity	$	147,153

The accompanying notes are on integral part of these financial statements

OKEANOS GAS GATHERING COMPANY, LLC
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016
(in thousands)

REVENUE		
Transportation revenue:		
Affiliates	$	9,313
Third parties		7,067
Total revenue		16,380
COSTS AND EXPENSES		
Operating and maintenance		1,545
General and administrative		1,171
Depreciation		9,261
Accretion		535
Total cost and expenses		12,512
Net income	$	3,868

The accompanying notes are on integral part of these financial statements

OKEANOS GAS GATHERING COMPANY, LLC
STATEMENT OF CHANGE IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016
(in thousands)

	Mardi Grass Transportation System, Inc	Emerald Midstream, LLC	American Midstream Emerald, LLC	Enbridge Offshore (Destin), LLC	Members' Equity
Balance at January 1, 2016	96,289	—	—	48,147	144,436
Net Income	991	314	1,274	1,289	3,868
Members' distributions	(3,666)	—	(4,034)	(3,850)	(11,550)
Transfer of members' interest on March 31, 2016	(93,614)	93,614	—	—	—
Transfer of members' interest on April 27, 2016	—	(93,928)	93,928	—	—
Balance at December 31, 2016	$ —	$ —	$ 91,168	$ 45,586	$ 136,754

The accompanying notes are on integral part of these financial statements

EXHIBIT 99.6

OKEANOS GAS GATHERING COMPANY, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(in thousands)

OPERATING ACTIVITIES		
Net income	$	3,868
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expenses		9,261
Accretion expense		535
Changes in operating assets and liabilities		
Accounts receivable - affiliates		(31)
Accounts receivable - third parties		654
Accounts payable - affiliates		(172)
Accounts payable - third parties		18
Accrued liabilities		(141)
Net cash provided by operating activities		13,992
FINANCING ACTIVITIES		
Member distributions		(11,550)
Cash used in financing activities		(11,550)
Net increase in cash and cash equivalents		2,442
Cash and cash equivalents, beginning of the year		4,077
Cash and cash equivalents, end of the year	$	6,519

The accompanying notes are on integral part of these financial statements

OKEANOS GAS GATHERING COMPANY, LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(in thousands)

1. Organization and Nature of Business

Okeanos Gas Gathering Company, LLC (the "Company") was formed as a Delaware limited liability company on June 12, 2001 and as of December 31, 2015, its membership interests were owned by Mardi Gras Transportation System Inc. ("MGTSI") (66.7%) and Enbridge Offshore (Destin), L.L.C. ("Enbridge") (33.3%). . On March 31, 2016, MGTSI sold its membership interest in the Company to Emerald Midstream, L.L.C. ("Emerald Midstream") and on April 27, 2016, Emerald Midstream sold its membership interest to American Midstream Emerald, L.L.C ("Emerald"), an affiliated entity.

Contributions and distributions, as well as profits and losses, are allocated among the members on a pro-rata basis in accordance with their respective ownership interests.

The Company owns and operates the Okeanos Gas Gathering System (the "Pipeline"), markets the services of the Pipeline, and engages in activities directly or indirectly related thereto. The Pipeline, which began operations in November 2003, delivers production from the Na Kika field to the Destin Pipeline Company, L.L.C. pipeline and has a maximum capacity of 1.2 billion cubic feet per day. The Pipeline also delivers natural gas from the Thunder Horse, Thunder Hawk and Big Bend/Dantzler fields, which commenced production in 2008, 2009 and 2015, respectively.

The Company has no employees and receives all administrative and operating support through contractual arrangements with affiliated companies.

MGTSI provided the Company with operations, management and administrative support pursuant to a related agreement which was in effect through October 31, 2016. On November 1, 2016, the Company entered into a new agreement with Emerald to provide the support previously provided by MGTSI.

2. Summary of Significant Accounting

Cash and Cash Equivalents

Cash and cash equivalents consist of all cash balances and highly liquid, temporary cash investments having an original maturity of three months or less when purchased.

Concentration of Credit Risk

Accounts receivable are concentrated among shippers with operations in the Gulf of Mexico. Management believes that credit risk with respect to receivables is limited due to ongoing credit evaluations performed on the Company's customers. The Company limits the amount of credit extended when deemed necessary and generally does not require collateral.

Pipelines and Equipment

Pipelines and equipment are recorded at historical cost less accumulated depreciation and impairment losses, if any. Additions and improvements are capitalized. Pipelines and equipment consist primarily of the offshore underwater gathering system, which includes rights-of-way, pipe and equipment. Depreciation expense is determined using the straight-line method over the estimated useful lives of the assets, which range from 21 to 25 years.

Line fill, which is included in pipelines and equipment, represents natural gas acquired to commence operations of the Pipeline and is valued at the lower of cost or net realizable value.

Impairment of Pipelines and Equipment

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to the future undiscounted net cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by

which the carrying amount exceeds its fair value.

Asset Retirement Obligation

The Company accounts for its asset retirement obligation (ARO) in accordance with Accounting Standards Codification (ASC) 410-20, *Asset Retirement Obligations*. ASC 410-20 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs, and applies to legal obligations associated with the acquisition, construction, development, and/or the normal operation of long-lived assets. When the liability is initially recorded, the Company capitalizes an equivalent amount as part of the cost of the asset. Over time, the liability will be accreted for the change in its present value each period and the capitalized cost will be depreciated over the useful life of the related asset.

Environmental Liabilities

Liabilities for environmental costs are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated. These liabilities are not reduced by possible recoveries from third parties and are presented on an undiscounted basis.

Revenue Recognition

The Company recognizes revenue when there is persuasive evidence of an arrangement, the sales price is fixed or determinable, services are rendered and the collection of the resultant receivable is probable. Revenues for the transportation of natural gas are recognized based on volumes received or nominated from the Na Kika, Thunder Horse and Thunder Hawk production facilities and delivered to the Main Pass 260 interconnect facilities in accordance with the related contractual terms at the time the transportation services are provided. The Company's share of income from the deepwater pipeline repair equipment is recognized when earned based on daily rates.

Income Taxes

The Company is treated as a pass-through entity under the provisions of the United States Internal Revenue Code. Accordingly, the accompanying financial statements do not reflect a provision for income taxes, as the Company's results of operations and related credits and deductions for income tax purposes will be passed through to and taken into account by its Members in computing their respective income taxes.

Fair Value Measurement

The Company uses fair value to measure certain of the assets and liabilities in its financial statements. Fair value is the amount 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 (i.e., the exit price). The Company categorizes the fair value of its financial assets and liabilities according to the hierarchy established by the FASB (described below), which prioritizes the inputs to valuation techniques used to measure fair value. The Company also considers counterparty credit risk in its assessment.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Hierarchy Levels 1, 2, or 3 are terms for the priority of inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as follows:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 inputs that are either directly or indirectly observable.
- Level 3 - Unobservable inputs developed using estimates and assumptions developed by the Company, which reflect those that a market participant would use.

Financial Instruments

The Company's financial instruments consist of cash equivalents, accounts receivable, and accounts payable. The carrying amounts of these items approximate fair value. The fair value of cash equivalents is determined based on quoted market prices which represents a Level 1 measurement.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Management believes that its estimates are reasonable.

3. Accounting Standards Issued and Not Yet Adopted

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which amends the existing accounting guidance for revenue recognition. The update requires an entity to recognize revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU No. 2015-14 was subsequently issued and deferred the effective date of ASU No. 2014-09 to annual reporting periods beginning after December 15, 2018, including interim reporting periods within that period. In March 2016, the FASB issued ASU No. 2016-08, Revenue from Contracts with Customers (Topic 606): Principal Versus Agent Considerations, as further clarification on principal versus agent considerations. In April 2016, the FASB issued ASU No. 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing as further clarification on identifying performance obligations and the licensing implementation guidance. In May 2016, the FASB issued ASU No. 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients, as clarifying guidance on specific narrow scope improvements and practical expedients. The Company is in the process of reviewing its various customer arrangements in order to determine the impact that these updates will have on its financial statements and related disclosures The Company currently expects to complete its review in the third quarter of 2017.

In February 2016, the FASB issued ASU No. 2016-02 (Topic 842) "Leases" which supersedes the lease recognition requirements in Accounting Standards Codification Topic 840, "Leases". Under ASU No. 2016-02 lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. Leases will continue to be classified as either finance or operating. ASU No. 2016-02 is effective for annual reporting periods, and interim periods within those years beginning after December 15, 2018. Entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements, and there are certain optional practical expedients that an entity may elect to apply. Full retrospective application is prohibited and early adoption by public entities is permitted. The Company is currently evaluating the impact that this update will have on its financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 320): Classification of Cash Receipts and Cash Payments, which addresses eight specific cash flow issues with the objective of reducing the existing diversity of presentation and classification in the statement of cash flows. ASU No. 2016-15 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal periods. Early adoption is permitted, but only if all aspects are adopted in the same period. The Company is currently evaluating the impact this update will have on its statement of cash flows and related disclosures.

4. Pipelines and Equipment

Pipelines and equipment consist of the following at December 31, 2016 (in thousands):

Transportation assets	$	224,403
Deepwater pipeline repair equipment		4,167
Asset retirement costs		5,112
Line fill inventory		393
Pipeline and equipment		234,075
Less: Accumulated depreciation		(94,765)
Pipelines and equipment, net	$	139,310

The Company reduced the estimated useful life of its pipelines and equipment by three years in 2016, due to a reduction in the anticipated production of the connecting platforms. As of December 31, 2016, the remaining estimated useful life of its pipelines and equipment was 15 years. Total depreciation expense was $9.3 million for the year ended December 31, 2016. The impact on depreciation expense related to the change in useful life is $1.5 million for the year ended December 31, 2016.

5. Related-Party Transactions

Okeanos earned $9.3 million of related party revenues from performing transportation services for MGTSI's affiliates during the year ended December 31, 2016. Okeanos had receivables of $0.9 million from MGTSI's affiliates, related to transportation services at December 31, 2016.

Emerald currently serves as operator of the Pipeline and provides operating, maintenance and repair, and administrative and other services to the Company. MGTSI served as operator of the Pipeline until October 31, 2016. Management fees for 2016 totaled $0.7 million, including $0.6 million to MGTSI and $0.1 million to Emerald. Additionally, the Company reimbursed MGTSI and Emerald and their affiliates $0.4 million and $0.2 million, respectively, for costs and expenses they incurred on behalf of the Company. Management fees and cost reimbursements are included in General and administrative expenses in the Statement of Operations. At December 31, 2016, the Company had accounts payable to MGTSI and Emerald and their affiliates of $0.4 million and $0.2 million, respectively.

6. Asset Retirement Obligations

Changes in the Company's asset retirement obligation for the year ended December 31, was as follows:

Balance at January 1, 2016	$	9,109
Accretion expense		535
Balance at December 31, 2016	$	9,644

7. **Subsequent Events**

The Company evaluated and disclosed subsequent events through March 24, 2017, the date these financial statements were available to be issued.

MAIN PASS OIL GATHERING COMPANY, LLC
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Independent Auditor's Report

To the Members of
Main Pass Oil Gathering Company, LLC
Houston, Texas

We have audited the accompanying financial statements of Main Pass Oil Gathering Company, LLC, (the "Company"), which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Main Pass Oil Gathering Company, LLC as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America .

/s/ BDO USA, LLP

February 21, 2017

MAIN PASS OIL GATHERING COMPANY, LLC
BALANCE SHEETS
(in thousands)

	December 31,	
	2016	**2015**
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,017	$ 928
Accounts receivable, net	753	969
Prepaid expenses and other assets	188	189
Total current assets	1,958	2,086
Pipeline and equipment, net	29,623	33,000
Other assets	725	365
Total assets	$ 32,306	$ 35,451
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	$ 275	$ 212
Accrued liabilities	128	144
Total current liabilities	403	356
Asset retirement obligations	25,005	23,618
Total liabilities	25,408	23,974
Commitments and contingencies (Note7)	—	—
Members' equity	6,898	11,477
Total liabilities and members' equity	$ 32,306	$ 35,451

See accompanying notes to financial statements.

MAIN PASS OIL GATHERING COMPANY, LLC
STATEMENTS OF INCOME
(in thousands)

	Year Ended December 31,	
	2016	**2015**
Revenues		
Transportation revenues	$ 8,957	$ 9,169
Costs and Expenses		
Operations and maintenance expenses	2,882	2,289
General and administrative expenses	1,009	1,096
Depreciation and amortization expense	3,382	3,380
Accretion expense for asset retirement obligations	1,387	1,311
Total costs and expenses	8,660	8,076
Other Income (Expenses)	1	(27)
Net Income	$ 298	$ 1,066

See accompanying notes to financial statements.

MAIN PASS OIL GATHERING COMPANY, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
(in thousands)

Balance at January 1, 2015	$	16,291
Net income		1,066
Distributions		(5,880)
Balance at December 31, 2015		11,477
Net income		298
Contributions		692
Distributions		(5,569)
Balance at December 31, 2016	$	6,898

See accompanying notes to financial statements.

MAIN PASS OIL GATHERING COMPANY, LLC
STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,	
	2016	**2015**
Cash flows from operating activities		
Net income	$ 298	$ 1,066
Adjusted to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	3,382	3,380
Accretion expense for asset retirement obligations	1,387	1,311
Gain on sale of capital assets	—	(10)
Changes in operating assets and liabilities:		
Accounts receivable	216	96
Prepaid expenses and other assets	(359)	63
Accounts payable	63	(16)
Accrued liabilities	(16)	(26)
Net cash provided by operating activities	4,971	5,864
Cash flows from investing activities		
Capital expenditures	(5)	(6)
Proceeds on disposal of capital assets	—	10
Net cash (used in) provided by investing activities	(5)	4
Cash flows from financing activities		
Contributions	692	—
Distributions	(5,569)	(5,880)
Net cash used in financing activities	(4,877)	(5,880)
Net increase (decrease) in cash and cash equivalents	89	(12)
Cash and cash equivalents, beginning of year	928	940
Cash and cash equivalents, end of year	$ 1,017	$ 928

See accompanying notes to financial statements.

MAIN PASS OIL GATHERING COMPANY, LLC
NOTES TO FINANCIAL STATEMENTS
(in thousands)

1. Organization and Nature of Business

Main Pass Oil Gathering Company, LLC (the "Company") is a Delaware limited liability company. The members are Centana Oil Gathering, LLC ("CENTANA") and Panther Offshore Gathering Systems, LLC ("POGS"). At December 31, 2016 and 2015, CENTANA and POGS own 66.7% and 33.3% interests in the Company, respectively. On December 29, 2015, the Company converted from a General Partnership to a Limited Liability Company ("LLC"). The conversion had no impact on the ownership of the Company.

The Company's business is to develop, finance, construct, operate, and maintain oil gathering facilities in certain areas of the Gulf of Mexico. Construction of the Company's gathering facilities was completed during 1997 at which time gathering services were commenced.

The Company may distribute excess cash to the members or, if necessary, request additional capital contributions from the members. The Company distributed approximately $5.6 million and $5.9 million of excess cash during 2016 and 2015, respectively. In 2016, cash calls were made for the Bureau of Energy Management ("BOEM") Supplemental Bonding and Projects of $500,000 and $192,000, respectively. No cash calls were made and no capital contributions were received during 2015.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and costs and expenses during the reporting period. While management believes current estimates are reasonable and appropriate, actual results could differ from those estimates.

