

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

FORM 10-Q

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

For the quarterly period ended March 31, 2018

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

(State or other jurisdiction of
incorporation or organization)

27-0855785

(I.R.S. Employer
Identification No.)

2103 CityWest Boulevard

Building #4, Suite 800

Houston, TX 77042

(Address of principal executive offices)

(346) 241-3400

(Registrant's telephone number, including area code)

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

There were 52,858,782 common units, 11,009,729 Series A Units, and 9,241,642 Series C Units of American Midstream Partners, LP outstanding as of April 30, 2018. Our common units trade on the New York Stock Exchange under the ticker symbol "AMID."

Glossary of Terms

As generally used in the energy industry and in this Quarterly Report on Form 10-Q (the “Quarterly Report”), the identified terms have the following meanings:

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

Bbl/d Barrels per day.

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 casing head 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.

FERC Federal Energy Regulatory Commission.

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

GAAP Accounting principles generally accepted in the United States of America.

Gal Gallons.

Mgal/d Thousand 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, becomes liquid under various levels of higher pressure and lower temperature.

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

As used in this Quarterly 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.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

American Midstream Partners, LP and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited, in thousands, except unit amounts)

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 8,191	\$ 8,782
Restricted cash	18,269	20,352
Accounts receivable, net of allowance for doubtful accounts of \$312 and \$225 as of March 31, 2018 and December 31, 2017, respectively	87,418	98,132
Inventory	4,795	2,966
Other current assets (Note 6)	25,265	23,420
Assets held for sale (Note 4)	129,247	—
Total current assets	<u>273,185</u>	<u>153,652</u>
Property, plant and equipment, net	1,080,897	1,095,585
Goodwill	67,985	128,866
Restricted cash-long term	5,048	5,045
Intangible assets, net	141,627	174,010
Investments in unconsolidated affiliates	339,271	348,434
Other assets, net	25,249	17,874
Total assets	<u>\$ 1,933,262</u>	<u>\$ 1,923,466</u>
Liabilities, Equity and Partners' Capital		
Current liabilities		
Accounts payable	\$ 52,685	\$ 41,102
Accrued gas and crude oil purchases	14,925	19,986
Accrued expenses and other current liabilities	88,123	68,854
Current portion of long-term debt	5,058	7,551
Liabilities held for sale (Note 4)	3,337	—
Total current liabilities	<u>164,128</u>	<u>137,493</u>
Asset retirement obligations	66,894	66,194
Other long-term liabilities	15,542	2,080
3.77% Senior secured notes (Non-recourse)	54,682	55,198
8.50% Senior unsecured notes	418,078	418,421
Revolving credit facility	712,600	697,900
3.97% Trans-Union Secured Senior notes	29,486	29,937
Deferred tax liability	8,274	8,123
Total liabilities	<u>1,469,684</u>	<u>1,415,346</u>
Commitments and contingencies (Note 18)		
Convertible preferred units	317,180	317,180
Equity and partners' capital		
General Partner interests (960 thousand and 965 thousand units issued and outstanding as of March 31, 2018 and December 31, 2017, respectively)	(88,746)	(96,552)
Limited Partner interests (52,853 thousand and 52,711 thousand units issued and outstanding as of March 31, 2018 and December 31, 2017, respectively)	221,346	273,703
Accumulated other comprehensive income	12	28
Total partners' capital	<u>132,612</u>	<u>177,179</u>
Noncontrolling interests	13,786	13,761
Total equity and partners' capital	<u>146,398</u>	<u>190,940</u>
Total liabilities, equity and partners' capital	<u>\$ 1,933,262</u>	<u>\$ 1,923,466</u>

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

American Midstream Partners, LP and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited, in thousands, except per unit amounts)

	Three months ended March 31,	
	2018	2017
Revenue:		
Commodity sales	\$ 158,863	\$ 123,521
Services	46,906	40,192
Gain on commodity derivatives, net	60	365
Total revenue	205,829	164,078
Operating expenses:		
Costs of sales	150,166	115,468
Direct operating expenses	23,446	17,405
Corporate expenses	22,692	30,113
Depreciation, amortization and accretion	21,997	25,570
Gain on sale of assets, net	(95)	(21)
Total operating expenses	218,206	188,535
Operating loss	(12,377)	(24,457)
Other income (expense), net		
Interest expense, net of capitalized interest	(13,876)	(17,956)
Other income (expense), net	22	(37)
Earnings in unconsolidated affiliates	12,673	15,402
Loss from continuing operations before income taxes	(13,558)	(27,048)
Income tax expense	(280)	(1,123)
Loss from continuing operations	(13,838)	(28,171)
Loss from discontinued operations	—	(710)
Net loss	(13,838)	(28,881)
Less: Net income attributable to noncontrolling interests	45	1,303
Net loss attributable to the Partnership	\$ (13,883)	\$ (30,184)
General Partner's interest in net loss		
	\$ (181)	\$ (420)
Limited Partners' interest in net loss		
	\$ (13,702)	\$ (29,764)
Distribution declared per common unit		
	\$ 0.4125	\$ 0.4125
Limited Partners' net loss per common unit:		
Basic and diluted:		
Loss from continuing operations	\$ (0.42)	\$ (0.74)
Loss from discontinued operations	—	(0.01)
Net loss per common unit	\$ (0.42)	\$ (0.75)
Weighted average number of common units outstanding:		
Basic and diluted	52,769	51,451

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

American Midstream Partners, LP and Subsidiaries
Condensed Consolidated Statements of Comprehensive Loss
(Unaudited, in thousands)

	Three months ended March 31,	
	2018	2017
Net loss	\$ (13,838)	\$ (28,881)
Unrealized gain (loss) related to postretirement benefit plan	(16)	18
Comprehensive loss	(13,854)	(28,863)
Less: Comprehensive income attributable to noncontrolling interests	45	1,303
Comprehensive loss attributable to the Partnership	\$ (13,899)	\$ (30,166)

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

American Midstream Partners, LP and Subsidiaries
Condensed Consolidated Statements of Changes in Partners' Capital
and Noncontrolling Interests
(Unaudited, in thousands)

	General Partner Interests	Limited Partner Interests	Accumulated Other Comprehensive Income (Loss)	Total Partners' Capital	Non controlling Interests	Total Equity and Partners' Capital
Balances at December 31, 2016	\$ (47,645)	\$ 616,087	\$ (40)	\$ 568,402	\$ 16,755	\$ 585,157
Net income (loss)	(420)	(29,764)	—	(30,184)	1,303	(28,881)
Issuance of common units, net of offering costs	—	(72)	—	(72)	—	(72)
Contributions	123	4,000	—	4,123	—	4,123
Distributions	(282)	(33,685)	—	(33,967)	—	(33,967)
Distribution to noncontrolling interests ("NCF") owners	—	—	—	—	(868)	(868)
Contributions from NCI owners	—	—	—	—	280	280
LTIP vesting	(2,135)	2,135	—	—	—	—
Tax netting repurchase	—	(971)	—	(971)	—	(971)
Equity compensation expense	3,304	733	—	4,037	—	4,037
Other comprehensive income	—	—	18	18	—	18
Balances at March 31, 2017	<u>\$ (47,055)</u>	<u>\$ 558,463</u>	<u>\$ (22)</u>	<u>\$ 511,386</u>	<u>\$ 17,470</u>	<u>\$ 528,856</u>
Balances at December 31, 2017	\$ (96,552)	\$ 273,703	\$ 28	\$ 177,179	\$ 13,761	\$ 190,940
Cumulative effect of accounting change (Note 3)	(139)	(10,552)	—	(10,691)	—	(10,691)
Net loss	(181)	(13,702)	—	(13,883)	45	(13,838)
Contributions	9,870	—	—	9,870	—	9,870
Distributions	(392)	(29,728)	—	(30,120)	—	(30,120)
Distributions to NCI owners	—	—	—	—	(20)	(20)
Distribution for acquisition of Trans-Union	(38)	—	—	(38)	—	(38)
LTIP vesting	(2,328)	2,328	—	—	—	—
Tax netting repurchase	—	(703)	—	(703)	—	(703)
Equity compensation expense	1,014	—	—	1,014	—	1,014
Other comprehensive income	—	—	(16)	(16)	—	(16)
Balances at March 31, 2018	<u>\$ (88,746)</u>	<u>\$ 221,346</u>	<u>\$ 12</u>	<u>\$ 132,612</u>	<u>\$ 13,786</u>	<u>\$ 146,398</u>

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

American Midstream Partners, LP and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited, in thousands)

	Three months ended March 31,	
	2018	2017
Cash flows from operating activities		
Net loss	\$ (13,838)	\$ (28,881)
Adjustments to reconcile net loss to net cash provided by operating activities including discontinued operations:		
Depreciation, amortization and accretion	21,997	29,351
Amortization of deferred financing costs	1,316	1,253
Amortization of weather derivative premium	278	257
Unrealized (gain) loss on derivatives contracts, net	(5,112)	1,273
Non-cash compensation expense	1,014	4,037
Gain on sale of assets, net	(95)	(228)
Corporate overhead support	—	4,000
Other non-cash items	(15)	1,965
Earnings in unconsolidated affiliates	(12,673)	(15,402)
Distributions from unconsolidated affiliates	12,673	15,402
Deferred tax expense	151	678
Bad debt expense	87	830
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable	7,251	266
Inventory	(3,399)	(2,626)
Other current assets	(4,174)	3,114
Other assets, net	—	168
Accounts payable	11,200	(9,716)
Accrued gas and crude oil purchases	(4,431)	2,403
Accrued expenses and other current liabilities	2,623	994
Asset retirement obligations	(6)	(41)
Other liabilities	—	(250)
Net cash provided by operating activities	14,847	8,847
Cash flows from investing activities		
Contributions to unconsolidated affiliates	(987)	—
Additions to property, plant and equipment and other	(25,946)	(20,221)
Proceeds from disposals of property, plant and equipment	8	51
Insurance proceeds from involuntary conversion of property, plant and equipment	—	150
Distributions from unconsolidated affiliates, return of capital	11,181	7,092
Net cash used in investing activities	(15,744)	(12,928)
Cash flows from financing activities		
Proceeds from issuance of common units to public, net of offering costs	—	(72)
Contributions	9,870	123
Distributions	(22,035)	(32,198)
Contribution from noncontrolling interest owners	—	280
Distributions to noncontrolling interests owners	(20)	(868)
LTIP tax netting unit repurchase	(703)	(971)
Payment of deferred financing costs	(1,085)	(1,402)
Payment of 3.77% Senior Notes	(507)	—
Payment of 3.97% Senior Notes	(439)	—
Payments of other debt	(1,893)	(2,363)
Payments of credit agreement	(119,700)	(325,908)
Borrowings on credit agreement	134,400	82,500

	Three months ended March 31,	
	2018	2017
Other	338	(20)
Net cash used in financing activities	(1,774)	(280,899)
Net decrease in cash, cash equivalents, and restricted cash	(2,671)	(284,980)
Cash, cash equivalents, and restricted cash, beginning of period	34,179	329,230
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 31,508</u>	<u>\$ 44,250</u>
Cash and cash equivalents, beginning of period	8,782	5,666
Restricted cash, beginning of period	25,397	323,564
Cash, Cash equivalents and Restricted cash, beginning of period	34,179	329,230
Cash and cash equivalents, end of period	8,191	16,919
Restricted cash, end of period	23,317	27,331
Cash, Cash equivalents and Restricted cash, end of period	31,508	44,250
Net decrease in Cash, Cash equivalents and Restricted cash	<u>\$ (2,671)</u>	<u>\$ (284,980)</u>

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

American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

(1) Organization and Basis of Presentation

Organization

American Midstream Partners, LP (together with its consolidated subsidiaries, the “Partnership”, “we”, “us”, or “our”) 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. The Partnership’s general partner, American Midstream GP, LLC (the “General Partner”), is 77% directly owned by High Point Infrastructure Partners, LLC (“HPIP”) and 23% indirectly owned by Magnolia Infrastructure Holdings, LLC (“Magnolia”), 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.

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 five reportable segments, (1) gas gathering and processing services, (2) liquid pipelines and services, (3) natural gas transportation services, (4) offshore pipelines and services, and (5) terminalling services, 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 and refined products. Most of our cash flow is generated from fee-based and fixed-margin compensation for gathering, processing, transporting and treating natural gas and crude oil, firm capacity reservation charges, interruptible transportation charges, guaranteed firm storage contracts, throughput fees and other optional charges associated with ancillary services.

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 in key demand markets in Oklahoma, Alabama, Arkansas, Louisiana, Mississippi and Tennessee and in the Port of New Orleans in Louisiana and the Port of Brunswick in Georgia.

Basis of presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with GAAP for interim consolidated financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. They do not include all of the information and notes required by GAAP for annual consolidated financial statements and should therefore be read in conjunction with our annual consolidated financial statements and notes presented in our Annual Report on Form 10-K for the year ended December 31, 2017. In the opinion of management, the condensed consolidated financial statements contain all adjustments, consisting only of normal recurring adjustments, necessary to fairly state our financial position, results of operations and cash flows for the interim periods reported.

These condensed consolidated financial statements follow the same significant accounting policies as those included in our annual consolidated financial statements for the year ended December 31, 2017, except for the adoption of new standards. See Notes 2 and 3 for additional information on the adoption of new standards. Certain prior period amounts have been reclassified to conform to the current presentation.

The accompanying condensed consolidated financial statements include accounts of the Partnership and its consolidated subsidiaries. All significant inter-company accounts and transactions have been eliminated in the preparation of the accompanying condensed consolidated financial statements.

We may enter into transactions with ArcLight or its affiliates whereby we receive midstream assets or other businesses in exchange for cash or Partnership's equity. As the transactions are between entities under common control we account for the net assets acquired at the affiliate's historical cost basis, whether the transactions are considered assets or business acquisitions. 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 affiliates obtained control of the assets or business acquired.

American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

(2) New Accounting Pronouncements

Adopted in 2018

The Partnership adopted Accounting Standards Update (“ASU”) No. 2014-09, “*Revenue from Contracts with Customers (Topic 606)*” issued by the Financial Accounting Standards Board (FASB) on January 1, 2018. See Note 3 - *Revenue Recognition* for more information on the impact of its adoption .

In August 2016, the FASB issued ASU No. 2016-15, “*Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*” (“ASU 2016-15”). ASU 2016-15 provides specific guidance on eight cash flow classification issues, including debt prepayment or debt extinguishment costs, to reduce diversity in practice. ASU 2016-15 is effective for interim and annual periods beginning after December 15, 2017. There was no impact of the retrospective adoption of this ASU on the Partnership’s condensed consolidated statement of cash flows.

In November 2016, the FASB issued ASU No. 2016-18 (“ASU 2016-18”), “*Statement of Cash Flows (Topic 230): Restricted Cash*”, which requires amounts described as restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. A reconciliation between the balance sheet and the statement of cash flows must be disclosed when the balance sheet includes more than one line item for cash, cash equivalents, restricted cash and restricted cash equivalents. ASU 2016-18 is effective for fiscal years beginning after December 15, 2017.

We adopted both ASU 2016-15 and ASU 2016-18 on its effective date of January 1, 2018 using the retrospective transition method. Upon adoption of the standards, the Partnership’s condensed consolidated statement of cash flows for the period ended March 31, 2017 was impacted as follows (in thousands):

	Three months ended March 31, 2017		
Condensed Consolidated Statement of Cash Flows	As Previously Reported	Effect of Adoption	As Adjusted
Cash flows from operating activities			
Net loss	\$ (28,881)	\$ —	\$ (28,881)
Adjustments to reconcile net loss to net cash provided by operating activities including discontinued operations (excluding ‘Other non-cash items’)	39,416	—	39,416
Restricted cash, short-term	(3,135)	3,135 ⁽¹⁾	—
Changes in operating assets and liabilities, net of effects of assets acquired and liabilities assumed (excluding ‘Restricted cash’)	(1,633)	(55) ⁽¹⁾	(1,688)
Net cash provided by (used in) operating activities	5,767	3,080	8,847
Cash flows from investing activities			
Restricted cash	299,313	(299,313) ⁽¹⁾	—
Other investing activities (excluding ‘Restricted cash’)	(12,928)	—	(12,928)
Net cash provided by (used in) investing activities	286,385	(299,313)	(12,928)
Cash flows from financing activities			
Other financing activities	(280,899)	—	(280,899)
Net cash used in financing activities	(280,899)	—	(280,899)
Net increase (decrease) in cash, cash equivalents, and restricted cash	11,253	(296,233)	(284,980)
Cash, cash equivalents and Restricted Cash			
Beginning of period	5,666	323,564	329,230
End of period	\$ 16,919	\$ 27,331	\$ 44,250

⁽¹⁾ ASU 2016-18 adjustment to move restricted cash to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the condensed consolidated statement of cash flows.

American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

In May 2017, the FASB issued ASU No. 2017-09, “ *Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting* ” (“ASU 2017-09”). ASU 2017-09 was issued with the intent to clarify the scope of modification accounting and when it should be applied to a change to the terms or conditions of a share-based payment award. Under the new guidance, modification accounting is required for all changes to share based payment awards, unless all the following conditions are met: (i) there is no change to the fair value of the award, (ii) the vesting conditions have not changed, and (iii) the classification of the award as an equity instrument or a debt instrument has not changed. The accounting update was adopted on its effective date January 1, 2018, on a prospective basis. Based on historical patterns of our unit-based awards, which did not involve material modifications, we do not expect the adoption of this accounting update to have a material impact on our consolidated financial position, cash flows or results of operations.

In March 2018, the FASB issued ASU No. 2018-05, “ *Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118 (SEC Update)* ”, to provide guidance for companies that have not completed their accounting for the income tax effects of the Tax Cuts and Jobs Act (the “Act”) in the period of enactment. The measurement period begins in the reporting period that includes the Act’s enactment date of December 22, 2017, and ends when a company has obtained, prepared and analyzed the information needed to complete the accounting requirements under ASU No. 2018-05/Topic 740 and should not extend beyond one year from the enactment date. The impact of adopting the new guidance on our consolidated financial position, cash flows or results of operations, as well as on related disclosures was immaterial.

Standards Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02 (Topic 842) “ *Leases* ”, which supersedes the lease recognition requirements in Accounting Standards Codification (“ASC”) Topic 840, “ *Leases* ”. Under ASU No. 2016-02, lessees are required to recognize assets and liabilities on the balance sheet for most leases and to 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. We are in the process of evaluating the impact of ASU No. 2016-02 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 are finalizing our selection of a third-party consulting firm to assist us with the adoption of the new guidance and are currently in the Impact Assessment phase. We are not yet able to determine whether the adoption of this standard will have a material impact on our consolidated financial statements and related disclosures, including additional changes, if any, to our accounting system to capture data for disclosure purposes. We will adopt the guidance on its effective date January 1, 2019.

In January 2018, the FASB issued ASU No. 2018-01, “ *Leases - Land Easement Practical Expedient for Transition to Topic 842* ” to provide an optional transition practical expedient to forego evaluation under Topic 842 of existing or expired land easements that were not previously accounted for as leases under the current guidance found in Topic 840. An entity that elects this practical expedient should evaluate new or modified land easements under Topic 842 beginning at the date that the entity adopts Topic 842. An entity that does not elect this practical expedient should evaluate all existing or expired land easements in connection with the adoption of the new lease requirements in Topic 842 to assess whether they meet the definition of a lease. As discussed above, we are finalizing our selection of a third-party consulting firm to assist us with the adoption of the new guidance and are currently in the Impact Assessment phase. We are not yet able to determine whether we would elect this practical expedient or whether the adoption of this standard will have a material impact on our consolidated financial position, results of operations and cash flows, as well as related disclosures, including additional changes, if any, to our accounting system to capture data for disclosure purposes. We will adopt this on its effective date January 1, 2019.

In June 2016, the FASB issued ASU 2016-13, “ *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ”. This guidance will become effective for interim and annual periods beginning after December 15, 2019. We expect to adopt this ASU on January 1, 2020, and we are currently evaluating the effect that adopting this guidance will have on our consolidated financial position, results of operations and cash flows.

American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

(3) Revenue Recognition

Adoption of Topic 606

ASU No. 2014-09, “*Revenue from Contracts with Customers (Topic 606)*”, supersedes previous revenue recognition guidance, establishes a principle-based model to be applied to all contracts with customers and introduces enhanced disclosure requirements. It also requires the use of more estimates and judgments than the previous standards. We adopted the new standard and the series of related accounting standard updates that followed (collectively referred to as “Topic 606”) on January 1, 2018, using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018 and any new contracts entered into after January 1, 2018. Under this method, the financial information of previous years has not been adjusted.

While the Partnership does not expect future net earnings to be materially impacted by revenue recognition timing changes, we recognized the cumulative effect of the adoption as a decrease in the opening balance of partners' capital of approximately \$10.7 million. The adjustment was primarily related to four contracts where the allocation of the transaction prices resulted in changes to the pattern and timing of revenue recognition for those contracts as compared to the cash received for certain up-front fees for capital recovery as well as contracts with tiered fee structures.

The following tables summarize the impacts of adopting Topic 606 on the Partnership's condensed consolidated financial statements as of and for the three months ended March 31, 2018, adjusting for the differences between revenue as reported following adoption of Topic 606 and revenue as it would have been reported under previous standards (in thousands):

Condensed Consolidated Statement of Income	Three months ended March 31, 2018		
	As Reported	Adjustments	Amounts without Adoption of Topic 606
Revenue			
Commodity sales	\$ 158,863	\$ 5,242	\$ 164,105
Services	46,906	(2,681)	44,225
Operating expenses			
Costs of sales	150,166	3,165	153,331
Direct operating expenses	23,446	(456)	22,990
Operating loss	(12,377)	(148)	(12,525)
Net loss attributable to the Partnership	\$ (13,883)	\$ (148)	\$ (14,031)
General Partner's interest in net loss	\$ (181)	\$ (2)	\$ (183)
Limited Partners' interest in net loss	(13,702)	(146)	(13,848)

American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

Condensed Consolidated Balance Sheet (in thousands)	As of March 31, 2018		
	As Reported	Adjustments	Amounts without Adoption of Topic 606
Assets			
Accounts receivable, net	\$ 87,418	\$ (67,553)	\$ 19,865
Unbilled revenue	—	67,553	67,553
Other current assets	25,265	—	25,265
Other noncurrent assets	25,249	(3,419)	21,830
Liabilities			
Accrued expenses and other current liabilities	88,123	—	88,123
Liabilities held for sale	3,337	(459)	2,878
Other noncurrent liabilities	15,542	(13,503)	2,039
Equity and partners' capital			
General partner interests	\$ (88,746)	\$ 137	\$ (88,609)
Limited partner interests	221,346	10,406	231,752

The majority of the adjustments in the table above were associated with our natural gas gathering, processing and transportation revenues and our terminalling and storage revenues. The magnitude of the future effect of implementing Topic 606 is dependent on future customer volumes, subject to the impacted contracts and commodity prices for those volumes. While reported revenues and expenses can be materially reduced, these presentation changes may not materially impact net earnings.

Revenue from Contracts with Customers

Our revenue is derived from the provision of gathering, processing, transportation, terminalling and storage services and the sale of commodities primarily to marketers and brokers, refiners and chemical manufacturers, utilities and power generation customers, industrial users, and local distribution companies. Beginning on January 1, 2018, we account for revenue from contracts with customers in accordance with Topic 606. The unit of account in Topic 606 is a performance obligation, which is a promise in a contract to transfer to a customer either a distinct good or service (or bundle of goods or services) or a series of distinct goods or services provided over a period of time. Topic 606 requires that a contract's transaction price, which is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, is to be allocated to each performance obligation in the contract based on relative standalone selling prices and recognized as revenue when (point in time) or as (over time) the performance obligation is satisfied.

Under Topic 606, we disaggregate our revenues for disclosure purposes by segment and type of activity. These categories depict how the nature, amount, timing and uncertainty of revenues and cash flows are affected by economic factors. Our business activities are conducted through our five reportable segments, shown below. See Note 21 - *Reportable Segments* for further discussion of our reportable segments. The following table presents our segment revenues from contracts with customers disaggregated by type of activity (in thousands):

American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

Three months ended March 31, 2018

	Gas Gathering and Processing Services	Liquid Pipelines and Services	Natural Gas Transportation Services	Offshore Pipelines and Services	Terminalling Services	Total
Commodity sales:						
Natural gas	\$ 1,906	\$ —	\$ 6,637	\$ 2,437	\$ —	\$ 10,980
NGLs	21,150	—	—	38	—	21,188
Condensate	5,648	—	—	34	—	5,682
Crude oil	—	115,782	—	—	—	115,782
Other sales ⁽¹⁾	183	—	4	40	5,004	5,231
Services:						
Gathering and processing	6,250	—	—	866	—	7,116
Transportation	105	3,588	9,412	8,661	—	21,766
Terminalling and storage	—	—	—	—	11,833	11,833
Other services ⁽²⁾	434	403	10	4,783	561	6,191
Revenues from contracts with customers	\$ 35,676	\$ 119,773	\$ 16,063	\$ 16,859	\$ 17,398	\$ 205,769

⁽¹⁾ Other commodity sales for our Terminalling Services segment include sales of refined product. The Partnership is actively marketing for sale all of its assets in the Terminalling Services segment. See Note 4 - Acquisitions and Dispositions.

⁽²⁾ Other services in our Offshore Pipelines and Services segment include asset management services.

Commodity Sales

The Partnership sells various commodities as shown in the table above. Generally, for the majority of our commodity sales contracts: (i) each unit of product is a separate performance obligation, since our promise is to sell multiple distinct units of product at a point in time; (ii) the transaction price principally consists of variable consideration, which is determinable on commodity index prices for the volume of the product sold to the customer that month; and (iii) the transaction price is allocated to each performance obligation based on the product's standalone selling price. Revenues from sales of commodities are recognized at the point in time when control of the commodity transfers to the customer, which generally occurs upon delivery of the product to the customer or its designee. Payment is generally received from the customer in the month following delivery. Contracts with customers have varying terms, including spot sales, month-to-month contracts and multi-year agreements.

In our Liquid Pipelines and Services segment, we enter into purchase and sales contracts as well as buy/sell contracts with counterparties, under which contracts we gather and transport different types of crude oil and eventually sell the crude oil to either the same counterparty or different counterparties. For each of these arrangements, the Partnership assesses if control of the underlying commodity volumes transfer to the Partnership. Generally, the Partnership is unable to direct the use of the commodity volumes it purchases from the supplier because the Partnership is contractually required to redeliver an equivalent volume of the commodity back to the supplier or to a specified customer.

Occasionally, we enter into crude oil inventory exchange arrangements with the same counterparty where the purchase and sale of inventory are considered in contemplation of each other. These types of arrangements are accounted for as inventory exchanges and are recorded on a net basis.

Services

The Partnership provides gathering, processing, transportation, terminalling and storage services pursuant to a variety of contracts. Generally, for the majority of these contracts: (i) our promise is to transfer (or stand ready to transfer) a series of distinct integrated services over a period of time, which is a single performance obligation and (ii) the transaction price includes fixed or variable consideration, or both fixed and variable consideration. The amount of consideration is determinable at contract inception or at each month end based on our right to invoice at month end for the value of services provided to the customer that month.

The transaction price is recognized as revenue over the service period specified in the contract as the services are rendered using a time-based (passage of time) or units-based (units of service transferred) method for measuring provision of the services. Progress towards satisfying our performance obligation is based on the firm or interruptible nature of the promised service and

American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

the terms and conditions of the contract (such as contracts with or without makeup rights). Payment is generally received from the customer in the month of service or the month following the service. Contracts with customers generally are a combination of month-to-month and multi-year agreements.

Firm Services

Firm services are services that are promised to be available to the customer at all times during the term of the contract, with limited exceptions. These agreements require customers to deliver, transport or throughput a minimum volume over an agreed upon period and substantially all of such agreements are entered into with customers to economically support the return on our capital expenditure necessary to construct the related asset. Our firm service contracts are typically structured with take-or-pay or minimum volume provisions, which specify minimum service quantities a customer will pay for even if it chooses not to receive or use them in the specified service period (referred to as “deficiency quantities”).

Under firm service contracts, we record a receivable from the customer in the period that services are provided or when the transaction occurs, including amounts for deficiency quantities from customers associated with minimum volume commitments. If a customer has a make-up right associated with a deficiency, we defer the revenue attributable to the counterparty’s make-up right and subsequently recognize the revenue at the earlier of when the deficiency volume is delivered or shipped, when the make-up right expires or when it is determined that the customer’s ability to utilize the make-up right is remote. At March 31, 2018, customer deficiencies associated with firm services were immaterial.

Interruptible Services

Interruptible services are the opposite of firm services in that such services are provided to the extent that we have available capacity. Generally, we do not have an obligation to perform these services until we accept a customer’s periodic request for service. For the majority of these contracts, the customer will pay only for the actual quantities of services it chooses to receive or use, and we typically recognize the transaction price as revenue as those units of service are transferred to the customer in the specified service period.