Revenue Recognition

The Company recognizes revenue in the period when persuasive evidence of a contractual arrangement exists, the sales price is fixed or determinable, services are rendered and collectability is reasonably assured. Revenue from crude oil gathering services provided from various oil drilling platforms in the Gulf of Mexico is recognized upon delivery of the oil from the gathering pipeline system to a connecting carrier located off the coast of Louisiana.

Cash and Cash Equivalents

Cash and cash equivalents consist of all cash balances and highly liquid investments, which have an original maturity of three months or less. The Company maintains cash balances in a financial institution which at times may exceed federally insured limits. The Company monitors the financial condition of its institutions and has experienced no losses associated with its accounts.

Accounts Receivable and Concentration of Credit Risk

Accounts receivable are concentrated among producers with operations in the Gulf of Mexico. Management believes that concentrations of credit risk with respect to trade receivables are limited due to ongoing credit evaluations of its customers. The Company limits the amount of credit extended when deemed necessary and, generally, does not require collateral. Management estimates an allowance for doubtful accounts based upon the specific identification of accounts deemed not collectible. Management considered no allowance for doubtful accounts necessary as of December 31, 2016. The Company had allowance for doubtful accounts of approximately $3,000 as of December 31, 2015.

The Company has two customers representing 78% and 15% of revenues in 2016, and 71% and 18% of revenues in 2015.

These same two customers comprised $573,747 and $107,417 of accounts receivable at December 31, 2016, and $713,672 and $150,662 of accounts receivable at December 31, 2015. These customers are in the business of oil and gas production, an industry that has recently been impacted by a challenging commodity pricing environment. The loss of one of these customers would have a negative impact on the Company.

Pipelines and Equipment

Pipelines and equipment are recorded at historical cost, less accumulated depreciation and impairment charges, if any. Additions and improvements that expand the productive capacity or extend the useful life of the assets are capitalized. Expenditures for maintenance and repairs are expensed as incurred. Pipelines and equipment consist primarily of line pipe, equipment, and other pipeline construction. Depreciation is determined by using the straight-line method over the estimated useful lives of the assets of seven to twenty years.

Inventory included in pipelines and equipment on the accompanying balance sheets consists of crude oil line fill required by the gathering pipeline system to maintain operations and is valued at cost.

Impairment of Long-Lived Assets

The Company reviews long-lived assets (including line fill) for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment has been recorded in 2016 or 2015.

Asset Retirement Obligations

Accounting Standards Codification Topic 410-20, Asset Retirement Obligations addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. It applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development, and/or the normal operation of long-lived assets. When the liability is initially recorded, the Company capitalizes an equivalent amount as part of the cost of the asset. Over time, the liability will be accreted for the change in its present value each period, and the capitalized cost will be depreciated over the useful life of the related asset.

Environmental Liabilities

Liabilities for environmental costs are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated. These liabilities are not reduced by possible recoveries from third parties. Projected cash expenditures are presented on an undiscounted basis. At December 31, 2016 and 2015, no environmental matters have been identified that are expected to have a material impact on the Company's financial position or results of operations.

Income Taxes

The Company is treated as a pass-through entity under the provisions of the United States Internal Revenue Code. Accordingly, the accompanying financial statements do not reflect a provision for income taxes, as the results of operations and related credits and deductions will be passed through to and taken into account by its members in computing their respective income taxes.

Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement.

The income tax position taken by the Company for any years open under the various statutes of limitations is that the Company continues to be exempt from income taxes by virtue of its being a disregarded entity for federal income tax purposes and that income taxes are directly attributable to its members. Management believes this tax position meets the more-likely-than-not threshold and, accordingly, the tax benefits of this income tax position (no income tax expense or liability) have been recognized for the years ended December 31, 2016 and 2015. The company believes that there are no tax positions taken or expected to be taken that would significantly increase or decrease unrecognized tax benefits within twelve months of the reporting date. The Company records income tax related interest and penalties, if any, as a component in the provision for income tax expense.

None of the Company's federal or state income tax returns are currently under examination by the Internal Revenue Service ("IRS") or state authorities. However, fiscal years 2013 and later remain subject to examination by the IRS, while fiscal years 2012 and later remain subject to examination by state regulators.

3. Pipelines and Equipment

The components of pipelines and equipment were as follows :

	December 31,	
	2016	**2015**
Line pipe, equipment and other pipeline construction	$ 80,857	$ 80,857
Line fill inventory	2,806	2,806
Telecommunications equipment	33	28
	83,696	83,691
Less: accumulated depreciation and amortization	(54,073)	(50,691)
Total pipelines and equipment	$ 29,623	$ 33,000

Total depreciation and amortization expense was approximately $3.4 million in each of the years ended December 31, 2016 and 2015.

4. Other Assets

Pursuant to a Platform Use and Construction Agreement between the Company and CNG Producing Company, Coastal Oil & Gas USA, L.P., and Chieftain International (U.S.) Inc. (the "Platform Owners"), the Company paid $1.6 million in fiscal year 1996 to the Platform Owners for the non-exclusive right over the platform lease agreement term (25 years) to use certain space and equipment on the platform for the Company's oil gathering pipeline system. This prepaid expense is being amortized over the term of the lease. As of December 31, 2016 and 2015, prepaid expenses related to this agreement totaled approximately $299,000 and $363,000, respectively, included in prepaid expenses and other assets (current and long-term) in the accompanying balance sheets.

5. Asset Retirement Obligations

T he Company has recognized a liability for the estimated fair value of its asset retirement obligations. The fair value of the asset retirement obligations was determined based upon expected future costs, and applying an inflation rate of 2.00% per annum. The estimated future costs were then discounted using a discount rate of 5.75% per annum.

The changes in the Company's asset retirement obligations for the years ended December 31, 2016 and 2015 were as follows:

Balance at January 1, 2015	$ 22,307
Accretion expense	1,311
Balance at December 31, 2015	23,618
Accretion expense	1,387
Balance at December 31, 2016	$ 25,005

6. Related Party Transactions

During 2016 and 2015, $0.5 million was paid to Panther Operating Company, LLC ("POC") for control center service fees, administrative, and general overhead fees in accordance with an operating agreement.

In accordance with the operating agreement, the Company pays management fees to POC of $70 thousand per month. Management fee expenses totaled $840 thousand during 2016 and 2015. The operating agreement commenced on March 18, 2014 with an initial term of three years and shall automatically renew for successive two year renewal terms unless either party gives the other party written notice of at least one hundred and eighty days prior to the end of the subsequent term.

During 2016, the Company deposited $400 thousand with POC as part of the arrangement for the Company to be included in the Outer Continental Shelf ("OCS") mineral lessee's or operator's Supplemental Bond required by BOEM. The related party deposit is included in other assets as long term in the accompanying balance sheets as of December 31, 2016.

7. Commitments and Contingencies

From time to time, the Company may be subject to various lawsuits and claims, none of which, in the opinion of management with input from their attorneys, will have an adverse effect on the Company's financial condition, results of operation, or cash flow.

8. Subsequent Events

The Company has evaluated all events subsequent to the balance sheet date through February 21, 2017, the date these financial statements were available to be issued.

Okeanos Gas Gathering Company, LLC
Financial Statements

Years Ended December 31, 2015 and 2014

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EXHIBIT 99.8

Report of Independent Auditors

The Management Committee and Members
Okeanos Gas Gathering Company, LLC

We have audited the accompanying financial statements of Okeanos Gas Gathering Company, LLC, which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Okeanos Gas Gathering Company, LLC at December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP
Chicago, Illinois
June 29, 2016

Okeanos Gas Gathering Company, LLC
Balance Sheets

	December 31,	
	2015	2014
	(In Thousands)	
Assets		
Current assets:		
Cash and cash equivalents	$ 4,077	$ 4,656
Accounts receivable		
Affiliates	845	974
Third parties	1,102	1,021
Total current assets	6,024	6,651
Pipelines and equipment, net	148,571	155,682
Total assets	$ 154,595	$ 162,333
Liabilities and members' equity		
Current liabilities:		
Accounts payable:		
Affiliates	$ 889	$ 1,452
Third parties	53	39
Accrued liabilities	198	—
Total current liabilities	1,140	1,491
Long-term liabilities:		
Asset retirement obligation	9,109	7,696
Members' equity	144,346	153,146
Total liabilities and members' equity	$ 154,595	$ 162,333

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

Okeanos Gas Gathering Company, LLC
Statements of Income

	Years Ended December 31,	
	2015	2014
	(In Thousands)	
Revenue		
Transportation revenue:		
Affiliates	$ 9,525	$ 10,379
Third parties	7,740	9,482
Interest income	1	1
Total revenue	17,266	19,862
Costs and expenses:		
Operating and maintenance expenses	3,591	3,943
General and administrative expenses	862	1,031
Depreciation expense	7,957	5,778
Accretion expense	452	427
Total costs and expenses	12,862	11,179
Net income	$ 4,404	$ 8,683

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

Okeanos Gas Gathering Company, LLC
Statements of Changes in Members' Equity

	Limited Member (66 2/3%) Mardi Gras Transportation System, Inc.	Limited Member (33 1/3%) Enbridge Offshore (Destin), LLC	Members' Equity
		(In Thousands)	
Balance at January 1, 2014	$ 106,641	$ 53,322	$ 159,963
Member distributions	(10,334)	(5,166)	(15,500)
Net income	5,789	2,894	8,683
Balance at December 31, 2014	102,096	51,050	153,146
Member distributions	(8,803)	(4,401)	(13,204)
Net income	2,936	1,468	4,404
Balance at December 31, 2015	$ 96,229	$ 48,117	$ 144,346

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

Okeanos Gas Gathering Company, LLC
Statements of Cash Flows

	Year Ended December 31,	
	2015	2014
	(In Thousands)	
Operating activities		
Net income	$ 4,404	$ 8,683
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	7,957	5,778
Accretion expense	452	427
Line fill inventory valuation adjustment	115	—
Changes in operating assets and liabilities:		
Accounts receivable - affiliates	129	(222)
Accounts receivable - third parties	(81)	17
Accounts payable - affiliates	(563)	892
Accounts payable - third parties	14	17
Accrued liabilities - third parties	198	—
Net cash provided by operating activities	12,625	15,592
Investing activities		
Capital expenditures	—	(11)
Cash used in investing activities	—	(11)
Financing activities		
Member distributions	(13,204)	(15,500)
Cash used in financing activities	(13,204)	(15,500)
Net (decrease) increase in cash and cash equivalents	(579)	81
Cash and cash equivalents - beginning of year	4,656	4,575
Cash and cash equivalents - end of year	$ 4,077	$ 4,656
Supplemental disclosure of cash flow information noncash transaction:		
Changes in asset retirement obligation asset and liability due to change in estimate (see Note 6)	$ 961	$ (1,448)

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

Notes to Financial Statements

Years Ended December 31, 2015 and 2014

1.Organization and Nature of Business

Okeanos Gas Gathering Company, LLC (the Company) was formed as a Delaware limited liability company on June 12, 2001. Mardi Gras Transportation System Inc. (MGTSI), the initial member, entered into a limited liability company agreement with Shell Destin, LLC (Shell), an affiliate of Shell Oil Company (SOC), on August 27, 2001. On December 31, 2004, SOC sold its indirect interest in Shell to Enbridge Offshore (Destin), LLC (Enbridge), an affiliate of Enbridge (U.S.) Inc. Therefore, SOC's membership interest in the Company was transferred to Enbridge on December 31, 2004. MGTSI and SOC, prior to December 31, 2004, and Enbridge, effective from December 31, 2004, are herein collectively referred to as the Members.

As of December 31, 2015, the ownership interest in the Company is: MGTSI- 66-2/3% and Enbridge- 33-1/3%. Contributions and distributions, as well as profits and losses, are required to be allocated among the Members on a pro-rata basis in accordance with their respective interests.

The purpose and business of the Company is to plan, design, construct, acquire, own, maintain, and operate the Okeanos Gas Gathering System (the Pipeline), to market the services of the Pipeline, and to engage in any activities directly or indirectly related thereto. From the inception date until 2003, the Company's principal activities included obtaining necessary permits and rights-of-way, as well as designing and constructing the Pipeline. During that time, the Company was dependent on the Members to finance construction. The Pipeline began operations in November 2003. The 100-mile-long Pipeline delivers production from the Na Kika field to the Destin Pipeline Company, L.L.C. pipeline and has a maximum capacity of 1.2 billion cubic feet per day. The Pipeline also delivers natural gas from the Thunder Horse, Thunder Hawk and Big Bend/Dantzler fields, which commenced production in 2008, 2009 and 2015, respectively.

Construction Management and Operating Agreements

The Company entered into two construction management agreements (CMAs) to manage the construction of the Pipeline. The first CMA was signed with Enbridge on September 28, 2001, to manage the construction of the Pipeline segment from the Na Kika field to Main Pass 260. The second CMA was signed with MGTSI on December 14, 2001, to manage the construction of the segment of the Pipeline from the Thunder Horse field to the Na Kika field.

On February 21, 2002, the Company entered into an Operating, Management, and Administrative Agreement (the Operating Agreement) with MGTSI, which provides the guidelines under which MGTSI is to operate and maintain the Pipeline and perform all required administrative functions.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents consist of all cash balances and highly liquid, temporary cash investments having an original maturity of three months or less when purchased.

Concentration of Credit Risk

Accounts receivable are concentrated among shippers with operations in the Gulf of Mexico. Management believes that credit risk with respect to receivables is limited because the majority of the Company's transportation revenue is derived from affiliates. The Company limits the amount of credit extended when deemed necessary and, generally, does not require collateral.

Pipelines and Equipment

Pipelines and equipment are recorded at historical cost less accumulated depreciation and impairment losses, if any. Additions and improvements to the assets under construction are capitalized. Pipelines and equipment consist primarily of the offshore underwater gathering system, which includes rights-of-way, pipe, equipment, material, labor, and overhead. Depreciation is determined by using the straight-line method over the estimated useful lives of the assets. The Company uses one estimated
useful life for the pipelines and equipment, which is based on the longest useful life of the connecting platforms. Effective January 1, 2015, the Company reduced the estimated useful life of its pipelines and equipment by six years due to a reduction in the anticipated production of the connecting platforms. As of December 31, 2015, the remaining estimated useful life of its pipelines and equipment was 16 years.

Line fill, included in pipelines and equipment, represents natural gas acquired to commence operations of the Pipeline and is valued at the lower of historical cost or net realizable value.

Impairment of Pipelines and Equipment

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. During the years ended December 31, 2015 and 2014, there were no impairment charges recognized by the Company.

Asset Retirement Obligation

The Company accounts for its asset retirement obligation (ARO) in accordance with Accounting Standards Codification (ASC) 410-20, *Asset Retirement Obligations.* ASC 410-20 specifies that an entity is required to recognize a liability for the fair value of a conditional ARO when incurred if the fair value of the liability can be reasonably estimated. ASC 410-20 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. It applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development, and/or the normal operation of long-lived assets. When the liability is initially recorded, the Company capitalizes an equivalent amount as part of the cost of the asset. Over time, the liability will be accreted for the change in its present value each period, and the capitalized cost will be depreciated over the useful life of the related asset.

Environmental Liabilities

Liabilities for environmental costs are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated. These liabilities are not reduced by possible recoveries from third parties. Projected cash expenditures are presented on an undiscounted basis. At December 31, 2015 and 2014, no amounts were accrued by the Company for environmental liabilities.

Revenue Recognition

The Company recognizes revenue when there is a persuasive evidence of an arrangement, the sales price is fixed or determinable, services are rendered and the collection of the resultant receivable is probable. Revenues for the transportation of natural gas are recognized based on volumes received or nominated from the Na Kika, Thunder Horse, and Thunder Hawk production facilities and delivered to the Main Pass 260 interconnect facilities in accordance with contractual terms at the time the transportation services are delivered. The Company's share of income from the deepwater pipeline repair equipment is recognized when earned based on daily rates.

Income Taxes

The Company is treated as a pass-through entity under the provisions of the United States Internal Revenue Code. Accordingly, the accompanying financial statements do not reflect a provision for income taxes, as the Company's results of operations and related credits and deductions will be passed through to and taken into account by its Members in computing their respective income taxes.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Hierarchy Levels 1, 2, or 3 are terms for the priority of inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as follows:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 inputs that are either directly or indirectly observable.
- Level 3 - Unobservable inputs developed using estimates and assumptions developed by the Company, which reflect those that a market participant would use.

Financial Instruments

The Company's financial instruments consist of cash equivalents, accounts receivable, and accounts payable. The carrying amounts of these items approximate fair value. The fair value of cash equivalents is determined based on quoted market prices (see Note 7).

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Management believes that its estimates are reasonable.

3. Accounting Standards Issued and Not Yet Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers.* This accounting standard supersedes all existing GAAP revenue recognition guidance. Under ASU 2014-09, a company will recognize revenue when it transfers the control of promised goods or services to customers in an amount that reflects the consideration which the company expects to collect in exchange for those goods or services. ASU 2014-09 will require additional disclosures in the notes to the financial statements and was initially effective for annual reporting periods beginning after December 15, 2017 for nonpublic companies. In July 2015, the FASB deferred the effective date of this ASU for one year. The Company is evaluating the impact of ASU 2014-09; an estimate of the impact to the financial statements cannot be made at this time.

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern,* which requires management of the entity to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern. This ASU is effective for the annual reporting period ending after December 15, 2016, with early adoption permitted. The impact of this standard will be dependent on the Company's financial condition and expected operating outlook at the time of adoption.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842): Amendments to the FASB Accounting Standards Codification,* which, among other things, requires lessees to recognize most leases on their balance sheets related to the rights and obligations created by those leases. The new standard also requires new disclosures to assist financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The new standard becomes effective for nonpublic companies on January 1, 2020. Early adoption is permitted. This standard should be applied under a modified retrospective approach. The Company is evaluating the effect of ASU 2016-02; an estimate of the impact to the financial statements cannot be made at this time.

4. Pipelines and Equipment

Pipelines and equipment at December 31, 2015 and 2014, consist of the following:

	December 31,	
	2015	2014
	(In Thousands)	
Transportation assets	$ 224,392	$ 224,392
Line fill inventory	393	508
Assets under construction	11	11
Deepwater pipeline repair equipment	4,167	4,167
Decommissioning asset	5,112	4,151
	234,075	233,229
Less accumulated depreciation	(85,504)	(77,547)
Pipelines and equipment, net	$ 148,571	$ 155,682

Transportation assets consist of, among other things, pipeline construction, line pipe, line pipe fittings, and pumping equipment. Transportation assets are depreciated using the straight-line method. Total depreciation expense was $8.0 million and $5.8 million for the years ended December 31, 2015 and 2014, respectively.

5. Related-Party Transactions

A significant portion of the Company's operations is with related parties. Transportation revenue of $9.5 million and $10.4 million during 2015 and 2014, respectively, was earned from transporting products for the Members and their affiliates. At December 31, 2015 and 2014, the Company had receivables due from Members and their affiliates of $0.8 million and $1.0 million, respectively.

In accordance with the Operating Agreement and other agreements between the Members, management services are provided to the Company by MGTSI and its affiliates. These include corporate facilities and services, such as executive management, supervision, accounting, legal, and other normal and necessary services in the ordinary course of the Company's business. Management fees paid for costs and expenses incurred on behalf of the Company were $0.8 million during both 2015 and 2014. At December 31, 2015 and 2014, the Company had payables due to Members and their affiliates of $0.9 million and $1.5 million, respectively.

6. Asset Retirement Obligations

The Company has a liability recorded representing the estimated fair value of its asset retirement obligations. The fair value of the asset retirement obligations was determined based upon expected future costs using existing technology, at current prices, and applying an inflation rate of 2% per annum. Based on a revision in the estimated useful life of the Company's pipelines and equipment as of December 31, 2015, the estimated obligation settlement date was changed from 2034 to 2031.

The changes in the Company's ARO for the years ended December 31, 2015 and 2014 were as follows (in thousands):

Balance at January 1, 2014	$	8,717
Revision in the estimated obligation settlement date and the decommissioning cost estimates		(1,448)
Accretion expense		427
Balance at December 31, 2014		7,696
Revision in the estimated obligation settlement date		961
Accretion expense		452
Balance at December 31, 2015	$	9,109

7. Fair Value Measurement

The Company uses fair value to measure certain of its assets, liabilities, and expenses in its financial statements. Fair value is the amount 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 (i.e., the exit price). The Company categorizes the fair value of its financial assets and liabilities according to the hierarchy established by the FASB, which prioritizes the inputs to valuation techniques used to measure fair value (see Note 2). The Company also considers counterparty credit risk in its assessment.

At December 31, 2015 and 2014, the fair value of the Company's financial assets and liabilities are classified in one of three categories as follows:

	Level 1	Level 2	Level 3	Total
		(In Thousands)		
As of December 31, 2015				
Overnight cash investments	$ 4,077	$ —	$ —	$ 4,077
	Level 1	**Level 2**	**Level 3**	**Total**
		(In Thousands)		
As of December 31, 2014				
Overnight cash investments	$ 4,671	$ —	$ —	$ 4,671

Reconciling items may exist between the overnight cash investments total and the cash and cash equivalents line item on the balance sheets. The Company's financial instruments in Level 1 are cash equivalents, whose valuation does not require significant management judgment.

8. Subsequent Events

MGTSI has sold its 66-2/3% partnership interest to Emerald Midstream, LLC, an affiliate of ArcLight Capital Partners, LLC effective March 31, 2016. MGTSI will continue to be the operator until a new operator has been appointed.

The Company evaluated and disclosed subsequent events through June 29, 2016, the date these financial statements were available to be issued.

Destin Pipeline Company, L.L.C.
Financial Statements
Years Ended December 31, 2015 and 2014

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Report of Independent Auditors

The Management Committee and Members Destin Pipeline Company, L.L.C.

We have audited the accompanying financial statements of Destin Pipeline Company, L.L.C., which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Destin Pipeline Company, L.L.C. at December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP
Chicago, Illinois
June 29, 2016

Destin Pipeline Company, L.L.C.
Balance Sheets

	December 31,	
	2015	2014
Assets:		
Cash and cash equivalents	$ 18,729,374	$ 30,784,805
Accounts receivable:		
Third parties	4,886,357	3,417,107
Affiliates	1,414,226	1,296,753
Prepayments and other assets	184,671	167,563
Total current assets	25,214,628	35,666,228
Pipelines and equipment, net	264,395,250	267,923,193
Total assets	$ 289,609,878	$ 303,589,421
Liabilities and members' equity		
Current liabilities:		
Accounts payable:		
Third parties	$ 2,214,458	$ 12,406,797
Affiliates	1,369,957	2,523,835
Deferred income:		
Third parties	1,809,639	1,609,415
Affiliates	1,569,454	—
Accrued real estate and property taxes	4,825,506	4,326,343
Deferred credits:		
Third parties	1,035,797	3,184,301
Affiliates	280,479	—
Total current liabilities	13,105,290	24,050,691
Non - current liabilities:		
Deferred income:		
Third parties	17,514,083	12,286,620
Affiliates	8,734,487	—
Total non - current liabilities	26,248,570	12,286,620
Members' equity	250,256,018	267,252,110
Total liabilities and members' equity	$ 289,609,878	$ 303,589,421

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

Destin Pipeline Company, L.L.C.
Statements of Income

	Years Ended December 31,	
	2015	**2014**
Operating revenue		
Transportation revenue:		
Third parties	$ 31,083,880	$ 35,166,145
Affiliates	13,511,771	15,025,280
Total operating revenue	44,595,651	50,191,425
Operating expenses		
Operating and maintenance expense	15,519,081	17,739,761
Administrative and general expense	1,899,580	3,312,505
Depreciation expense	14,245,722	12,541,269
Taxes, other than income taxes	4,175,272	3,198,875
Write-down of line fill	315,000	—
Total operating expenses	36,154,655	36,792,410
Operating income	8,440,996	13,399,015
Other income (expense)		
Other income	1,850,438	—
Interest income	2,314	2,098
Interest expense	(1,840)	(1,115)
Total other income, net	1,850,912	983
Net income	$ 10,291,908	$ 13,399,998

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

Destin Pipeline Company, L.L.C.
Statements of Changes in Members' Equity
Years Ended December 31, 2015 and 2014

	Amoco Destin Pipeline Company	Enbridge Offshore (Destin), L.L.C	Total
Balance at January 1, 2014	$ 163,069,000	$ 81,536,736	$ 244,605,736
Net income	8,933,332	4,466,666	13,399,998
Members' contributions	21,178,809	10,583,567	31,762,376
Members' distributions	(15,010,667)	(7,505,333)	(22,516,000)
Balance at December 31, 2014	178,170,474	89,081,636	267,252,110
Net income	6,861,272	3,430,636	10,291,908
Members' contributions	5,158,758	2,583,242	7,742,000
Members' distributions	(23,354,501)	(11,675,499)	(35,030,000)
Balance at December 31, 2015	$ 166,836,003	$ 83,420,015	$ 250,256,018

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

Destin Pipeline Company, L.L.C.
Statements of Cash Flows

	Year Ended December 31,	
	2015	2014
Operating activities		
Net income	$ 10,291,908	$ 13,399,998
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	14,245,722	12,541,269
Write-down of line fill	315,000	—
Changes in operating assets and liabilities:		
Accounts receivable - third parties	(1,469,250)	(278,825)
Accounts receivable - affiliates	(117,473)	(145,169)
Prepayments and other assets	(17,108)	8,132
Accounts payable - third parties	(2,046,667)	1,706,471
Accounts payable - affiliates	(1,153,878)	838,578
Accrued real estate and property taxes	499,163	184,656
Deferred income - third parties	200,224	792,750
Deferred income - affiliates	1,569,454	—
Deferred credits - third parties	(2,148,504)	2,626,416
Deferred credits - affiliates	280,479	—
Net cash provided by operating activities	20,449,070	31,674,276
Investing activities		
Capital expenditures	(19,178,451)	(32,895,037)
Cash received for reimbursable capital projects	13,961,950	7,265,545
Net cash used in investing activities	(5,216,501)	(25,629,492)
Financing activities		
Contributions from members	7,742,000	31,762,376
Distributions to members	(35,030,000)	(22,516,000)
Net cash (used in) provided by financing activities	(27,288,000)	9,246,376
Net (decrease) increase in cash and cash equivalents	(12,055,431)	15,291,160
Cash and cash equivalents - beginning of year	30,784,805	15,493,645
Cash and cash equivalents - end of year	$ 18,729,374	$ 30,784,805
Supplemental disclosure of cash flow information		
Capital expenditures in accounts payable	$ 313,115	$ 8,458,787

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

Destin Pipeline Company, L.L.C.
Notes to Financial Statements
December 31, 2015

1. Organization and Nature of Business

Destin Pipeline Company, L.L.C. (Destin or the Company) was formed on February 28, 1997 under the provisions of the Delaware Limited Liability Company Act. Amoco Destin Pipeline Company (Amoco Destin), a wholly owned subsidiary of BP Pipelines (North America), Inc., and Shell Destin L.L.C., an affiliate of Shell Oil Company (SOC), were the two member companies of Destin, holding 66 2/3% and 33 1/3% membership interests, respectively. On December 31, 2004, SOC sold its indirect interest in Shell Destin L.L.C. to Enbridge Holding Offshore L.L.C. (Enbridge), an affiliate of Enbridge (U.S.) Inc. In addition, effective December 31, 2004, Shell Destin L.L.C. was renamed Enbridge Offshore (Destin), L.L.C. As Destin is a limited liability corporation, no member is liable for the debts, obligations, or liabilities, including under a judgment decree or order of a court.

Agreements between the member companies address the allocation of income and capital contributions and distributions between the respective members' capital accounts.

Destin was formed to construct, own, and operate the Destin Pipeline System (the System) and any other natural gas pipeline systems approved by the members. At December 31, 2015, the System is the only pipeline owned by Destin. Destin is engaged in the transportation of natural gas from various platforms in the Gulf of Mexico to various interconnections with interstate pipelines in the state of Mississippi. Destin operates in one industry segment, and its customers are shippers who transport gas from various offshore properties and from onshore receipt points to markets located downstream on one or more of the interconnecting pipelines. The System consists of pipelines with various diameters up to 36 inches in addition to compression, measurement, and platform facilities. The System was constructed in 1997 and started providing natural gas transportation service in September 1998.

Destin has no employees and receives all administrative and operating support through contractual arrangements with affiliated companies. These services and agreements are described in Note 3.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents consist of cash balances and highly liquid investments that have an original maturity of three months or less when purchased.

Concentration of Credit Risk

Accounts receivable are concentrated among shippers with operations in the Gulf of Mexico and in the state of Mississippi. Management believes that concentrations of credit risk with respect to trade receivables are limited due to ongoing credit evaluations of its customers. Destin limits the amount of credit extended when deemed necessary and, generally, does not require collateral.

Pipelines and Equipment

Pipelines and equipment, including transportation assets, are recorded at historical cost, less accumulated depreciation and impairment charges, if any. Transportation assets consist primarily of line pipe, equipment, and other pipeline construction. Additions and improvements that expand the productive capacity or extend the useful life of the System are capitalized. Destin determines depreciation using the straight-line method. This method allows Destin to effectively match depreciation expense with the expected utilization of the System. Line fill, included in pipelines and equipment, represents natural gas acquired to commence operations of the pipeline and is valued at the lower of historical cost or net realizable value.

Asset Retirement Obligations

Destin has certain asset retirement obligations (AROs) related to its pipeline transmission assets. However, Destin is unable to reasonably estimate the fair value of its AROs due to the uncertainty about the potential timing of the settlement dates. Such AROs will be recognized in the period in which sufficient information exists to reasonably estimate the settlement dates.

Environmental Liabilities

Liabilities for environmental costs are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated. These liabilities are not reduced by possible recoveries from third parties. Projected cash expenditures are presented on an undiscounted basis. At December 31, 2015 and 2014, no amounts were recorded by Destin or necessary for environmental liabilities.