Gathering and Processing

In our Gas Gathering and Processing Services segment, we purchase gas volumes from producers at the wellhead, production facility, or at receipt points on our systems typically at an index price, and charge the producer fees associated with the downstream gathering and processing services. Services can be firm if subject to a minimum volume commitment or acreage dedication or interruptible when offered on an as requested, non-guaranteed basis. Revenue for fee-based gathering and processing services are valued based on the rate in effect for the month of service and is recognized in the month of service based on the volumes of natural gas we gather, process and fractionate. Under these arrangements, we may take control of: (i) none of the commodities we sell (i.e., residue gas or NGLs), (ii) a portion of the commodities we sell, or (iii) all of the commodities we sell.

In those instances where we purchase and obtain control of the entire natural gas stream in our producer arrangements, we have determined these are contracts with suppliers rather than contracts with customers and therefore, these arrangements are not included in the scope of Topic 606. These supplier arrangements are subject to updated guidance in ASC 705, “*Cost of Sales and Services*,” whereby any embedded fees within such contracts, which historically have been reported as services revenue, are now reported as a reduction to cost of sales upon adoption of Topic 606.

In those instances where we remit all of the cash proceeds received from third parties for selling the extracted commodities to the producer, less the fees attributable to these arrangements, we have determined that the producer has control over these commodities. Upon adoption of Topic 606, we eliminated recording both sales revenue (natural gas and products) and cost of sales amounts and now only record fees attributable to these arrangements as service revenues.

In other instances where we do not obtain control of the extracted commodities we sell, we are acting as an agent for the producer and, upon adoption of Topic 606, we have continued to recognize services revenue for the net amount of consideration we retain in exchange for our service.

The Partnership may charge additional service fees to customers for a portion of the contract term (i.e., for the first year of a contract or until reaching a volume threshold) due to the significant upfront capital investment, and these fees are initially deferred and recognized to revenue over the expected period of customer benefit, generally the lesser of the expected contract term or the life of the related properties.

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Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

Transportation

Our transportation operations generally consist of fee-based activities associated with transporting crude oil, natural gas, and NGL on pipelines, gathering systems and trucks. Revenues from pipeline tariffs and fees are associated with the transportation at a published tariff, as well as revenues associated with agreements for committed capacity on various assets. We primarily recognize pipeline tariff and fee revenues over time based on the volumes delivered and invoiced. The majority of our pipeline tariff and fee revenues are based on actual volumes and rates.

As is common in the pipeline transportation industry, our tariffs incorporate a loss allowance factor. The intent of the allowance in arrangements for the transportation of natural gas is to approximate the natural shrink that occurs when transporting the gas. For crude oil transportation arrangements, loss allowance provisions are immaterial to the Partnership. In the event the Partnership retains excess natural gas and crude oil and subsequently sells the commodity to a third party, the sale is recorded at that point in time as a commodity sale.

Terminalling and Storage

In our Terminalling Services 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 at our marine terminals. Storage fees resulting from short-term and long-term contracts are typically recognized in revenue ratably over the term of the contract regardless of the actual storage capacity utilized.

Other Items in Revenue

The following table presents the reconciliation of our revenues from contracts with customers to segment revenues and total revenues as disclosed in our condensed consolidated statement of operations (in thousands):

	Three months ended March 31, 2018					
	Gas Gathering and Processing Services	Liquid Pipelines and Services	Natural Gas Transportation Services	Offshore Pipelines and Services	Terminalling Services	Total
Revenues from contracts with customers	\$ 35,676	\$ 119,773	\$ 16,063	\$ 16,859	\$ 17,398	\$ 205,769
Gains (losses) on commodity derivatives, net	2	58	—	—	—	60
Total revenues of reportable segments	\$ 35,678	\$ 119,831	\$ 16,063	\$ 16,859	\$ 17,398	\$ 205,829

We may utilize derivatives in connection with contracts with customers. We purchase and take title to a portion of the NGLs and crude oil that we sell, which may expose us to changes in the price of these products in our sales markets. We do not take title to the natural gas we transport and therefore have no direct commodity price exposure to natural gas. Derivative revenue is not included as a component of revenue from contracts with customers, but is included in other items in revenue.

Contract Balances

Our contract balances primarily consist of customer receivables and contract assets and liabilities. Trade accounts receivable, net consists of the following as presented on our condensed consolidated balance sheet (in thousands):

	March 31, 2018
Receivables arising from revenue contracts	
Unbilled customer receivables	\$ 67,553
Billed customer receivables	20,177
Allowance for doubtful accounts	(312)
Accounts receivable, net	\$ 87,418

Our contract assets and liabilities primarily relate to contracts where allocations of the transaction prices result in differences to the pattern and timing of revenue recognition as compared to contractual billings. Where payments are received in advance of recognition as revenue, contract liabilities are created. Where we have earned revenue and our right to invoice the customer is conditioned on something other than the passage of time, contract assets are created.

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Notes to Condensed Consolidated Financial Statements (Continued)
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The following table presents the change in the contract assets and liability balances during the three months ended March 31, 2018 (in thousands):

	<u>Contract Assets</u>	<u>Contract Liabilities</u>
Balance at December 31, 2017	\$ —	\$ 2,136
Topic 606 implementation	2,555	13,246
Amounts recognized as revenue	—	(502)
Additions	864	1,205
Total balance at March 31, 2018	3,419	16,085
Classified as held for sale	—	(708)
Balance at March 31, 2018	<u>\$ 3,419</u>	<u>\$ 15,377</u>
Current	—	998
Noncurrent	3,419	14,379
Balance at March 31, 2018	<u>\$ 3,419</u>	<u>\$ 15,377</u>

In our condensed consolidated balance sheet as of March 31, 2018, current portions of contract assets are included in other current assets, noncurrent portions of contract assets are included in other (noncurrent) assets, current portions of contract liabilities are included in other current liabilities and noncurrent portions of contract liabilities are included in other long-term liabilities.

Remaining Performance Obligations

The Partnership applies the practical expedients in Topic 606 and does not disclose consideration for remaining performance obligations with an original expected duration of one year or less or for variable consideration related to unsatisfied (or partially unsatisfied) performance obligations. Therefore, the following table as of March 31, 2018, represents only revenue expected to be recognized from contracts where the price and quantity of the product or service are fixed:

	Remainder of						
	2018	2019	2020	2021	2022	Thereafter	Total
Gathering and processing revenues supported by minimum volume commitments	\$ 9,252	\$ 12,743	\$ 12,743	\$ 12,720	\$ 12,467	\$ 19,155	\$ 79,080
Transportation agreements	15,921	19,233	18,475	18,207	18,100	190,416	280,352
Terminalling and storage throughput agreements	10,821	12,823	6,220	2,715	1,593	—	34,172
Other	1,170	1,560	1,560	—	—	—	4,290
Total	<u>\$ 37,164</u>	<u>\$ 46,359</u>	<u>\$ 38,998</u>	<u>\$ 33,642</u>	<u>\$ 32,160</u>	<u>\$ 209,571</u>	<u>\$ 397,894</u>

Due to the application of the practical expedients, the table above represents only a portion of the Partnership's expected future consolidated revenues and it is not necessarily indicative of the expected trend in total revenues for the Partnership. Certain contracts do not meet the requirements for presentation in the table above due to the term being one year or less and due to variability in the amount of performance obligation remaining, variability in the timing of recognition or variability in consideration. Acreage dedications do require us to perform future services but do not contain a minimum level of services and are therefore excluded from this presentation. Long-term supply and logistics arrangements contain variable timing, volumes and/or consideration and are excluded from this presentation.

(4) Acquisitions and Dispositions

Acquisitions

As more fully described in our Annual Report for the year ended December 31, 2017, during 2017, the Partnership completed various acquisitions, the results of which are fully reflected in the first quarter of 2018, but are not reflected in the comparable period of 2017 due to the closing dates of the acquisitions. The pro forma effects of these acquisitions were immaterial

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Notes to Condensed Consolidated Financial Statements (Continued)
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to our condensed consolidated statement of operations for the three months ended March 31, 2017 and, therefore, have not been separately disclosed.

Acquisitions accounted for as business combinations included the following:

- On June 2, 2017, we acquired 100% of the Viosca Knoll Gathering System (“VKGS”) from Genesis Energy, L.P. for total consideration of approximately \$32 million in cash.
- On August 8, 2017, we acquired 100% of the interest in Panther Offshore Gathering Systems, LLC (“POGS”), Panther Pipeline, LLC (“PPL”) and Panther Operating Company, LLC (“POC” and, together with POGS and PPL, “Panther”) from Panther Asset Management LLC for approximately \$60.9 million .
- On November 3, 2017, we completed the acquisition of 100% of the equity interests in Trans-Union Interstate Pipeline, LP (“Trans-Union”) from affiliates of ArcLight, for a total consideration of approximately \$49.4 million .

Additionally, we acquired the following interests in 2017 that are accounted for as investments in unconsolidated affiliates:

- On August 8, 2017, we entered into a new joint venture agreement with Targa Midstream Services, LLC (“Targa”) by which our previously wholly owned subsidiary Cayenne Pipeline, LLC became the Cayenne joint venture between Targa and us.
- On September 29, 2017, we acquired an additional 15.5% equity interest in Class A units of Delta House from affiliates of ArcLight for total cash consideration of approximately \$125.4 million .
- On October 27, 2017, American Midstream Emerald, LLC, a wholly-owned subsidiary of the Partnership, entered into a purchase and sale agreement with Emerald Midstream, LLC, an ArcLight affiliate, to purchase an additional 17.0% equity interest in Destin for total consideration of \$30.0 million . Prior to 2017, we acquired other interests from Emerald, as detailed in Note 10 - Investments in Unconsolidated Affiliates, collectively referred to as the “Emerald Transactions.”

During the three months ended March 31, 2018, there were no acquisitions.

Planned Dispositions

Business Held for Sale

During 2017, the Partnership began actively marketing for sale all of its assets in the Terminalling Services segment as part of its plan to divest certain non-core assets and utilize the proceeds to fund future acquisitions and growth projects. On February 16, 2018, the Partnership entered into a definitive agreement for the sale of our refined products terminals (the "Refined Products Business") to DKGP Energy Terminals LLC, a joint venture between Delek Logistics Partners, LP and Green Plains Partners LP, for approximately \$138.5 million in cash, subject to working capital adjustments. Accordingly, we have presented the assets and liabilities of the Refined Products Business as held for sale. The Refined Products Business is a portion of the Terminalling Services segment consisting of two terminal facilities located in Caddo Mills, Texas and North Little Rock, Arkansas. As such, this planned disposition does not meet the criteria for discontinued operations.

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In view of the planned sale, which remains subject to customary closing conditions, we have classified our assets and liabilities of the Refined Products Business in current assets and liabilities held for sale on our condensed consolidated balance sheet. On May 11, 2018, we received notification that the Federal Trade Commission had requested additional information and documentary materials with respect to the planned sale. We and the counterparties to this planned transaction are reviewing this request and will be working to coordinate an appropriate response.

Included in the disposal group are the following assets and liabilities (in thousands):

		March 31, 2018
Accounts receivable, net	\$	3,376
Inventory		1,571
Other current assets		893
Property, plant and equipment, net		32,129
Goodwill		61,163
Intangible assets		29,403
Other non-current assets		712
Total assets held for sale	\$	129,247
Accounts payable	\$	1,219
Accrued gas purchases		630
Accrued expenses and other current liabilities		881
Contract liabilities, long-term		607
Total liabilities held for sale	\$	3,337

Net income from continuing operations before income taxes for the Refined Products Business was \$2.4 million and \$1.8 million for the three months ended March 31, 2018 and 2017, respectively.

Discontinued Operations

On September 1, 2017, the Partnership completed the disposition of its propane business (the “Propane Business”) pursuant to the Membership Interest Purchase Agreement dated July 21, 2017, between AMID Merger LP, a wholly owned subsidiary of the Partnership, and SHV Energy N.V. Through the transaction, we divested Pinnacle Propane’s 40 service locations; Pinnacle Propane Express’ cylinder exchange business and related logistics assets; and the Alliant Gas utility system. Prior to the sale, we moved the trucking business from the Propane Marketing Services segment to the Liquid Pipelines and Services segment. With the disposition of the Propane Business, we eliminated the Propane Marketing Services segment.

In connection with the transaction, the Partnership received approximately \$170.0 million in cash, net of customary closing adjustments. We recorded a gain of \$47.4 million, net of \$2.5 million of transaction costs, which was included in *(Gains) losses on sale of assets and business* line item on the Partnership’s consolidated statement of operations in the period ended September 30, 2017. The Partnership has reported the accounts and the results of our Propane Business as discontinued operations in our condensed consolidated statements of operations for the three months ended March 31, 2017.

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(Unaudited)

Summarized financial information related to the Propane Business is set forth in the tables below (in thousands):

	Three months ended March 31, 2017
Total revenue	\$ 35,554
Total operating expenses	36,305
Operating loss	(751)
Other income	41
Income tax expense	—
Loss from discontinued operations before taxes	\$ (710)
Partnership's loss from discontinued operations, net of tax	\$ (710)
Depreciation and amortization	\$ 3,781
Capital expenditures	\$ 1,119
Operating non-cash items	
Unrealized gain loss on derivative contracts, net	\$ 901

(5) Inventory

Inventory consists of the following (in thousands):

	March 31, 2018	December 31, 2017
Crude oil	\$ 4,378	\$ 1,553
NGLs	282	347
Refined products	—	934
Materials, supplies and equipment	135	132
Total inventory	\$ 4,795	\$ 2,966

(6) Other Current Assets

Other current assets consist of the following (in thousands):

	March 31, 2018	December 31, 2017
Prepaid insurance	\$ 6,341	\$ 8,944
Insurance receivables	1,741	1,741
Due from related parties	5,427	4,362
Other receivables	6,393	5,187
Risk management assets	5,363	3,186
Total other current assets	\$ 25,265	\$ 23,420

(7) Risk Management Activities

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Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

We are exposed to certain market risks related to the volatility of commodity prices and changes in interest rates. To monitor and manage these market risks, we have established comprehensive risk management policies and procedures. We do not enter into derivative instruments for any purpose other than hedging commodity price risk, interest rate risk, and weather risk. We do not speculate using derivative instruments.

Commodity Derivatives

To manage the impact of the risks associated with changes in the market price of NGL, crude oil, refined products and natural gas purchases and sales in our day-to-day business, we use a combination of fixed price swap and forward contracts.

Our forward contracts that qualify for the Normal Purchase Normal Sale (“NPNS”) exception under GAAP are recognized when the underlying physical transaction is delivered. In accordance with ASC 815, *Derivatives and Hedging*, if it is determined that a transaction designated as NPNS no longer meets the scope of the exception, the fair value of the related contract is recorded on the balance sheet (as an asset or liability) and the difference between the fair value and the contract amount is immediately recognized through earnings. We measure our commodity derivatives at fair value using the income approach, which discounts the future net cash settlements expected under the derivative contracts to a present value. These valuations utilize indirectly observable (“Level 2”) inputs, including contractual terms and commodity prices observable at commonly quoted intervals.

The following table summarizes the net notional volumes of our outstanding commodity-related derivatives, excluding those contracts that qualified for the NPNS exception as of March 31, 2018 and December 31, 2017, none of which were designated as hedges for accounting purposes.

Commodity Swaps	March 31, 2018		December 31, 2017	
	Volume	Maturity	Volume	Maturity
NGLs Fixed Price (gallons)	1,407,000	January 2019	—	—
Crude Oil Fixed Price (barrels)	17,000	April 2018	—	—

Interest Rate Swaps

To manage the impact of the interest rate risk associated with our Credit Agreement, as defined in Note 13 - *Debt Obligations*, 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 March 31, 2018, and December 31, 2017, we had a combined notional principal amount of \$550.0 million respectively of variable-to-fixed interest rate swap agreements. As of March 31, 2018, the maximum length of time over which we have hedged a portion of our exposure due to interest rate risk is through December 31, 2022.

The fair value of our interest rate swaps was estimated using a valuation methodology based upon forward interest rates 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 quarter of 2017, we entered into a yearly weather derivative arrangement to mitigate the impact of potential unfavorable weather on our operations under which we could receive payments totaling up to \$30.0 million in the event that a hurricane of certain strength passes through the areas identified in the derivative agreement. The weather derivative, which is accounted for using the intrinsic value method, was entered into with a single counterparty, and we were not required to post collateral.

We paid no premiums during each of the three months ended March 31, 2018 and 2017. Premiums are amortized to *Direct operating expenses* on a straight-line basis over the one -year term of the contract. Unamortized amounts associated with the weather derivatives were approximately \$0.2 million and \$0.5 million as of March 31, 2018 and December 31, 2017, respectively, and are included in *Other current assets* on the condensed consolidated balance sheets.

American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

The following table summarizes the fair values of our derivative contracts (before netting adjustments) included in the condensed consolidated balance sheets (in thousands):

Type	Balance Sheet Classification	Asset Derivatives		Liability Derivatives	
		March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Commodity derivatives	Other current assets	\$ 5	\$ —	\$ —	\$ —
Commodity derivatives	Accrued expenses and other current liabilities	—	—	(64)	—
Interest rate swaps	Other current assets	\$ 5,132	\$ 2,678	\$ —	\$ —
Interest rate swaps	Other assets net	11,524	8,807	—	—
Weather derivatives	Other current assets	\$ 231	\$ 509	\$ —	\$ —
	Total	\$ 16,892	\$ 11,994	\$ (64)	\$ —

The following tables present the fair value of our recognized derivative assets and liabilities on a gross basis and amounts offset in the condensed consolidated balance sheets that are subject to enforceable master netting arrangements (in thousands):

Balance Sheet Classification	Gross Risk Management Position		Netting Adjustments		Net Risk Management Position	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Other current assets	\$ 5,368	\$ 3,187	\$ (5)	\$ —	\$ 5,363	\$ 3,187
Other (noncurrent) assets, net	11,524	8,807	—	—	11,524	8,807
Total assets	\$ 16,892	\$ 11,994	\$ (5)	\$ —	\$ 16,887	\$ 11,994
Accrued expenses and other current liabilities	\$ (64)	\$ —	\$ 5	\$ —	\$ (59)	\$ —
Total liabilities	\$ (64)	\$ —	\$ 5	\$ —	\$ (59)	\$ —

For each of the three months ended March 31, 2018 and 2017, the realized and unrealized gains (losses) associated with our commodity, interest rate and weather derivative instruments were recorded in our condensed consolidated statements of operations as follows (in thousands):

Statement of Operations Classification	Three months ended March 31,	
	Realized	Unrealized
2018		
Gains (losses) on commodity derivatives, net	\$ 119	\$ (59)
Interest expense	1,350	5,171
Direct operating expenses	(278)	—
Total	\$ 1,191	\$ 5,112
2017		
Gains (losses) on commodity derivatives, net	\$ 420	\$ (55)
Interest expense	(65)	(317)
Direct operating expenses	(257)	—
Total	\$ 98	\$ (372)

American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

(8) Property, Plant and Equipment

Property, plant and equipment, net, consists of the following (in thousands):

	Useful Life (in years)	March 31, 2018	December 31, 2017
Land	Infinite	\$ 16,366	\$ 18,145
Construction in progress	N/A	83,013	55,622
Buildings and improvements	4 to 40	15,476	16,235
Transportation equipment	5 to 15	22,597	22,697
Processing and treating plants	8 to 40	123,580	123,138
Pipelines, compressors and right-of-way	3 to 40	975,213	974,301
Storage	3 to 40	124,037	146,105
Equipment	3 to 31	61,935	80,220
Total property, plant and equipment		1,422,217	1,436,463
Accumulated depreciation		(341,320)	(340,878)
Property, plant and equipment, net		<u>\$ 1,080,897</u>	<u>\$ 1,095,585</u>

At March 31, 2018 and December 31, 2017, gross property, plant and equipment included \$369.5 million and \$367.6 million, respectively, related to our FERC regulated interstate and intrastate assets.

Depreciation and amortization expense totaled \$18.6 million and \$18.5 million for the three months ended March 31, 2018 and 2017, respectively. Capitalized interest was \$0.6 million and \$1.0 million the three months ended March 31, 2018 and 2017, respectively.

(9) Goodwill and Intangible Assets

Goodwill consists of the following (in thousands):

	March 31, 2018	December 31, 2017
Liquid Pipelines and Services	\$ 35,710	\$ 35,708
Terminalling Services	27,303	88,466
Offshore Pipeline and Services	4,972	4,692
Total	<u>\$ 67,985</u>	<u>\$ 128,866</u>

The change in goodwill in our Terminalling Services segment relates to goodwill on our Refined Products Business that was classified as held for sale at March 31, 2018, see Note 4 - *Acquisitions and Dispositions*.

Intangible assets, net, consists of customer relationships, dedicated acreage agreements, collaborative arrangements, noncompete agreements and trade names. These intangible assets have definite lives and are subject to amortization on a straight-line basis over their economic lives, currently ranging from approximately 5 years to 30 years.

Intangible assets, net, consist of the following (in thousands):

American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

	March 31, 2018		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer relationships	\$ 64,744	\$ (14,806)	\$ 49,938
Customer contracts	94,692	(49,420)	45,272
Dedicated acreage	42,547	(6,560)	35,987
Collaborative arrangements	11,884	(1,627)	10,257
Noncompete agreements	1,064	(1,064)	—
Other	198	(25)	173
Total	\$ 215,129	\$ (73,502)	\$ 141,627

	December 31, 2017		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer relationships	\$ 110,483	\$ (29,965)	\$ 80,518
Customer contracts	94,692	(48,173)	46,519
Dedicated acreage	42,547	(6,216)	36,331
Collaborative arrangements	11,884	(1,415)	10,469
Noncompete agreements	1,064	(1,064)	—
Other	198	(25)	173
Total	\$ 260,868	\$ (86,858)	\$ 174,010

Amortization expense related to our intangible assets totaled \$2.7 million and \$6.6 million for the three months ended March 31, 2018 and 2017, respectively. The estimated aggregate annual amortization expected to be recognized for the remainder of 2018 and each of the four succeeding fiscal years is \$7.6 million, \$10.2 million, \$10.2 million, \$10.2 million and \$9.3 million, respectively.

American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

(10) Investments in unconsolidated affiliates

The following table presents the activity in our equity method investments in unconsolidated affiliates (in thousands):

	Delta House ⁽¹⁾		Emerald Transactions				Cayenne JV ⁽²⁾	Total
	FPS ⁽³⁾	OGL ⁽³⁾	Destin ⁽³⁾	Tri-States ⁽²⁾	Okeanos ⁽³⁾	Wilprise ⁽²⁾		
Ownership % - 12/31/2017	35.7%	35.7%	66.7%	16.7%	66.7%	25.3%	50.0%	
Ownership % - 3/31/2018	35.7%	35.7%	66.7%	16.7%	66.7%	25.3%	50.0%	
Balances at December 31, 2017	\$ 90,412	\$ 46,932	\$ 124,245	\$ 53,057	\$ 22,445	\$ 4,689	\$ 6,654	\$ 348,434
Earnings in unconsolidated affiliates	3,227	2,715	2,377	854	2,132	258	1,110	12,673
Contributions	—	—	—	—	—	—	2,018	2,018
Distributions	(2,247)	(4,278)	(10,734)	(2,034)	(4,378)	(183)	—	(23,854)
Balances at March 31, 2018	\$ 91,392	\$ 45,369	\$ 115,888	\$ 51,877	\$ 20,199	\$ 4,764	\$ 9,782	\$ 339,271

⁽¹⁾ Represents direct and indirect ownership interests in Class A units and common units. FPS denotes Floating Production System LLC whereas OGL denotes Oil & Gas Lateral LLC.

⁽²⁾ Included in our Liquid Pipelines and Services segment.

⁽³⁾ Included in our Offshore Pipelines and Services segment.

The following tables present the summarized combined financial information for our equity investments (amounts represent 100% of investee financial information) (in thousands):

Balance Sheets:	March 31, 2018		December 31, 2017	
Current assets	\$	64,381	\$	80,405
Non-current assets		1,279,417		1,288,862
Current liabilities		114,724		130,904
Non-current liabilities	\$	438,496	\$	436,584

Statements of Operations:	Three months ended March 31,			
	2018		2017	
Revenue	\$	56,898	\$	93,870
Operating expenses		6,292		8,436
Net income	\$	32,845	\$	69,285

American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

(11) Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consists of the following (in thousands):

	March 31, 2018	December 31, 2017
Capital expenditures	\$ 20,880	\$ 10,721
Accrued interest	15,590	3,190
Convertible preferred unit distributions	8,354	—
Employee compensation	149	90
Current portion of asset retirement obligation	6,416	6,416
Additional Blackwater acquisition consideration	5,000	5,000
Transaction costs	3,732	3,408
Customer deposits	1,136	1,109
Taxes payable	4,018	5,263
Due to related parties	3,212	6,609
Deferred financing costs	—	266
Contingent liabilities associated with VKGS and Panther	2,098	2,099
Royalties, gas imbalance and leases payables	7,119	7,905
Professional fees	2,024	1,848
Accrued corporate expenses	1,697	2,487
Accrued operating expenses	4,881	6,609
Other	1,817	5,834
Total accrued expenses and other current liabilities	<u>\$ 88,123</u>	<u>\$ 68,854</u>

(12) Asset Retirement Obligations

We record a liability for the fair value of asset retirement obligations and conditional asset retirement obligations (collectively referred to as “AROs”) that we can reasonably estimate, on a discounted basis, in the period in which the liability is incurred. Generally, the fair value of the liability is calculated using discounted cash flow techniques and based on internal estimates and assumptions related to (i) future retirement costs, (ii) future inflation rates, and (iii) credit-adjusted risk-free interest rates. Significant increases or decreases in the assumptions would result in a significant change to the fair value measurement.

Certain assets related to our Offshore Pipelines and Services segment have regulatory obligations to perform remediation, and in some instances dismantlement and removal activities when the assets are abandoned. These AROs include varying levels of activity including disconnecting inactive assets from active assets, cleaning and purging assets, and in some cases, completely removing the assets and returning the land to its original state. These assets have been in existence for many years and with regular maintenance will continue to be in service for many years to come. It is not possible to predict when demand for these transmission services will cease, however, we do not believe that such demand will cease for the foreseeable future. The majority of the current portion of our AROs, which is included in *Accrued Expenses and Other Current Liabilities* in our condensed consolidated balance sheet, is related to the retirement of the Midla pipeline discussed in Note 13 - *Debt Obligations*.

American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

The following table presents activity in our asset retirement obligations for the three months ended March 31, 2018 (in thousands):

Non-current balance	\$	66,194
Current balance		6,416
Balances at December 31, 2017	\$	72,610
Additions		260
Expenditures		—
Accretion expense		440
Balances at March 31, 2018	\$	73,310
Less: current portion		6,416
Noncurrent asset retirement obligation	\$	66,894

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-long term* in our condensed consolidated balance sheets as of March 31, 2018 and December 31, 2017.

(13) Debt Obligations

Our outstanding debt consists of the following (in thousands):

	March 31, 2018	December 31, 2017
Revolving credit facility	\$ 712,600	\$ 697,900
8.50% Senior unsecured notes, due 2021	425,000	425,000
3.77% Senior secured notes, due 2031 (non-recourse)	57,817	58,324
3.97% Senior secured notes, due 2032 (non-recourse)	31,586	32,025
Other debt ⁽¹⁾	2,431	4,989
Total debt obligations	1,229,434	1,218,238
Unamortized debt issuance costs ⁽²⁾	(9,530)	(9,231)
Total debt	1,219,904	1,209,007
Less: Current portion, including unamortized debt issuance costs	(5,058)	(7,551)
Long term debt	\$ 1,214,846	\$ 1,201,456

⁽¹⁾ Other debt includes miscellaneous long-term obligations, which are reported in *Other liabilities* line items on our condensed consolidated balance sheets.

⁽²⁾ Unamortized debt issuance costs related to the revolving credit facility are included in our condensed consolidated balance sheets in *Other assets, net*.

AMID Revolving Credit Agreement

On March 8, 2017, the Partnership, along with other subsidiaries of the Partnership (collectively, the “Borrowers”) entered into the 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 “Credit Agreement” or “revolving credit facility”), which increased the Borrowers’ borrowing capacity thereunder from \$750.0 million to \$900.0 million and provided for an accordion feature that will permit, subject to 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 Credit Agreement includes a \$30 million sublimit for borrowings by Blackwater Investments, Inc. and a \$100 million sublimit for letters of credit. The Credit Agreement matures on September 5, 2019. All obligations under the Credit Agreement and the guarantees of those obligations are secured, subject to certain exceptions, by a first-priority lien on and security interest in (i) substantially all of the Borrowers’ assets and the assets of certain of the subsidiaries of the Partnership and (ii) the capital stock of certain of the Partnership’s subsidiaries.