Income Taxes

Destin is treated as a partnership under the provisions of the United States Internal Revenue Code. Accordingly, the accompanying financial statements do not reflect a provision for income taxes, as Destin's results of operations and related credits and deductions will be passed through to and taken into account by its members in computing their respective income taxes.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Hierarchy Levels 1, 2 or 3 are terms for the priority of inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as follows:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 inputs that are either directly or indirectly observable.
- Level 3 - Unobservable inputs developed using estimates and assumptions developed by Destin, which reflect those that a market participant would use.

Financial Instruments

Destin's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable. The carrying amounts of these items approximate fair value. The fair value of cash equivalents is determined based upon quoted market prices (see Note 7).

Revenue Recognition

The Company recognizes revenue when there is a persuasive evidence of an arrangement, the sales price is fixed or determinable, services are rendered and the collection of the resultant receivable is probable. Revenue for the transportation of natural gas is recognized based on volumes received into the System and delivered to the interconnect facilities in accordance with contractual terms at the time transportation services are delivered. Certain customers pay in advance and, accordingly, recognition of revenue is deferred until services are provided.

In the course of providing transportation services to customers, Destin may receive different quantities of gas from shippers than the quantities delivered on behalf of those shippers. These transactions result in imbalances (gains and losses) that are settled in cash on a monthly basis. In addition, certain imbalances may occur at interconnecting facilities when Destin delivers more or less than what is nominated (scheduled). The settlement of these imbalances is governed by operational balancing agreements. Destin records the net of all third-party imbalances for each counterparty as a liability (included as deferred credits on the balance sheets) or as a receivable, if necessary. The tariff stipulates that net gains in excess of losses are reimbursed to shippers pro-rata based on their respective throughputs. In addition, pursuant to the transportation contracts, Destin collects a reservation charge when shippers do not transport a specified minimum daily quantity.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the related reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Impairment of Pipelines and Equipment

Destin reviews pipeline and equipment assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. During the years ended December 31, 2015 and 2014, no impairment charges were recorded by Destin.

Deferred Income

Destin has long-term deferred income for proceeds received from third parties and related parties for reimbursable capital projects. Deferred income will be recognized as other income in the statements of income along with the recognition of depreciation expense over the useful lives of the related capitalized assets.

3. Related Party Transactions

Transportation Services

During 2015 and 2014, transportation revenues of $13,511,771 and $15,025,280, respectively, were earned from related parties. All transportation revenues earned were at rates pursuant to the existing tariffs. At December 31, 2015 and 2014, Destin had affiliate receivables of $1,414,226 and $1,296,753, respectively, relating to transportation services and gas imbalances.

Operating and Administrative Expenses

Since Destin has no employees, operating, maintenance, and general and administrative services are provided to Destin under service agreements with Amoco Destin. Substantially all operating and administrative expenses were incurred through services provided under these agreements. At December 31, 2015 and 2014, Destin had affiliate payables of $1,369,957 and $2,523,835, respectively, relating to these agreements.

Deferred Income

At December 31, 2015, Destin recorded $1,569,454 in current deferred affiliate income and $8,734,487 in non-current deferred affiliate income associated with reimbursable projects.

4. Pipelines and Equipment

Pipelines and equipment at December 31, 2015 and 2014 consist of the following:

	2015	2014
Transportation assets	$ 518,652,423	$ 469,026,223
Land	1,422,567	1,422,567
Rights of way	18,123,677	18,123,677
Buildings and improvements	27,294,418	26,628,826
Vehicles	119,239	146,035
Office, and data equipment	980,391	872,783
Assets under construction	872,464	41,236,219
Line fill	1,071,000	1,386,000
	568,536,179	558,842,330
Less: Accumulated depreciation	(304,140,929)	(290,919,137)
	$ 264,395,250	$ 267,923,193

Transportation assets mainly consist of pipeline construction, line pipe, fittings, and pumping equipment. Total depreciation expense was $14,245,722 and $12,541,269 for the years ended December 31, 2015 and 2014, respectively.

Line fill represents natural gas acquired to commence operations of the System and is carried at the lower of historical cost or net realizable value. A write-off of $315,000 was recognized in 2015 to state the line fill inventory at net realizable value.

5. Regulatory Matters

The Federal Energy Regulatory Commission (FERC) has jurisdiction over Destin with respect to transportation of gas, rates and charges, construction of new facilities, extension or abandonment of service facilities, accounts and records, and certain other matters.

Annual charges totaling $316,579 and $287,251 were paid to the FERC in 2015 and 2014, respectively. These charges were recorded as prepayments and other assets, and will be expensed over 12 months. During 2015 and 2014, $299,471 and $272,531, respectively, was recorded as amortization expense and is included in administrative and general expense in the statements of income.

6. Commitments and Contingencies

In the ordinary course of business, Destin is subject to various laws and regulations, including regulations of the FERC. In the opinion of management, the cost of compliance with existing laws and regulations will not materially affect the financial position or results of operations of Destin.

7. **Fair Value Measurement**

Destin uses fair value to measure certain of its assets and liabilities in its financial statements. Fair value is the amount 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 (i.e., the exit price). Destin categorizes the fair value of its financial assets and liabilities according to the hierarchy established by the Financial Accounting Standards Board (FASB), which prioritizes the inputs to valuation techniques used to measure fair value (see Note 2). Destin also considers counterparty credit risk in its assessment.

At December 31, 2015 and 2014, the fair value of Destin's financial assets is classified in one of three categories as follows

	Level 1	Level 2	Level 3	Total
As of December 31, 2015				
Overnight cash investments	$ 18,729,374	$ —	$ —	$ 18,729,374
	Level 1	**Level 2**	**Level 3**	**Total**
As of December 31, 2014				
Overnight cash investments	$ 30,784,805	$ —	$ —	$ 30,784,805

The fair values of Destin's financial instruments in Level 1 is cash and cash equivalents and, therefore, do not require significant management judgment.

8. Accounting Standards Issued and Not Yet Adopted

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers.* This accounting standard supersedes all existing GAAP revenue recognition guidance. Under ASU 2014-09, a company will recognize revenue when it transfers the control of promised goods or services to customers in an amount that reflects the consideration which the company expects to collect in exchange for those goods or services. ASU 2014-09 will require additional disclosures in the notes to the financial statements and was initially effective for annual reporting periods beginning after December 15, 2017 for nonpublic companies. In July 2015, the FASB deferred the effective date of this ASU for one year. The Company is evaluating the impact of ASU 2014-09; an estimate of the impact to the financial statements cannot be made at this time.

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern,* which requires management of the entity to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern. This ASU is effective for the annual reporting period ending after December 15, 2016, with early adoption permitted. The impact of this standard will be dependent on the Company's financial condition and expected operating outlook at the time of adoption.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842): Amendments to the FASB Accounting Standards Codification,* which, among other things, requires lessees to recognize most leases on their balance sheets related to the rights and obligations created by those leases. The new standard also requires new disclosures to assist financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The new standard becomes effective for nonpublic companies on January 1, 2020. Early adoption is permitted. This standard should be applied under a modified retrospective approach. The Company is evaluating the effect of ASU 2016-02; an estimate of the impact to the financial statements cannot be made at this time.

9. Management Fee Error Correction

As part of the FERC audit of Destin for the period of 2012-2014, Docket No. FA15-1-000, the management fee charged by the operator for management services was determined based on an incorrect escalation factor over the period from 2002 through 2014, which resulted in an overpayment of services to the operator. The correction of the error resulted in the recognition of a receivable of $941,255 as of December 31, 2015 and a corresponding reduction in management fee expense during 2015.

10. Subsequent Events

Amoco Destin has sold a 49 2/3% partnership interest to Emerald Midstream, LLC, an affiliate of ArcLight Capital Partners, LLC effective March 31, 2016. Destin will continue to be the operator until a new operator has been appointed. Destin evaluated subsequent events through June 29, 2016, the date these financial statements were available to be issued.

Tri-States NGL Pipeline, L.L.C.
Financial Statements
Years Ended December 31, 2015 and 2014

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Report of Independent Auditors

The Board of Directors and Members
Tri-States NGL Pipeline, L.L.C.

We have audited the accompanying financial statements of Tri-States NGL Pipeline, L.L.C., which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly , in all material respects, the financial position of Tri-States NGL Pipeline, L.L.C. at December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP
Chicago, Illinois
June 29, 2016

Tri-States NGL Pipeline, L.L.C.
Balance Sheets
(In Thousands)

	December 31,	
	2015	**2014**
Assets		
Current assets:		
Cash and cash equivalents	$ 5,066	$ 5,914
Accounts receivable - third parties	1,177	919
Accounts receivable - affiliates	2,949	1,578
Prepaid expenses and other assets	131	179
Total current assets	9,323	8,590
Pipelines and equipment, net	127,705	132,298
Total assets	$ 137,028	$ 140,888
Liabilities and members' equity		
Current liabilities:		
Accounts payable - third parties	$ 1	$ 554
Accounts payable - affiliates	346	815
Accrued liabilities	2,373	1,813
Total current liabilities	2,720	3,182
Members' equity:		
Members' equity	134,308	137,706
Total liabilities and members' equity	$ 137,028	$ 140,888

See accompanying notes.

Tri-States NGL Pipeline, L.L.C.
Statements of Income
(In Thousands)

	Year Ended December 31	
	2015	**2014**
Revenue		
Affiliates	$ 26,084	$ 12,329
Third parties	10,504	9,654
Total revenue	36,588	21,983
Costs and expenses		
Operating and maintenance expenses	3,542	4,890
General and administrative expenses	1,793	1,957
Taxes - other than income taxes	3,265	2,666
Depreciation expense	5,663	5,661
Total costs and expenses	14,263	15,174
Net income	$ 22,325	$ 6,809

See accompanying notes.

Tri-States NGL Pipeline, L.L.C.
Statements of Change in Members' Equity
(In Thousands)

Years Ended December 31, 2015 and 2014

	Additional Paid - In Capital	Retained Earnings	Total Members' Equity
Balance at January 1, 2014	$ 136,926	$ 5,116	$ 142,042
Net income	—	6,809	6,809
Members' contributions	752	—	752
Distributions to members	(11,897)	—	(11,897)
Balance at December 31, 2014	125,781	11,925	137,706
Net income	—	22,325	22,325
Members' contributions	677	—	677
Distributions to members	(26,400)	—	(26,400)
Balance at December 31, 2015	$ 100,058	$ 34,250	$ 134,308

See accompanying notes.

Tri-States NGL Pipeline, L.L.C.
Statements of Cash Flows
(In Thousands)

	Year Ended December 31,	
	2015	**2014**
Operating activities		
Net income	$ 22,325	$ 6,809
Adjustments to reconcile net income to net cash		
provided by operating activities:		
Depreciation expense	5,663	5,661
Changes in operating assets and liabilities:		
Accounts receivable - third parties	(258)	1,163
Accounts receivable - affiliates	(1,371)	(389)
Prepayments and other assets	48	(9)
Accounts payable - third parties	(553)	(40)
Accounts payable - affiliates	(469)	(560)
Accrued liabilities	171	(632)
Net cash provided by operating activities	25,556	12,003
Investing activities		
Capital expenditures	(681)	(137)
Cash used in investing activities	(681)	(137)
Financing activities		
Distributions paid to members	(26,400)	(11,897)
Members' contributions	677	752
Net cash used by financing activities	(25,723)	(11,145)
(Decrease) increase in cash and cash equivalents	(848)	721
Cash and cash equivalents, beginning of year	5,914	5,193
Cash and cash equivalents, end of year	$ 5,066	$ 5,914
Supplemental disclosure of noncash flow information		
Capital expenditures included in accrued liabilities	$ 389	$ —

See accompanying notes.

Tri-States NGL Pipeline, L.L.C.
Notes to Financial Statements

December 31, 2015

1. Organization and Nature of Business

Tri-States NGL Pipeline, L.L.C. (Tri-States or the Company) was organized in 1998 for the purpose of constructing a pipeline and providing petroleum products transportation, including natural gas liquids (NGL), from Mobile Bay, Alabama, to Kenner, Louisiana. Tri-States is a Delaware limited liability corporation formed by Amoco Tri-States NGL Pipeline Company; Enterprise NGL Pipelines, L.L.C.; Enterprise Products Operating L.P.; and DCP Midstream, L.P., which sold its partnership interest on October 29, 2008. Tri-States began operations on April 6, 1999, and the Company will continue its operations until a certificate of cancellation is filed with the Secretary of State of Delaware, in accordance with the limited liability company agreement. As Tri-States is a limited liability corporation, no member is liable for the debts, obligation, or liabilities of the Company, including under a judgment decree or order of a court.

As of December 31, 2015, each member's share of Tri-States members' equity was as follows: Amoco Tri-States NGL Pipeline Company- 16 2/3%; Enterprise NGL Pipelines, L.L.C. - 33 1/3%; and Enterprise Products Operating L.P. - 50%. Contributions and distributions, as well as profits and losses, are required to be allocated among the members on a pro rata basis, in accordance with their respective interests. On September 16, 2009, the Company's pipeline system was expanded to connect with the Chevron Pascagoula refinery. Amoco Tri-States NGL Pipeline Company operates the Chevron pipeline connection; however, it did not participate in the expansion and, therefore, does not have an equity interest. The interest in the Chevron refinery connection is split among the other members as follows: Enterprise NGL Pipelines, L.L.C. - 40%; Enterprise Products Operating L.P. - 60%. Contributions and distributions related to the Chevron interest, as well as profits and losses, are required to be allocated among the participating members on a pro rata basis, in accordance with their respective interests.

The Company's operations include the transportation, pumping, and metering of demethanized mix products. Tariff charges for pipeline operations are made on account to shippers who are engaged in energy or energy-related businesses. The tariff rates, shipping regulations, and other practices of Tri-States are subject to regulation by the Federal Energy Regulatory Commission (FERC) pursuant to the provisions of the Interstate Commerce Act applicable to interstate common carrier petroleum and petroleum products pipelines. These statutes require the filing of reasonable and non-discriminatory tariff rates and subject Tri-States to certain other regulations concerning its terms and conditions of service.

Operating Agreement

Pursuant to an operating agreement dated February 1, 2003 (the Operating Agreement) between the Company and BP Pipelines (North America), Inc. (BP Pipelines), an affiliate of Amoco Tri States NGL Pipeline Company, BP Pipelines serves as operator of the pipeline and provides operating, maintenance and repair, administrative, marketing, construction, and other services related to the business and affairs of the Company.

2. Summary of Significant Accounting Policies

Revenue Recognition and Accounts Receivable

The Company recognizes revenue when there is a persuasive evidence of an arrangement, the sales price is fixed or terminable, services are rendered, and the collection of the resultant receivable is probable. Revenue for the transportation of natural gas liquids is recognized based on volumes received into the pipeline and delivered in accordance with contractual terms at the time the transportation services are delivered.

In the course of providing transportation services to customers, the Company may receive different quantities of natural gas liquids from shippers than the quantities delivered on behalf of those shippers. In addition, the Company may deliver different component natural gas liquids to shippers than the component natural gas liquids received from the shipper. The monthly

settlement of the gain or loss transactions and component imbalances are administered by BP Pipelines, as operator of the pipeline, as outlined in the FERC tariff statements provided to the shippers. The Company records the gain or loss transactions and component imbalances for each shipper on a gross basis in accounts receivable or accounts payable, as appropriate.