American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
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We can elect to have loans under our Credit Agreement bear interest either at (a) a Eurodollar-based rate, plus a margin ranging from 2.00% to 3.25% depending on our total leverage ratio then in effect, or (b) 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," and (iii) a Eurodollar-based rate plus 1.00% , in each case of clause (i)-(iii), 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 from 0.375% to 0.50% per annum, depending on our total leverage ratio then in effect, on the undrawn portion of the revolving loan under the Credit Agreement.

Borrowings under the Second Amended and Restated Credit Agreement are guaranteed on a senior unsecured basis by certain of our subsidiaries (the "Guarantors"). The guarantees by the Guarantors 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.

The Credit Agreement contains certain financial covenants that are applicable as of the end of any fiscal quarter, including a consolidated total leverage ratio which requires our indebtedness not to exceed 5.00 times adjusted consolidated EBITDA (provided that the minimum consolidated total leverage may be increased to 5.50 times adjusted consolidated EBITDA in connection with the closing of certain material acquisitions as of the end of the quarter during which such acquisition closes, and as of the end of the subsequent two quarters), a consolidated secured leverage ratio which requires our secured indebtedness not to exceed 3.50 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. In the first three quarters of 2017, we were in compliance with the total leverage ratio covenant of 5.50 times, 5.50 times and 5.00 times, for quarter periods ended March 31, 2017, June 30, 2017 and September 30, 2017, respectively, as described above. During the fourth quarter of 2017, we elected to be in a Specified Acquisition Period, as defined in *Section 7.19 Financial Covenants* of the Credit Agreement, which enables us to use a ratio of 5.50 times for the fourth quarter of 2017 as well as the first and second quarters of 2018.

As of March 31, 2018, our consolidated total leverage ratio was 5.19 , our consolidated secured leverage ratio was 3.30 , and our interest coverage ratio was 3.43 , all of which were in compliance with the related covenants of our Credit Agreement. At March 31, 2018, letters of credit outstanding under the Credit Agreement were \$31.0 million . As of March 31, 2018, we had approximately \$712.6 million of borrowings outstanding.

The carrying value of amounts outstanding under the Credit Agreement approximates the related fair value, as interest charges vary with market rates conditions.

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 terms of the Credit Agreement also include covenants that restrict our ability to make cash distributions and acquisitions in some circumstances. If required, ArcLight , which controls the General Partner of the Partnership, has confirmed its intent to provide financial support for the Partnership to maintain compliance with the covenants contained in the Credit Agreement through April 10, 2019.

8.50% Senior Unsecured 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 \$300 million aggregate principal amount of their 8.50% Senior Notes due 2021 (the "8.50% Senior Notes"). The 8.50% Senior Notes are jointly and severally guaranteed by 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 . 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 8.50% Senior 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 conditions related thereto, the restricted cash was released from escrow and was used to repay the JPE's revolving credit facility and to reduce borrowings under the Partnership's Credit Agreement.

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(Unaudited)

On December 19, 2017, the Issuers completed the issuance and sale of an additional \$125 million in aggregate principal amount of 8.50% Senior Notes (the “Additional Issuance”), net of issuance cost of approximately \$3.0 million. The Additional Issuance was 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. None of the 8.50% Senior Notes, including the Additional Issuance, have been registered under the Securities Act.

The 8.50% Senior Notes will mature on December 15, 2021 and interest on the Additional Issuance will accrue from December 15, 2017. Interest on the 8.50% Senior Notes is payable in cash semiannually in arrears on each June 15 and December 15, with interest payable on the Additional Issuance commencing June 15, 2018. Interest will be payable to holders of record on the June 1 and December 1 immediately preceding the related interest payment date and will be computed on the basis of a 360-day year consisting of twelve 30-day months. Pursuant to the registration rights agreements entered into in connection with the issuances of the 8.50% Senior Notes, additional interest on the 8.50% Senior Notes accrues at 0.25% per annum for the first 90-day period following December 23, 2017 and by an additional 0.25% per annum with respect to each subsequent 90-day period, up to a maximum additional rate of 1.00% per annum over 8.50%, until we complete an exchange offer for the 8.50% Senior Notes.

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.

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 March 31, 2018 is \$ 418.1 million, which approximates the fair value as of that date of \$430.4 million. This estimate was based on similar private placement transactions along with changes in market interest rates which represent a Level 2 measurement.

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3.77% Senior Secured Notes

On September 30, 2016, Midla Financing, LLC ("Midla Financing"), American Midstream (Midla), LLC ("Midla"), and MLGT and together with Midla, (the "Note Guarantors"), entered into the 3.77% Senior Note Purchase and Guaranty Agreement (the "Note Purchase Agreement") with certain institutional investors (the "Purchasers") whereby Midla Financing issued \$60.0 million in an aggregate principal amount of 3.77% Senior Notes (non-recourse) 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, net of debt 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 the general corporate purposes of Midla Financing. As of March 31, 2018, *Restricted cash* includes \$15.2 million from the issuance of the 3.77% Senior Notes.

The Note Purchase Agreement includes 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.

In connection with the Note Purchase Agreement, the Note Guarantors guaranteed the payment in full of all Midla Financing's obligations under the Note Purchase Agreement. Also, Midla Financing and the Note Guarantors granted a security interest in substantially all of their tangible and intangible personal property, 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. The 3.77% Senior Notes are non-recourse to the Partnership.

As of March 31, 2018, the fair value of the 3.77% Senior Notes was \$51.8 million. This estimate was based on similar private placement transactions along with changes in market interest rates which represent a Level 2 measurement.

3.97% Trans-Union Secured Senior Notes

On May 10, 2016, Trans-Union Interstate Pipeline, LP ("Trans-Union") entered into an agreement with certain institutional investors in the insurance business represented by Babson Capital Management LLC whereby Trans-Union issued \$35.0 million in an aggregate principal amount of 3.97% Senior Secured Notes ("Trans-Union Senior Notes") due December 31, 2032. Principal and interest on the Trans-Union Senior Notes is payable in installments on the last business day of each quarter beginning June 30, 2016 with the remaining balance payable in full on December 31, 2032. The average quarterly principal payment is approximately \$0.5 million. The Trans-Union Senior Notes were originally issued at par and provided net proceeds of approximately \$34.6 million after deducting related issuance cost of approximately \$0.4 million. The Partnership assumed the Trans-Union Senior Notes following the Trans-Union acquisition on November 3, 2017. As of March 31, 2018, the fair value of the 3.97% Senior Notes was approximately \$28.7 million. This estimate was based on similar private placement transactions along with changes in market interest rates which represent a Level 2 measurement.

(14) Convertible Preferred Units

Our convertible preferred units consist of the following (in thousands):

	Series A		Series C		Total
	Units	\$	Units	\$	\$
December 31, 2017	10,719	\$ 191,798	8,965	\$ 125,382	\$ 317,180
Paid in kind unit distributions	291	—	277	—	—
March 31, 2018	11,010	\$ 191,798	9,242	\$ 125,382	\$ 317,180

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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. 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 LLC 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, our 574 mile transmission system located in southeast Louisiana and the Gulf of Mexico, and \$15.0 million in cash to us in exchange for 5,142,857 of our Series A-1 Units.

The holders of Series A-1 Units receive distributions prior to any distributions to our common unitholders. The distributions on the Series A-1 Units are equal to the greater of \$0.4125 per unit or the declared distribution to common unitholders. The Series A-1 Units may be converted into common units, subject to customary anti-dilutive adjustments, at the option of the unitholders at any time. As of March 31, 2018, the conversion price was \$15.16 and the conversion ratio is 1 to 1.1483.

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, an affiliate of HPIP pursuant to which we 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 affiliates' 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 March 31, 2018, the conversion price was \$15.16 and the conversion ratio is 1 to 1.1483.

Series C Convertible Preferred Units

On April 25, 2016, we issued 8,571,429 Series C Units to an ArcLight affiliate in connection with the purchase of membership interests in certain midstream entities.

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 the Securities Act of 1933, as amended (the "Securities Act") pursuant to Rule 4(a)(2) under the Securities Act.

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Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

In the event that we issue, sell or grant 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 March 31, 2018, the conversion price was \$13.33 and the conversion ratio is 1 to 1.0448.

In connection with the issuance of the Series C Units, we 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.

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.

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, A-2 and C Units have been classified as mezzanine equity in the condensed consolidated balance sheets.

(15) Partners' Capital

Our capital accounts are comprised of approximately 1.3% notional General Partner interests and 98.7% limited partner interests as of March 31, 2018. 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 is not limited and therefore, such participation can result in a deficit to its capital account. As such, allocation of losses and distributions, including distributions for previous transactions between entities under common control, has resulted in a deficit to the General Partner's capital account included in our condensed consolidated balance sheets.

Outstanding Units

The following table presents unit activity (in thousands):

	General Partner Interest	Limited Partner Interest
Balances at December 31, 2017	965	52,711
LTIP vesting	—	142
Balances at March 31, 2018	965	52,853

General Partner Units

In order for our General Partner to maintain its ownership percentage in us, our general partner paid \$0.1 million for the issuance of 8,665 additional notional General Partner units for the three months ended March 31, 2017. We received no such proceeds from our General Partner and issued no additional General Partner units for the three months ended March 31, 2018.

Distributions

Preferred Units

Distributions are accrued in the current quarter under the terms of the Partnership's Fifth Amended and Restated Agreement of Limited Partnership, as amended. Such distributions are generally declared and paid in the following quarter in the form of cash or paid-in-kind ("PIK") units, or any combination thereof.

American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

Distributions for the first quarter 2018 were accrued and were paid fully in cash in the second quarter 2018. Distributions in the first quarter 2017 reflect both cash and PIK payments made for distributions that were accrued in the fourth quarter 2016, and the accrual of cash and PIK units that were paid in the second quarter 2017.

Limited Partner Units (Common Units)

The distribution related to the Limited Partner units, which was declared and paid in the first quarter 2018, was 100% cash.

We made the following distributions (in thousands):

	Three months ended March 31,	
	2018	2017
Series A Units		
Cash Paid	\$ —	\$ 2,527
Accrued ⁽¹⁾	4,542	4,296
Paid-in-kind units	—	2,733
Series C Units		
Cash Paid	—	3,627
Accrued ⁽¹⁾	3,812	3,627
Paid-in-kind units	—	—
Series D Units		
Cash Paid	—	962
Accrued	—	962
Limited Partner Units		
Cash Paid	21,745	24,915
General Partner Units		
Cash Paid	290	167
Summary		
Cash Paid	22,035	32,198
Accrued ⁽¹⁾	8,354	8,885
Paid-in-kind units	—	2,733

⁽¹⁾ Can include either Cash, PIK or a combination of both.

Fair value determination of PIK of Preferred Units

The fair value of the PIK 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 measurement as defined by ASC 820. Under the income approach, the fair value estimates for all periods presented were based on (i) present value of estimated future contracted distributions, (ii) option values ranging from \$0.31 per unit to \$2.83 per unit using a Black-Scholes model, (iii) assumed discount rates ranging from 5.57% to 6.23% and (iv) assumed growth rates of 1.0% .

American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

(16) Net loss per Limited Partner Unit

As discussed in Note 4 - *Acquisitions and Dispositions*, the JPE Merger on March 8, 2017 was a combination between entities under common control. As a result, prior periods were retrospectively adjusted to furnish comparative information. Accordingly, the prior period earnings combining both entities were allocated among our General Partners and common unitholders assuming JPE units were converted into our common units in the comparative historical periods.

The calculation of basic and diluted limited partners' net loss per common unit is summarized below (in thousands, except per unit amounts):

	Three months ended March 31,	
	2018	2017
Loss from continuing operations	\$ (13,838)	\$ (28,171)
Less: Net income attributable to noncontrolling interests	45	1,303
Loss attributable to the Partnership	(13,883)	(29,474)
Less:		
Distributions on Series A Units	4,542	4,296
Distributions on Series C Units	3,812	3,627
Distributions on Series D Units	—	962
General Partner's distribution	290	200
General Partner's share in undistributed loss	(583)	(560)
Loss attributable to Limited Partners	(21,944)	(37,999)
Loss from discontinued operations, net of tax	—	(710)
Net loss attributable to Limited Partners	\$ (21,944)	\$ (38,709)
Weighted average number of common units outstanding - Basic and Diluted	52,769	51,451
Limited Partners' net loss per common unit - Basic and Diluted		
Loss from continuing operations	\$ (0.42)	\$ (0.74)
Loss from discontinued operations	—	(0.01)
Net loss ⁽¹⁾	\$ (0.42)	\$ (0.75)

⁽¹⁾ Potential common unit equivalents are antidilutive for all periods presented and, as a result, have been excluded from the determination of diluted limited partners' net loss per common unit.

(17) Incentive Compensation

Unit-based Compensation

All equity-based awards issued under the long-term incentive plan ("LTIP") consist of phantom units, distribution equivalent rights ("DERs") or option grants. DERs and options have been granted on a limited basis to executives. Future awards may be granted at the discretion of the Compensation Committee of our General Partner's Board of Directors (the "Board") and subject to approval by the Board.

At March 31, 2018, there were 4,308,985 common units available for future grants under the LTIP.

Phantom Unit Awards. 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.

During the three months ended March 31, 2018 there were 38,000, 154,693 and 193,698 of phantom units granted, forfeited and vested, respectively, which weighted-average grant date fair value per unit was \$11.88, \$7.12 and \$4.49, respectively.

The fair value of our phantom units ("RSUs") is based on the fair value of our common units at the grant date, discounted to reflect the fact that the RSUs are not eligible for the quarterly distribution prior to complete vesting (usually 25% per year over 4 years). Compensation expenses related to RSUs were \$ 0.7 million and \$4.0 million for the three months ended March 31, 2018 and 2017, respectively, and are included in *Corporate expenses and Direct operating expenses* in our condensed consolidated statements of operations and *Equity compensation expense* in our condensed consolidated statements of changes in partners' capital and noncontrolling interests.

Option to Purchase Common Units

There were no grants of options in the quarter ended March 31, 2018. The compensation expense related to option awards for each of the three months ended March 31, 2018 and 2017 was immaterial. As of March 31, 2018, there were 245,000 unvested options the unrecognized compensation expense of which was \$0.1 million.

Performance Based Awards (PSUs)

There were no new grants of PSUs during the first quarter of 2018. The compensation expense related to PSU awards for the three months ended March 31, 2018 and 2017 was \$0.3 million and zero , respectively. As of March 31, 2018, there were 524,000 unvested PSUs the unrecognized compensation expense of which was \$5.9 million .

Defined Contribution Plan

For the three months ended March 31, 2018 and 2017, the compensation expense associated with our defined contribution plan 401(k)'s employer matching was \$0.8 million and \$0.5 million , respectively. There was no change to the defined contribution plan.

(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 certainty, our management believes that the resolution of any of our pending proceedings 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.

Other Commitments

The expenses associated with our operating leases and service contracts for the three months ended March 31, 2018 and 2017 was \$2.6 million and \$1.9 million , respectively.

(19) Related Party Transactions

To the extent applicable, our discussion below includes the nature of our relationship and activities that we had with our Related Parties, as defined and required by ASC 850 - *Related Party Disclosures*, as of and for the three months ended March 31, 2018 and 2017 and the outstanding balances as of March 31, 2018 and December 31, 2017. Balances associated with our investments in unconsolidated affiliates are disclosed in Note 10 - *Investments in unconsolidated affiliates*.

Blackwater Midstream Holdings, LLC

In December 2013, we acquired Blackwater Midstream Holdings, LLC ("Blackwater") from an affiliate of ArcLight. The acquisition agreement included a provision whereby an ArcLight affiliate would be entitled to an additional \$5.0 million of merger

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Notes to Condensed Consolidated Financial Statements (Continued)
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consideration based on Blackwater meeting certain operating targets. We determined that it was probable the operating targets would be met in 2018 and have kept a \$5.0 million accrued distribution to the ArcLight affiliate which is included in *Accrued expense and other current liabilities* in the accompanying consolidated balance sheets.

Republic Midstream, LLC

Republic Midstream, LLC (“Republic”), is an entity owned by ArcLight to which we historically charged a monthly fee of approximately \$0.1 million. The services agreement with Republic terminated according to its terms in September 2017 and services are no longer provided to Republic. As of March 31, 2018 and December 31, 2017, we had an accounts receivable balance due from Republic of \$0.1 million and \$0.8 million, respectively, which is included in *Other current assets* in the accompanying balance sheets.

General Partner

Our General Partner paid \$9.9 million related to corporate overhead support which was presented as part of the contribution line item in *Cash flows from financing activities* in our consolidated statements of cash flows. As of March 31, 2018 and December 31, 2017, we had \$3.7 million and \$6.5 million, respectively, of accounts payable due to our General Partner, which has been recorded in *Accrued expenses and other current liabilities* and relates primarily to compensation. This payable/receivable is generally settled on a quarterly basis related to the foregoing transactions.

On March 11, 2018, the Partnership and Magnolia, an affiliate of ArcLight, entered into a Capital Contribution Agreement (the “Capital Contribution Agreement”) to provide additional capital and overhead support to us during the first three quarters of 2018 in connection with temporary curtailment of production flows at the Delta House platform (“Delta House”). Pursuant to the Capital Contribution Agreement, Magnolia has agreed to provide quarterly capital contributions, in an amount to be agreed, up to the difference between the actual cash distribution received by us on account of our interest in Delta House and the quarterly cash distribution expected to be received had the production flows to Delta House not been curtailed. Subsequent to March 31, 2018, in accordance with this agreement Magnolia agreed to an additional capital contribution of \$9.4 million, which was paid in the second quarter of 2018.

Destin and Okeanos

On November 1, 2016, we became operator of the Destin and Okeanos pipelines and entered into operating and administrative management agreements under which our affiliates pay a monthly fee for general and administrative services provided by us. In addition, the affiliates reimburse us for certain transition related expenses. For the three months ended March 31, 2018 and 2017, we recognized \$0.6 million of management fee income for each respective period. As of March 31, 2018 and December 31, 2017, we had an outstanding accounts receivable balance of \$2.5 million and \$0.9 million, respectively, which is included in *Other current assets* in the accompanying balance sheets.

Consolidated Asset Management Services, LLC (“CAMS”)

Dan Revers, a director of our General Partner, indirectly owns in excess of 22% of CAMS, which, through various subsidiaries or affiliates, provides pipeline integrity services to the Partnership and subleases an office space from the Partnership. During the three months ended March 31, 2018 and 2017, the Partnership was invoiced by CAMS \$0.1 million for each respective period, and had no outstanding accounts receivable balance as of March 31, 2018 or December 31, 2017.

Other Related Party Transactions

Michael D. Rupe, the brother of Ryan Rupe (the Partnership’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”). The Partnership regularly engages in purchases and sales of crude oil and natural gas with CIMA. During the three months ended March 31, 2018, the Partnership invoiced CIMA \$2.1 million and received invoicing from CIMA of \$0.7 million in connection with such transactions. For the three months ended March 31, 2017, the Partnership invoiced CIMA \$1.4 million and received invoices from CIMA of \$0.7 million for services. As of March 31, 2018 and December 31, 2017, the Partnership had no outstanding amounts due from or to CIMA.

During September and October 2017, under a transition services agreement, the Partnership made payments on behalf of AMID Merger GP II, LLC related to the Propane Business sale. As of March 31, 2018 and December 31, 2017, we had an

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Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

outstanding accounts receivable balance related to these payments of \$2.5 million , respectively, which is included in *Other current assets* in the accompanying balance sheets.

(20) Supplemental Cash Flow Information

Supplemental cash flows and non-cash transactions consist of the following (in thousands):

	Three months ended March 31,	
	2018	2017
Supplemental cash flow information		
Interest payments, net of capitalized interest	\$ 6,927	\$ 12,610
Supplemental non-cash information		
<i>Investing</i>		
Increase in accrued property, plant and equipment purchases	\$ 10,159	\$ 2,233
<i>Financing</i>		
Contributions from an affiliate holding limited partner interests	\$ —	\$ 4,000
Accrued distributions on convertible preferred units	\$ 8,354	\$ 8,885
Paid-in-kind distributions on convertible preferred units	\$ —	\$ 2,733

(21) Reportable Segments

Our operations are located in the United States and are organized into five reportable segments. These segments have been identified based on the differing products and services, regulatory environments and expertise required for these operations. See Note 3 - *Revenue Recognition* for a summary of the types of products and services from which each segment derives its revenues.

Segment Gross Margin

Our Chief Executive Officer serves as our Chief Operating Decision Maker and evaluates the performance of our reportable segments primarily on the basis of segment gross margin, which is our segment measure of profitability.

For segments other than Terminalling Services, we define segment gross margin as (i) total revenue plus unconsolidated affiliate earnings less (ii) unrealized gains (losses) on commodity derivatives, construction and operating management agreement income, and the cost of sales. Gross margin for Terminalling Services also deducts direct operating expense which includes direct labor, general materials and supplies and direct overhead.

A reconciliation from Total segment gross margin to Net loss attributable to the Partnership for the periods presented is below (in thousands):

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Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

	Three months ended March 31,	
	2018	2017
Reconciliation of Total Segment Gross Margin to Net loss attributable to the Partnership:		
Gas Gathering and Processing Services segment gross margin	\$ 12,653	\$ 11,251
Liquid Pipelines and Services segment gross margin	7,271	6,634
Natural Gas Transportation Services segment gross margin	10,688	6,119
Offshore Pipelines and Services segment gross margin	25,316	25,802
Terminalling Services segment gross margin ⁽¹⁾	8,053	11,160
Less:		
Direct operating expenses ⁽²⁾	19,124	14,332
Plus:		
Unrealized gain on commodity derivatives, net	60	365
Less:		
Corporate expenses	22,692	30,113
Depreciation, amortization and accretion expense	21,997	25,570
Gain on sale of assets, net	(95)	(21)
Interest expense	13,876	17,956
Other (income) expense	(22)	37
Other, net	27	392
Income tax expense	280	1,123
Loss from discontinued operations, net of tax	—	710
Net income attributable to noncontrolling interests	45	1,303
Net loss attributable to the Partnership	\$ (13,883)	\$ (30,184)

⁽¹⁾ Direct operating expenses related to our Terminalling Services segment of \$4.3 million and \$3.1 million for the three months ended March 31, 2018 and 2017, respectively, are included within the calculation of Terminalling Services segment gross margin.

⁽²⁾ Direct operating expenses include Gas Gathering and Processing Services segment direct operating expenses of \$6.7 million and \$8.1 million, Liquid Pipelines and Services segment direct operating expenses of \$3.0 million and \$2.5 million, Natural Gas Transportation Services segment direct operating expenses of \$1.7 million and \$1.2 million and Offshore Pipelines and Services segment direct operating expenses of \$7.8 million and \$2.6 million for the three months ended March 31, 2018 and 2017, respectively.

American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

The following tables set forth our segment information for the three months ended March 31, 2018 and 2017 (in thousands):

	Three months ended March 31, 2018					
	Gas Gathering and Processing Services	Liquid Pipelines and Services	Natural Gas Transportation Services	Offshore Pipelines and Services	Terminalling Services	Total
Revenue	\$ 35,676	\$ 119,773	\$ 16,063	\$ 16,859	\$ 17,398	\$ 205,769
Gain (loss) on commodity derivatives, net	2	58	—	—	—	60
Total revenue	35,678	119,831	16,063	16,859	17,398	205,829
Earnings in unconsolidated affiliates	—	2,222	—	10,451	—	12,673
Operating expenses:						
Cost of Sales	23,056	114,805	5,288	1,994	5,023	150,166
Direct operating expenses	6,680	2,976	1,673	7,795	4,322	23,446
Corporate expenses						22,692
Depreciation, amortization and accretion expense						21,997
Gain on sale of assets, net						(95)
Total operating expenses						218,206
Interest expense						13,876
Other income						(22)
Loss from continuing operations before income taxes						(13,558)
Income tax expense						(280)
Loss from continuing operations						(13,838)
Income from discontinued operations, including gain on disposition						—
Net loss						(13,838)
Less: Net income attributable to non-controlling interests						45
Net loss attributable to the Partnership						\$ (13,883)
Segment gross margin	\$ 12,653	\$ 7,271	\$ 10,688	\$ 25,316	\$ 8,053	

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Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

Three months ended March 31, 2017

	Gas Gathering and Processing Services	Liquid Pipelines and Services	Natural Gas Transportation Services	Offshore Pipelines and Services	Terminalling Services	Total
Revenue	\$ 34,407	\$ 83,411	\$ 12,438	\$ 14,831	\$ 18,626	\$ 163,713
Gain (loss) on commodity derivatives, net	(7)	372	—	—	—	365
Total revenue	34,400	83,783	12,438	14,831	18,626	164,078
Earnings in unconsolidated affiliates	—	1,088	—	14,314	—	15,402
Operating expenses:						
Cost of Sales	23,187	78,285	6,260	3,343	4,393	115,468
Direct operating expenses	8,065	2,453	1,235	2,579	3,073	17,405
Corporate expenses						30,113
Depreciation, amortization and accretion expense						25,570
Gain on sale of assets, net						(21)
Total operating expenses						188,535
Interest expense						17,956
Other expense						37
Loss from continuing operations before income taxes						(27,048)
Income tax expense						(1,123)
Loss from continuing operations						(28,171)
Loss from discontinued operations						(710)
Net loss						(28,881)
Less: Net income attributable to non-controlling interests						1,303
Net loss attributable to the Partnership						\$ (30,184)
Segment gross margin	\$ 11,251	\$ 6,634	\$ 6,119	\$ 25,802	\$ 11,160	

A reconciliation of total assets and investment in equity method investees as of March 31, 2018 and December 31, 2017 by segment to the amounts included in the condensed consolidated balance sheets follows:

American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

	March 31,	December 31,
	2018	2017
Segment assets:		
Gas Gathering and Processing Services	\$ 400,757	\$ 404,872
Liquid Pipelines and Services	379,592	359,646
Offshore Pipelines and Services	537,548	553,213
Natural Gas Transportation Services	267,782	268,991
Terminalling Services	291,662	293,085
Other ⁽¹⁾	55,921	43,659
Total Assets	\$ 1,933,262	\$ 1,923,466
Investment in equity method investees:		
Liquid Pipelines and Services	\$ 66,421	\$ 64,399
Offshore Pipelines and Services	272,850	284,035
Total Investment in equity method investees	\$ 339,271	\$ 348,434

⁽¹⁾ Other assets consist primarily of corporate assets not allocable to segments, such as leasehold improvements and other current assets.

The following table sets forth capital expenditures for the periods ended March 31, 2018 and 2017 by segment:

	Three months ended March 31,	
	2018	2017 ⁽¹⁾
Capital expenditures ⁽¹⁾		
Gas Gathering and Processing Services	\$ 6,654	\$ 4,383
Liquid Pipelines and Services	6,414	370
Offshore Pipelines and Services	6,350	220
Natural Gas Transportation Services	1,338	10,228
Terminalling Services	3,705	1,811
Corporate and other	1,485	2,089
Total Capital expenditures	\$ 25,946	\$ 19,101

⁽¹⁾ Capital expenditures for the period ended March 31, 2017 excludes expenditures made for the Propane Business of approximately \$1.1 million .

American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

(22) Subsequent Events

Distribution

On April 26, 2018 , we announced that the Board of Directors of our General Partner declared a quarterly cash distribution of \$0.4125 per common unit and preferred unit, Series A and Series C, for the quarter ended March 31, 2018 , or \$1.65 per common unit on an annualized basis. The distribution was paid on May 15, 2018 , to unitholders of record as of the close of business on May 7, 2018 .

American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

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

The following management's discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report and the audited consolidated financial statements and notes thereto and management's discussion and analysis of financial condition and results of operations as of and for the year ended December 31, 2017 included in our Annual Report on Form 10-K as filed with the Securities and Exchange Commission ("SEC") on April 9, 2018. 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 "Forward-Looking Statements."