The Company grants credit to the majority of its customers. It is not the policy of the Company to require collateral from its customers in order to provide credit. On a periodic basis, the Company evaluates its accounts receivable and establishes the allowance for doubtful accounts based on a combination of specific customer circumstances and credit conditions, as well as the Company's history of write-offs and collections. The Company's policy is generally to not charge interest on trade receivables after the invoice becomes past due. A receivable is considered past due if payments have not been received by the due date listed on the invoice terms. Write-offs, if any, are recorded against the allowance for doubtful accounts when all reasonable efforts for collection have been exhausted.

Economic Dependence

The Company is dependent upon its members or their affiliates for a significant portion of its revenue.

Cash and Cash Equivalents

Cash and cash equivalents consist of all cash balances and highly liquid investments having an original maturity of three months or less when purchased.

Pipelines and Equipment

Pipelines and equipment are recorded at historical cost, less accumulated depreciation and impairment losses, if any. Pipelines and equipment consist primarily of line pipe, equipment, rights of way, and other pipeline construction. Additions and improvements that expand the productive capacity or extend the useful life of the assets are capitalized. Expenditures for maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method at an annual rate based upon the assets' estimated useful lives.

Impairment of Long-Lived Assets

Carrying amounts of long-lived assets are reviewed for impairment when events or circumstances indicate that such carrying amounts may not be recoverable. Assets that are to be held and used with recorded values that are not expected to be recovered through future cash flows are written down to current fair value. Fair value is generally determined based on estimated discounted future net cash flows. Assets that are held for sale are reported at the lower of the carrying amount or fair value.

Financial Instruments

The Company's financial instruments consist of cash equivalents, accounts receivable, and accounts payable. The carrying amounts of these items approximate fair value. The fair value of cash equivalents is determined based upon quoted market prices (see Note 6).

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Hierarchy Levels 1, 2, or 3 are terms for the priority of inputs to valuation techniques used to measure fair value. Hierarchy Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Hierarchy Level 2 inputs are inputs other than quoted prices included within Level 1 that are directly or indirectly observable for the asset or liability. Hierarchy Level 3 inputs are inputs that are not observable in the market. The three levels of the fair value hierarchy are described as follows:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 inputs that are either directly or indirectly observable.

- Level 3 - Unobservable inputs developed using estimates and assumptions developed by the Company, which reflect those that a market participant would use.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the related reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that its estimates are reasonable.

Income Taxes

The Company is treated as a partnership under the provisions of the United States Internal Revenue Code. Accordingly, the accompanying financial statements do not reflect a provision for income taxes, as the results of operations and related credits and deductions will be passed through to and taken into account by its members in computing their respective income taxes.

Asset Retirement Obligations

The Company has certain asset retirement obligations (ARO) related to its pipeline transmission assets. However, the Company is unable to reasonably estimate the fair value of its ARO due to the fact that the related assets have indeterminate useful lives that preclude the development of assumptions about the potential timing of settlement dates. Such obligations will be recognized in the period in which sufficient information exists to reasonably estimate the settlement dates.

Environmental Liabilities

Liabilities for environmental costs are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated. These liabilities are not reduced by possible recoveries from third parties. Projected cash expenditures are presented on an undiscounted basis. At December 31, 2015 and 2014, no amounts were recorded by the Company or necessary for environmental liabilities.

3. Accounting Standards Issued and Not Yet Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers.* This accounting standard supersedes all existing GAAP revenue recognition guidance. Under ASU 2014-09, a company will recognize revenue when it transfers the control of promised goods or services to customers in an amount that reflects the consideration which the company expects to collect in exchange for those goods or services. ASU 2014-09 will require additional disclosures in the notes to the financial statements and was initially effective for annual reporting periods beginning after December 15, 2017 for nonpublic companies. In July 2015, the FASB deferred the effective date of this ASU for one year. The Company is evaluating the impact of ASU 2014-09; an estimate of the impact to the financial statements cannot be made at this time.

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern,* which requires management of the entity to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern. This ASU is effective for the annual reporting period ending after December 15, 2016, with early adoption permitted. The impact of this standard will be dependent on the Company's financial condition and expected operating outlook at the time of adoption.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842): Amendments to the FASB Accounting Standards Codification,* which, among other things, requires lessees to recognize most leases on their balance sheets related to the rights and obligations created by those leases. The new standard also requires new disclosures to assist financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The new standard becomes effective for nonpublic companies on January 1, 2020. Early adoption is permitted. This standard should be applied under a modified retrospective approach. The Company is evaluating the effect of ASU 2016-02; an estimate of the impact to the financial statements cannot be made at this time.

4. Pipelines and Equipment

Pipelines and equipment at December 31, 2015 and 2014, consist of the following (in thousands):

	December 31,	
	2015	2014
Rights-of-way	$ 28,083	$ 28,086
Line pipe, fittings, and construction	138,999	138,841
Pumping and station equipment	9,022	9,059
Buildings	1,039	1,039
Other property	2,972	2,828
Construction work-in-progress	936	167
	181,051	180,020
Less accumulated depreciation	(53,346)	(47,722)
	$ 127,705	$ 132,298

Total depreciation expense was $5.7 million for each of the years ended December 31, 2015 and 2014.

5. Related-Party Transactions

A significant portion of the Company's operations are with related parties. Transportation revenues of $26.1 million and $12.3 million during 2015 and 2014, respectively, were earned from transporting products for related parties. The Company had receivables due from members and their affiliates of$2.9 million and $1.6 million at December 31, 2015 and 2014, respectively, for transportation services provided.

As operator of the Company, BP Pipelines provides all personnel and services, as well as certain control, data collection, and monitoring functions related to operating the Company's pipeline systems (see Note 1).

In accordance with the terms of the Operating Agreement, BP Pipelines was paid a management fee for costs and expenses allocated to and incurred on behalf of the Company of $1.4 million during both 2015 and 2014. These amounts are included in general and administrative expenses in the accompanying statements of income. This expense covers the costs of executive management, administrative and planning, accounting, non-project engineering and technical services, logistics, general services, human resources, purchasing, financial services, tariff administration, property management, information systems and computing, product movement, health, environmental, and safety, and certain legal services incurred by BP Pipelines or its affiliates. The charge also covers the expenses applicable to such personnel and those functions, such as office space rental, general stationery, printing, and office supplies. At December 31, 2015 and 2014, the Company had payables due to related parties of $0.3 million and $0.8 million, respectively.

6. Fair Value Measurement

The Company uses fair value to measure certain of its assets and liabilities in its financial statements. Fair value is the amount 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 (i.e., the exit price). The Company categorizes the fair value of its financial assets and liabilities according to the hierarchy established by the FASB, which prioritizes the inputs to valuation techniques used to measure fair value. The Company also considers counterparty credit risk in its assessment.

At December 31, 2015 and 2014, the fair value of the Company's financial assets and liabilities is classified in one of three categories, as follows (in thousands):

	December 31, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Overnight cash investments	$ 5,089	$ —	$ —	$ 5,089
	$ 5,089	$ —	$ —	$ 5,089
	December 31, 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Overnight cash investments	$ 6,091	$ —	$ —	$ 6,091
	$ 6,091	$ —	$ —	$ 6,091

Reconciling items exist between the overnight cash investments total and the cash and cash equivalents line item on the balance sheets. The fair value of the Company's financial instruments in Level 1 are cash and cash equivalents and, therefore, do not require significant judgment by management.

7. Subsequent Events

Amoco Tri-States NGL Pipeline Company has sold its 16 2/3% partnership interest to Emerald Midstream, LLC, an affiliate of ArcLight Capital Partners, LLC effective March 31, 2016.

The Company evaluated and disclosed subsequent events through June 29, 2016, the date these financial statements were available to be issued.

DELTA HOUSE OIL AND GAS LATERAL, LLC

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DELTA HOUSE OIL AND GAS LATERAL, LLC
BALANCE SHEETS (Unaudited)
(in thousands)

December 31,		2014
ASSETS		
Current Assets		
Cash and cash equivalents	$	3,138
Accounts receivable - related party		2,098
Total Current Assets		5,236
Restricted cash - decommissioning		—
Accounts receivable - related party - decommissioning		—
Property and equipment, net		156,097
Total Assets	$	161,333
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$	9,569
Accounts payable and accrued liabilities - affiliate		201
Total Current Liabilities		9,770
Asset retirement obligations		—
Total Liabilities		9,770
Commitments and contingencies (Note 3)		
Members’ Equity		151,563
Total Liabilities and Members’ Equity	$	161,333

See accompanying notes to financial statements.

DELTA HOUSE OIL AND GAS LATERAL, LLC
STATEMENT OF OPERATIONS (Unaudited)
(in thousands)

Years Ended December 31,		**2014**
Revenues - Related Party	$	—
Expenses		
General and administrative		22
Depreciation		—
Accretion of asset retirement obligations		—
Total Expenses		22
Net loss	$	(22)

See accompanying notes to financial statements

EXHIBIT 99.11

DELTA HOUSE OIL AND GAS LATERAL, LLC
STATEMENT OF MEMBERS' EQUITY (Unaudited)
(in thousands, except unit amounts)

	Class A		Class B		Class C		Class D		Members'
	Issued	Amount	Issued	Amount	Issued	Amount	Issued	Amount	Equity
Balance December 31, 2013	5,409	$ 75,505	—	$ —	—	$ —	3	$ 3	$ 75,508
Capital contributions	—	76,077	—	—	—	—	—	—	76,077
Net loss	—	(22)	—	—	—	—	—	—	(22)
Balance December 31, 2014	5,409	$ 151,560	—	$ —	—	$ —	3	$ 3	$ 151,563

See accompanying notes to financial statements.

DELTA HOUSE OIL AND GAS LATERAL, LLC
STATEMENT OF CASH FLOWS (Unaudited)
(in thousands)

Year Ended December 31,		2014
Cash Flows from Operating Activities		
Net loss	$	(22)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation		—
Accretion of asset retirement obligations		—
Changes in operating assets and liabilities:		
Accounts receivable		(2,098)
Accounts payable and other current liabilities		—
Net Cash Used in Operating Activities		(2,120)
Cash Flows from Investing Activities		
Change in restricted cash		—
Additions to property and equipment		(119,399)
Net Cash Used in Investing Activities		(119,399)
Cash Flows from Financing Activities		
Capital contributions		76,077
Distributions		—
Net Cash Provided by Financing Activities		76,077
Decrease in Cash and Cash Equivalents		(45,442)
Cash and Cash Equivalents, beginning of period		48,580
Cash and Cash Equivalents, end of period	$	3,138
Non-Cash Investing Activities		
Changes in property and equipment funded through accounts payable and accrued liabilities	$	(3,320)
Change in asset retirement cost	$	—

See accompanying notes to financial statements.

DELTA HOUSE OIL AND GAS LATERAL, LLC
Notes to Financial Statements (Unaudited)
(in thousands)

1. Organization and Nature of Operations

Delta House Oil and Gas Lateral, LLC ("the Company") was formed in the state of Delaware as a limited liability company on October 18, 2012. The Company will continue in existence until it is dissolved and terminated by the members of the Company in accordance with the provisions of the Limited Liability Agreement (the "LLC Agreement" or "Operating Agreement"). The Company was formed to finance, design, construct, and own and operate oil and natural gas lateral transportation facilities, which receive and transport production of hydrocarbons from the Marmalard, Neidermeyer, and SOB 2 prospects ("the Anchor Prospects"), the Blue Wing Olive, Malachite, and SOB III prospects ("Secondary Prospects"), and the Otis and Odd Job prospects ("Additional Priority Prospects") in the Gulf of Mexico and any future additional prospects from a floating production platform ("Base FPS") which has been developed by Delta House FPS, LLC, to commercial pipeline operators. The planned capacity of the oil lateral facilities is 100,000 barrels of oil per day and 240 MMCF per day of natural gas for the natural gas lateral facilities.

On December 6, 2012, the Company entered into a processing agreement with the producers (the "Producers") of the Anchor Prospects and the Secondary Prospects to provide oil and natural gas transportation services. The Company subsequently entered into a processing agreement with the Producers of the Additional Priority Prospects to provide oil and natural gas transportation services. The Producers have agreed to pay the Company a variable fee for each barrel of oil and MMBtu of natural gas produced from the Anchor Prospects and delivered to the Base FPS. Additionally, beginning on the earlier of the date on which all Producers have delivered production to the lateral facility, the Producers are contractually obligated to pay a fixed monthly fee of $925 for oil and $943 for natural gas for the right to use the lateral transportation facilities.

Profits and losses are allocated to the members in proportion to their equity percentage interests, with certain restrictions dictated by specific terms under the LLC Agreement.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The unaudited financial statements have been prepared in U.S. dollars using accounting principles generally accepted in the United States of America ("U.S. GAAP").

Cash and Cash Equivalents

Cash and cash equivalents represent cash and short-term, highly liquid investments, with original maturities of three months or less. There were no cash equivalents as of December 31, 2014.

Accounts Receivable

Receivables from the sale of oil and natural gas transportation services are unsecured. Allowance for doubtful accounts are determined based on management's assessment of the creditworthiness of the customer. Past due accounts are written off against the allowance for doubtful accounts only after all collection attempts have been exhausted. At December 31, 2014, management believed that all balances from customers were fully collectible such that no allowance for doubtful accounts was deemed necessary.

Revenue Recognition

Revenue from our oil and natural gas export offshore pipelines is based on a fixed monthly fee for the right to use the lateral transportation facilities and a fixed fee per unit of volume gathered or transported multiplied by the volume delivered. Transportation fees are based on contractual arrangements. Revenue associated with these fee-based contracts is recognized when volumes have been delivered.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable. The carrying amounts approximate fair value due to the short term nature of these instruments.

Property and Equipment

Property and equipment are recorded at cost. Betterments are capitalized. Repair and maintenance costs are expensed as incurred. Property and equipment consists of the following:

	Useful Life Years	December 31, 2014
Pipelines	40	$ —
Capitalized asset retirements costs	40	—
Accumulated depreciation		—
Property and equipment, net		—
Construction-in-progress		156,097
Total property and equipment, net		$ 156,097

Construction-in-progress consisted of capitalized costs incurred in association with the acquisition and construction of the oil and gas lateral transportation facilities.

Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets, net of salvage value. Since the facilities had not been placed in service as of December 31, 2014, no depreciation expense was recognized during the year ended December 31, 2014.

The recoverability of long-lived assets are evaluated when events or changes in circumstances indicate that the carrying amount of the long-lived asset might not be recoverable. If such impairment indicators exist, the Company performs a two-step impairment test. First, the undiscounted future cash flows of the long-lived assets are estimated and compared to assets' carrying value and, if the undiscounted cash flows are less than the carrying value, the assets are considered impaired. Second, the impairment loss is measured by reducing the carrying value to the estimated fair value of the assets which is determined through either quoted market prices in active markets or present value techniques. No impairment loss was recorded for the year ended December 31, 2014.

Asset Retirement Obligations ("AROs")

AROs are legal obligations associated with the removal and abandonment of tangible long-lived assets and are recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made. AROs are initially measured at their estimated fair values and recorded as liabilities with an increase as well to the carrying amount of the related long-lived asset. In future periods subsequent to initial recognition, accretion of the liability is recognized each period and the asset is depreciated using the straight-line method over its useful life. Since the Base FPS had not been placed in service as of December 31, 2014, no ARO for the dismantlement of the oil and natural gas lateral transportation facilities was recorded.