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 Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). 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* of our Annual Report on Form 10-K (the "Annual Report") as well as the following risks and uncertainties:

- our ability to obtain financing required to complete the SXE Merger (as defined herein) or to obtain financing on terms other than those currently anticipated;
- our ability to complete the SXE Transactions (as defined herein) in a timely manner or at all, and to successfully integrate the operations of SXE;
- dispositions of assets owned by us or SXE prior to or following the completion of the SXE Merger, which assets may have been material to us or SXE;
- the outcome of any legal proceedings related to the SXE Merger;
- greater than expected operating costs, customer loss and business disruption following the SXE Merger, including difficulties in maintaining relationships with employees;
- diversion of management time on SXE Transactions-related issues;
- our ability to timely and successfully identify, consummate and integrate our current and future acquisitions (including the SXE Transactions) and complete strategic dispositions, including the realization of all anticipated benefits of any such transaction, which otherwise could negatively impact our future financial performance;
- our ability to maintain compliance with financial covenants and ratios in our revolving credit facility;
- our ability to generate sufficient cash from operations to pay distributions to unitholders and our determination as to the level of cash distributions to unitholders;
- 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;
- the demand for natural gas, refined products, condensate or crude oil and NGL products by the petrochemical, refining or other industries;
- the performance of certain of our current and future projects and unconsolidated affiliates that we do not control and disruptions to cash flows from our joint ventures due to operational or other issues that are beyond our control;
- 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;
- security threats such as terrorist attacks, and cybersecurity breaches, against, or otherwise impacting, our facilities and systems;

- general economic, market and business conditions, including industry changes and the impact of consolidations and changes in competition;
- the level of creditworthiness of counterparties to transactions;
- the amount of collateral required to be posted from time to time in our 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;
- the timing and extent of changes in natural gas, crude oil, NGLs and other commodity prices, interest rates and demand for our services;
- our success in risk management activities, including the use of derivative financial instruments to hedge commodity and interest rate risks;
- our dependence on a relatively small number of customers for a significant portion of our gross margin;
- our ability to renew our gathering, processing, transportation and terminal contracts;
- our ability to successfully balance our purchases and sales of natural gas;
- our ability to grow through contributions from affiliates, acquisitions or internal growth projects;
- the cost and effectiveness of our remediation efforts with respect to the material weaknesses discussed in Part II, Item 9A - *Controls and Procedures* of our Annual Report; and
- costs associated with compliance with environmental, health and safety and pipeline regulations.

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 Quarterly 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* of our Annual Report. Statements in this Quarterly Report speak as of the date of this Quarterly 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.

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 five reportable segments, (i) gas gathering and processing services, (ii) liquid pipelines and services, (iii) natural gas transportation services, (iv) offshore pipelines and services and (v) terminalling services, 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 and refined 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 liquid pipelines, natural gas transportation and offshore pipelines and terminal assets are located in prolific producing regions and key demand markets in Alabama, Louisiana, Mississippi, North Dakota, Texas, Tennessee and in the Port of New Orleans in Louisiana and the Port of Brunswick in Georgia. Additionally, we operate a fleet of NGL gathering and transportation trucks in the Eagle Ford shale and the Permian Basin. See *Recent Developments* below for more information about our recent acquisitions and dispositions.

We own or have ownership interests in more than 5,100 miles of onshore and offshore natural gas, crude oil, NGL and saltwater pipelines across 17 gathering systems, seven interstate pipelines and nine intrastate pipelines; eight natural gas processing plants; four fractionation facilities; an offshore semisubmersible floating production system with nameplate processing capacity of 90 MBbl/d of crude oil and 220 MMcf/d of natural gas; six marine terminal sites with approximately 6.7 MMBbls of above-ground aggregate storage capacity for petroleum products, distillates, chemicals and agricultural products; and 90 transportation trucks and a total trailer fleet of 130, of which 35 are LPG trailers and 95 are crude oil trailers.

A portion of our cash flow is derived from our investments in unconsolidated affiliates, including a 66.67% operated interest in Destin, a natural gas pipeline; a 66.7% operated interest in Okeanos, a natural gas pipeline; a 35.7% non-operated interest in the Class A units and common units of Delta House, a floating production system platform and related pipeline infrastructure; a 25.3% non-operated interest in Wilprise, an NGL pipeline; a 16.7% non-operated interest in Tri-States, an NGL pipeline; and prior to our acquisition of Panther Operating Company, LLC (“POC”), a 66.7% interest in Main Pass Oil Gathering (MPOG), a crude oil gathering and processing system. Subsequent to the acquisition of POC, Panther Pipeline, LLC and Panther Offshore Gathering Systems, LLC (collectively, “Panther”) on August 8, 2017, we wholly owned and consolidated MPOG.

Recent Developments

Pending Southcross Energy Partners, L.P. Merger

As disclosed in our Annual Report, on October 31, 2017, we, our General Partner, our wholly owned subsidiary, Cherokee Merger Sub LLC (“Merger Sub”), Southcross Energy Partners, L.P. (“SXE”), and Southcross Energy Partners GP, LLC (“SXE GP”), entered into an Agreement and Plan of Merger (the “SXE Merger Agreement”). Upon the terms and subject to the conditions set forth in the SXE Merger Agreement, SXE will merge with Merger Sub (the “SXE Merger”), with SXE continuing its existence under Delaware law as the surviving entity in the SXE Merger and wholly owned subsidiary of us. In connection with the SXE Merger, Southcross Holdings LP (“Holdings LP”) agreed to contribute to us its equity interests in its new wholly owned subsidiary, which will hold substantially all the current subsidiaries (Southcross Holdings Intermediary LLC, Southcross Holdings Guarantor GP LLC and Southcross Holdings Guarantor LP) and business of Holdings LP (together with the SXE Merger, the “SXE Transactions”).

As disclosed in the registration statement on Form S-4, as initially filed with the SEC on January 11, 2018, the SXE Merger involves a total aggregate consideration of \$817.9 million, including an estimated total assumed debt of \$644.6 million.

Other Developments

In the fourth quarter of 2017, we were notified by the operator of Delta House FPS that certain third party-owned upstream infrastructure would require

remedial work, resulting in a temporary delay of production volumes flowing into Delta House. This remediation is scheduled to be completed later in the second quarter of 2018, at which time full production is anticipated to resume flowing into Delta House. This has resulted in a reduction in cash distributions from Delta House, including those attributable to our 35.7% interest, during the curtailment period. On March 11, 2018, we and Magnolia Infrastructure Holdings, LLC ("Magnolia"), an affiliate of ArcLight, entered into a Capital Contribution Agreement to provide additional capital and corporate overhead support to us during the first three quarters of 2018 in connection with temporary curtailment of production flows at Delta House. Pursuant to the agreement, Magnolia has agreed to provide support to us in an amount to be agreed, up to the difference between the actual cash distribution received by us on account of our interest in Delta House and the quarterly cash distribution expected to be received had the production flows to Delta House not been curtailed. Subsequent to the balance sheet date of March 31, 2018, we have received \$9.4 million for such support. See further detail in Note 19 - *Related Party Transactions* .

On February 16, 2018, we announced the sale of our two refined products terminals (the "Refined Products Business") located in Caddo Mills, Texas ("Caddo Mills") and North Little Rock, Arkansas, to DKG Energy Terminals LLC, a joint venture between Delek Logistics Partners, LP and Green Plains Partners LP, for approximately \$138.5 million in cash, subject to working capital adjustments. Closing of the sale of the Refined Products Business is subject to customary closing conditions, including clearance under the Hart-Scott-Rodino Act. On May 11, 2018, we received notification that the Federal Trade Commission had requested additional information and documentary materials with respect to the planned sale. We and the counterparties to this planned transaction are reviewing this request and will be working to coordinate an appropriate response.

Financial Highlights

Financial highlights for the three months ended March 31, 2018 , include the following:

- Net loss attributable to the Partnership amounted to \$13.9 million , or a decreased loss of \$16.3 million, as compared to a \$30.2 million loss for the same period in 2017;
- Earnings in unconsolidated affiliates were \$12.7 million , a decrease of \$3.1 million as compared to the same period in 2017, primarily due to reduced earnings related to our investment in Delta House as a result of shut-ins and other disruptions affecting production, offset by increased earnings due to the Cayenne pipeline becoming operational in January 2018;
- Segment gross margin amounted to \$64.0 million , or an increase of \$2.6 million as compared to the same period in 2017, primarily due to higher segment gross margin in our Natural Gas Transportation Services, Gas Gathering and Processing Services and Liquid Pipelines and Services segments, offset by decreases in our Terminalling Services and Offshore Pipelines and Services segments;

- Adjusted EBITDA was \$52.4 million , or an increase of 12.2% as compared to the same period in 2017, primarily due to a decrease in net loss of \$18.3 million; and
- We distributed \$21.7 million to our common unitholders, or \$0.4125 per common unit.

Operational highlights for the three months ended March 31, 2018 , include the following:

- Contracted capacity for our Terminalling Services segment averaged 4,574,767 Bbls, representing a 13.7% increase compared to the same period in 2017 ;
- Average condensate production totaled 62.3 Mgal/d, representing an 18.6 Mgal/d decrease compared to the same period in 2017 primarily due to lower system volumes resulting from a plant outage at Chatom which began in late October 2017 and continued through mid-January 2018;
- Average gross NGL production totaled 262.0 Mgal/d, representing a 35.0 Mgal/d decrease compared to the same period in 2017 due to the Chatom plant outage mentioned above as well as lower NGL volumes at the Longview plant due to favorable pricing at other facilities and icy road conditions in January;
- Throughput volumes attributable to the Natural Gas Transportation Services segment totaled 839.0 MMcf/d, representing a 449.0 MMcf/d increase compared to the same period in 2017 primarily due to additional firm transportation contracts on MLGT, higher volumes due to colder weather and the addition of volumes due to the acquisition of TransUnion which occurred in the fourth quarter of 2017;
- Throughput volumes attributable to the Offshore Pipelines and Services segment totaled 274.0 MMcf/d, representing a 130 MMcf/d decrease compared to the same period in 2017, primarily due to a Venice plant disruption in the first quarter of 2017, which caused more volumes to be directed to our High Point Gas Transmission system in 2017;
- Throughput volumes attributable to the Liquid Pipelines and Services segment totaled 34,310 Bbl/d, representing a 1,230 Bbl/d increase compared to the same period in 2017 ; and
- The percentage of gross margin generated from fee based, fixed margin, firm and interruptible transportation contracts and firm storage contracts was 89.1% representing a decrease of 2.5% as compared to the same period in 2017 .

Our Operations

We manage our business and analyze and report our results of operations through five reportable segments.

- *Gas Gathering and Processing Services.* Our Gas Gathering and Processing Services segment provides “wellhead-to-market” services to producers of natural gas and NGLs, which include transporting raw natural gas 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.
- *Liquid Pipelines and Services.* Our Liquid Pipelines and Services segment provides transportation, purchase and sales of crude oil from various receipt points including lease automatic customer transfer facilities and deliveries to various markets.
- *Natural Gas Transportation Services.* Our Natural Gas Transportation Services 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.
- *Offshore Pipelines and Services.* Our Offshore Pipelines and Services segment gathers and transports natural gas and crude oil from various receipt points to other pipeline interconnects, onshore facilities and other delivery points.
- *Terminalling Services.* Our Terminalling Services 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 and also includes crude oil storage in Cushing, Oklahoma and refined products terminals in Texas and Arkansas.

Cash distributions received from our unconsolidated affiliates amounted to \$12.7 million and \$15.4 million for the three months ended March 31, 2018 and 2017, respectively. Cash distributions derived from our unconsolidated affiliates 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, total segment gross margin, operating margin, direct operating expenses on a segment basis, and Adjusted EBITDA on a company-wide basis.

Throughput Volumes

In our Gas Gathering and Processing Services segment, we must continually obtain new supplies of natural gas, NGLs and condensate to maintain or increase throughput volumes on our systems. Our ability to maintain or increase existing volumes of natural gas, 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, NGLs and condensate that has been released from other commitments and (iv) the volume of natural gas, 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 Liquid Pipelines and Services segment, the amount of revenue we generate from our crude oil pipelines business depends primarily on throughput volumes. We generate a portion of our crude oil pipeline revenues through long-term contracts containing acreage dedications or minimum volume commitments. Throughput volumes on our pipeline system are affected primarily by the supply of crude oil in the market served by our assets. The revenue generated from our crude oil supply and logistics business depends on the volume of crude oil we purchase from producers, aggregators and traders and then sell to producers, traders and refiners as well as the volumes of crude oil that we gather and transport. The volume of our crude oil supply and logistics activities and the volumes transported by our crude oil gathering and transportation trucks are affected by the supply of crude oil in the markets served directly or indirectly by our assets. Accordingly, we actively monitor producer activity in the areas served by our crude oil supply and logistics business and other producing areas in the United States to compete for volumes from crude oil producers. Revenues in this business are also impacted by changes in the market price of commodities that we pass through to our customers.

In our Natural Gas Transportation Services and Offshore Pipelines and Services segments, 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 the 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 Terminalling Services 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 at our marine terminals. The amount of revenue we generate from our refined products terminals depends primarily on the volume of refined products that we handle. These volumes are affected primarily by the supply of and demand for refined products in the markets served directly or indirectly by our refined products terminals. Our refined products have butane blending capabilities. The volume of crude oil stored at our crude oil storage facility in Cushing, Oklahoma has no impact on the revenue generated by our crude oil storage business because we receive a fixed monthly fee per barrel of shell capacity that is not contingent on the usage of our storage tanks.

Storage Utilization

Storage utilization is a metric that we use to evaluate the performance of our Terminalling Services 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, Total Segment Gross Margin and Operating Margin

Segment gross margin, total segment gross margin and operating margin are supplemental non-GAAP financial measures that we use to evaluate our performance. We define total segment gross margin as the sum of the segment gross margins for each of our segments. The GAAP measure most directly comparable to total segment gross margin is net loss attributable to the Partnership. For a reconciliation of total segment gross margin to net loss, see *Note about Non-GAAP Financial Measures* below.

For segments other than Terminalling Services, we define segment gross margin as (i) total revenue plus unconsolidated affiliate earnings less (ii) unrealized gains (losses) on commodity derivatives, construction and operating management agreement income, and the cost of sales. Segment gross margin for Terminalling Services also deducts direct operating expense which includes direct labor, general materials and supplies and direct overhead. We define operating margin as total segment gross margin less other direct operating expenses. The GAAP measure most directly comparable to operating margin is net loss attributable to the Partnership. For a reconciliation of operating margin to net loss, see *Note about Non-GAAP Financial Measures* below.

Substantially all of our gross margin in the Liquid Pipelines and Services, Natural Gas Transportation Services, and Offshore Pipelines and Services segments is fee-based or fixed-margin, with little to no direct commodity price risk.

Total segment gross margin is useful for understanding our operating performance because it measures the operating results of our segments before depreciation and amortization and certain expenses that are generally not controllable by our business segment development managers, such as certain operating costs, general and administrative expenses, interest expense and income taxes. Operating margin is useful for similar reasons except that it also includes all direct operating expenses in order to assist management's assessment of the performance of our operating managers.

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 depreciation, amortization and accretion expense, interest expense, debt issuance cost, unrealized losses on derivatives, non-cash charges such as non-cash equity compensation expense, and charges that are unusual such as transaction expenses primarily associated with our acquisitions, income tax expense, distributions from unconsolidated affiliates and our General Partner's contribution, less earnings in unconsolidated affiliates, gains (losses) that are unusual such as gain on revaluation of equity interest, and the gain on sale of the Propane Business, other, net and gain on sale of assets, net.

The GAAP measure most directly comparable to our performance measure Adjusted EBITDA is net loss attributable to the Partnership. For a reconciliation of net loss to Adjusted EBITDA, see *Note about Non-GAAP Financial Measures* below.

Note about Non-GAAP Financial Measures

Total segment gross margin, operating margin and Adjusted EBITDA are performance measures that are non-GAAP financial measures. Each has important limitations as an analytical tool because they exclude 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 total segment 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. Total segment 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 total segment gross margin, operating margin and Adjusted EBITDA used by management to net loss attributable to the Partnership, their most directly comparable GAAP measure, for the three months ended March 31, 2018 and 2017 (in thousands):

	Three months ended March 31,	
	2018	2017
Reconciliation of Total Segment Gross Margin to Net loss attributable to the Partnership:		
Gas Gathering and Processing Services segment gross margin	\$ 12,653	\$ 11,251
Liquid Pipelines and Services segment gross margin	7,271	6,634
Natural Gas Transportation Services segment gross margin	10,688	6,119
Offshore Pipelines and Services segment gross margin	25,316	25,802
Terminalling Services segment gross margin ⁽¹⁾	8,053	11,160
Total segment gross margin	63,981	60,966
Less:		
Direct operating expenses ⁽²⁾	19,124	14,332
Plus:		
Unrealized gain on commodity derivatives, net	60	365
Less:		
Corporate expenses	22,692	30,113
Depreciation, amortization and accretion expense	21,997	25,570
Gain on sale of assets, net	(95)	(21)
Interest expense	13,876	17,956
Other (income) expense	(22)	37
Other, net	27	392
Income tax expense	280	1,123
Loss from discontinued operations, net of tax	—	710
Net income attributable to noncontrolling interests	45	1,303
Net loss attributable to the Partnership	\$ (13,883)	\$ (30,184)

⁽¹⁾ Direct operating expenses related to our Terminalling Services segment of \$4.3 million and \$3.1 million for the three months ended March 31, 2018 and 2017, respectively, are included within the calculation of Terminalling Services segment gross margin.

⁽²⁾ Direct operating expenses include Gas Gathering and Processing Services segment direct operating expenses of \$6.7 million and \$8.1 million for the three months ended March 31, 2018 and 2017, respectively, Liquid Pipelines and Services segment direct operating expenses of \$3.0 million and \$2.5 million for the three months ended March 31, 2018 and 2017, respectively, Natural Gas Transportation Services segment direct operating expenses of \$1.7 million and \$1.2 million for the three months ended March 31, 2018 and 2017, respectively, Offshore Pipelines and Services segment direct operating expenses of \$7.8 million and \$2.6 million for the three months ended March 31, 2018 and 2017, respectively.

	Three months ended March 31,	
	2018	2017
Reconciliation of Net loss attributable to the Partnership to Adjusted EBITDA:		
Net loss attributable to the Partnership	\$ (13,883)	\$ (30,184)
Add:		
Depreciation, amortization and accretion expense	21,997	25,290
Interest expense	17,731	14,925
Debt issuance costs paid	1,085	1,402
Unrealized losses (gains) on derivatives, net	(5,112)	372
Non-cash equity compensation expense	1,014	4,038
Transaction expenses	8,877	8,614
Income tax expense	280	1,123
Discontinued operations	—	4,489
Distributions from unconsolidated affiliates	23,853	22,494
General Partner contribution for cost reimbursement	9,417	9,614
Deduct:		
Earnings in unconsolidated affiliates	12,673	15,402
Other income	90	28
OPEB plan net periodic benefit	(15)	—
Gain on sale of assets, net	95	21
Adjusted EBITDA	\$ 52,416	\$ 46,726

General Trends and Outlook

During 2018, 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 expected gross margins.

We anticipate maintenance capital expenditures between \$14.0 million and \$19.0 million, and approved expenditures for expansion capital between \$100.0 million and \$120.0 million, for the year ending December 31, 2018. Forecast growth capital expenditures primarily include East Texas NGL Value Chain consolidation, the build-out of the Lavaca system, expansion of the Harvey terminal 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 commodity prices in 2018 to increase compared to 2017 and as a result we expect producer and supplier activities to be impacted, which may increase the growth rate of our Gas Gathering and Processing Services and Natural Gas Transportation Services segments. We also expect the SXE Transactions to be accretive to our Adjusted EBITDA upon consummation.

We expect our business to continue to be affected by the key trends and outlook 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.

In the fourth quarter of 2017, we were notified by the operator of Delta House FPS that certain third party-owned upstream infrastructure would require remedial work, resulting in a temporary curtailment of production flow at Delta House. This remediation is scheduled to be completed later in the second quarter of 2018, at which time full production is anticipated to resume flowing into Delta House.

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

Liquid Pipelines and Services Segment. The profitability of our Liquid Pipelines and Services segment is dependent upon the price of crude oil. Throughput volumes could decline should crude oil prices remain low resulting in decreased production in our areas of operation.

Natural Gas Transportation Services and Offshore Pipelines and Services Segments. The profitability of our Natural Gas Transportation Services and Offshore Pipelines and Services segments are 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.

Terminalling Services Segment. The profitability of our Terminalling Services 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 New York Mercantile Exchange (“NYMEX”) West Texas Intermediate crude oil ranged from a high of \$68.64 per barrel to a low of \$59.19 per barrel from January 1, 2018 through April 30, 2018 . Average daily prices for NYMEX Henry Hub natural gas ranged from a high of \$6.24 per MMBtu to a low of \$2.49 per MMBtu from January 1, 2018 through April 30, 2018 . 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 revolving credit facility, and our ability to maintain our current distribution levels. Our long-term view is that as economic conditions improve and regulatory burden is reduced, as it has been the case under the current presidential administration, commodity prices should reach levels that will support continued natural gas and crude oil production in the United States. Reduced profitability, if any, may result in future potential non-cash impairments of long-lived assets, goodwill, or intangible assets.

On April 26, 2018 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 is expected to be paid on May 15, 2018, to unitholders of record as of the close of business on May 7, 2018. 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.

We expect our business to continue to be affected by the key trends discussed in our Annual Report, under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations — General Trends and Outlook.”

Results of Operations — Consolidated

Net loss attributable to the Partnership decreased by \$16.3 million to \$13.9 million , as compared to \$30.2 million for the same period in 2017, primarily reflecting increased total revenues from both commodity sales and services and reduced interest expense, net of capitalized interest. Partially offsetting these decreases to the net loss were higher operating expenses, mainly due to cost of sales increases associated with higher revenues.

Segment gross margin increased by \$3.0 million to \$64.0 million for the three months ended March 31, 2018 compared to \$61.0 million for the three months ended March 31, 2017 . The increase of \$3.0 million for the three months ended March 31, 2018 was primarily due to higher segment gross margin in our Natural Gas Transportation Services, Gas Gathering and Processing Services, Liquid Pipelines and Services and Offshore Pipelines and Services segments offset by decreases in our Terminalling Services segment.

For the three months ended March 31, 2018 , Adjusted EBITDA increased by \$5.7 million to \$52.4 million , or 12.2% , compared to the same period in 2017 . The increase was primarily due to the increase in segment gross margin of \$3.0 million described in the preceding paragraph as well as increases in distributions from equity method investees of \$1.4 million.

We distributed \$21.7 million to holders of our common units, or \$0.4125 per common unit, during the three months ended March 31, 2018 , which is comparable to the same period of last year.

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

	Three months ended March 31,	
	2018	2017
Statement of Operations Data:		
Revenue:		
Commodity sales	\$ 158,863	\$ 123,521
Services	46,906	40,192
Gain on commodity derivatives, net	60	365
Total revenue	205,829	164,078
Operating expenses:		
Costs of sales	150,166	115,468
Direct operating expenses	23,446	17,405
Corporate expenses	22,692	30,113
Depreciation, amortization and accretion	21,997	25,570
Total operating expenses	218,301	188,556
Gain on sale of assets, net	(95)	(21)
Operating loss	(12,377)	(24,457)
Other income (expense), net		
Interest expense, net of capitalized interest	(13,876)	(17,956)
Other income (expense)	22	(37)
Earnings in unconsolidated affiliates	12,673	15,402
Loss from continuing operations before income taxes	(13,558)	(27,048)
Income tax expense	(280)	(1,123)
Loss from continuing operations	(13,838)	(28,171)
Loss from discontinued operations	—	(710)
Net loss	(13,838)	(28,881)
Less: Net income attributable to noncontrolling interests	45	1,303
Net loss attributable to the Partnership	\$ (13,883)	\$ (30,184)
Other Financial Data:		
Total segment gross margin ⁽¹⁾	\$ 63,981	\$ 60,966
Adjusted EBITDA ⁽¹⁾	\$ 52,416	\$ 46,726

⁽¹⁾ For definitions of total segment 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 total segment gross margin and Adjusted EBITDA to evaluate our operating performance, see the information in this Item under the caption “How We Evaluate Our Operations.”

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017

Total Revenue . Our total revenue for the three months ended March 31, 2018 was \$205.8 million compared to \$164.1 million for the three months ended March 31, 2017 . This increase of \$41.8 million was primarily due to the following:

- an increase in our Liquid Pipelines and Services segment revenue of \$36.4 million primarily due to increased sales to Shell and BP America of \$23.0 million related to our Crude Oil Supply and Logistics business (“COSL”) and increased marketing activity that started in March 2017 for \$13.9 million;
- an increase in our Gas Gathering and Processing Services segment revenue of \$1.3 million mostly due to new contracts at our Longview plant and better operational results at Mesquite and Yellow Rose partially offset by lower volumes at Chatom/Bazor Ridge/Glade Crossing, as well as the impact of Topic 606, which resulted in a \$4.0 million reduction

in revenue as a result of deeming certain Percentage of Proceeds (“POP”) contracts to be appropriately recorded on a net basis as opposed to a gross basis; and

- an increase in our Natural Gas Transportation Services segment revenue of \$3.7 million primarily due to \$1.6 million from Trans-Union, which was acquired in the fourth quarter of 2017, and new marketing transactions of \$1.1 million.

Cost of Sales . Our purchases of natural gas, NGLs, condensate and crude for the three months ended March 31, 2018 were \$150.2 million compared to \$115.5 million for the three months ended March 31, 2017 . The increase of \$34.7 million was mostly due to our Liquid Pipelines and Services segment of \$36.5 million due to a new Hunt Oil line for \$15.8 million, increased purchases of \$5.8 million with PT Petroleum and \$14.9 million from our crude marketing contracts. Partially offsetting these increases was a decrease on our Natural Gas Transportation Services segment due to imbalances on our Trans-Union, MLGT, Midla and Magnolia systems. Additionally, our Gas Gathering and Processing segment increased \$3.9 million mostly from higher NGL sales from a new marketing contract and higher sales of NGLs, natural gas and condensate at the Longview plant ; however, these increases were offset by \$4.0 million as a result of our Topic 606 determination that certain POP contracts are appropriately recorded on a net basis rather than gross. This Topic 606 impact fully offsets that noted in the Revenue section above, resulting in no impact to segment gross margin.

Total Segment Gross Margin . Total segment gross margin for the three months ended March 31, 2018 was \$64.0 million compared to \$61.0 million for the three months ended March 31, 2017 . The increase of \$3.0 million for the three months ended March 31, 2018 was primarily due to our Natural Gas Transportation Services segment of \$4.6 million mostly due to the Trans-Union acquisition and increased marketing activities, a small increase of \$1.4 million in our Gas Gathering and Processing Services segment mostly due to new contracts at our Longview plant and better operational results at Mesquite and Yellow Rose, and a small increase of \$0.7 million in our Liquid Pipelines and Services segment mostly due to the Cayenne Pipeline system becoming operational in the first quarter of 2018. The increases were partially offset by a decrease of \$3.1 million in our Terminalling Services segment mostly due to reduced storage and utilization at Cushing.

Direct Operating Expenses . Direct operating expenses for the three months ended March 31, 2018 were \$23.4 million compared to \$17.4 million for the three months ended March 31, 2017 . This increase of \$5.6 million was primarily due to an increase of \$3.1 million and \$1.2 million related to the acquisitions in the third quarter of 2017 for Panther and the Viosca Knoll Gathering System, respectively and \$0.6 million due to an increase in utilities and repairs and maintenance costs. The remaining variance of \$0.7 million is due to line pack imbalances.

Corporate Expenses . Corporate expenses for the three months ended March 31, 2018 were \$22.7 million compared to \$30.1 million for the three months ended March 31, 2017 . This decrease of \$7.4 million was primarily due to reductions of \$3.1 million in corporate salaries and wages, \$2.6 million in contractors and consulting costs, \$1.0 million in office rent expense and \$0.7 million in higher capitalized labor allocated to projects.

Depreciation, Amortization and Accretion Expense . Depreciation, amortization and accretion expense for the three months ended March 31, 2018 was \$22.0 million compared to \$25.6 million for the three months ended March 31, 2017 . This decrease of \$3.6 million was primarily due to \$3.1 million in accelerated amortization of AMID Crude Oil Storage intangible in the first quarter of 2017, and \$1.2 million in decreased depreciation and amortization as a result of impairments in 2017. This was partially offset by a \$1.9 million increase due to the Panther and Trans-Union acquisitions in the second half of 2017.

Interest Expense . Interest expense for the three months ended March 31, 2018 was \$13.9 million compared to \$18.0 million for the three months ended March 31, 2017 . The decrease of \$4.1 million was primarily due to the favorable position of our interest rate swaps in the amount of \$6.8 million partially offset by higher interest charges of \$2.7 million on the 8.50% Senior Notes, as a result of the \$125.0 million bond offering in the fourth quarter of 2017. The outstanding balance on our revolving credit facility was \$712.6 million as of March 31, 2018.

Earnings in Unconsolidated Affiliates . Earnings in unconsolidated affiliates for the three months ended March 31, 2018 was \$12.7 million compared to \$15.4 million for the three months ended March 31, 2017 . This decrease of \$2.7 million was primarily due to reduced earnings of \$4.7 million related to our investment in Delta House as a result of shut-ins and other disruptions affecting production partially offset by \$1.1 million due to the Cayenne pipeline becoming operational in January 2018.

Loss from discontinued operations . Loss from discontinued operations for the three months ended March 31, 2017 was associated with our Propane Business which was discontinued in September 2017. The prior period’s results have been recast for comparative purposes.

Results of Operations — Segment Results

Gas Gathering and Processing Services Segment

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

	Three months ended March 31,	
	2018	2017
Segment Financial and Operating Data:		
Gas Gathering and Processing Services segment		
Financial data:		
Commodity sales	\$ 28,888	\$ 28,773
Services	6,788	5,634
Revenue from operations	35,676	34,407
Gain (loss) on commodity derivatives, net	2	(7)
Segment revenue	35,678	34,400
Cost of sales	23,056	23,187
Direct operating expenses	6,680	8,065

Other financial data:			
Segment gross margin ⁽¹⁾	\$	12,653	\$ 11,251
Operating data:			
Average throughput (MMcf/d)		160.5	207.6
Average plant inlet volume (MMcf/d) ⁽²⁾		41.8	103.3
Average gross NGL production (Mgal/d) ⁽²⁾		262.0	297.0
Average gross condensate production (Mgal/d) ⁽²⁾		62.3	80.9

⁽¹⁾ For the definition of segment gross margin and a discussion of how we use segment gross margin to evaluate our operating performance, see the information in this Item under the caption “How We Evaluate Our Operations.”

⁽²⁾ Excludes volumes and gross production under our elective processing arrangements.

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017

Commodity sales . Commodity sales revenue for the three months ended March 31, 2018 was \$28.9 million compared to \$28.8 million for the three months ended March 31, 2017 . The increase of \$0.1 million resulted from a combination of the following:

- increased sales of NGLs, natural gas and condensate at the Longview Plant for \$2.1 million due to a new contract which began in March 2017 and accounted for \$1.1 million as well as a change in reporting of gross residue gas revenue in 2018 which accounted for \$1.0 million;
- increased sales of NGLs from new marketing contracts that started in the late fourth quarter of 2017 for \$2.0 million;
- increased activity of NGLs at Mesquite resulting from a fully operational stabilizer for \$1.4 million;
- increased sales of Permian NGLs for processing at Yellow Rose for \$1.4 million, a 21% daily volume increase;
- offset by reduced NGL, natural gas and condensate revenues at Chatom/Bazor Ridge/Glade Crossing for \$1.5 million due to lower system volumes resulting from a plant outage at Chatom which began in late October 2017 and continued through mid-January 2018, with a return to fully operational status in March 2018; and
- lower throughput and plant inlet volumes mostly due to our Burns Point plant that was down but had minimal revenue impact.
- The increases noted above were essentially offset by a \$5.2 million reduction in Commodity Sales due to implementation of Topic 606 in which we determined that certain POP contracts should be recorded on a net basis instead of a gross basis. This determination resulted in a reduction in Commodity Sales, partially offset by an increase in Services revenue, and a corresponding Cost of Sales reduction associated with these POP contracts. Total segment gross margin was not impacted by the implementation of Topic 606.

Services . Segment services revenue for the period ended March 31, 2018 was \$6.8 million compared to \$5.6 million for the three months ended March 31, 2017 . Services revenue increased by \$1.2 million primarily due to increased throughput at Lavaca from new wells of \$0.4 million, partially offset by a Longview XTO contract that was changed from a service contract to a product purchase in March of 2017 of \$0.4 million. While these two items offset each other, as a result of Topic 606 implementation, we have determined that certain POP contracts are appropriately recorded on a net basis, resulting in a \$1.2 million increase in Services revenue.

Cost of Sales . Purchases of natural gas, NGLs and condensate for the three months ended March 31, 2018 were \$23.1 million compared to \$23.2 million for the three months ended March 31, 2017 . The increase of \$0.1 million was primarily due to increased NGL sales from new marketing contracts of \$2.5 million, increased sales of NGLs, natural gas and condensate sales at the Longview Plant of \$1.9 million and increased sales of NGLs at Yellow Rose of \$0.3 million, partially offset by decreased Chatom/Bazor Ridge/Glade Crossing NGL, natural gas and condensate sales of \$0.6 million as discussed above. These increases were offset by a decrease in Cost of Sales of \$4.0 million due to Topic 606 implementation as discussed above.

Segment Gross Margin. Segment gross margin for the three months ended March 31, 2018 was \$12.7 million compared to \$11.3 million for the three months ended March 31, 2017 , for the reasons discussed above.

Direct Operating Expenses. Direct operating expenses for the three months ended March 31, 2018 was \$6.7 million compared to \$8.1 million for the three months ended March 31, 2017 . The \$1.4 million decrease was mainly due to a \$0.5 million decrease in outside services and contractors, \$0.3 million in regulatory and environmental fees, \$0.3 million in lower compressor and equipment rentals, \$0.2 million reduction in salaries and wages due to a bonus true-up, and \$0.1 million in increased vehicle expenses.

Liquid Pipelines and Services Segment

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

	Three months ended March 31,	
	2018	2017
Segment Financial and Operating Data:		
Liquid Pipelines and Services segment		
Financial data:		
Commodity sales	\$ 115,782	\$ 78,945
Services	3,991	4,465
Revenue from operations	119,773	83,410
Gain on commodity derivatives, net	58	372
Earnings in unconsolidated affiliates	2,222	1,088
Segment revenue	122,053	84,870
Cost of sales	114,805	78,285
Direct operating expenses	2,976	2,453
Other financial data:		
Segment gross margin ⁽¹⁾	\$ 7,271	\$ 6,634
Operating data ⁽²⁾		
:		
Average throughput Pipeline (Bbls/d)	34,310	33,080
Average throughput Truck (Bbls/d)	2,738	1,558

⁽¹⁾ For the definition of segment gross margin and a discussion of how we use segment gross margin to evaluate our operating performance, see the information in this Item under the caption "How We Evaluate Our Operations."

⁽²⁾ These volumes exclude volumes from our equity investments.

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017

Commodity Sales. Segment revenue from crude oil for the three months ended March 31, 2018 was \$115.8 million compared to \$78.9 million for the three months ended March 31, 2017. The increase of \$36.9 million was primarily due to a \$23.0 million increase on COSL as a result of increased bulk sales to Shell and BP America coupled with a favorable average price increase of \$11.77/Bbl in the first quarter of 2018 compared to the first quarter of 2017, along with \$13.9 million of increases resulting from marketing activity that began in March 2017.

Services revenue. Segment services revenue for the three months ended March 31, 2018 was \$4.0 million compared to \$4.5 million for the three months ended March 31, 2017. The decrease of \$0.5 million was due to zero third party dispatch fees due to increased intercompany hauling.

Earnings in Unconsolidated Affiliates. Earnings in unconsolidated affiliates for the three months ended March 31, 2018 was \$2.2 million compared to \$1.1 million for the three months ended March 31, 2017. The increase of \$1.1 million was primarily due to the Cayenne Pipeline in which we have a 50% interest that began operating in January 2018.

Cost of Sales. Purchases of crude oil for the three months ended March 31, 2018 was \$114.8 million compared to \$78.3 million for the three months ended March 31, 2017. The increase of \$36.5 million was primarily due to our new connection to our Hunt Oil line that began in December 2017, resulting in purchases of \$15.8 million on our Silver Dollar Pipeline system, \$5.8 million of new activity with PT Petroleum on COSL in the first quarter of 2018, and \$14.9 million of sour crude marketing transactions that began in March 2017.

Segment Gross Margin. Segment gross margin for the three months ended March 31, 2018, was \$7.3 million compared to \$6.6 million for the three months ended March 31, 2017. The increase of \$0.7 million was due to the reasons discussed above.

Direct Operating Expenses. Direct operating expenses were \$3.0 million for the three months ended March 31, 2018, an increase from \$2.5 million for the three months ended March 31, 2017, mainly due to \$0.3 million in excess salaries and wages related to bonus true-up, \$0.1 million in information technology costs, and \$0.1 million in utilities costs.

Natural Gas Transportation Services Segment

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

	Three months ended March 31,	
	2018	2017
Segment Financial and Operating Data:		
Natural Gas Transportation Services segment		
Financial data:		
Commodity sales	\$ 6,641	\$ 6,868
Services	9,422	5,570
Segment revenue	16,063	12,438
Cost of sales	5,288	6,260
Direct operating expenses	1,673	1,235
Other financial data:		
Segment gross margin ⁽¹⁾	\$ 10,688	\$ 6,119
Operating data:		
Average throughput (MMcf/d)	839.0	390.0

⁽¹⁾ For the definition of segment gross margin and a discussion of how we use segment gross margin to evaluate our operating performance, see the information in this Item under the caption "How We Evaluate Our Operations."

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017

Commodity Sales . Segment sales of natural gas, NGLs and condensate for the three months ended March 31, 2018 were \$6.6 million compared to \$6.9 million for the three months ended March 31, 2017 . The small decrease of \$0.3 million was primarily due to a rate reduction on our Magnolia system.

Services revenue. Segment services revenue for the three months ended March 31, 2018 was \$9.4 million compared to \$5.6 million for the three months ended March 31, 2017 . The increase of \$3.8 million was primarily due to our acquisition of Trans-Union in the fourth quarter of 2017 for \$1.6 million and new marketing transactions of \$1.1 million and adjustments on Midla as a result of ASC606 revenue recognition changes of \$0.8 million.

Cost of Sales . Purchases of natural gas, NGLs and condensate for the three months ended March 31, 2018 were \$5.3 million as compared to \$6.3 million for the three months ended March 31, 2017 . The decrease of \$1.0 million was primarily due to imbalances on a number of our systems.

Segment Gross Margin . Segment gross margin for the three months ended March 31, 2018 , was \$10.7 million compared to \$6.1 million for the three months ended March 31, 2017 . The increase of \$4.6 million was primarily due to reasons discussed above.

Direct Operating Expenses . Direct operating expenses for the three months ended March 31, 2018 were \$1.7 million compared to \$1.2 million for the three months ended March 31, 2017. The increase of \$0.5 million was primarily due to \$0.1 million in bad debt expense, \$0.1 million in regulatory and environmental costs, \$0.1 million in repair and maintenance, and \$0.2 million in higher property taxes.

Offshore Pipelines and Services Segment

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

	Three months ended March 31,	
	2018	2017
Segment Financial and Operating Data:		
Offshore Pipelines and Services segment		
Financial data:		
Commodity sales	\$ 2,548	\$ 3,763
Services	14,311	11,068
Revenue from operations	16,859	14,831
Earnings in unconsolidated affiliates	10,451	14,314
Segment revenue	27,310	29,145
Cost of sales	1,994	3,343
Direct operating expenses	7,795	2,579
Other financial data:		
Segment gross margin ⁽¹⁾	\$ 25,316	\$ 25,802
Operating data ⁽²⁾ :		
Average throughput (MMcf/d)	274.0	404.0

⁽¹⁾ For the definition of segment gross margin and a discussion of how we use segment gross margin to evaluate our operating performance, see the information in this Item under the caption "How We Evaluate Our Operations."

⁽²⁾ These volumes exclude Equity Investment volumes.

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017

Commodity Sales . Segment sales of natural gas, NGLs and condensate for the three months ended March 31, 2018 was \$2.5 million compared to \$3.8 million for the three months ended March 31, 2017 . The decrease of \$1.2 million was primarily

due to lower pricing on a new well contract at Mud Lake on our Gloria system of \$2.1 million partially offset by \$0.9 million as a result of the acquisition of Panther in the third quarter of 2017.

Services revenue . Segment services revenue for the three months ended March 31, 2018 was \$14.3 million compared to \$11.1 million for the three months ended March 31, 2017 . The increase of \$3.2 million was primarily due to the results of the acquisition of MPOG (MPOG was formerly owned at 66.7%) and POC in the third quarter of 2017 for \$4.5 million, partially offset by the Venice plant disruption that occurred in February 2017, that rerouted volumes into our High Point Gas Transmission, L.L.C. (“HPGT”) system at maximum rates yielding an additional \$1.2 million in the first quarter of 2017.

Earnings in unconsolidated affiliates . Earnings for the three months ended March 31, 2018 were \$10.5 million compared to \$14.3 million for the three months ended March 31, 2017 . The decrease of \$3.8 million was primarily due to temporary curtailment of production flows at Delta House as certain third party-owned upstream infrastructure required remedial work. This remediation is scheduled to be completed later in the second quarter of 2018, at which time full production is anticipated to resume flowing into Delta House.

Cost of Sales . Purchases of natural gas, NGLs and condensate for the three months ended March 31, 2018 were \$2.0 million compared to \$3.4 million for the three months ended March 31, 2017 . The decrease of \$1.4 million was primarily due to the reductions from decreased production at Mud Lake on our Gloria system of \$2.0 million and imbalance activity on High Point Gas Gathering, L.L.C. (“HPGG”) of \$0.4 million, offset by \$1.1 million due to the Panther acquisition in the third quarter of 2017.

Segment Gross Margin . Segment gross margin for the three months ended March 31, 2018 was \$25.3 million compared to \$25.8 million for the three months ended March 31, 2017 . The decrease of \$0.5 million was primarily due to the increased earnings from the acquisitions noted in Services Revenue above, partially offset by decreased earnings in unconsolidated affiliates.

Direct Operating Expenses . Direct operating expenses were \$7.8 million for three months ended March 31, 2018 and \$2.6 million for the three ended March 31, 2017. The increase of \$5.2 million was mainly due to \$3.1 million and \$1.2 million related to the acquisitions in the third quarter of 2017 for Panther and the Viosca Knoll Gathering System, respectively, \$0.7 million due to line pack imbalances, and \$0.2 million in outside services.

Terminalling Services Segment

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

	Three months ended March 31,	
	2018	2017
Segment Financial and Operating Data:		
Terminalling Services segment		
Financial data:		
Commodity sales	\$ 5,004	\$ 5,172
Services	12,394	13,454
Segment revenue	17,398	18,626
Cost of sales	5,023	4,393
Direct operating expenses	4,322	3,073
Other financial data:		
Segment gross margin ⁽¹⁾	\$ 8,053	\$ 11,160
Operating data:		
Contracted capacity (Bbls)	4,574,767	5,299,667
Design capacity (Bbls) ⁽²⁾	5,400,800	5,400,800
Storage utilization ⁽³⁾	84.7%	98.1%
Terminalling and Storage throughput (Bbls/d)	56,768	56,279

⁽¹⁾ For the definition of segment gross margin and a discussion of how we use segment gross margin to evaluate our operating performance, see the information in this Item under the caption “How We Evaluate Our Operations.”

⁽²⁾ Excludes terminals in our Refined Products Business.

⁽³⁾ Excludes storage utilization associated with our discontinued operations.

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017

Commodity Sales. Segment commodity sales for the three months ended March 31, 2018 was \$5.0 million compared to \$5.2 million for the three months ended March 31, 2017 . The decrease of \$0.2 million related to our refined products and was driven by lower butane blending at Caddo Mills.

Services Revenue . Segment services revenue for the three months ended March 31, 2018 was \$12.4 million compared to \$13.5 million for the three months ended March 31, 2017 . The decrease of \$1.1 million was primarily driven by a \$2.2 million reduction in storage and utilization at our Cushing terminal from a new contract with lower storage and rate terms offset by a \$0.7 million change in revenue recognition (as a result of ASC606) of butane blending at our North Little Rock terminal and a \$0.3 million increase in throughput revenues at our Caddo Mills terminal as a result of facility enhancements.

Cost of Sales . Segment purchases of NGLs for the three months ended March 31, 2018 were \$5.0 million compared to \$4.4 million for the three months ended March 31, 2017 . The increase of \$0.6 million was primarily due to a change resulting from ASC606 revenue recognition which also changed butane blending services costs for \$0.7 million and \$0.2 million at our North Little Rock and Caddo Mills terminals, respectively, offset by lower butane blending volume sales primarily at Caddo Mills.

Segment Gross Margin . Segment gross margin for the three months ended March 31, 2018 was \$8.1 million compared to \$11.2 million for the three months ended March 31, 2017 . The \$3.1 million decrease was mostly driven by the decrease in Cushing storage and higher operating costs at Harvey.

Direct Operating Expenses . Segment direct operating expenses for the three months ended March 31, 2018 was \$4.3 million compared to \$3.1 million for the three months ended March 31, 2017 . This increase of \$1.2 million was mainly due to an increase in direct operating expenses at the Harvey and Caddo Mills facilities, which comprised of \$0.7 million in outside services and contractors, \$0.2 million in repairs and maintenance, and \$0.2 million in utilities.

Liquidity and Capital Resources

Overview

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), or other indebtedness, or through private and public offerings of debt and equity securities. We also have received cash and liquidity support from our affiliates sponsor, ArcLight. We believe that the sources of liquidity described 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 four quarters. In the event these sources are not sufficient, we would pursue other sources of cash funding, including, but not limited to, additional forms of secured or unsecured debt or preferred 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 on our common units. We plan to finance our growth capital expenditures primarily from the sale of non-core assets and through additional forms of debt or equity financing.

Changes in natural gas, crude oil, NGL and condensate prices and the terms of our contracts may 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. In the past, 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, see the information provided under Part I, Item 3 of our Annual Report, under the caption *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 March 31, 2018, we have not been required to post collateral with our counterparties.

AMID Revolving Credit Agreement

On March 8, 2017, we entered into the 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 "Credit Agreement" or "revolving credit facility"), which increased our borrowing capacity thereunder from \$750.0 million to \$900.0 million and provided for an accordion feature that will permit, subject to customary conditions, the borrowing capacity under the facility to be increased to a maximum of \$1.1 billion.

For the three months ended March 31, 2018 and 2017, the weighted average interest rate on borrowings under our Credit Agreement was approximately 4.96% and 4.44%, respectively. At March 31, 2018 and December 31, 2017, letters of credit outstanding under the Credit Agreement were \$31.0 million and \$26.6 million, respectively. As of March 31, 2018, we had approximately \$712.6 million of borrowings, \$31.0 million of letters of credit outstanding under the Credit Agreement and approximately \$78.5 million of available borrowing capacity which can be increased up to \$156.5 million, conditional upon compliance with future covenants.

As of March 31, 2018, we were in compliance with the covenants included in the Credit Agreement. As of March 31, 2018, our consolidated total leverage ratio was 5.19, our consolidated secured leverage ratio was 3.30 and our interest coverage ratio was 3.43. 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. If required, ArcLight, which controls the General Partner of the Partnership, has confirmed its intent to provide financial support for the Partnership to maintain compliance with the covenants contained in the Credit Agreement through April 10, 2019. See Note 14 - *Debt Obligations*, in Part II, Item 8 of our Annual Report, for further discussion of the Credit Agreement. Also, see Note 13 - *Debt Obligations* in Part I, Item 1 of this Quarterly Report for further discussion of the Credit Agreement.

8.50% Senior Unsecured 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 \$300 million aggregate principal amount of their 8.50% Senior Notes due 2021 (the "8.50% Senior Notes"). 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 \$291.3 million in proceeds, after deducting the initial purchasers' discount of \$6.0 million and \$2.7 million of direct issuance costs.

The 8.50% Senior 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 conditions related thereto, the proceeds were used to repay and terminate the JPE's revolving credit facility and reduce borrowings under our Credit Agreement.

On December 19, 2017, the Issuers completed the issuance and sale of an additional \$125 million in aggregate principal amount of 8.50% Senior Notes (the "Additional Issuance"), net of issuance cost of approximately \$3.0 million. The Additional Issuance was 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. None of the 8.50% Senior Notes, including the Additional Issuance, have been registered under the Securities Act.

The 8.50% Senior Notes will mature on December 15, 2021 and interest on the Additional Issuance will accrue from December 15, 2017. Interest on the 8.50% Senior Notes is payable in cash semiannually in arrears on each June 15 and December 15, with interest payable on the Additional Issuance commencing June 15, 2018. Interest will be payable to holders of record on the June 1 and December 1 immediately preceding the related interest payment date, and will be computed on the basis of a 360-day year consisting of twelve 30-day months. Pursuant to the registration rights agreements entered into in connection with the issuances of the 8.50% Senior Notes, additional interest on the 8.50% Senior Notes accrues at 0.25% per annum for the first 90-day period following December 23, 2017 and by an additional 0.25% per annum with respect to each subsequent 90-day period,

up to a maximum additional rate of 1.00% per annum over 8.50%, until we complete an exchange offer for the 8.50% Senior Notes. See Note 14 - *Debt Obligations* in Part II, Item 8 of our Annual Report, for further discussion of the 8.50% Senior Notes.

Also, see Note 13 - *Debt Obligations* in Part I, Item 1 of this Quarterly Report for further discussion of the 8.50% Senior Notes.

3.77% Senior Secured Notes

On September 30, 2016, Midla Financing, LLC (“Midla Financing”) American Midstream (Midla) LLC (“Midla”), and MLGT (together with Midla, the “Note Guarantors”) entered into the 3.77% Senior Note Purchase and Guaranty Agreement (the “Note Purchase Agreement”) with the purchasers party thereto (the “Purchasers”). Pursuant to the Note Purchase Agreement, Midla Financing issued and sold \$60.0 million in aggregate principal amount of 3.77% Senior Notes (non-recourse) due June 30, 2031 (the “3.77% Senior Notes”) to the Purchasers, which bear interest at an annual rate of 3.77% to be paid quarterly. The average quarterly principal payment is approximately \$1.1 million. Principal on the 3.77% Senior Notes will be paid on the last business day of each fiscal quarter end which began June 30, 2017. The 3.77% Senior Notes are payable in full on June 30, 2031. 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. The 3.77% Senior Notes are non-recourse to the Partnership.

In connection with the Note Purchase Agreement, the Note Guarantors guaranteed the payment in full of all Midla Financing’s obligations under the Note Purchase Agreement. Also, Midla Financing and the Note Guarantors granted a security interest in substantially all of their tangible and intangible personal property, 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.

Net proceeds from the 3.77% Senior Notes are restricted and have been used (i) to fund project costs incurred in connection with (a) the construction of the Midla-Natchez Line (b) the retirement of Midla’s existing 1920’s vintage pipeline (c) the move of our Baton Rouge operations to the MLGT system, and (d) the reconfiguration of the DeSiard compression system and all related ancillary facilities, (ii) to pay transaction fees and expenses in connection with the issuance of the 3.77% Senior Notes, and (iii) for other general corporate purposes of Midla Financing. See Note 14 - *Debt Obligations* , in Part II, Item 8 of our Annual Report, for further discussion of the 3.77% Senior Notes. Also, see Note 13 - *Debt Obligations* in Part I, Item 1 of this Quarterly Report for further discussion of the 3.77% Senior Notes.

3.97% Trans-Union Secured Senior Notes

On May 10, 2016, Trans-Union Interstate Pipeline, LP (“Trans-Union”) entered into an agreement with certain institutional investors in the insurance business represented by Babson Capital Management LLC whereby Trans-Union issued \$35.0 million in an aggregate principal amount of 3.97% Senior Secured Notes (“Trans-Union Senior Notes”) due December 31, 2032. Principal and interest on the Trans-Union Senior Notes is payable in installments on the last business day of each quarter beginning June 30, 2016 with the remaining balance payable in full on December 31, 2032. The average quarterly principal payment is approximately \$0.5 million . The Trans-Union Senior Notes were originally issued at par and provided net proceeds of approximately \$34.6 million after deducting related issuance cost of approximately \$0.4 million . The Partnership assumed the Trans-Union Senior Notes following the Trans-Union acquisition on November 3, 2017. As of March 31, 2018, the fair value of the 3.97% Senior Notes was approximately \$28.7 million . This estimate was based on similar private placement transactions along with changes in market interest rates which represent a Level 2 measurement.

Acquisition Support and Reimbursement

During 2017, affiliates of ArcLight agreed and provided distribution support of \$25.0 million pursuant to the support agreement that was executed in conjunction with the JPE Merger. On March 11, 2018, the Partnership and Magnolia, an affiliate of ArcLight, entered into a Capital Contribution Agreement (the “Capital Contribution Agreement”) to provide additional capital and overhead support to us during the first three quarters of 2018 in connection with temporary curtailment of production flows at the Delta House platform (“Delta House”). Pursuant to the Capital Contribution Agreement, Magnolia has agreed to provide quarterly capital contributions, in an amount to be agreed, up to the difference between the actual cash distribution received by us on account of our interest in Delta House and the quarterly cash distribution expected to be received had the production flows to Delta House not been curtailed. Subsequent to March 31, 2018, in accordance with this agreement Magnolia agreed to an additional capital contribution of \$9.4 million, which was paid in the second quarter of 2018.

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 to a certain extent 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 was \$109.1 million and \$16.2 million as of March 31, 2018 and December 31, 2017, respectively.

Cash Flows

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

	Three months ended March 31,	
	2018	2017
Net cash provided by (used in):		
Operating activities	\$ 14,847	\$ 8,847
Investing activities	(15,744)	(12,928)
Financing activities	(1,774)	(280,899)
Net decrease in cash, cash equivalents and restricted cash	<u>\$ (2,671)</u>	<u>\$ (284,980)</u>

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017

Operating Activities . During the three months ended March 31, 2018 , we had \$14.8 million of cash provided by operating activities, an increase of \$6.0 million as compared to \$8.8 million of cash provided by operating activities in the same period in 2017. The increase in cash flows from operating activities resulted primarily from a reduction in net loss of \$15.1 million to \$13.8 million year over year, offset by the net increase in operating assets and liabilities of approximately \$9.0 million, mainly driven by an increase in working capital.

Investing Activities . During the three months ended March 31, 2018 , net cash used in investing activities was \$15.7 million , an increase of \$2.8 million as compared to net cash used in investing activities of \$12.9 million in the same period of 2017. The increase of cash flows used in investing activities resulted primarily from a \$6.0 million increase in additions to property, plant and equipment for the three months ended March 31, 2017 as compared to the same period in 2017.

Financing Activities . During the three months ended March 31, 2018 , net cash used in financing activities was \$1.8 million , a decrease of \$279.1 million as compared to net cash used in financing activities of \$280.9 million in the same period in 2017. During the three months ended March 31, 2018, we had net borrowings under our Credit Agreement of approximately \$15 million whereas during the three months ended March 31, 2017, the net pay down on our Credit Agreement was \$243.4 million.

Distribution to our unitholders

In the three months ended March 31, 2018 , we paid a total of approximately \$21.7 million of distributions to our unitholders associated with the fourth quarter of 2017. This was made possible primarily by \$14.8 million of cash generated from operating activities, plus approximately \$6.7 million of distributions received relating to our unconsolidated affiliates return of capital and \$9.4 million pursuant to our sponsor's agreement to provide distribution support to offset the shortfall at Delta House.

On April 26, 2018, 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 is expected to be paid on May 15, 2018, to unitholders of record as of the close of business on May 7, 2018. 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, and our General Partner's determination as to the most appropriate use of our cash from operations in accordance with our partnership agreement. We may reduce, suspend or eliminate quarterly distributions on our common units.

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. 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.

For the three months ended March 31, 2018, capital expenditures totaled \$25.9 million, including expansion capital expenditures of \$19.7 million, maintenance capital expenditures of \$4.5 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 \$1.7 million.

Critical Accounting Estimates

There were no changes to our critical accounting estimates from those disclosed in our Annual Report.

Off-Balance Sheet Arrangements

As of March 31, 2018, there were no off-balance sheet arrangements.

Recent Accounting Pronouncements

For information regarding new accounting policies or updates to existing accounting policies as a result of new accounting pronouncements, refer to Note 2 - *New Accounting Pronouncements* and Note 3 - *Revenue Recognition* in Part I, Item 1 of this Quarterly Report, which is incorporated herein by reference.

Item 3. 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 have entered into contracts to hedge a portion of our NGL and crude oil exposure in 2018. As of March 31, 2018, 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.

Interest Rate Risk

Our revolving credit facility bears interest at a variable rate and exposes us to interest rate risk. 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. For the quarter ended March 31, 2018, we had exposure to changes in interest rates on our indebtedness associated with our Credit Agreement. We do not hold or purchase financial instruments or derivative financial instruments for trading purposes.

As of March 31, 2018, we had a combined notional principal amount of \$550.0 million of variable to fixed interest rate swap agreements. As of March 31, 2018, the maximum length of time over which we have hedged a portion of our exposure due to interest rate risk is through December 31, 2022. Based on our unhedged interest rate exposure to variable rate debt outstanding as of March 31, 2018, a hypothetical increase or decrease in interest rates by 1.0% would have changed our interest expense by \$1.6 million for the three months ended March 31, 2018.

Item 4. Controls and Procedures

Progress towards Material Weakness Remediation

In prior filings, we identified and reported material weaknesses in the Company's internal control over financial reporting which still exist as of March 31, 2018. We are formulating our remediation plan and testing procedures. In response to the identified material weaknesses, our management, with oversight from our audit committee, has dedicated resources to improve our control environment and to remedy the identified material weaknesses.