Use of Estimates

When preparing financial statements in conformity with U.S. GAAP, management must make estimates and assumptions based on information available at the time. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosures of contingent assets and liabilities as of the date of the financial statements. Estimates and assumptions are based on information available at the time such estimates and assumptions are made. Adjustments made with respect to the use of these estimates and assumptions often relate to information not previously available. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements. Estimates and assumptions are used in, among other things i) estimating unbilled revenues, ii) analyzing long-lived assets and assets for possible impairment, iii) estimating the useful lives of assets, and iv) estimating the inputs required in calculating the asset retirement obligations. Actual results could differ materially from estimated amounts.

Income Taxes

The Company files its federal income tax return as a limited liability corporation under the Internal Revenue Code. In lieu of corporate income taxes, the members of the Company are taxed on their proportionate share of the Company's taxable income. Accordingly, no provision or liability has been recognized for federal income tax purposes in the accompanying financial statements, as taxes are the responsibility of the individual members of the Company.

The Company's assets are located in federal waters in the Gulf of Mexico, and therefore, are not subject to state income taxes.

Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. The Company had no uncertain tax positions as of December 31, 2014. For the year ended December 31, 2014, the Company did not incur any income tax-related interest or penalties.

None of the Company's federal income tax returns are currently under examination by the Internal Revenue Service ("IRS"). However, fiscal years 2012 and later remain subject to examination by the IRS.

Concentration of Credit Risk

The Company's primary assets, which are located in the Gulf of Mexico, provide transportation services to producers of oil and natural gas from the Base FPS. The Company has a concentration of accounts receivable balances due from companies engaged in the production of oil and natural gas in the Gulf of Mexico. These customers may be similarly affected by changes in economic, regulatory, weather, or other factors.

The Company maintains cash and cash equivalents and restricted cash balances at financial institutions in the United States of America, which at times exceed federally insured amounts. The Company has not experienced any losses in such accounts, and does not believe a significant concentration of credit risk exists with its cash and cash equivalents.

Revisions

The Company has corrected its 2014 statement of members' equity to reflect a correction of the number of class A units outstanding. In the previously issued 2014 financial statements, the Company incorrectly reflected Class A units outstanding of 76,788 and 152,865 as of December 31, 2013 and 2014, respectively, and 76,077 Class A units issued in 2014. These amounts have been corrected to 5,409 Class A units outstanding as of December 31, 2013 and 2014 with none issued during 2014. This correction had no impact on the Company's balance sheet or statements of operations or cash flows. The Company has evaluated the impact of these revisions and determined that they were not material.

The Company has also reclassified and allocated its previously reported accumulated deficit as of December 31, 2014 and 2013 of $1,305 and $1,283, respectively, to the respective class of equity interests pursuant to the LLC Agreement. This reclassification had no impact on the Company's balance sheet or statements of operations or cash flows.

Recent Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09 ("ASU 2014-09"), which creates Topic 606, *Revenue from Contracts with Customers* , which supersedes the revenue recognition requirements Topic 605, *Revenue Recognition,* including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. ASU 2014-09 is based on the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, ASU 2014-09 requires enhanced financial statement disclosures over the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09 is effective for public entities for annual and interim periods beginning after December 15, 2017 and effective for nonpublic entities for annual periods beginning after December 15, 2018 and interim periods within annual periods beginning after December 15, 2019. Both public and nonpublic entities are permitted to early adopt and apply ASU 2014-09 starting with annual periods beginning after December 15, 2016. ASU 2014-09 may be applied retrospectively to each prior period presented, or retrospectively with the cumulative

effect recognized as of date of adoption. The Company is currently evaluating the impact of the adoption of ASU 2014-09 on its financial statements.

3. Commitments and Contingencies

Legal Proceedings

The Company is not currently party to any pending litigation or governmental proceedings, other than ordinary routine litigation incidental to its business. While the ultimate impact of any proceedings cannot be predicted with certainty, the Company believes that the resolution of any of its pending proceedings will not have a material effect on its financial condition or results of operations.

Environmental Matters

The Company is subject to federal and state laws and regulations relating to the protection of the environment. Environmental risk is inherent to processing platform operations and oil and natural gas pipeline transportation, and it could, at times, be subject to environmental cleanup and enforcement actions. The Company is not aware of any material environmental matters.

4. Related Party Transactions

Transportation Agreements

The Company entered into separate oil lateral transportation and natural gas lateral transportation agreements (the "Transportation Agreements") with the Producers. Under the terms of the Transportation Agreements, the Company agreed to construct, install, and decommission the oil and natural gas lateral transportation facilities ("the Facilities") that accepts dedicated production from the Anchor Prospects at the Base FPS in the Gulf of Mexico, and deliver the production to pipeline operators. In addition, the Company ensures that LLOG Exploration Offshore, LLC ("Lateral Operator") operates the Company's Facilities according to the project agreements. The Producers currently hold Class A Units in the Company.

There were no fees billed during 2014.

Asset Management Agreement

Consolidated Asset Management Services (Texas), LLC ("CAMS"), provided construction and asset management services to the Company under the terms of an Asset Management Agreement ("AMA"). CAMS is indirectly owned by Tessa Group, LLC, a general partner holding a 60% partnership interest in CAMS, and ArcLight Asset Management, LLC, a limited partner holding a 40% partnership interest in CAMS, and an affiliate of ArcLight Capital Partners, LLC ("ArcLight"). At December 31, 2014, ArcLight holds an effective 51.7% of the Class A units in the Company through its subsidiary, Otter Offshore Holdings, LLC.

The initial term of the AMA is through the date of First Commercial Production, which is defined as the date on which the last of the following occurs: (a) the Base FPS has been constructed, installed, and commissioned pursuant to the Construction Contracts and the Project Management Agreement by Delta House FPS, LLC, (b) production is delivered from an Anchor Prospect to the Base FPS, and the Base FPS accepts such delivery, or (c) the Base FPS delivers Hydrocarbons to the Lateral Facilities owned by the Company for delivery to the Commercial Pipeline Delivery Point. CAMS is paid a fixed monthly fee and recovers the expenses it incurs under the AMA.

As of December 31, 2014, the Company had accounts payable due to CAMS of $20.

Project Management Agreement and Operating Agreement

LLOG Exploration Offshore, LLC ("LLOG") provides project management services to the Company under the terms of a Project Management Agreement ("PMA"). LLOG, along with its subsidiary, LLOG Bluewater Holdings, LLC, holds a combined partnership interest in the Company of 5.5%.

The PMA terminates on the earliest of: (a) First Commercial Production and the substantial completion of all activities under the Construction Contracts and payment of Project Costs, (b) written consent of all Parties terminating the PMA, or (c) at the election of each Owner, with respect to its respective Project Facilities, or the election by all Owners with respect to all Project Facilities, upon termination of all Production Handling Agreements or Transportation Agreements, in accordance with their termination

provisions. LLOG is paid a fee equal to 2.5% of the incurred project costs and recovers the expenses it incurs under the PMA. Under the Operating Agreement, LLOG operates the Base FPS and is paid a fee of 12% of the cost of operating the Base FPS, exclusive of certain legal expenses. These fees are billed directly to the Producers.

During the year ended December 31, 2014, the Company incurred costs of $3,400, related to the PMA, which were capitalized.

As of December 31, 2014, the Company had accounts payable due to LLOG of $181.

5. Members' Equity

There are four classes of equity units as established by the LLC Agreement:

- Class A units - a class of capital interests in respect of construction and operation of the Lateral Facilities
- Class B units - a class of capital interests in respect of construction cost overruns with respect to the Lateral Facilities
- Class C units - a class of capital interests in respect of expansions to the Lateral Facilities
- Class D units - a class of capital interests in respect of unreimbursed major expenditures related to the Lateral Facilities

Producers receive Class D units in the Company for funding operating costs of major work that exceed $10,000 in aggregated cost. In addition, the Producers have been assigned an overriding royalty interest in the dedicated production of the Anchor Prospects, which triggers upon an activation event.

Class B, C, and D units have no voting rights. Distributions to members holding each class of equity units are subject to waterfall provisions contained in the operating agreement.

For purposes of adjusting the capital accounts of the members, the net profits, net losses, and, to the extent necessary, individual items of income, gain, loss and deduction, for any fiscal year or other period, shall be allocated among the members in a manner such that the adjusted capital account of each member, immediately after making such allocation, is, as nearly as possible, equal (proportionately) to then distributions that would be made to such member, if the Company were dissolved, its affairs wound up, and its properties sold for cash equal to their gross asset values, all Company liabilities were satisfied (limited with respect to each nonrecourse liability to the gross asset value of the asset securing such liability), and the net assets of the Company were distributed to the members immediately after making such allocation.

During the year ended December 31, 2014, $76,077 of Class A capital contributions were made by the members.

DELTA HOUSE FPS, LLC

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DELTA HOUSE FPS, LLC
BALANCE SHEET
(Unaudited)
(in thousands)

December 31,		**2014**
ASSETS		
Current Assets		
Cash and cash equivalent	$	2,314
Restricted cash		5,325
Accounts receivable - related party		48
Prepaid expenses		—
Total Current Assets		7,687
Restricted cash - decommissioning		—
Accounts receivable - related party - decommissioning		—
Property and equipment, net		611,075
Derivative asset		841
Total Assets	$	619,603
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$	8,049
Accounts payable and accrued liabilities - affiliates		674
Derivative liability		2,196
Short-term debt		—
Current portion of long-term debt		27,760
Total Current Liabilities		38,679
Long-term debt, net of debt issuance costs		291,451
Deferred revenue		—
Asset retirement obligations		—
Total Liabilities		330,130
Commitments and contingencies (Note 7)		
Members’ Equity		289,473
Total Liabilities and Members’ Equity	$	619,603

See accompanying notes to financial statements.

DELTA HOUSE FPS, LLC
STATEMENT OF OPERATIONS
(Unaudited)
(in thousands)

Years Ended December 31,	**2014**
Revenues - Related Party	$ —
Expenses	
General and administrative	47
Accretion of asset retirement obligations	—
Depreciation and amortization	—
Total Expenses	47
Loss from Operations	(47)
Other Expenses	
Interest expense	—
Loss on derivatives	1,355
Total Other Expenses	1,355
Net loss	$ (1,402)

See accompanying notes to financial statements.

EXHIBIT 99.12

DELTA HOUSE FPS, LLC
STATEMENT OF MEMBERS' EQUITY
(Unaudited)
(in thousands, except unit amounts)

	Class A		Class B		Class C		Class D		Members'
	Issued	Amount	Issued	Amount	Issued	Amount	Issued	Amount	Equity
Balance December 31, 2013	92,164	$ 380,398	—	$ —	—	$ —	3	$ 3	$ 380,401
Units issued for capital contributions	—	—	6,466	6,466	—	—	—	—	6,466
Capital contributions	—	186,386	—	—	—	—	—	—	186,386
Distributions	—	(282,378)	—	—	—	—	—	—	(282,378)
Net loss	—	(1,402)	—	—	—	—	—	—	(1,402)
Balance December 31, 2014	92,164	$ 283,004	6,466	$ 6,466	—	$ —	3	$ 3	$ 289,473

See accompanying notes to financial statements.

DELTA HOUSE FPS, LLC
STATEMENT OF CASH FLOWS
(Unaudited)
(in thousands)

Years Ended December 31,		**2014**
Cash Flows from Operating Activities		
Net loss	$	(1,402)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation		—
Accretion of asset retirement obligations		—
Amortization of debt issuance costs		—
Loss on derivatives		1,355
Changes in operating assets and liabilities:		
Accounts receivable		(47)
Accounts payable and other current liabilities		—
Prepaid expenses		—
Deferred revenue		—
Net Cash Used in Operating Activities		(94)
Cash Flows from Investing Activities		
Change in restricted cash		(5,325)
Additions to property and equipment		(241,840)
Net Cash Used in Investing Activities		(247,165)
Cash Flows from Financing Activities		
Capital contributions		192,852
Debt issuance costs		(14,946)
Debt borrowing		333,000
Debt repayment		—
Distributions		(282,378)
Settlements on derivatives, net of amounts capitalized		—
Net Cash Provided by Financing Activities		228,528
Decrease in Cash and Cash Equivalents		(18,731)
Cash and Cash Equivalents, beginning of period		21,045
Cash and Cash Equivalents, end of period	$	2,314
Supplemental cash flow disclosures:		
Interest paid	$	—
Non-Cash Investing Activities		
Change in assets retirement cost	$	—
Changes in property and equipment financed by accounts payable and accrued liabilities	$	(18,214)
Capitalized amortization of debt issuance costs	$	1,156

See accompanying notes to financial statements.

DELTA HOUSE FPS, LLC
Notes to Financial Statements
(Unaudited)
(in thousands)

1. Organization and Nature of Operations

Delta House FPS, LLC (the "Company") was formed in the state of Delaware as a limited liability company on October 18, 2012. The Company is to continue in existence until it is dissolved and terminated by the members of the Company in accordance with the provisions of the Limited Liability Agreement (the "LLC Agreement" or "Operating Agreement"). The Company was formed to finance, design, construct, and own and operate a floating production system ("Base FPS") for use in the Gulf of Mexico. The planned capacity of the Base FPS is 80,000 barrels per day of oil, 40,000 barrels per day of water, and 200 MMCF per day of natural gas. The oil lateral facilities attached to the Base FPS have a planned capacity of 100,000 barrels per day of oil. The natural gas lateral facilities attached to the Base FPS have a planned capacity of 240 MMCF per day of natural gas.

On December 6, 2012, the Company entered into a processing agreement with the producers (the "Producers") of the Marmalard, Neidermeyer, and SOB 2 prospects (the "Anchor Prospects"), Blue Wing Olive, Malachite, and SOB III prospects (the "Secondary Prospects"), and Otis and Odd Job prospects (the "Additional Priority Prospects") in the Gulf of Mexico for the use of the Company's Base FPS. The Producers have agreed to pay the Company a production handling fee based on the oil, natural gas, and condensate produced from the Anchor Prospects. It is expected that production from other prospects near the Anchor Prospects also may be processed through the facility in the future. In the event of a suspension of production, the Producers are contractually obligated to pay a suspension fee as defined in the processing agreement. The Producers will also pay a decommissioning fee on the production processed through the facility, which will be used to fund the decommissioning and abandonment costs of the Base FPS.

Profits and losses are allocated to the members in proportion to their equity percentage interests, with certain restrictions dictated by specific terms under the LLC Agreement.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

These unaudited financial statements have been prepared in U.S. dollars using accounting principles generally accepted in the United States of America ("U.S. GAAP").

Cash and Cash Equivalents

Cash and cash equivalents represent cash and short-term, highly liquid investments, with original maturities of three months or less. There were no cash equivalents as of December 31, 2014.

Restricted Cash

The Company is required under the terms of its credit agreement to maintain restricted cash deposits for construction, revenue receipts, debt service, decommissioning, operating expenses, and loss proceeds.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, debt, and derivative assets and liabilities. See Note 4 regarding the fair value of derivative assets and liabilities. The carrying amounts of the other financial instruments approximate fair value due to the short-term nature of these instruments or market rates of interest.