While plans have been made to enhance our internal control over financial reporting relating to the material weaknesses, management is still in the process of implementing and testing these processes and procedures, and additional time is required to complete implementation and to assess and ensure the sustainability of these procedures. Management believes these actions will be effective in remediating the material weaknesses described above and will continue to devote significant time and attention to these remediation efforts. However, the material weaknesses cannot be considered re-mediated until the applicable re-mediated controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in internal control over financial reporting

There were no changes in internal control over financial reporting that occurred during the quarter ended March 31, 2018 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 Quarterly Report 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 Quarterly Report as Exhibits 32.1 and 32.2.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On December 18, 2015, Vintage Assets, Inc., et al. (“Vintage”), filed a lawsuit in the Judicial District Court in Plaquemines Parish, Louisiana alleging that defendants Southern Natural Gas Company, L.L.C. (“SNG”) and Tennessee Gas Pipeline Company, L.L.C. (i) failed to maintain the canals in which their pipelines were laid, (ii) failed to maintain the associated banks causing erosion, ecological damage, and unspecified monetary damages, and (iii) trespassed on Plaintiffs’ property. The case was removed to the United States District Court for the Eastern District of Louisiana on January 27, 2016. Our subsidiaries HPGT and HPGG are successors in interest to SNG with regard to certain of the property interests at issue in this proceeding. On October 24, 2016, HPGT and HPGG were added to the lawsuit as co-defendants. Plaintiffs subsequently demanded either restoration of their property or, alternatively, \$44.0 million in damages (the Plaintiffs’ alleged estimated cost of restoration). A bench trial was held in September 2017, and a judgment rendered on May 4, 2018, held that HPGT and HPGG were obligated to restore approximately 2.4 acres of defendants land, maintain the width of canals and pay \$1,104.00 in monetary damages. The Partnership estimates the cost of restoring the land will be less than \$1 million. The purchase and sale agreements pursuant to which HPGG and HPGT acquired their property interests contain provisions pursuant to which the sellers agreed to indemnify HPGT or HPGG, as applicable, from all liabilities, including attorney’s fees, attributable to the period prior to such acquisition.

While the ultimate impact of any proceedings cannot be predicted with certainty, our management believes that the resolution of any of our pending proceedings will not have a material adverse effect on our financial condition or results of operations.

Item 1A. Risk Factors

In addition to the information about our business, financial conditions and results of operations set forth in this Quarterly Report, careful consideration should be given to the risk factors discussed under the caption “Risk Factors” in Part I, Item 1A of our Annual Report. Such risks are not the only risks we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have a material adverse effect on our business or our operations.

Item 6. Exhibits

**Exhibit
Number****Exhibit**

- 3.1 [Certificate of Limited Partnership of American Midstream Partners, LP \(incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-1 \(Commission File No. 333-173191\) filed on March 31, 2011\).](#)
- 3.2 [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 \(Commission File No. 001-35257\) filed on April 29, 2016\).](#)
- 3.3 [Amendment No. 1 to Fifth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, LP, effective May 1, 2016 \(incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K \(Commission File No. 001-35257\) filed on June 22, 2016\).](#)
- 3.4 [Amendment No. 2 to Fifth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, LP, dated October 31, 2016 \(incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K \(Commission File No. 001-35257\) filed on November 4, 2016\).](#)
- 3.5 [Amendment No. 3 to Fifth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, LP, dated March 8, 2017 \(incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K \(Commission File No. 001-35257\) filed on March 8, 2017\).](#)
- 3.6 [Composite Fifth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, LP, including Amendment No. 1, Amendment No. 2 and Amendment No. 3 \(incorporated by reference to Exhibit 3.19 to the Annual Report on Form 10-K \(Commission File No. 001-35257\) filed on March 28, 2017\).](#)
- 3.7 [Amendment No. 4 to Fifth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, LP, dated May 25, 2017 \(incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K \(Commission File No. 001-35257\) filed on May 31, 2017\).](#)
- 3.8 [Amendment No. 5 to Fifth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, LP, dated June 30, 2017 \(incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K \(Commission File No. 001-35257\) filed on July 14, 2017\).](#)
- 3.9 [Amendment No. 6 to Fifth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, LP, dated September 7, 2017 \(incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K \(Commission File No. 001-35257\) filed on September 11, 2017\).](#)
- 3.10 [Amendment No. 7 to Fifth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, LP, dated October 26, 2017 \(incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K \(Commission File No. 001-35257\) filed on October 30, 2017\).](#)
- 3.11 [Amendment No. 8 to Fifth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, LP, dated January 25, 2018 \(incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K \(Commission File No. 001-35257\) filed on January 31, 2018\).](#)
- 3.12 [Amendment No. 9 to Fifth Amended and Restated Agreement of Limited Partnership of American Midstream Partners, LP, dated May 3, 2018 \(incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K \(Commission File No. 001-35257\)\).](#)
- 3.13 [Certificate of Formation of American Midstream GP, LLC \(incorporated by reference to Exhibit 3.4 to the Registration Statement on Form S-1 \(Commission File No. 333-173191\) filed on March 31, 2011\).](#)
- 3.14 [Fourth Amended and Restated Limited Liability Company Agreement of American Midstream GP, LLC \(incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K \(Commission File No. 001-35257\) filed on August 15, 2017\).](#)
- *10.1 [Membership Interest Purchase Agreement, dated February 16, 2018, between AMID Merger LP and DKGP Energy Terminals LLC.](#)
- 10.2 [Capital Contribution Agreement, dated as of March 11, 2018, between American Midstream Partners, LP, American Midstream GP, LLC and Magnolia Infrastructure Holdings, LLC \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K \(Commission File No. 001-35257\)\).](#)
- *31.1 [Certification of Lynn L. Bourdon III, President and Chief Executive Officer of American Midstream GP, LLC, the General Partner of American Midstream Partners, LP, for the March 31, 2018 Quarterly Report on Form 10-Q, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- *31.2 [Certification of Eric T. Kalamaras, Senior Vice President & Chief Financial Officer of American Midstream GP, LLC, the General Partner of American Midstream Partners, LP, by March 31, 2018 Quarterly Report on Form 10-Q, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- **32.1 [Certification of Lynn L. Bourdon III, President and Chief Executive Officer of American Midstream GP, LLC, the General Partner of American Midstream Partners, LP, by March 31, 2018 Quarterly Report on Form 10-Q, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- **32.2 [Certification of Eric T. Kalamaras, Senior Vice President & Chief Financial Officer of American Midstream GP, LLC, the General Partner of American Midstream Partners, LP, by March 31, 2018 Quarterly Report on Form 10-Q, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

**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.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 15, 2018

AMERICAN MIDSTREAM PARTNERS, LP

By: American Midstream GP, LLC, its General Partner

By: /s/ Lynn L. Bourdon III
Lynn L. Bourdon III
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Eric T. Kalamaras
Eric T. Kalamaras
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

MEMBERSHIP INTEREST PURCHASE AGREEMENT

dated as of February 16, 2018

by and between

AMID MERGER LP,

as the Seller

and

DKGP ENERGY TERMINALS LLC,

as the Buyer

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MEMBERSHIP INTEREST PURCHASE AGREEMENT

THIS MEMBERSHIP INTEREST PURCHASE AGREEMENT (including the Exhibits and Schedules (as defined below) attached hereto, this “Agreement”) is made as of February 16, 2018 by and among AMID Merger LP, a Delaware limited partnership (the “Seller”), and DKG Energy Terminals LLC, a Delaware limited liability company (the “Buyer”). The Seller and the Buyer are sometimes referred to herein individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, the Seller owns 100% of the membership interests (the “Interests”) of AMID Refined Products, LLC, a Delaware limited liability company (“AMID Refined Products”), which owns 100% of the issued and outstanding membership interests of each of AMID NLR LLC, a Delaware limited liability company (“AMID NLR”), and AMID Caddo LLC, a Delaware limited liability company (“AMID Caddo” and, together with AMID NLR and AMID Refined Products, the “Companies”);

WHEREAS, upon the terms and subject to the conditions contained in this Agreement, the Seller desires to sell, and the Buyer desires to purchase, the Interests (such purchase is referred to herein as the “Acquisition”);

WHEREAS, each of Delek Logistics Partners, LP, a Delaware limited partnership (“DKL”), and Green Plains Partners LP, a Delaware limited partnership (“GPP”, and each of DKL and GPP, a “Buyer Parent”), is executing and delivering concurrently with the execution of this Agreement, a guaranty agreement with respect to the obligations of the Buyer under this Agreement (the “Buyer Parent Guaranties”), the form of which is attached hereto as Exhibit A; *provided* that the guaranty obligations of the each Buyer Parent hereunder shall be several as to its 50% share of the Guaranteed Obligations (as defined in the Buyer Parent Guaranties) thereunder, and not joint; and

WHEREAS, American Midstream Partners, LP, a Delaware limited partnership (the “Seller Parent”), is executing and delivering concurrently with the execution of this Agreement, a guaranty of the obligations of the Seller under this Agreement (the “Seller Parent Guaranty”), the form of which is attached hereto as Exhibit B.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and agreements contained herein, and intending to be legally bound hereby, the Parties agree as follows:

Article I DEFINITIONS AND DEFINITIONAL PROVISIONS

Section 1.1 *Defined Terms*. The following terms have the meanings assigned to them in this Section 1.1.

“ Acquired Business ” means the business of the Companies, which, in the case of AMID NLR, consists of the business of the North Little Rock Refined Products Terminal, and in the case of AMID Caddo, consists of the business of the Caddo Mills Refined Products Terminal.

“ Acquired Companies Audited Financial Statements ” has the meaning Section 6.18 specifies.

“ Acquired Companies Interim Financial Statements ” has the meaning Section 6.18 specifies.

“ Acquisition ” has the meaning the Recitals to this Agreement specify.

“ Acquisition Proposal ” has the meaning Section 6.15 specifies.

“ Affiliate ” means, as to any specified Person, any other Person that, directly or indirectly through one or more intermediaries or otherwise, controls, is controlled by or is under common control with the specified Person. As used in this definition, “ control ” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person (whether through ownership of the Capital Stock of that Person, by contract or otherwise), and the terms “ controlled ” and “ controlling ” have the meanings correlative to the foregoing. For the avoidance of doubt, the Companies and their Subsidiaries will be Affiliates of the Seller only before the Closing, and will be Affiliates of the Buyer only after the Closing.

“ Agreement ” has the meaning the Preamble to this Agreement specifies.

“ Allocation ” has the meaning Section 6.6(g) specifies.

“ Allocation Statement ” has the meaning Section 6.6(g) specifies.

“ Alternate Buyer ” has the meaning Section 11.2(b) specifies.

“ AMID Caddo ” has the meaning the Recitals to this Agreement specify.

“ AMID NLR ” has the meaning the Recitals to this Agreement specify.

“ AMID Refined Products ” has the meaning the Recitals to this Agreement specify.

“ Assignment ” means an assignment and assumption of membership interests, substantially in the form attached hereto as Exhibit D, pursuant to which the Seller shall convey and assign the Interests to the Buyer.

“ Auditing Firm ” has the meaning Section 6.18 specifies.

“ Auditors ” has the meaning Section 2.4(b) specifies.

“ Balance Sheet ” has the meaning Section 4.15 specifies.

“ Balance Sheet Date ” has the meaning Section 4.15 specifies.

“ Base Purchase Price ” has the meaning Section 2.2(a)(i) specifies.

“ Buyer ” has the meaning the Preamble to this Agreement specifies.

“ Buyer 401(k) Plan ” has the meaning Section 6.11(d) specifies.

“ Buyer Benefit Plans ” has the meaning Section 6.11(c) specifies.

“ Buyer Disclosure Letter ” has the meaning Article V specifies.

“ Buyer Indemnitees ” has the meaning Section 9.2 specifies.

“ Buyer Material Adverse Effect ” means an event, circumstance, development, change or effect that, individually or in the aggregate, has materially impaired or delayed, or is reasonably likely to materially impair or delay, the ability of the Buyer to perform its obligations under this Agreement and to consummate the transactions contemplated hereby.

“ Buyer Parent ” has the meaning the Recitals to this Agreement specify.

“ Buyer Parent Guaranties ” has the meaning the Recitals to this Agreement specify, and, in the event of an assignment of this Agreement pursuant to Section 11.2(b), the replacement Buyer Parent Guaranty delivered by DKL in accordance with Section 11.2(b).

“ Caddo Mills Refined Products Terminal ” has the meaning Section 4.7(a) of the Seller Disclosure Letter specifies.

“ Cap ” has the meaning Section 9.4 specifies.

“ Capital Stock ” means, with respect to: (i) any corporation, any share, or any depositary receipt or other certificate representing any share, of an equity ownership interest in that corporation; and (ii) any other Entity, any share, membership, partnership or other percentage interest, unit of participation or other equivalent (however designated) of an equity interest in that Entity.

“ Casualty Loss ” has the meaning Section 6.14 specifies.

“ Claim ” means, as asserted (i) against any specified Person, any claim, demand or Proceeding made or pending against the specified Person for Damages to any other Person, or (ii) by the specified Person, any claim, demand or Proceeding of the specified Person made or pending against any other Person for Damages to the specified Person.

“ Closing ” has the meaning Section 2.5 specifies.

“Closing Cash” means, as of 12:01 a.m. Central Time on the Closing Date, the Companies’ and their Subsidiaries’ consolidated cash balances (net of any overdrafts and restricted cash balances), as adjusted for any deposits in transit, any outstanding checks and any other proper reconciling items, in each case as determined in accordance with the accounting methods, policies, principles, practices, procedures, classifications and estimation methodologies that were used in the preparation of the Balance Sheet, all of which have been made in accordance with GAAP, consistently applied.

“Closing Date” has the meaning Section 2.5 specifies.

“Closing Indebtedness” means all Indebtedness of the Companies and their Subsidiaries as of the Closing.

“Closing Statement” has the meaning Section 2.4(b) specifies.

“Closing Working Capital” has the meaning Section 2.4(b) specifies.

“Code” means the United States Internal Revenue Code of 1986.

“Companies” has the meaning the Recitals to this Agreement specify.

“Confidentiality Agreement” has the meaning Section 6.1(c) specifies.

“Consent” means any consent, release, approval, license, permit, order or authorization of, or registration, declaration or filing with, any Governmental Authority or other Person, including any Permit, or, with respect to any equity interests, the waiver of any right of first refusal or similar Lien.

“Continuing Employees” has the meaning Section 6.11(a) specifies.

“Damage” or “Damages” means any out-of-pocket cost, damage, expense (including reasonable fees and expenses of attorneys, consultants and experts and Proceeding costs), fine, penalty, loss, liability and interest.

“Direct Claim” has the meaning Section 9.5(c) specifies.

“Disregarded Entity” has the meaning Section 4.17(i) specifies.

“DKL” has the meaning the Recitals to this Agreement specify.

“Employee Plan” means any employee benefit or compensation arrangement, plan, policy or program, whether written or unwritten or funded or unfunded, that is established, maintained or sponsored by the Seller, a Company or any of their Subsidiaries, or to which the Seller, a Company or any of their Subsidiaries contribute or have an obligation to contribute, on behalf of any of the Seller Dedicated Employees or the nonemployee directors, officers or independent contractors of a Company, including any material plan described in Section 3(3) of ERISA, whether or not tax qualified and whether or not subject to ERISA,

and any other pension, benefit, retirement, compensation, employment, profit-sharing, bonus, incentive compensation, performance award, deferred compensation, vacation, sick pay, paid time off, stock purchase, stock option, phantom equity, equity or equity-based award, plan or benefit, unemployment, hospitalization or other medical, life insurance, long- or short-term disability, change of control, retention, severance or fringe benefit, including Employment Agreements, for which the Company has or may have any Liability, or with respect to which Buyer or any of its ERISA Affiliates would reasonably be expected to have any Liability, contingent or otherwise.

“Employment Agreement” means any employment contract between the Seller or any of its Affiliates, other than a Company, and a Seller Dedicated Employee, with respect to the employment of such Seller Dedicated Employee in the Acquired Business.

“Entity” means any corporation, partnership of any kind, limited liability company, unlimited liability company, business trust, unincorporated organization or association, mutual company, joint stock company, joint venture or any other entity or organization.

“Environment” has the meaning Section 4.16(f)(i) specifies.

“Environmental Claims” has the meaning Section 4.16(c) specifies.

“Environmental Law” has the meaning Section 4.16(f)(ii) specifies.

“Environmental Permits” has the meaning Section 4.16(b) specifies.

“Environmental Representations” means the representations and warranties made by the Seller in Section 4.16.

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

“ERISA Affiliate” has the meaning Section 4.13(e) specifies.

“Estimated Closing Cash” has the meaning Section 2.2(b) specifies.

“Estimated Closing Indebtedness” has the meaning Section 2.2(b) specifies.

“Estimated Closing Price Certificate” has the meaning Section 2.2(b) specifies.

“Estimated Closing Working Capital” has the meaning Section 2.2(b) specifies.

“Estimated Purchase Price” has the meaning Section 2.2(b) specifies.

“Existing Surveys” shall mean (i) in the case of the Real Property commonly referred to as Caddo Mills, that certain survey dated November 16, 2012, prepared by U.S. Surveyor, and (ii) in the case of the Real Property commonly referred to as North Little Rock, that certain survey dated November 15, 2012, prepared by U.S. Surveyor.

“Final Purchase Price” has the meaning Section 2.4(b) specifies.

“Financial Statements” has the meaning Section 4.15 specifies.

“Fundamental Representations” means the representations and warranties made by (a) the Seller in Section 3.1, Section 3.2, Section 3.5, Section 3.6, Section 4.1, Section 4.2, Section 4.4 and Section 4.6(a) and (b) by the Buyer in Section 5.1, Section 5.2 and Section 5.8.

“GAAP” means generally accepted accounting principles and practices in the United States as in effect from time to time.

“Governmental Authority” means any federal, state, local, or foreign government or political subdivision thereof, or any instrumentality, subdivision, court, administrative agency, commission, official or other authority, province, prefect, municipality, or locality thereof, any self-regulated organization or any other non-governmental authority or quasi-governmental or private body exercising any regulatory, taxing or other governmental or quasi-governmental authority.

“GPP” has the meaning the Recitals to this Agreement specify.

“Hazardous Substance” has the meaning Section 4.16(f)(iii) specifies.

“HSR Act” has the meaning Section 6.4(b)(i) specifies.

“Indebtedness” of any Person means, without duplication, (i) any liability of that Person, whether or not contingent, (A) for borrowed money, (B) arising out of any extension of credit to or for the account of that Person (including reimbursement or payment obligations with respect to surety bonds, letters of credit, bankers’ acceptances and similar instruments) or for the deferred purchase price of property or other assets or services or arising under conditional sale or other title retention agreements, in each case other than trade payables arising in the Ordinary Course of Business and not outstanding for more than 120 days after such trade payable was created, (C) evidenced by notes, bonds, debentures or similar instruments, (D) in respect of leases of (or other agreements conveying the right to use) property or other assets which GAAP requires to be classified and accounted for as capital leases or (E) in respect of commodity, currency or interest rate swap, cap or collar agreements or similar arrangements providing for the mitigation of that Person’s commodity, currency or interest rate risks either generally or under specific contingencies between that Person and any other Person; or (ii) any liability of others of the type described in the preceding clause (i) in respect of which that Person has incurred, assumed or acquired a liability by means of a guaranty or which is secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation. Notwithstanding the foregoing, the calculation of Indebtedness shall not include any of the principal amount as of the Closing Date of any undrawn letters of credit, nor obligations of a Company or its

Subsidiaries under or with respect to any outstanding checks to the extent same are netted from the Closing Cash.

“ Indemnified Party ” has the meaning Section 9.5 specifies.

“ Indemnifying Party ” has the meaning Section 9.5 specifies.

“ Intellectual Property ” means any and all rights in, arising out of or associated with any of the following in any jurisdiction in the world: (i) patents and patent applications, including all reissues, divisions, continuations, continuations-in-part, provisionals, substitutes, renewals and extensions thereof, and other government issued indicia of invention ownership, (ii) copyrights, and all copyright registrations and copyright applications and any renewals or extensions thereof, (iii) trademarks, service marks, brands, certification marks, trade dress, trade names, logos, slogans, domain names (including internet domain names, social media accounts or user names (including “handles” and associated web addresses, URLs, websites and web pages, and all content and data thereon or related thereto)) and other indicia of origin of use, whether registered or unregistered, and pending applications and renewals for any of the foregoing, together in each case with the goodwill connected with the use of or symbolized thereby, (iv) trade secrets, know-how, proprietary and confidential information, including all proprietary rights in product specifications, compounds, processes, formulae, product or industrial designs, business information, technical and marketing plans and proposals, ideas, concepts, inventions, research and development, information disclosed by business manuals and drawings, technology, technical information, data, databases, research records, customer, distributor and supplier lists and similar data and information and all other confidential or proprietary technical or business information and materials and all rights therein and (v) all other intellectual or industrial property or proprietary rights.

“ Interests ” has the meaning the Recitals to this Agreement specify.

“ Inventory Date ” has the meaning Section 6.20 specifies.

“ Inventory Reconciliations ” has the meaning Section 6.20 specifies.

“ JP Energy Acquisition Date ” means March 8, 2017.

“ JV Buyer ” has the meaning Section 11.2(b) specifies.

“ Law ” or “ Laws ” means (i) any law (including common law), statute, treaty, decree, code, ordinance, order, rule, regulation, judgment, injunction, or other legally-binding requirement of any Governmental Authority in effect at such time or (ii) any legally-binding obligation included in any Permit or resulting from binding arbitration, including any requirement under common law.

“ Lien ” means, with respect to any property or other asset of any Person (or any revenues, income or profits of that Person therefrom), any mortgage, easement, lien

(statutory or other), encroachment, right of way, security interest, pledge, attachment, levy, option, debt, right of first refusal or other restriction of any kind (including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership), charge or encumbrance thereupon or in respect thereof.

“ Losses ” shall mean all losses, costs, interest, charges, obligations, liabilities, Proceedings, settlement payments, awards, judgments, fines, penalties, damages, assessments, deficiencies of whatever kind, or associated reasonable expenses, including reasonable attorneys’ fees and the cost of enforcing any right to indemnification hereunder; *provided, however* , that any claim for Losses pursuant to the indemnities in Article IX shall be reduced by any payment (including payments on account of insurance of the Companies) actually received from a third party or otherwise actually recovered from third parties. For all purposes in this Agreement, the term “ Losses ” shall not include any Non-Reimbursable Losses.

“ Material Agreement ” has the meaning Section 4.12(a) specifies.

“ Non-Acquired Business Liabilities ” means liabilities of the Companies unrelated to the Acquired Business as conducted as of the Closing, including liabilities with respect to discontinued operations, and liabilities with respect to assets or properties sold or otherwise disposed of by the Seller prior to the Closing that are unrelated to the Acquired Business as conducted as of the Closing Date.

“ Non-Reimbursable Losses ” has the meaning Section 9.10 specifies.

“ North Little Rock Refined Products Terminal ” has the meaning Section 4.7(a) of the Seller Disclosure Letter specifies.

“ Noticed Post-Closing Claim ” has the meaning Section 6.17(a) specifies.

“ OFAC ” has the meaning Section 4.10(c) specifies.

“ Ordinary Course of Business ” means, with respect to the Companies, the ordinary course of business of the Acquired Business, consistent with past practices.

“ Organization Jurisdiction ” means, as applied to (i) any corporation, the federal, state or other jurisdiction of incorporation, (ii) any limited liability company or limited partnership, the federal, state or other jurisdiction under whose Laws it is formed, organized and existing in that legal form, and (iii) any other Entity, the federal, state or other jurisdiction whose Laws govern that Entity’s internal affairs.

“ Organizational Documents ” means, with respect to any Entity at any time, in each case as amended, modified and supplemented at that time, (i) the articles or certificate of formation, incorporation or organization (or the equivalent organizational or constituent documents) of that Entity, (ii) the articles of association, bylaws, limited liability company agreement, limited partnership agreement or regulations (or the equivalent governing

documents) of that Entity and (iii) each document setting forth the designation, amount and relative rights, limitations and preferences of any class or series of that Entity's Capital Stock.

“ Outside Date ” has the meaning Section 8.1(b)(i) specifies.

“ Party ” and “ Parties ” have the meanings the Preamble to this Agreement specifies.

“ Permit ” means any authorization, consent, approval, permit, franchise, certificate, certification, license, implementing order or exemption of, or registration with any Governmental Authority.

“ Permitted Liens ” means (i) Liens for Taxes not yet due or payable; (ii) Liens of carriers, warehousemen, mechanics, laborers, materialmen and other similar Liens arising or incurred in the Ordinary Course of Business for amounts not yet due or payable or that are being contested in good faith in appropriate Proceedings and for which adequate reserves have been established in the Financial Statements *provided* such Liens under this clause (ii) do not exceed \$7,500,000 in the aggregate, (iii) Liens caused or created by or on behalf of the Buyer, (iv) provided that such matter does not secure obligations for the payment of money or would not reasonably be expected, either individually or in the aggregate, to materially interfere with the operation of the Acquired Business as it is currently conducted, those certain title matters listed on Exhibit G attached hereto, as well as any other easements, rights-of-way, restrictions and other similar encumbrances arising or incurred in the Ordinary Course of Business, (v) any imperfection or irregularity of title that would not be reasonably expected to materially interfere with the operation of the Acquired Business as it is currently conducted, (vi) any interest of title of a lessor of any assets being leased pursuant to a lease classified as an operating lease under GAAP, (vii) provided that such matter does not secure obligations for the payment of money or would not reasonably be expected, either individually or in the aggregate, to materially interfere with the operation of the Acquired Business as it is currently conducted, any matter shown on the Existing Surveys and any other matter that would be shown on a current survey, (viii) provided that such matter does not secure obligations for the payment of money or would not reasonably be expected, either individually or in the aggregate, to materially interfere with the operation of the Acquired Business as it is currently conducted, the Deed Restriction made by JP Energy ATT, LLC, recorded on March 30, 2017 in Pulaski County, AR as Document No. 2017019684 and (ix) Liens that will be released prior to or upon the Closing of the Acquisition.

“ Person ” means any natural person, Entity, estate, trust, union or employee organization or Governmental Authority.

“ Post-Closing Claims ” has the meaning Section 6.17(a) specifies.

“ Pre-Closing Occurrence Based Policies ” has the meaning Section 6.17(a) specifies.

“ Pre-Closing Period ” means any taxable period ending on or before the Closing Date.

“ Pre-Closing Period Tax Return ” means any Tax Return relating to a Pre-Closing Period.

“ Pre-Closing Taxes ” means, without duplication, (i) any and all Taxes of or imposed on any of the Companies and their Subsidiaries for any and all Pre-Closing Periods and (ii) any and all Taxes of or imposed on any of the Companies and their Subsidiaries for any and all portions of Straddle Periods ending on the Closing Date (determined in accordance with Section 6.6(a) hereof).

“ Proceeding ” means any action, case, proceeding, cause of action, litigation, arbitration, citation, summons, claim, grievance, suit or investigation or other proceeding conducted by or pending before any Governmental Authority or any arbitrator.

“ Purchase Price ” has the meaning Section 2.2(a) specifies.

“ Real Property ” has the meaning Section 4.7(a) specifies.

“ Release ” has the meaning Section 4.16(f)(iv) specifies.

“ Remedial Action ” has the meaning Section 4.16(f)(v) specifies.

“ Representatives ” means, with respect to any Person, the directors, officers, managers, employees, Affiliates, accountants, advisors, attorneys, consultants or other agents of that Person, or any other representatives of that Person.

“ Restricted Business ” has the meaning Section 6.16(a) specifies.

“ Restricted Marks ” has the meaning Section 6.12 specifies.

“ Restricted Period ” has the meaning Section 6.16(a) specifies.

“ Schedules ” means the Seller Disclosure Letter and the Buyer Disclosure Letter.

“ Seller ” has the meaning the Preamble to this Agreement specifies.

“ Seller Dedicated Employees ” means the employees of the Seller or any of its Affiliates, other than a Company, who provide services to a Company solely in connection with the Acquired Business.

“ Seller Disclosure Letter ” has the meaning Article III specifies.

“ Seller Indemnities ” has the meaning Section 9.3 specifies.

“ Seller Insurance Policies ” has the meaning Section 4.20 specifies.