Accounts Receivable

Receivables from the sale of oil and natural gas processing services are unsecured. Allowance for doubtful accounts are determined based on management's assessment of the creditworthiness of the customer. Past due accounts are written off against the allowance for doubtful accounts only after all collection attempts have been exhausted. At December 31, 2014, management believed that all balances from customers were fully collectible such that no allowance for doubtful accounts was deemed necessary.

Property and Equipment

Property and equipment are recorded at cost. Betterments are capitalized. Repair and maintenance costs are expensed as incurred. Property and equipment consisted of the following:

	Useful Life Years	December 31, 2014
Floating production system	40	$ —
Capitalized asset retirements	40	—
Accumulated depreciation		—
Property and equipment, net		—
Construction-in-progress		611,075
Total property and equipment, net		$ 611,075

Construction in-progress consisted of capitalized costs incurred in association with the acquisition and construction of the Base FPS.

The Company capitalized interest on expenditures incurred for the construction of the floating production platform until the time construction was completed and the asset was ready for its intended use. During the year ended December 31, 2014, the Company capitalized interest and realized interest rate swap settlements of $6,410.

Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets, net of salvage value. Since the Base FPS had not been placed in service as of December 31, 2014, no depreciation expense was recognized during the year ended December 31, 2014.

The recoverability of long-lived assets are evaluated when events or changes in circumstances indicate that the carrying amount of the long-lived asset might not be recoverable. If such impairment indicators exist, the Company performs a two-step impairment test. First, the undiscounted future cash flows of the long-lived assets are estimated and compared to assets' carrying value, and, if the undiscounted cash flows are less than the carrying value, the assets are considered impaired. Second, the impairment loss is measured by reducing the carrying value to the estimated fair value of the assets which is determined through either quoted market prices in active markets or present value techniques. No impairment loss was recorded for the year ended December 31, 2014.

Asset Retirement Obligations ("AROs")

AROs are legal obligations associated with the removal and abandonment of tangible long-lived assets and are recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made. AROs are initially measured at their estimated fair values and recorded as liabilities with an increase as well to the carrying amount of the related long-lived asset. In future periods subsequent to initial recognition, accretion of the liability is recognized each period and the asset is depreciated using the straight-line method over its useful life. Since the Base FPS had not been placed in service as of December 31, 2014, no ARO for the dismantlement of the Base FPS was recorded.

Revenue Recognition

The Producers will pay the Company a production handling fee per barrel of oil equivalent ("BOE"), which is tiered, and which will decrease throughout the term of the contract, based on delivery of specific levels of production to the FPS, a suspension fee if targeted capacity levels are not met, and a decommissioning fee, which will be used to fund the decommissioning and abandonment

of the Base FPS. All costs relating to the operation of the facility are the obligation of the Producers, with the exception of certain excluded costs.

As a result of the tiered fee structure, the Company recognizes revenue from the production handling fees based on the estimated average production handling fee and the production handled during the period from each prospect. The estimated average production

handling fee is determined as the estimated remaining expected fees divided by the estimated future production (risk-adjusted proved, probable and possible reserves) from the Anchor Prospects and Additional Priority Prospects.

Production handling fees billed in excess of revenue recognized are recorded as deferred revenue. There were no fees billed or earned in 2014.

The Company bills the Producers a suspension fee when a "suspension event" occurs. A suspension event is considered to occur if prior to FPS owner-payout on a rolling 30-day production from any Anchor prospect ceases or is suspended for a period of at least 336 hours and the total processing fees for that month for all production, including any production from third party prospects, delivered to the FPS are less than the suspension fee. The suspension fee paid by the Producers of the prospects is determined as one-twelfth of eight (8) percent of the amount required to achieve FPS owner-payout. No suspension fees were earned or billed during the year ended December 31, 2014.

The Company invoices the Producers a decommissioning fee for each BOE processed. The decommissioning fee per BOE processed is determined based on the estimated future decommissioning costs for the Base FPS and the estimated future production. Within 90 days of the date of last sustainable production from the Anchor Prospects and Additional Priority Prospects, the Company may elect to (i) abandon and remove the Base FPS using the decommissioning fees collected from the Producers, (ii) retain ownership of the Base FPS and assume the obligation of the abandonment and removal costs, including refunding the decommissioning fees collected from the Producers, or (iii) delay provisionally for a further 90 days its determination to abandon and remove or retain ownership of the Base FPS. At the current time it is uncertain which election will be taken by the Company. Due to the significant length of time before the removal and abandonment costs are expected to occur, the decommissioning fees are recorded as long-term accounts receivable and long-term deferred revenue when billed. Cash collected on the fees are recorded as long-term restricted cash. No decommissioning fees were collected and recorded during the year ended December 31, 2014.

Operating Costs

The Base FPS is operated by LLOG Exploration Offshore, LLC (the “Base Operator”) on behalf of the Producers (See Note 6). With the exception of certain excluded costs, the Base Operator initially pays and discharges all necessary and reasonable costs incurred in connection with the performance, operation, repair, and maintenance activities of the Base FPS. The Base Operator receives reimbursements of costs incurred from the Producers under Production Handling and Floating Production System Use Agreements (“Production Agreements”) (See Note 6). The Base Operator allocates the Base FPS costs and related overhead among the producers in accordance with the applicable provisions of the Production Agreements.

Use of Estimates

When preparing financial statements in conformity with U.S. GAAP, management must make estimates and assumptions based on information available at the time. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosures of contingent assets and liabilities as of the date of the financial statements. Estimates and assumptions are based on information available at the time such estimates and assumptions are made. Adjustments made with respect to the use of these estimates and assumptions often relate to information not previously available. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements. Estimates and assumptions are used in, among other things i) developing fair value estimates, including assumptions for future cash flows and discount rates, for the interest rate swap derivative valuations, ii) analyzing long-lived assets for possible impairment, iii) estimating the useful lives of assets, iv) estimating the inputs required in calculating the asset retirement obligations, and v) determining the estimated average production handling fee rates using third-party oil and natural gas reserve estimates for revenue recognition purposes. Actual results could differ materially from estimated amounts.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and cash equivalents, restricted cash, accounts receivable, and derivative instruments.

Cash and cash equivalents and restricted cash include investments in money market securities and securities backed by the U.S. government. The Company’s cash accounts, which at times exceed federally insured limits, are held by major financial institutions. The Company believes that no significant concentration of credit risk exists with respect to cash and cash equivalents or its derivative instruments.

The Company has concentrations of credit risk from its sources of revenue and accounts receivable due to the limited geographic area in which the Company operates and its single revenue generating asset. The Base FPS, which is located in the Gulf of Mexico,

provides processing capacity that links producers of oil, natural gas, liquids, and condensate, to onshore markets in the region. The Company has a concentration of accounts receivable balances due from the Producers engaged in the production of oil and natural gas in the Gulf of Mexico through the Base FPS. These customers may be similarly affected by changes in economic, regulatory, weather, or other factors.

Debt Issuance Costs

The Company incurred debt issuance costs of $14,983 in connection with the Credit Facility entered into on June 20, 2014. Debt issuance costs are recorded as a reduction of the related long-term debt and amortized over the term of the debt. Amortization related to debt issuance costs totaled $1,156 for the year ended December 31, 2014. Amortization of debt issuance costs is included in interest expense or was capitalized as a component of interest cost prior to the Base FPS being placed into service. The Company had $13,789 of deferred financing costs, which have been classified as a reduction of long-term debt.

Income Taxes

The Company files its federal income tax return as a limited liability corporation under the Internal Revenue Code. In lieu of corporate income taxes, the members of the Company are taxed on their proportionate share of the Company's taxable income. Accordingly, no provision or liability has been recognized for federal income tax purposes in the accompanying financial statements, as taxes are the responsibility of the individual members of the Company.

The Base FPS operates in federal waters in the Gulf of Mexico, and is therefore not subject to state income tax.

Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. The Company includes tax-related interest and penalties in income tax expense. The Company had no uncertain tax positions as of December 31, 2014. During the year ended December 31, 2014, the Company did not incur any income tax-related interest or penalties.

None of the Company's federal income tax returns are currently under examination by the Internal Revenue Service ("IRS"). However, fiscal years 2012 and later remain subject to examination by the IRS.

Derivative Financial Instruments

Financial derivatives are used as part of the Company's overall risk management strategy in order to reduce the effects of interest rate fluctuations on its variable interest rate debt.

The Company has not designated any of its derivative contracts as accounting hedges, and therefore, all of the derivative instruments are being marked-to-market on the balance sheets, with changes in fair value recorded in the statements of operations.

Although the counterparties provide no collateral, the derivative agreements with each counterparty allow the Company, so long as it is not a defaulting party, after a default or the occurrence of a termination event, to set-off an unpaid derivative agreement receivable against the interest of the counterparty in any outstanding balance under the credit facility. If a counterparty were to default in payment of an obligation under the derivative agreements, the Company could be exposed to interest rate fluctuations.

Revision

The Company has corrected its 2014 statement of members' equity to reflect a correction of the number of class A units outstanding. In the previously issued 2014 financial statements, the Company incorrectly reflected Class A units outstanding of 383,363 and 569,749 as of December 31, 2013 and 2014, respectively, and 186,386 Class A units issued in 2014. These amounts have been
corrected to 92,164 Class A units outstanding as of December 31, 2013 and 2014 with none issued during 2014. This correction had no impact on the Company's balance sheet or statements of operations or cash flows. The Company has evaluated the impact of these revisions and determined that they were not material.

The Company has also reclassified and allocated its previously reported accumulated deficit as of December 31, 2014 and 2013 of $4,367 and $2,965, respectively, to the respective class of equity interests pursuant to the LLC Agreement. This reclassification had no impact on the Company's balance sheet or statements of operations or cash flows.

Recent Accounting Pronouncements

The FASB issued Accounting Standards Update No. 2014-09 ("ASU 2014-09"), which creates Topic 606, *Revenue from Contracts with Customers* , which supersedes the revenue recognition requirements of Topic 605, *Revenue Recognition,* including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. ASU 2014-09 is based on the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, ASU 2014-09 requires enhanced financial statement disclosures over the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09 is effective for public entities for annual and interim periods beginning after December 15, 2017 and effective for nonpublic entities for annual periods beginning after December 15, 2018 and interim periods within annual periods beginning after December 15, 2019. Both public and nonpublic entities are permitted to early adopt and apply ASU 2014-09 starting with annual periods beginning after December 15, 2016. ASU 2014-09 may be applied retrospectively to each prior period presented, or retrospectively with the cumulative effect recognized as of date of adoption. The Company is currently evaluating the impact of the adoption of ASU 2014-09 on its financial statements.

3. Debt

On June 20, 2014, the Company entered into a $400 million credit facility with a consortium of banks to issue term construction loans of $333 million, with a maturity date of September 20, 2021, and issue letters of credit of $67 million supporting the Company's debt service reserve obligations. The outstanding balance of the term loans as of December 31, 2014 was $319,211, net of debt issuance costs of $13,789. The credit facility bears interest at the applicable London Interbank Offered Rate plus a margin of 3.25% for the first three years, 3.5% for the next three years, and 3.75% for the years thereafter, or an alternate margin computed based on the Prime Loan Rate plus applicable margins of 2.25% for the first three years, 2.5% for the next three years, and 2.75% thereafter. As of December 31, 2014, the Company's interest rate was 3.42%.

The credit facility requires repayments beginning on the conversion date, which occurs when each of the following conditions are met: (i) final completion of the platform has occurred, (ii) all project costs have been paid in full, and (iii) all material governmental authorizations have been obtained. The repayment schedule requires four payments per year through the maturity date of the credit facility. Repayments are scheduled to begin in August 2015.

The credit facility is secured by mortgages on the Company's Base FPS.

The Company must comply with various restrictive covenants in the credit agreement. These covenants include, among others: maintenance of insurance, obtaining interest rate protection agreements, performance under the project documents, limitations on additional indebtedness, and restrictions on the declaration or payment of dividends. As of December 31, 2014, the Company was in compliance with all of the restrictive covenants.

The future maturities under the credit facility as of December 31, 2014 were as follows:

Period Ending December 31,		
2015	$	27,760
2016		127,787
2017		84,132
2018		40,237
2019		21,627
Thereafter		31,457
	$	333,000

4. Derivative Instruments

The Company is exposed to interest rate risk through its long-term borrowings, which are variable interest rate instruments. In July 2014, the Company entered into interest rate swap contracts, expiring through November 2018, under which the Company agreed to pay an amount equal to a specified fixed rate of interest times a notional principal amount, and to receive in return, an amount equal to a specified variable rate of interest times the same notional principal amount.

The Company's interest rate swaps at December 31, 2014, and related fair values, were as follows:

Fair Value of Interest Rate Swaps at December 31, 2014

Period	Notional Amount		Contract Rate	Variable Rate Range	Fair Value	
1/15 - 11/18	$	78,047	1.266%	LIBOR-BBA	$	(419)
1/15 - 11/18		78,047	1.266%	LIBOR-BBA		(424)
1/15 - 11/18		46,828	1.266%	LIBOR-BBA		(257)
1/15 - 11/18		46,828	1.266%	LIBOR-BBA		(255)
Total	$	249,750			$	(1,355)

The following table summarizes the fair values of the interest rate swaps, on a gross basis, at December 31, 2014, and identifies the balance sheet location of these assets and liabilities:

Derivatives not designated as hedging instruments under ASC 815	Asset Derivatives			Liability Derivatives				
	Balance Sheet Location	Fair Value		Balance Sheet Location	Fair Value		Net Asset (Liability)	
As of December 31, 2014	Current Asset	$	—	Current Liability	$	(2,196)	$	(2,196)
	Non-Current Asset		841	Non-Current Liability		—		841
Total		$	841		$	(2,196)	$	(1,355)

For the year ended December 31, 2014, the Company recognized an unrealized loss on derivatives of $1,355, which is included as loss on derivatives in the Company’s statements of operations. For the year ended December 31, 2014, the Company paid cash settlements of $0 to the counterparties.

5. Fair Value Measurements

Fair value is based on 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. The Company utilizes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.

Level 2 - Observable prices that are based on inputs not quoted on active markets, but corroborated by market data .

Level 3 - Unobservable inputs are used when little or no market data is available.

The following table sets forth, by the fair value hierarchy, the Company’s financial assets and liabilities that are accounted for at fair value on a recurring basis as of December 31, 2014:

	Market Prices for Identical Items (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		Total	
As of December 31, 2014								
Liabilities								
Interest rate swaps	$	—	$	1,355	$	—	$	1,355

6. Related Party Transactions

Production Handling and Floating Production System Use Agreements

The Company entered into separate production handling agreements with the Producers which are effective for an initial term of five (5) years and will be automatically extended for successive five (5)-year periods unless and until terminated by the Company or the Producers pursuant to the terms of the agreements. Termination of the agreements may occur i) at the end of the economic life of the reserves of the prospects; ii) upon the occurrence of an event of default (as defined in the agreement); iii) any act of omission that constitutes gross negligence or willful misconduct; iv) by the Company, if after first commercial production, there has been no production for two (2) years, and there are no then-current operations underway to reestablish production, or the aggregate production being processed by the FPS is less than 2,000 BOE per day for 180 consecutive days; v) if damage to the FPS renders the FPS an actual or constructive loss; vi) if maintenance or repair, or a change mandated by a government authority to the FPS requires major work and the Producers decline to become a participating producer; or vii) by the Company, if a suspension period for a producer does not terminate by July 31, 2018.