“ Seller Material Adverse Effect ” means an event, circumstance, development, change or occurrence that, individually or in the aggregate, (i) is reasonably expected to materially impair or delay the ability of the Seller to perform its obligations under this

Agreement and to consummate the transactions contemplated hereby or (ii) has had or would be reasonably be expected to have a material adverse effect on the business, assets, liabilities, condition (financial or otherwise) or results of operations, or the value, of the Acquired Business, taken as a whole; *provided, however*, that, in each case, no event, circumstance, development, change or occurrence resulting from any of the following shall be deemed to constitute, or shall be taken into account in determining whether there has been or would reasonably be expected to be, a Seller Material Adverse Effect: (A) changes in global or national economic conditions, including changes in prevailing interest rates, financial, credit, securities, currency or exchange rate market conditions or the price of commodities or raw materials used by the Companies, (B) changes or trends in the industry in which the Companies or any of their customers operate (including the demand for, and availability and pricing of, raw materials, crude oil, refined products or other commodities, and the marketing and transportation thereof) or in which the services of the Companies are used, (C) changes in global or national political conditions, including the outbreak, continuation or escalation of war (whether or not declared), hostilities, sabotage, military conflict or acts of terrorism, (D) earthquakes, hurricanes, floods, acts of God or other natural disasters, (E) changes (or proposed changes) in applicable Law or the interpretation, enforcement or implementation thereof or changes (or proposed changes) in GAAP or international financial reporting standards, or the interpretation thereof, (F) any failure by a Company or its Subsidiaries to meet any internal or third party projections or forecasts or estimates of revenue, earnings or other performance measures or operating statistics for any period (*provided, however*, that this clause (F) shall not operate to exclude from the definition of “Seller Material Adverse Effect” any set of facts or circumstances that give rise or contribute to any such failure unless otherwise excluded hereunder, (G) changes, including impacts on relationships with customers, suppliers, employees, labor organizations or Governmental Authorities, in each case solely attributable to the execution, announcement, pendency or consummation of this Agreement, any Transaction Document or the transactions contemplated hereby or thereby, including as a result of the identity of the Buyer or plans or announced intentions of the Buyer with respect to the Companies, (H) any effect arising out of any action taken or omitted to be taken by the Seller or the Companies at the request, or with the prior written consent, of the Buyer pursuant to this Agreement or (I) any event, circumstance, development, change or occurrence that is cured by a Company or the Sellers; *provided, however*, that events, circumstances, developments, changes or occurrences set forth in clauses (A) through (E) above may be taken into account in determining whether there has been or would reasonably be expected to have a Seller Material Adverse Effect if and only to the extent such events, circumstances, developments, changes or effects have a materially disproportionate adverse effect on the Companies, taken as a whole, in relation to others in the industry in which the Companies operate.

“ Seller Parent ” has the meaning the Recitals to this Agreement specify.

“ Seller Parent Guaranty ” has the meaning the Recitals to this Agreement specify.

“ Straddle Period ” means any taxable period beginning on or before and ending after the Closing Date.

“ Straddle Period Tax Return ” means any Tax Return relating to a Straddle Period.

“ Starting Inventory ” has the meaning Section 6.20 specifies.

“ Subsidiary ” of any specified Person at any time means any Entity of which (i) such Person or any other Subsidiary of such Person is a general partner, managing member or sole or controlling member or (ii) at least a majority of the Capital Stock having by their terms ordinary voting power to elect a majority of the board of directors, managers or others performing similar functions with respect to such Entity is, directly or indirectly, owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and any one or more of its Subsidiaries.

“ Target Working Capital ” means an amount equal to \$2,500,000.

“ Tax ” or “ Taxes ” means (i) any and all federal, state, local and foreign taxes, assessments and other governmental charges, duties, impositions and liabilities, including taxes based upon or measured by gross receipts, income, profits, sales, use and occupation, and value added, ad valorem, transfer, franchise, withholding, payroll, recapture, employment, excise and property taxes or other tax of any kind whatsoever, whether disputed or not, together with all interest, penalties and additions imposed with respect thereto; (ii) any liability for the payment of any item described in clause (i) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period, including pursuant to Treasury Regulations Section 1.1502-6 or any analogous or similar state, local or foreign Law; (iii) any liability for the payment of any item described in clause (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of any obligations under any agreements or arrangements with any other Person with respect to such item; or (iv) any successor liability for the payment of any item described in clause (i), (ii) or (iii) of any other Person, including by reason of being a party to any merger, consolidation, conversion or otherwise.

“ Tax Representations ” means the representations and warranties made by the Seller in Section 4.17.

“ Tax Return ” means any return, declaration, report, claim for refund, information return or statement, or other forms or documents relating to Taxes, including any schedule or attachment thereto and any related or supporting information, and including any amendment thereof.

“ Taxing Authority ” means any Governmental Authority having or purporting to exercise jurisdiction with respect to any Tax.

“ Terminals ” means the Caddo Mills Refined Products Terminal and the North Little Rock Refined Products Terminal.

“ Territory ” has the meaning Section 6.16(a) specifies.

“Third-Party Claim” has the meaning Section 9.5(a) specifies.

“Third-Party Provisions” has the meaning Section 11.11 specifies.

“Threshold Amount” has the meaning Section 9.4(b) specifies.

“Title Company” means the Chicago Title Insurance Company or such other national title insurance company or companies as may issue Title Policies with respect to the owned Real Property of the Acquired Business pursuant to Section 6.19.

“Title Policies” has the meaning Section 6.19 specifies.

“Transaction Documents” means this Agreement, the Seller Parent Guaranty, the Buyer Parent Guaranties, the Assignment and the other written ancillary agreements, documents, instruments and certificates executed under or in connection with this Agreement.

“Transfer Taxes” means all sales (including bulk sales), use, transfer, documentary, registration, conveyance, excise, stamp or similar Taxes incurred in connection with the sale of the Companies to the Buyer pursuant to this Agreement.

“Transition Services Agreement” means the Transition Services Agreement between the Seller and the Buyer, in the form of Exhibit E, and the schedules thereto.

“Treasury Regulations” means the income Tax regulations, including temporary regulations, promulgated under the Code, as those regulations may be amended from time to time. Any reference herein to a specific section of the Treasury Regulations shall include any corresponding provisions of succeeding, similar, substitute, proposed or final Treasury Regulation.

“Working Capital” means, as of any date of determination, the amount, which may be positive or negative, equal to the Companies’ and their Subsidiaries’ total current assets (excluding deferred Tax assets established to reflect timing differences between book and Tax income and cash balances included in the calculation of Closing Cash) on a consolidated basis as of such date minus the Companies’ and their Subsidiaries’ total current liabilities (excluding deferred Tax liabilities established to reflect timing differences between book and Tax income, deferred revenue, Indebtedness and any accruals for Pre-Closing Taxes) on a consolidated basis as of such date, in each case prepared in accordance with the accounting methods, policies, principles, practices, procedures, classifications and estimation methodologies (whether with regard to reserves or otherwise) that were used in the preparation of the Balance Sheet; *provided, however*, that the calculation of Working Capital as of the Closing Date (i) shall not reflect any accruals or reserves except as are calculated using the same procedures, using the same methodologies, as the applicable line items on the Balance Sheet, in accordance with GAAP, consistently applied, and (ii) is not intended to introduce any new or alternative accounting policies or methodologies. For

avoidance of doubt, the Worksheet sets forth the calculation of Working Capital as of December 31, 2017.

“Working Capital Deficit” means the amount, if any, by which the Closing Working Capital is less than the Target Working Capital.

“Working Capital Excess” means the amount, if any, by which the Closing Working Capital is more than the Target Working Capital.

“Worksheet” has the meaning Section 2.2(b) specifies.

Section 1.2 *Other Defined Terms.* Words and terms used in this Agreement that other Sections of this Agreement defined are used in this Agreement as those other Sections define them.

Section 1.3 *Other Definitional Provisions.*

(a) Except as this Agreement otherwise specifies, all references herein to any Law shall be deemed to refer to that Law or any successor Law, as the same may have been amended or supplemented from time to time through the date hereof, and any rules or regulations promulgated thereunder.

(b) All references herein to any agreement or contract shall be deemed to refer to such agreement or contract as amended, modified or supplemented from time to time in accordance with the terms thereof.

(c) All Exhibits and Schedules (including the Seller Disclosure Letter and Buyer Disclosure Letter) attached hereto or referred to herein are hereby incorporated hereto by referenced and made part of this Agreement as if set forth in full herein.

(d) The words “herein,” “hereof” and “hereunder” and words of similar import to refer to this Agreement as a whole and not to any provision of this Agreement, and the words “Article,” “Section,” “Recitals,” “Preamble,” “Schedule” and “Exhibit” refer to Articles and Sections of, the Recitals to, and Schedules and Exhibits to, this Agreement unless it otherwise specifies.

(e) Whenever the context so requires, the singular number includes the plural and vice versa, and a reference to one gender includes the other gender and the neuter.

(f) As used in this Agreement, the word “including” (and, with correlative meaning, the word “include”) means including, without limiting the generality of any description preceding that word, the word “or” shall be disjunctive but not exclusive and the words “shall” and “will” are used interchangeably and have the same meaning.

(g) As used in this Agreement, the term “business day” means any day other than a day on which commercial banks are authorized or required to close in Houston, Texas.

(h) The phrase “to the knowledge of the Seller” or any similar phrase means the actual knowledge, after due inquiry of all direct reports, of any individual set forth on Section 1.3(h) of the Seller Disclosure Letter; and the phrase “to the knowledge of the Buyer” or any similar phrase means the actual knowledge, after due inquiry of all direct reports, of any individual set forth on Section 1.3(h) of the Buyer Disclosure Letter.

(i) As used in this Agreement, all references to “dollars” or “\$” mean United States dollars.

(j) Whenever this Agreement refers to a number of days, such number shall be deemed to refer to calendar days unless business days are specified. Whenever any action must be taken hereunder on or by a day that is not a business day, then such action may be validly taken on or by the next day that is a business day.

(k) All accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP and shall be calculated in a manner consistent with GAAP.

Section 1.4 *Captions.* This Agreement includes captions to Articles, Sections and subsections of this Agreement and the Schedules and Exhibits thereto for convenience of reference only, and these captions do not constitute a part of this Agreement for any other purpose or in any way affect the meaning or construction of any provision of this Agreement.

ARTICLE II THE ACQUISITION

Section 2.1 *Purchase and Sale of the Interests.* At the Closing, on the terms and subject to the conditions of this Agreement, the Seller shall sell, assign, transfer and convey to the Buyer, and the Buyer shall purchase and acquire from the Seller, all of the Seller’s rights, title and interest in and to the Interests free and clear of all Liens (other than Liens in effect on or prior to the Closing Date that will be released upon payment of the Purchase Price and restrictions on transfer that may be imposed by state or federal securities Laws).

Section 2.2 *Purchase Price.*

(a) The aggregate purchase price for the Interests (as it may be adjusted in accordance with this Agreement, the “Purchase Price”) shall equal the sum of:

- (i) \$138,500,000 (the “Base Purchase Price”);
- (ii) plus an amount equal to the Working Capital Excess (if any);
- (iii) minus an amount equal to the Working Capital Deficit (if any);
- (iv) plus an amount equal to the Closing Cash (if any); and
- (v) minus an amount equal to the Closing Indebtedness (if any).

(b) At least two business days prior to the Closing Date, the Seller shall prepare and deliver to the Buyer a certificate of the Chief Financial Officer or equivalent officer of the Seller (the “Estimated Closing Price Certificate”) setting forth the Seller’s good faith estimate of the Purchase Price (the “Estimated Purchase Price”), which shall include a reasonably detailed calculation of the good faith estimated amount, calculated in accordance with the worksheet attached hereto as Exhibit C (“Worksheet”), of (i) Closing Working Capital (“Estimated Closing Working Capital”), (ii) Closing Cash (“Estimated Closing Cash”), and (iii) Closing Indebtedness (“Estimated Closing Indebtedness”). An amount equal to the Estimated Purchase Price shall be payable at the Closing as described in Section 2.3 below and shall be subject to adjustment as provided in Section 2.4 below.

Section 2.3 Payment of the Purchase Price and Other Amounts. At the Closing, subject to the satisfaction or waiver of each of the conditions specified in Article VII, the Buyer shall pay:

(a) to the Seller the Estimated Purchase Price by wire transfer of immediately available funds to an account of the Seller (which account shall be designated by the Seller at least two business days prior to the Closing Date); and

(b) to the Persons entitled thereto, the amount of Closing Indebtedness, as set forth in the Estimated Closing Price Certificate, for which the Seller shall have delivered to the Buyer payoff letters (including wire transfer instructions) from or on behalf of the Companies not less than two business days prior to the Closing Date, which payoff letters shall be in form and substance satisfactory to the Buyer and shall provide for the holders of such Closing Indebtedness to deliver to the Companies all related releases of Liens securing such Closing Indebtedness effective as of the Closing.

Section 2.4 Purchase Price Adjustments.

(a) The Parties agree that, so long as any distributions made are reflected in the Estimated Closing Price Certificate and in the Closing Working Capital and in any adjustments to the Purchase Price pursuant to Section 2.4(c), the Seller shall have the right, at or prior to the delivery of the Estimated Closing Price Certificate and upon written notice to the Buyer, to cause each of the Companies and their Subsidiaries to distribute cash, accounts receivable and any other working capital items to the Seller or its Affiliates, by one or more dividends and/or other distributions.

(b) Within 45 calendar days following the Closing, the Buyer shall prepare, or cause to be prepared, and deliver to the Seller a statement (the “Closing Statement”), which shall include (i) a consolidated balance sheet of the Companies as of 12:01 a.m. Central Time on the Closing Date, (ii) a calculation of the total Working Capital of the Companies as of 12:01 a.m. Central Time on the Closing Date determined pursuant to the Worksheet from such balance sheet (the “Closing Working Capital”), (iii) a calculation of the Working Capital Deficit or the Working Capital Excess, as the case may be, (iv) a calculation of Closing Cash, (v) a calculation of Closing Indebtedness and (vi) the Buyer’s determination of the final Purchase Price (the “Final Purchase Price”) resulting therefrom. The Seller shall have a period of 30 calendar days after delivery of the Closing Statement to review (and cause the Seller’s auditors to review) such documents and make

any objections it may have in writing to the Buyer. For purposes of the Seller's evaluation of the Closing Statement, the Buyer shall, and shall cause the Companies and their Subsidiaries to, make available or provide reasonable access to the Seller and its Representatives, upon advance notice and during normal business hours, all information, books, records, data and working papers created or used in connection with the preparation of the Closing Statement; and shall permit reasonable access, upon advance notice and during normal business hours, to the facilities and personnel of the Companies and their Subsidiaries as may be reasonably requested by the Seller and its Representatives to analyze the Closing Statement. If the Seller delivers written objections to the Buyer within such 30-day period, then the Buyer and the Seller shall attempt to resolve the matter or matters in dispute. If no written objections are made by the Seller within such 30-day period, then such Closing Statement shall be final and binding on the Parties. If disputes with respect to such Closing Statement cannot be resolved by the Buyer and the Seller within 30 calendar days after timely delivery of any objections thereto, then, at the request of the Buyer or the Seller, the specific matters in dispute (but no others) shall be submitted to Grant Thornton LLP or such other independent accounting firm as may be approved by the Seller and the Buyer (the "Auditors"), which firm shall render its opinion as to such specific matters. The Seller and the Buyer shall enter into a customary engagement letter with the Auditors. If no such referral is made within 45 days after the delivery of the objections, then such Closing Statement shall be final and binding on the Parties. The matters to be resolved by the Auditors shall be limited to the remaining unresolved disputes between the Buyer and the Seller. The Auditors shall promptly deliver to the Buyer and the Seller a written report setting forth its resolution of the disputes along with its determination of the Final Purchase Price, which determination shall be made in accordance with the Worksheet and the definitions and principles set forth in this Agreement and shall be final and binding on the Parties. The Auditors shall be limited to awarding only one or the other of the Buyer's proposal (considered in the aggregate), on the one hand, or the Seller's proposal (considered in the aggregate), on the other hand, as to each disputed item and shall have no authority to select or propose to the Parties any resolution other than as set forth in one of such two proposals originally submitted to the Auditors. Judgment may be entered upon the determination of the Auditors in any court having jurisdiction over the Party against which such determination is to be enforced. The fees and expenses of the Auditors shall be borne by the Parties as designated by the Auditors, which designation shall be based upon the inverse proportion of the amount of disputed items resolved in favor of such Party (*i.e.* , so that the prevailing Party bears a lesser amount of such fees and expenses).

(c) If the Estimated Purchase Price is greater than the Final Purchase Price, then within two business days following the final determination thereof, the Seller shall pay the Buyer by wire transfer in immediately available funds to the account designated by the Buyer the amount of such excess, plus interest thereon at 6% per annum, calculated on the basis of the actual number of days elapsed divided by 365, from (and including) the date that is five business days after the date on which the Final Purchase Price is finally determined under Section 2.4(b) to (but excluding) the date of such payment. If the Final Purchase Price is greater than the Estimated Purchase Price, then within two business days following the final determination thereof, the Buyer will pay the Seller by wire transfer in immediately available funds to the account designated by the Seller the amount of such excess plus interest thereon at 6% per annum, calculated on the basis of the actual number of days elapsed divided by 365, from (and including) the date that is 5 business days after

the date on which the Final Purchase Price is finally determined under Section 2.4(b) to (but excluding) the date of such payment.

Section 2.5 *Time and Place of the Closing.* Upon the terms and subject to the conditions of this Agreement, the closing of the transactions contemplated by this Agreement (the “Closing”) will take place at the offices of Sidley Austin LLP, 1000 Louisiana, Suite 6000, Houston, Texas 77002, on the second business day after the date on which the satisfaction or, to the extent permitted by applicable Law, waiver of all conditions to the obligations of the Parties set forth in Article VII (other than such conditions as may, by their terms, only be satisfied at the Closing or on the Closing Date, but subject to the fulfillment or waiver of those conditions) shall occur, or at such other time or on such other date as the Parties agree in writing (the “Closing Date”).

Section 2.6 *Closing Deliverables.*

(a) At the Closing, the Buyer will make the payments specified in Section 2.3 and will deliver, or cause to be delivered, to the Seller, as applicable:

(i) the officer’s certificate contemplated by Section 7.3(c);

(ii) a duly executed Assignment;

(iii) a certificate duly executed by the secretary or any assistant secretary of the Buyer, dated as of the Closing, attaching and certifying on behalf of the Buyer (A) the Organizational Documents of the Buyer and (B) the resolutions of the board of directors (or other appropriate governing body) of the Buyer authorizing the execution, delivery and performance by the Buyer of the Transaction Documents to which it is a party and the transactions contemplated thereby;

(iv) a duly executed counterpart of the Transition Services Agreement; and

(v) such other documents and instruments as may be required by any other provision of this Agreement or as may reasonably be required or requested by the Seller to consummate the transactions contemplated hereby.

(b) At the Closing, the Seller will deliver, or cause to be delivered, to the Buyer:

(i) a duly executed Assignment;

(ii) the officer’s certificates contemplated by Section 7.2(d);

(iii) a certificate duly executed by the secretary or any assistant secretary of the Seller, dated as of the Closing, attaching and certifying on behalf of the Seller (A) the Organizational Documents of the Seller and (B) the resolutions of the board of directors of the Seller authorizing the execution, delivery and performance by the Seller of the Transaction Documents to which it is a party and the transactions contemplated thereby;

- (iv) a properly completed certificate described in Treasury Regulations Section 1.1445-2 dated on or before the Closing Date stating that the Seller (or Seller's regarded parent if Seller is a disregarded entity) is not a foreign person;
- (v) resignation letters from the individuals listed on Section 2.6(b)(v) of the Seller Disclosure Letter;
- (vi) a good standing certificate (or its equivalent) for each Company from the Secretary of State or similar Governmental Authority of the jurisdiction of formation or organization of such Company, in each case dated as of a date within five Business Days before the Closing Date;
- (vii) copies of the third party consents and approvals identified in Section 3.3(c) and Section 4.3(c) of the Seller Disclosure Letter;
- (viii) the Inventory Reconciliations;
- (ix) a duly executed counterpart of the Transition Services Agreement; and
- (x) such other documents and instruments as may be required by any other provision of this Agreement or as may reasonably be required or requested by the Buyer to consummate the transactions contemplated hereby.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF THE SELLER

Except as set forth in the corresponding Section of the letter delivered by the Seller to the Buyer concurrently with the execution and delivery of this Agreement (the "Seller Disclosure Letter"), the Seller hereby represents and warrants to the Buyer as follows:

Section 3.1 *Organization.* Each of the Seller and the Seller Parent is a limited partnership that is duly organized, validly existing and in good standing under the Laws of the State of Delaware.

Section 3.2 *Authorization; Enforceability.*

(a) Each of the Seller and the Seller Parent has the requisite limited partnership power and authority to enter into and deliver each Transaction Document to which it is a party, and to carry out the transactions contemplated by each Transaction Document. The execution and delivery by the Seller and the Seller Parent of the Transaction Documents to which it is a party, the performance by the Seller and the Seller Parent of its respective obligations under each Transaction Document to which it is a party in accordance with their respective terms and the consummation of the transactions contemplated by the Transaction Documents have been duly and validly authorized by all requisite limited partnership action of the Seller and the Seller Parent and no other limited partnership or other organizational proceedings on the part of the Seller or the Seller Parent

are necessary to authorize the Transaction Documents to which the Seller or the Seller Parent is or will be party.

(b) This Agreement has been, and each of the other Transaction Documents to which the Seller or the Seller Parent is or will be a party are, or when executed and delivered by the parties thereto will be, duly executed and delivered by the Seller or the Seller Parent, as applicable, and, assuming the due authorization, execution and delivery of this Agreement and such other Transaction Documents by the other parties hereto and thereto, constitutes, or upon execution will constitute, the Seller's or the Seller Parent's, as applicable, legal, valid and binding obligation, enforceable against it in accordance with its terms, except as that enforceability may be (i) limited by any applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar Laws affecting the enforcement of creditors' rights generally and (ii) subject to general principles of equity (regardless of whether that enforceability is considered in a proceeding in equity or at law).

Section 3.3 *No Conflicts; Consents and Approvals.* The execution and delivery of this Agreement, the performance by the Seller or the Seller Parent, as applicable, of its respective obligations under the Transaction Documents to which it is a party in accordance with their terms and the consummation of the transactions contemplated hereby and thereby, do not and will not:

(a) violate, breach or constitute a default under the Organizational Documents of the Seller or the Seller Parent or any material contract to which the Seller or the Seller Parent is a party;

(b) violate any Law applicable to the Seller or the Seller Parent; and

(c) except pursuant to the agreements governing Indebtedness of the Seller or its Affiliates identified in Section 3.3(c) of the Seller Disclosure Letter (which consents and approvals shall be obtained by Seller prior to the Closing), require any consent or approval of any third party under any material agreement to which the Seller or the Seller Parent is bound or of any Governmental Authority under any Law applicable to the Seller, the Seller Parent or the Companies.

Section 3.4 *Litigation.* There is no Proceeding pending and publicly filed, or to the knowledge of the Seller, threatened in writing, to which the Seller or the Seller Parent is or may become a party that seeks to prevent, enjoin, alter or delay the transactions contemplated by the Transaction Documents.

Section 3.5 *Ownership of the Interests.* The Seller holds of record, owns beneficially, and has good, valid and marketable title to the Interests, free and clear of all Liens (other than Liens in effect on or prior to the Closing Date that will be released upon payment of the Purchase Price and restrictions on transfer that may be imposed by state or federal securities Laws).

Section 3.6 *Brokers.* Except for fees that will be paid at or prior to the Closing, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by the Seller or any of its Affiliates.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES RELATED TO THE COMPANIES AND THEIR SUBSIDIARIES

Except as set forth in the correspondingly numbered Section of the Seller Disclosure Letter, the Seller represents and warrants to the Buyer as follows, with respect to the Companies:

Section 4.1 *Organization.* Section 4.1 of the Seller Disclosure Letter sets forth the Organization Jurisdiction of each Company, each of which is duly organized, validly existing and in good standing under the Laws of its Organization Jurisdiction, and has all requisite corporate or other entity power and authority under those Laws and their respective Organizational Documents to own, lease or otherwise hold its respective properties and assets and to carry on its business as it has been and is conducted as of the date hereof. Each of the Companies is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the business it is conducting, or the operation, ownership or leasing of its properties, makes such qualification or licensing necessary. The Seller has made available to the Buyer complete and correct copies of the Organizational Documents of each Company, each as amended to date.

Section 4.2 *Authorization; Enforceability.*

(a) Each Company has the requisite limited liability company or other entity power and authority to enter into and deliver each Transaction Document to which it is a party, and to carry out the transactions contemplated by the Transaction Documents. The execution and delivery by each Company of the Transaction Documents to which it is a party, the performance by such Company of its obligations under each Transaction Document to which such Company is a party in accordance with their respective terms and the consummation of the transactions contemplated by the Transaction Documents have been duly and validly authorized by all requisite limited liability company or other entity action by each Company, as applicable, and no other limited liability company or other entity or other organizational proceedings on the part of a Company are necessary to authorize the Transaction Documents to which such Company is or will be a party.

(b) Each of the Transaction Documents to which a Company will be a party, when executed and delivered by the parties thereto, will be duly executed and delivered by such Company and, assuming the due authorization, execution and delivery of such Transaction Documents by the other parties thereto, upon execution will constitute such Company's legal, valid and binding obligation, enforceable against it in accordance with its terms, except as that enforceability may be (i) limited by any applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar Laws affecting the enforcement of creditors' rights generally and (ii) subject to general principles of equity (regardless of whether that enforceability is considered in a proceeding in equity or at law).

Section 4.3 *No Conflicts; Consents and Approvals.* The execution and delivery of the Transaction Documents, and the consummation of the transactions contemplated thereby, do not and will not:

- (a) violate, breach or constitute a default under the Organizational Documents of a Company or any Material Agreement;
- (b) violate any Law applicable to a Company; and
- (c) require any consent or approval of any third party under any Material Agreement or of any Governmental Authority under any Law applicable to a Company.

Section 4.4 *Equity Interests.* The Seller is the record and beneficial owner of the Interests and AMID Refined Products is the record and beneficial owner of 100% of the membership interests of each of AMID Caddo and AMID NLR. All of such issued and outstanding Capital Stock of each Company is duly authorized and validly issued and is fully paid and non-assessable. There are no outstanding (a) securities of a Company convertible into or exchangeable for membership interests or voting securities of such Company, (b) options or other rights to acquire from a Company, or other obligation of a Company to issue, any membership interests, voting securities or securities convertible into or exchangeable for membership interests or voting securities of such Company and (c) obligations of a Company to repurchase, redeem or otherwise acquire any securities of such Company. The Interests were issued in compliance with applicable Laws and were not issued in violation of the Organizational Documents of the applicable Company or any other agreement, arrangement or commitment to which Seller or the applicable Company is a party and are not subject to or in violation of any preemptive or similar rights of any Person. Other than the Organizational Documents, there are no voting trusts, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Interests.

Section 4.5 *No Subsidiaries.* Except as set forth in Section 4.5 of the Seller Disclosure Letter, none of the Companies owns, directly or indirectly, any Capital Stock or other ownership interest in any other Entity.

Section 4.6 *Title to Assets; Related Matters.*

- (a) Each Company has good and marketable title to, or a valid leasehold interest in, all of their respective tangible personal property and assets related to the Acquired Business, free and clear of all Liens other than Permitted Liens.
- (b) All equipment and other items of tangible personal property and assets of each Company are in good operating condition and capable of being used for their intended purposes (ordinary wear and tear excepted) and are usable in the Ordinary Course of Business.
- (c) The tangible personal property currently owned or leased by the Companies, together with all other properties and assets of the Companies, are sufficient for the continued conduct of the Acquired Business after the Closing in substantially the same manner as conducted prior to the Closing and constitute all of the rights, property or assets necessary to the conduct of the Acquired Business as currently conducted.

Section 4.7 *Real Property.*

(a) Section 4.7(a) of the Seller Disclosure Letter contains, as of the date of this Agreement, a complete list of all real property owned by or leased by a Company and used in connection with the Acquired Business (the “Real Property”), indicating whether the property is owned or leased.

(b) Each of the Companies (i) has good, valid and marketable title to the owned Real Property set forth on Section 4.7(a) of the Seller Disclosure Letter, including facilities, structures and other improvements thereon purported to be owned by it, in each case free and clear of Liens other than Permitted Liens, (ii) has a good and valid leasehold interest in the leased Real Property set forth on Section 4.7(a) of the Seller Disclosure Letter, including facilities, structures and other improvements thereon leased to it pursuant to the leases identified in Section 4.7(a) of the Seller Disclosure Letter, in each case free and clear of Liens other than Permitted Liens and (iii) is the holder and enjoys the benefit of the easements and similar rights in the Real Property that such Company purports to hold or to which such Company purports to have any rights, and the rights of such Company with respect to each such easement or similar right are in full force and effect. The Seller has made available to the Buyer complete and correct copies of the deeds, leases, and other instruments (as recorded) by which the applicable Company acquired the Real Property, and copies of all title insurance policies, title opinions and abstracts and surveys, in each case that are in the possession of the Seller or the Companies and that relate to the Real Property, and of all Real Property leases applicable to the Companies, including those set forth in Section 4.7(a) of the Seller Disclosure Letter. The use and operation of the Real Property in the conduct of the Acquired Business do not violate in any material respect any Law, covenant, condition, restriction, easement, license, permit or agreement.

(c) With respect to the owned Real Property, (i) there are no unexpired option to purchase agreements, rights of first refusal or first offer or any other rights to purchase or otherwise acquire any Real Property or any portion thereof, and (ii) there are no other outstanding rights or agreements to enter into any contract for sale, ground lease or letter of intent to sell or ground lease any Real Property or any portion thereof.

(d) Except as set forth on Schedule 4.7(b) of the Seller Disclosure Letter, no Company has (i) leased, subleased or licensed any of its respective interests in any Real Property or (ii) any outstanding or contingent payment obligations under any brokerage agreement or similar arrangement with respect to any Real Property.