The Producers currently hold Class A Units in the Company. Under the Production Agreements, the Company agreed to construct and decommission the Base FPS that accepts dedicated production from the Anchor Prospects, which then processes the production and delivers comingled processed oil, natural gas, and condensate to the oil and natural gas laterals, which connect to pipelines, which transport the oil, natural gas, and condensate to shore. In addition, the Company ensures that the Base Operator operates the Base FPS according to the project agreements.

There were no fees billed during 2014 .

Asset Management Agreement

Consolidated Asset Management Services (Texas), LLC ("CAMS"), provides construction and asset management services to the Company under the terms of an Asset Management Agreement ("AMA"). CAMS is indirectly owned by Tessa Group, LLC, a general partner holding a 60% partnership interest in CAMS and ArcLight Asset Management, LLC, a limited partner holding a 40% partnership interest in CAMS, and an affiliate of ArcLight Capital Partners, LLC ("ArcLight"). At December 31, 2014, ArcLight holds an effective 51.7% interest in the Company's Class A units through its subsidiary Stork Offshore Holdings, LL The initial term of the AMA is through the date of First Commercial Production, which is defined as the date on which the last of the following occurs: (a) the Base FPS has been constructed, installed, and commissioned pursuant to the Construction Contracts and the Project Management Agreement, (b) production is delivered from an Anchor Prospect to the Base FPS and the Base FPS accepts such delivery, or (c) the Base FPS delivers hydrocarbons to the Lateral Facilities for delivery to the Commercial Pipeline Delivery Point.

During the year ended December 31, 2014, the Company incurred costs of $493, related to the AMA, of which $493 were capitalized as costs related to the Floating Production Platform.

As of December 31, 2014, the Company had accounts payable due to CAMS of $19.

Project Management Agreement and Operating Agreement

LLOG Exploration Offshore, LLC ("LLOG"), provides project management services to the Company under the terms of a Project Management Agreement ("PMA"). LLOG, along with its subsidiary, LLOG Bluewater Holdings, LLC holds a combined interest in the Company of 5.5%.

The PMA terminates on the earliest of: (a) First Commercial Production and the substantial completion of all activities under the Construction Contracts and payment of Project Costs; (b) written consent of all Parties terminating the PMA; or (c) at the election of each Owner, with respect to its respective Project Facilities or the election by all Owners with respect to all Project Facilities, upon termination of all Production Handling Agreements or Transportation Agreements, in accordance with their termination provisions. LLOG is paid a fee equal to 2.5% of the incurred project costs, and recovers the expenses it incurs under the PMA. Under the Operating Agreement, LLOG operates the Base FPS and is paid a fee of 12% of the cost of operating the Base FPS, exclusive of certain legal expenses. These fees are billed directly to the Producers.

During the year ended December 31, 2014, the Company incurred costs of $13,696, related to the PMA, which were capitalized as costs related to the floating production platform. As of December 31, 2014, the Company had accounts payable due to LLOG of $655.

7. Commitments and Contingencies

Legal Proceedings

The Company is not currently party to any pending litigation or governmental proceedings, other than ordinary routine litigation incidental to its business. While the ultimate impact of any proceedings cannot be predicted with certainty, the Company believes that the resolution of any of its pending proceedings will not have a material effect on its financial condition or results of operations.

Environmental Matters

The Company is subject to federal and state laws and regulations relating to the protection of the environment. Environmental risk is inherent to processing platform operations, and it could, at times, be subject to environmental cleanup and enforcement actions. The Company is not aware of any material environmental matters.

8. Members' Equity

There are four classes of equity units established by the LLC Agreement:

- Class A Units - a class of capital interests in respect of construction and operation of the Base FPS
- Class B Units - a class of capital interests in respect of construction cost overruns with respect to the Base FPS
- Class C Units - a class of capital interests in respect of expansions to the Base FPS
- Class D Units - a class of capital interests in respect of unreimbursed major expenditures related to the Base FPS

Class B, C and D units have no voting rights. Distributions to members holding each class of equity units are subject to waterfall provisions contained in the amended and restated limited liability company operating agreement.

For purposes of adjusting the capital accounts of the members, the net profits, net losses, and to the extent necessary, individual items of income, gain, loss, and deduction, for any fiscal year, or other period, shall be allocated among the members in a manner such that the adjusted capital account of each member, immediately after making such allocation, is, as nearly as possible, equal (proportionately) to then distributions that would be made to such member if the Company were dissolved, its affairs wound up, and its properties sold for cash equal to their gross asset values, all Company liabilities were satisfied (limited with respect to each nonrecourse liability to the gross asset value of the asset securing such liability), and the net assets of the Company were distributed to the members immediately after making such allocation.

During 2014, $186,386 and $6,466 of Class A and Class B capital contributions, respectively, were made by the members.

On June 20, 2014, the Company declared and paid distributions to the members of Class A units of $282,378 using proceeds obtained from the Company's credit facility.

MAIN PASS OIL GATHERING COMPANY
Financial Statements
Years Ended December 31, 2014 and 2013

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Report of Independent Auditors

The Management Committee and Partners
Main Pass Oil Gathering Company

We have audited the accompanying financial statements of Main Pass Oil Gathering Company, which comprise the balance sheets as of December 31 , 2014 and 2013, and the related statements of income, changes in partners' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S . generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Main Pass Oil Gathering Company at December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

/s/ Ernst &Young LLP
Chicago, Illinois
April 6, 2015

MAIN PASS OIL GATHERING COMPANY
BALANCE SHEETS
(in thousands)

	December 31,			
	2014		2013	
ASSETS				
Current assets				
Cash and cash equivalents	$	940	$	5,088
Accounts receivable		1,065		1,014
Prepaid expenses and other assets		254		161
Total current assets		2,259		6,263
Pipelines and equipment, net		36,374		39,767
Other long-term assets		363		427
Total assets	$	38,996	$	46,457
LIABILITIES AND PARTNERS' EQUITY				
Current liabilities				
Accounts payable	$	228	$	521
Accrued liabilities		170		311
Total current liabilities		398		832
Long-term liabilities				
Asset retirement obligations		22,307		21,069
Partners' equity		16,291		24,556
Total liabilities and partners' equity	$	38,996	$	46,457

See accompanying notes

MAIN PASS OIL GATHERING COMPANY
STATEMENTS OF INCOME
(in thousands)

	Year Ended December 31,	
	2014	**2013**
Revenues		
Transportation revenue		
Affiliates	$ —	$ 791
Third parties	10,254	9,865
Total revenue	10,254	10,656
Costs and expenses		
Operations and maintenance expenses	3,924	4,997
General and administrative expenses	1,021	923
Depreciation expense	3,378	3,398
Accretion expense for asset retirement obligations	1,238	1,168
Total costs and expenses	9,561	10,486
Other income	12	36
Net income	$ 705	$ 206

See accompanying notes

MAIN PASS OIL GATHERING COMPANY
STATEMENTS OF CHANGES IN PARTNERS' EQUITY
(in thousands)

	Partners' Equity
Balance at January 1, 2013	$ 28,350
Net income	206
Distributions to partners	(4,000)
Partners' equity at December 31, 2013	24,556
Net income	705
Distributions to partners	(8,970)
Partners' equity at December 31, 2014	$ 16,291

See accompanying notes

MAIN PASS OIL GATHERING COMPANY
STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,	
	2014	2013
Operating activities		
Net Income	$ 705	$ 206
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	3,378	3,398
Accretion expense for asset retirement obligations	1,238	1,168
Gain on sale of assets	(10)	—
Changes in operating assets and liabilities:		
Accounts receivable - affiliates	—	730
Accounts receivable - third parties	(51)	(571)
Prepaid expenses and other assets	(6)	(33)
Accounts payable - affiliates	—	(369)
Accounts payable - third parties	(293)	218
Accrued liabilities	(141)	(309)
Net cash provided by operating activities	4,820	4,438
Investing activities		
Capital expenditures	(28)	(3)
Proceeds on sale of assets	30	—
Net cash provided by (used in) investing activities	2	(3)
Financing activities		
Distributions to partners	(8,970)	(4,000)
Cash used in financing activities	(8,970)	(4,000)
Increase (decrease) in cash and cash equivalents	(4,148)	435
Cash and cash equivalents, beginning of year	5,088	4,653
Cash and cash equivalents, end of year	$ 940	$ 5,088

See accompanying notes

MAIN PASS OIL GATHERING COMPANY
NOTES TO FINANCIAL STATEMENTS

December 31, 2014

1. Organization and Nature of Business

Main Pass Oil Gathering Company (the "Partnership") is a Delaware general partnership between Centana Oil Gathering, LLC ("CENTANA") and Panther Offshore Gathering Systems, LLC ("POGS"). In August 2014, DCP LP Holdings, LLC sold its ownership in CENTANA to American Midstream, LLC ("AMID"). At December 31, 2014, CENTANA and POGS own 66.7% and 33.3% interests in the Partnership, respectively.

The purpose and business of the Partnership is to develop, finance, construct, operate, and maintain oil gathering facilities in certain areas of the Gulf of Mexico. Construction of the Partnership's gathering facilities was completed, and the Partnership first provided oil gathering services, during 1997.

After its sale of Amoco Main Pass Gathering Company's interest in November 2013 to Panther Offshore Gathering Systems, LLC, BP Pipelines North America ("BP Pipelines") continued to serve as operator of the gathering pipeline system owned by the Partnership until July 1, 2014, when Panther Operating Company, LLC ("POC"), an affiliate of POGS, became the operator. As operator, POC provides operating, maintenance and repair, administrative, marketing, construction, and other services related to the business and affairs of the Partnership.

A substantial portion of Partnership's revenues are derived from the shipments from one platform.

The Partnership may distribute excess cash to the partners or, if necessary, request additional capital contributions from the partners. The Partnership distributed approximately $9.0 million and $4.0 million of excess cash during 2014 and 2013, respectively. No cash calls were made and no capital contributions were received during 2014 or 2013.

2. Summary of Significant Accounting Policies

Revenue Recognition

The Partnership recognizes revenue when there is a persuasive evidence of an arrangement, the sales price is fixed or determinable, services are rendered and the collection of the resultant receivable is probable. Revenue from crude oil gathering services provided from various oil drilling platforms in the Gulf of Mexico is recognized upon delivery of the oil from the gathering pipeline system to a connecting carrier located off the coast of Louisiana.

Cash and Cash Equivalents

Cash and cash equivalents consist of all cash balances and highly liquid investments, which have an original maturity of three months or less.

Accounts Receivable and Concentration of Credit Risk

Accounts receivable are concentrated among shippers with operations in the Gulf of Mexico. Management performs ongoing credit evaluations of its customers. Management believes that collectability risk related to concentration of trade receivables is limited. The Partnership limits the amount of credit extended when deemed necessary and, generally, does not require collateral.

Pipelines and Equipment

Pipelines and equipment are recorded at historical cost, less accumulated depreciation and impairment charges, if any. Additions and improvements that expand the productive capacity or extend the useful life of the assets are capitalized. Expenditures for maintenance and repairs are expensed as incurred. Pipelines and equipment consist primarily of line pipe, equipment, and other pipeline construction. Depreciation is determined by using the straight-line method over the estimated useful lives of the assets.

Inventory included in pipelines and equipment on the accompanying balance sheets consists of crude oil line fill required by the gathering pipeline system to maintain operations and is valued at cost.

Impairment of Long-Lived Assets

The Partnership reviews long-lived assets (including line fill) for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Asset Retirement Obligations

The Partnership accounts for its asset retirement obligations in accordance with Accounting Standards Codification ("ASC") Topic 410-20, *Asset Retirement Obligations.* ASC Topic 410-20 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. It applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development, and/or the normal operation of long-lived assets. When the liability is initially recorded, the Partnership capitalizes an equivalent amount as part of the cost of the asset. Over time, the liability will be accreted for the change in its present value each period, and the capitalized cost will be depreciated over the useful life of the related asset.

Environmental Liabilities

Liabilities for environmental costs are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated. These liabilities are not reduced by possible recoveries from third parties. Projected cash expenditures are presented on an undiscounted basis. At December 31, 2014 and 2013, no amounts were accrued by the Partnership for environmental liabilities.

Financial Instruments

The Partnership's financial instruments consist of cash equivalents, accounts receivable, and accounts payable. The carrying amounts of these items approximate fair value.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the related reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that its estimates are reasonable.

Income Taxes

The Partnership is treated as a pass-through entity under the provisions of the United States Internal Revenue Code. Accordingly, the accompanying financial statements do not reflect a provision for income taxes, as the results of operations and related credits and deductions will be passed through to and taken into account by its partners in computing their respective income taxes.

3. Pipelines and Equipment

The components of pipelines and equipment were as follows as of December 31, 2014 and 2013 (in thousands):

	December 31,	
	2014	2013
Line pipe, equipment, and other pipeline construction	$ 66,961	$ 66,637
Line fill	2,806	2,806
Telecommunications equipment	22	22
Vehicles and other transportation equipment	40	401
Decommissioning asset	13,896	13,896
	83,725	83,762
Less accumulated depreciation and amortization	(47,351)	(43,995)
	$ 36,374	$ 39,767

Total depreciation expense was $3.4 million in each of the years ended December 31, 2014 and 2013.

4. Other Assets

Pursuant to a Platform Use and Construction Agreement between the Partnership and CNG Producing Company, Coastal Oil & Gas USA, L.P., and Chieftain International (U.S.) Inc. (the "Platform Owners"), the Partnership paid $1.6 million in fiscal year 1996 to the Platform Owners for the non-exclusive right over the platform lease agreement term (25 years) to use certain space and equipment on the platform for the Partnership's oil gathering pipeline system. This prepaid expense is being amortized over the term of the lease.

5. Asset Retirement Obligations

The Partnership has recognized a liability for the estimated fair value of its asset retirement obligations. The fair value of the asset retirement obligations was determined based upon expected future costs, and applying an inflation rate of 2.00% per annum. The estimated future costs were then discounted using a discount rate of 5.75% per annum.

The changes in the Partnership's asset retirement obligations for the years ended December 31, 2014 and 2013, were as follows (in thousands):

Balance at January 1, 2013	$ 19,901
Accretion expense	1,168
Balance at December 31, 2013	21,069
Accretion expense	1,238
Balance at December 31, 2014	$ 22,307

6. Related-Party Transactions

During 2014, in accordance with an operating agreement with POC from July 1, 2014 through December 31 2014, and with BP Pipelines from January 1, 2014 through June 30, 2014, $0.4 million was paid to POC and $0.4 million was paid to BP Pipelines. During 2013, $0.7 million was paid to BP Pipelines. POC and BP Pipelines were affiliates of the Partnership for control center service fees and management, administrative, and general overhead fees. Transportation revenues totaling $0.8 million were generated from an affiliate of BP Pipelines during the year ended December 31, 2013.

7. Subsequent Events

The Partnership evaluated subsequent events through April 6, 2015, the date these financial statements were available to be issued. There were no subsequent events to disclose as of April 6, 2015.