(e) Subject to the Permitted Liens, each Company presently enjoys peaceful and undisturbed possession of its respective Real Property sufficient for the continued conduct of the business of such Company as presently conducted. Without limiting the foregoing, there are no pending or, to the knowledge of the Seller, threatened eminent domain, condemnation, rezoning or other similar proceedings against any Company or with respect to any Real Property nor has any eminent domain or condemnation occurred with respect to any Real Property.

(f) To the knowledge of the Seller, no Company has received any written notice alleging that such Company is in violation of any covenant, condition, restriction, easement, or

governmental order to which any of such Company's Real Property is bound or subject (other than matters that have been resolved), and there are no pending or, to the knowledge of the Seller, threatened proceedings with respect thereto. Subject to Permitted Liens, from the JP Energy Acquisition Date to the date of this Agreement, and to the knowledge of the Seller, from January 1, 2015 to the JP Energy Acquisition Date, the Seller has all material agreements, easements or other rights that are required or necessary to permit the continued operation of the buildings and improvements on the Real Property in a manner consistent with their present use or that are required or necessary to permit the continued operation of all utilities, parking areas, driveways, roads and other means of egress and ingress to and from the Real Property in a manner consistent with their present use.

(g) There are no material tax abatements or exemptions specifically affecting any Real Property. Each Company has not received written or, to the knowledge of the Seller, oral notice of any special, general or other assessments or any proposed increase in the assessed valuation against such Company or affecting any Real Property.

Section 4.8 *Litigation.*

(a) There is no Proceeding pending and publicly filed, or to the knowledge of the Seller, threatened in writing, against a Company or pertaining to the Acquired Business that would be reasonably expected to result in a material liability to any Company.

(b) Notwithstanding the foregoing, no representation or warranty in this Section 4.8 is made with respect to (i) employee and employee benefit matters, which are covered exclusively by the provisions set forth in Section 4.13 and Section 4.14, (ii) environmental matters, which are covered exclusively by the provisions set forth in Section 4.16, (iii) matters relating to Taxes, which are covered exclusively by the provisions set forth in Section 4.17, or (iv) intellectual property matters, which are covered exclusively by the provisions set forth in Section 4.18.

Section 4.9 *Absence of Certain Changes.* Since the Balance Sheet Date, (a) the Companies have conducted the Acquired Business in the Ordinary Course of Business and (b) no event, development or occurrence has occurred that has had, or would be reasonably be expected to have, a Seller Material Adverse Effect.

Section 4.10 *Compliance with Law.*

(a) From the JP Energy Acquisition Date to the date of this Agreement, and to the knowledge of the Seller, from January 1, 2015 to the JP Energy Acquisition Date, the Acquired Business is, and has been conducted, in compliance with all applicable Laws in all material respects.

(b) Without limiting the generality of Section 4.10(a), neither the Seller nor any of its directors, officers, employees, contractors, consultants, or to the knowledge of the Seller, any of its agents, representatives, distributors, manufacturers or any other Person acting on behalf of the Seller, directly or indirectly, has, with respect to the Acquired Business, (i) used any funds for unlawful contributions, gifts, entertainment or other unlawful payments relating to any political activity; or (ii) made any unlawful payment (in cash or other property or services) to any

Governmental Authority, any employee of a Governmental Authority or to any foreign or domestic political party or campaign or violated in any respect any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended, the anti-corruption laws of any other jurisdiction in which Companies operate the Acquired Business or conduct activities directly or indirectly related to the Acquired Business, or the OECD Convention on Combating Bribery of Foreign Public Officials in Business Transactions.

(c) The Seller is, and has been, in compliance with all applicable Laws relating to economic sanctions and trade embargoes. Without limiting the foregoing, the Seller does not have, directly or indirectly, a business or financial relationship with or delivered any products or services to any geographic regions or governments targeted by the sanctions programs administered by the U.S. Office of Foreign Asset Controls (“OFAC”) or to any Person, private or public, appearing on OFAC’s list of Specially Designated Nationals and Blocked Persons.

(d) The Seller is in material compliance with all applicable Laws relating to export controls.

Notwithstanding the foregoing, no representation or warranty in this Section 4.10 is made with respect to (a) employee and employee benefit matters, which are covered exclusively by the provisions set forth in Section 4.13 and Section 4.14, (b) environmental matters, which are covered exclusively by the provisions set forth in Section 4.16, (c) matters relating to Taxes, which are covered exclusively by the provisions set forth in Section 4.17, or (d) intellectual property matters, which are covered exclusively by the provisions set forth in Section 4.18.

Section 4.11 *Permits*. As of the date of this Agreement, each of the Companies holds all material Permits required or necessary to conduct the Acquired Business as currently conducted by such Company, which such material Permits are set forth in Section 4.11 of the Seller Disclosure Letter, and, to the knowledge of the Seller, no event has occurred that, with or without notice or the lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit; *provided, however*, that no representation or warranty in this Section 4.11 is made with respect to Permits issued pursuant to Environmental Laws, which are covered exclusively by Section 4.16.

Section 4.12 *Material Agreements*.

(a) Section 4.12(a) of the Seller Disclosure Letter lists the following contracts or agreements related to a Company or the Acquired Business and to which a Company is a party as of the date of this Agreement (each such contract or agreement, a “Material Agreement”):

(i) terminaling agreements, throughput agreements, transportation agreements, supply agreements, connection agreements, reimbursement agreements, access agreements, storage agreements and other services agreements related to the Acquired Business (including agreements with Governmental Authorities for receipt or delivery of goods or services), in each case that involve consideration in excess of \$100,000 during any calendar year or \$250,000 in the aggregate;

(ii) relating to any equipment leases obligating such Company or its Subsidiaries to pay an amount in excess of \$100,000 during any calendar year or \$250,000 in the aggregate;

(iii) that restricts (or purports to restrict) the ability of such Company or any of its Subsidiaries from engaging in business in any geographic area or competing with any Person, in each case in a manner that is or would be adverse to either of the Companies and their respective Subsidiaries;

(iv) relating to the acquisition or disposition of any business (whether by merger, sale of stock, sale of assets or otherwise) or to any partnership or joint venture, for which the consideration or commitments thereto exceed \$250,000;

(v) relating to Indebtedness of the Companies;

(vi) for the sale of any asset or the grant of any preferential rights to purchase any asset for an amount in excess of \$250,000, in each case other than inventory sales or otherwise entered into in the Ordinary Course of Business;

(vii) relating to the Real Property obligating such Company or its Subsidiaries to pay an amount in excess of \$100,000 during any calendar year or \$250,000 in the aggregate or lease of Real Property set forth in Section 4.7(a) of the Seller Disclosure Schedule;

(viii) between or among either Company, on the one hand, and Seller or any Affiliate of Seller (other than a Company), on the other hand;

(ix) between either Company, on the one hand, and any Governmental Authority, on the other hand;

(x) that is not a written contract or agreement of the type described in subsections (i) through (ix) above and that obligates a Company or a Subsidiary to (A) indemnify any Person for an amount in excess of \$100,000 during any calendar year or \$250,000 in the aggregate, (B) assume any Tax or environmental liability of any Person in an amount in excess of \$100,000 during any calendar year or \$250,000 in the aggregate or (C) assume a material liability of any Person (other than a liability described in clause (A) or (B)); and

(xi) relating to any outstanding written commitment to enter into any written contract or agreement of the type described in subsections (i) through (x) above.

(b) Each Material Agreement is valid and binding on the Company party thereto in accordance with its terms and is in full force and effect as of the date of this Agreement and all parties thereto have, to the knowledge of the Seller, performed all obligations required to be performed by them as of the date of this Agreement and there is no default or dispute thereunder, nor has any event occurred which, with notice or lapse of time or both, would constitute a default

by a Company under any such Material Agreement, result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder.

(c) Except as set forth on Section 4.12(c) of the Seller Disclosure Letter, the Seller has provided true correct and complete copies of each Material Agreement (including all modifications, amendments, and supplements thereto and waivers thereunder) to the Buyer. There are no oral contracts or agreements related to a Company or the Acquired Business or to which a Company is a party that would constitute Material Agreements as defined in Section 4.12(a).

(d) Since the Balance Sheet Date, no customer or supplier that is a party to a Material Agreement: (i) has terminated its relationship with any Company, (ii) has materially changed the pricing or other terms of its business with any Company or (iii) has notified any Company or its Representatives that it intends to terminate or materially change the pricing or other terms of its business with any Company. To the knowledge of the Seller, no such customer or supplier intends to take any of the actions described in the foregoing sentence as a result of the consummation of the transactions contemplated by this Agreement.

Section 4.13 *Employee Matters.*

(a) None of the Companies have any employees or directors. The officers of the Companies are set forth on Section 2.6(b)(v) of the Seller Disclosure Letter.

(b) Section 4.13(b) of the Seller Disclosure Letter lists the name, job title, hourly rate or annual base salary (as applicable), hire date, and accrued but unused vacation days (as of the date shown in Section 4.13(b) of the Seller Disclosure Letter) of each Seller Dedicated Employee.

(c) Section 4.13(c) of the Seller Disclosure Letter contains a complete list, as of the date of this Agreement, of each material Employee Plan and each Employment Agreement.

(d) With respect to each Employee Plan, the Seller has made available to the Buyer (i) copies of either the applicable Employee Plan document or a written summary relating to such Employee Plan; and (ii) in the case of any Employee Plan that is intended to be qualified under Section 401(a) of the Code, a copy of the most recent determination, opinion or advisory letter from the Internal Revenue Service and any legal opinions issued thereafter with respect to such Employee Plan's continued qualification.

(e) With respect to each Employee Plan that is intended to qualify under Section 401(a) of the Code, from the JP Energy Acquisition Date to the date of this Agreement, and to the knowledge of the Seller, from January 1, 2015 to the JP Energy Acquisition Date, such plan has received a favorable determination or opinion letter from the Internal Revenue Service with respect to its qualification and, to the knowledge of the Seller, no fact or event has occurred since the date of such letter that could reasonably be expected to adversely affect such qualification. With respect to each Employee Plan, except as would not reasonably be expected to result in a material liability to any Company or the Buyer, from the JP Energy Acquisition Date to the date of this Agreement, and to the knowledge of the Seller, from January 1, 2015 to the JP Energy Acquisition Date, (i) each

such plan has been administered in compliance with its terms and the requirements of ERISA and the Code; (ii) each Company has performed all obligations required to be performed by it under any Employee Plan and is not in default under or in violation of any Employee Plan; (iii) no disputes, government audits, examinations or, to the knowledge of the Seller, investigations are pending or, to the knowledge of the Seller, threatened in writing with respect to any Employee Plan other than ordinary claims for benefits; (iv) none of the Employee Plans is a multiemployer plan (within the meaning of Section 3(37) or 4001(a)(3) of ERISA) or a single employer plan (within the meaning of Section 4001(a)(15) of ERISA) for which a Company or any of its Subsidiaries would reasonably be expected to incur any liability under ERISA; and (iv) no events have occurred that would reasonably be expected to result in a payment by or assessment against a Company or its Subsidiaries of any excise Taxes under the Code. In addition, none of the Companies or any of their ERISA Affiliates has within the six-year period immediately preceding the date of this Agreement, contributed to or had an obligation to contribute to a multiemployer plan (within the meaning of Section 3(37) or 4001(a)(3) of ERISA) or a single employer plan (within the meaning of Section 4001(a)(15) of ERISA) with respect to the Seller Dedicated Employees, and none of the Companies or any of their ERISA Affiliates has incurred any withdrawal liability under Title IV of ERISA which remains unsatisfied. For purposes of this Agreement, “ERISA Affiliate” means any trade or business, whether or not incorporated, which together with the Companies and their Subsidiaries would be deemed a single employer within the meaning of Section 414(b), (c) or (m) of the Code or Section 4001(b)(1) of ERISA.

(f) No Employee Plan is subject to Section 409A of the Code.

Section 4.14 *Seller Dedicated Employees.*

(a) In relation to any of the Seller Dedicated Employees, from the JP Energy Acquisition Date to the date of this Agreement, and to the knowledge of the Seller, from January 1, 2015 to the JP Energy Acquisition Date, none of the Companies or the Seller are or have been subject to any agreement with any labor union or employee association and, to the knowledge of the Seller, there is no current attempt to organize, certify or establish any labor union or employee association.

(b) In relation to any of the Seller Dedicated Employees and as of the date of this Agreement, neither the execution or delivery of this Agreement or any Transaction Document nor the consummation of the transactions contemplated hereby or thereby will (i) result in any payment becoming due to any Seller Dedicated Employee, (ii) increase any benefit otherwise payable under an Employee Plan, (iii) result in the acceleration of the time of payment or vesting of any compensation or benefits under an Employee Plan or (iv) result in any parachute payment, as define in Section 280G of the Code, to any Seller Dedicated Employee.

Section 4.15 *Financial Statements.* Section 4.15 of the Seller Disclosure Letter contains the unaudited consolidated balance sheets of the Companies and their Subsidiaries as of December 31, 2016 and 2017 and the unaudited consolidated statements of operations and comprehensive income (loss), statements of cash flows and statements of stockholders’ equity of the Companies and their Subsidiaries for the years ended December 31, 2016 and 2017 (collectively, the “Financial Statements”). Except as disclosed in such Financial Statements, each of such

consolidated balance sheets fairly presents in all material respects the financial position of the Companies and their Subsidiaries as of the date thereof, and each of such consolidated statements of operations and comprehensive income (loss), statements of cash flows and statements of stockholders' equity fairly presents in all material respects the consolidated results of operations, income (loss), cash flows and stockholders' equity of the Companies and their Subsidiaries for the period indicated, in each case in accordance with GAAP applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto). The date of the latest balance sheet included in the Financial Statements (the "Balance Sheet") is referred to herein as the "Balance Sheet Date." The accounts receivable reflected in the Financial Statements and the accounts receivable arising after the Balance Sheet Date (a) have arisen from bona fide transactions entered into by each Company involving the sale of goods or the rendering of services in the ordinary course of business consistent with past practice; (b) constitute only valid, undisputed claims of each Company not subject to claims of set-off or other defenses or counterclaims other than normal cash discounts accrued in the ordinary course of business consistent with past practice; and (c) subject to a reserve for bad debts shown in the Financial Statements or, with respect to accounts receivable arising after the Balance Sheet Date, on the accounting records of each Company, are collectible in full within 90 days after billing. The reserve for bad debts shown in the Financial Statements has been determined in accordance with GAAP or, with respect to accounts receivable arising after the Balance Sheet Date, on the accounting records of each Company have been determined in accordance with GAAP, consistently applied.

Section 4.16 *Environmental Matters*. Except for such matters as have been fully resolved:

(a) from the JP Energy Acquisition Date to the date of this Agreement, and to the knowledge of the Seller, from January 1, 2015 to the JP Energy Acquisition Date, the operations of the Acquired Business are and have been in compliance with all applicable Environmental Laws in all material respects in the respective jurisdictions in which they operate;

(b) from the JP Energy Acquisition Date to the date of this Agreement, and to the knowledge of the Seller, from January 1, 2015 to the JP Energy Acquisition Date, the Companies have obtained and are and have been in compliance with all permits, licenses and other authorizations required for the operation of the Acquired Business under applicable Environmental Laws ("Environmental Permits"), and all such Environmental Permits are valid and in good standing;

(c) from the JP Energy Acquisition Date to the date of this Agreement, and to the knowledge of the Seller, from January 1, 2015 to the JP Energy Acquisition Date, the Companies are not subject to any outstanding orders, suits, written demands, claims, liens or judicial or administrative proceedings by any Governmental Authority with respect to (i) any violation of Environmental Laws, (ii) Remedial Actions or (iii) any Release or threatened Release of, or exposure to, a Hazardous Substance ("Environmental Claims") and, to the knowledge of the Seller, no such Environmental Claims are threatened in writing;

(d) from the JP Energy Acquisition Date to the date of this Agreement, and, to the knowledge of the Seller, from January 1, 2015 to the JP Energy Acquisition Date, there has been no Release or, to the knowledge of the Seller, threatened Release of Hazardous Substances at any

property owned, operated or leased by any of the Companies, in a quantity or under conditions that would result in liability of the Acquired Business under applicable Environmental Laws; and

(e) the Seller has provided or otherwise made available to the Buyer and listed in Section 4.16(e) of the Seller Disclosure Letter: (i) any and all environmental reports, studies, audits, groundwater testing sampling data and results, site assessments, risk assessments and other similar documents with respect to the Acquired Business or assets of the Companies or any currently or formerly owned, operated or leased real property which are in the possession or control of the Seller or the Companies related to compliance with Environmental Laws, Environmental Claims the Release of Hazardous Materials or any written directive, notice of violation or infraction, or notice respecting any Environmental Claim relating to actual or alleged non-compliance with any Environmental Law or any term or condition of any Environmental Permit; and (ii) any and all material documents concerning planned or anticipated capital expenditures required to reduce, offset, limit or otherwise control pollution and/or emissions, manage waste or otherwise ensure compliance with current or future Environmental Laws (including, costs of remediation, pollution control equipment and operational changes).

(f) For purposes of this Agreement:

(i) “Environment” means (A) land, including surface land, sub-surface strata, sea bed and river bed under water (as defined in clause (B)); (B) water, including coastal and inland water, surface waters, and ground waters; and (C) ambient air;

(ii) “Environmental Law” means any Law, to the extent applicable to the Person or properties in the context of which the term is used, regulating or prohibiting Releases of Hazardous Substances into the Environment, or pertaining to the protection of natural resources, endangered or threatened species, the Environment or, to the extent relating to exposure to Hazardous Substances, human health or safety, as such laws have been and may be amended or supplemented through the date of this Agreement. The term “Environmental Law” includes the following (including their implementing regulations and any state analogs): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 et seq.; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq.;

(iii) “Hazardous Substance” means (A) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is defined or regulated as hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under any

Environmental Law, (B) any radioactive materials, asbestos, and polychlorinated biphenyls, or (C) petroleum and petroleum derivatives;

(iv) “Release” means any release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the Environment (including ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility or fixture); and

(v) “Remedial Action” means all actions required by Environmental Law to (A) clean up, remove, treat, or in any other way address any Hazardous Substances in the Environment; (B) prevent the Release or threat of Release, or minimize the further Release, of any Hazardous Substance so it does not endanger or threaten to endanger human health or the Environment; or (C) perform pre-remedial studies and investigations or post-remedial monitoring and care pertaining or relating to a Release of Hazardous Substances.

(g) Notwithstanding anything to the contrary in this Agreement, the representations and warranties set forth in this Section 4.16 are the Seller’s sole and exclusive representations and warranties regarding environmental, health and safety matters, including Hazardous Substances and Releases.

Section 4.17 *Taxes.*

(a) All Tax Returns that are required to be filed on or before the date hereof for, by, on behalf of or with respect to each of the Companies have been timely filed in accordance with applicable Law (taking into account any applicable extension of time to file) with the appropriate Taxing Authority on or before the date hereof. All such Tax Returns and the information and data contained therein have been properly and accurately compiled and completed under applicable Laws and properly reflect, under applicable Laws, all liabilities for Taxes for the periods covered by such Tax Returns. All Taxes due and owing under applicable Laws by each of the Companies (whether or not shown to be due and payable on any Tax Return) have been paid in full.

(b) None of the Companies is under audit or examination by any Taxing Authority, or subject to any Proceeding, with respect to any Tax, no written notice of such an audit or examination has been received by any of the Companies, there are no matters under discussion with any Taxing Authority with respect to Taxes, no claims or assessments for or relating to Taxes have been made against any of the Companies, and, to the knowledge of the Seller, no audits, investigations or claims or assessments for or relating to Taxes are threatened against any of the Companies.

(c) Each of the Companies has withheld or collected and paid over to the appropriate Taxing Authority all Taxes required by applicable Law to be withheld or collected, including withholding of Taxes pursuant to Sections 1441 through 1464, 3401 through 3406, 6041 and 6049 of the Code and similar provisions under any state, local or foreign Law, and each of the Companies has properly received and maintained any and all certificates, forms and other documents required by applicable Law for any exemption from withholding and/or remitting any Taxes.

(d) None of the Companies has agreed to any extension or waiver of the statute of limitations applicable to any Tax, or agreed to any extension of time with respect to a Tax assessment or deficiency, which period (after giving effect to such extension or waiver) has not yet expired.

(e) Except for Liens for Taxes not yet due and payable, there are no Liens for unpaid Taxes on the assets of any of the Companies and no claim for unpaid Taxes has been made by any Taxing Authority that could give rise to any such Lien.

(f) None of the Companies (i) is, or ever has been, a member of an “affiliated group” of corporations within the meaning of Section 1504 of the Code or (ii) has any liability for Taxes of any Person under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign Law), or as a transferee or successor, by contract or otherwise.

(g) The aggregate liability of the Companies for unpaid Taxes for all periods ending on or before the Balance Sheet Date does not exceed the amount of the current liability accrual for Taxes (excluding reserves for deferred Taxes established to reflect timing differences between book and Tax income) reflected on the Balance Sheet. Since the Balance Sheet Date, none of the Companies has incurred Taxes other than Taxes incurred in the Ordinary Course of Business.

(h) None of the Companies is a party to, bound by nor has any obligation under any Tax allocation agreement, Tax sharing agreement, Tax indemnity obligation or similar written or unwritten agreement, arrangement, understanding or practice with respect to Taxes, including any advance pricing agreement, closing agreement, compromise, ruling or other agreement with any Taxing Authority that relates to the assessment or collection of Taxes.

(i) Each of the Companies is, and at all times since its formation or organization and prior to and at the Closing has been and will be, disregarded as an entity separate from the Seller for U.S. federal income Tax purposes under Treasury Regulations §§ 301.7701-2 and 301.7701-3 (and state, local, and foreign income Tax purposes where applicable) (a “Disregarded Entity”), and no election has been filed, no action has been taken, and no failure to act has occurred, in each case prior to the Closing, that would result in any of the Companies being classified as an entity that is not a Disregarded Entity for U.S. federal income Tax purposes (and state, local, and foreign income Tax purposes where applicable).

(j) None of the Companies has received notice that any claim has ever been made by any governmental entity in a jurisdiction where any of the Companies does not file Tax Returns that any of the Companies is or may be subject to taxation by that jurisdiction.

Section 4.18 *Intellectual Property*. Each Company owns, or has the license or right to use, all Intellectual Property that is material to the business of the Company. Since the JP Energy Acquisition Date, and to the knowledge of the Seller, from January 1, 2015 to the JP Energy Acquisition Date, no Company has received any written claims from a third party that such Company has infringed or misappropriated the Intellectual Property of any other Person. To the knowledge of the Seller, (a) no Person is infringing upon or misappropriating any Intellectual Property owned

or used by a Company, and (b) no Company is infringing upon or misappropriating the Intellectual Property of any other Person.

Section 4.19 *No Undisclosed Liabilities.* Except (a) for liabilities and obligations incurred in the Ordinary Course of Business since the Balance Sheet Date, or (b) as otherwise disclosed in the Financial Statements, none of the Companies have any liabilities or obligations in excess of \$100,000, individually or in the aggregate for a series of similar or related items, that would be required to be reflected or reserved against in a balance sheet of the Companies prepared in accordance with GAAP.

Section 4.20 *Insurance Policies.* Section 4.20 the Seller Disclosure Letter contains a complete and accurate list of all insurance policies (the “Seller Insurance Policies”) carried as of the date hereof by or for the benefit of each Company and the Acquired Business, specifying the insurer, the amount of and nature of coverage, the risk insured against and the deductible amount (if any). Such Seller Insurance Policies are in full force and effect. As of the date of this Agreement, neither the Seller nor any of its Affiliates (including the Companies) has received any refusal of coverage or any written notice of cancellation of a Seller Insurance Policy or any other indication that a Seller Insurance Policy is no longer in full force and effect or will not be renewable upon its expiration. All premiums due on such Seller Insurance Policies have either been paid or, if due and payable prior to Closing, will be paid prior to Closing in accordance with the payment terms of each Seller Insurance Policy. All such Seller Insurance Policies (a) are valid and binding in accordance with their terms; and (b) have not been subject to any lapse in coverage. There are no material claims related to the Acquired Business or the Companies pending under any such Seller Insurance Policies as to which coverage has been denied or disputed in writing or in respect of which there is an outstanding reservation of rights. To the knowledge of the Seller, none of Seller or any of its Affiliates (including either Company) is in default under, or has otherwise failed to comply with, in any material respect, any provision contained in any such Seller Insurance Policy.

Section 4.21 *Bank Relations.* Section 4.21 of the Seller Disclosure Letter sets forth (a) the name of each financial institution in which a Company has borrowing or investment arrangements, deposit or checking accounts or safe deposit boxes; and (b) the types of such arrangements and accounts, including, as applicable, names in which accounts or boxes are held and the account or box numbers.

Section 4.22 *Brokers.* No broker, finder or investment banker is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by a Company.

Section 4.23 *Transactions with Affiliates.* Section 4.23 of the Seller Disclosure Letter sets forth a complete and accurate list of any contract or agreement between (a) a Company, on the one hand, and (b)(i) the Seller or any of its Affiliates (other than a Company), (ii) any officer or director of a Company or (iii) to the extent a Person in (i) or (ii) is a natural person, any Person who has any direct or indirect relation by blood, marriage or adoption to them, on the other hand, except, in each case, (A) contracts or agreements with respect to compensation received as employees or consultants in the Ordinary Course of Business, or (B) contracts entered into on an

arms' length basis and in the Ordinary Course of Business and on terms not materially less favorable in the aggregate to the Companies than would have been available from an unaffiliated third party. Neither the Seller nor any of its Affiliates (other than a Company) (x) owns any material properties, assets or rights that are used by such Company except on terms that are on an arms' length basis; (y) owes any money to, or is owed any money by, a Company (except with respect to compensation or expense reimbursement received as employees, consultants or directors in the Ordinary Course of Business or as a result of commercial transactions on an arms' length basis); or (z) to the knowledge of the Seller, has asserted any claim or cause of action against a Company.

Section 4.24 *Books and Records.* The minute books of the Companies, all of which have been made available to the Buyer, have been maintained in accordance with sound business practices. The minute books of the Companies contain accurate and complete records of all meetings, and actions taken by written consent of, the equityholders thereof. At the Closing, all of such books and records of the Companies will be in the possession of the Companies. The representations made in this Section 4.24 are made only as to the knowledge of the Seller with respect to any books and records related to the period prior to, or actions taken prior to, the JP Energy Acquisition Date.

Section 4.1 *Representations of the Seller Refer to the Companies, the Acquired Business and the Seller Dedicated Employees.* Except as expressly set forth herein, all representations and warranties of the Seller herein, including Article III and Article IV, relate only to the Companies, the Acquired Business and the Seller Dedicated Employees and not to any other business, assets or employees of the Seller and their respective Subsidiaries (other than the Companies).

ARTICLE V REPRESENTATIONS AND WARRANTIES OF THE BUYER

Except as set forth in the corresponding Section of the letter delivered by the Buyer to the Seller concurrently with the execution and delivery of this Agreement (the "Buyer Disclosure Letter"), the Buyer represents and warrants to the Seller as follows:

Section 5.1 *Organization; Power.* The Buyer is a limited liability company, and each Buyer Parent is a limited partnership, duly organized, validly existing and in good standing under the Laws of Delaware and has all requisite limited liability company or limited partnership, as applicable, power and authority under those Laws and its Organizational Documents to own, lease or otherwise hold its properties and assets and to carry on its business as conducted as of the date hereof. The Buyer has made available to the Seller complete and correct copies of its Organizational Documents, each as amended to date.

Section 5.2 *Authorization; Enforceability.*

(a) The Buyer and each Buyer Parent has the requisite limited liability company or limited partnership, as applicable, power and authority to enter into and deliver each Transaction Document to which it is a party, and to carry out the transactions contemplated by the Transaction Documents. The execution and delivery by the Buyer and each Buyer Parent of the Transaction Documents to which it is a party, the performance by the Buyer and each Buyer Parent of its

respective obligations under each Transaction Document to which it is a party in accordance with their respective terms and the consummation of the transactions contemplated by the Transaction Documents have been duly and validly authorized by all requisite limited liability company, limited partnership or other organizational action by the Buyer and each Buyer Parent, and no other limited liability company, limited partnership or other organizational proceedings on the part of the Buyer or either Buyer Parent are necessary to authorize the Transaction Documents to which the Buyer or either Buyer Parent is or will be a party.

(b) This Agreement has been, and each of the other Transaction Documents to which the Buyer or either Buyer Parent is or will be a party are, or when executed and delivered by the parties thereto, will be, duly executed and delivered by the Buyer or the applicable Buyer Parent, and, assuming the due authorization, execution and delivery of this Agreement and such other Transaction Documents by the other parties hereto and thereto, constitutes, or upon execution will constitute, the Buyer's or the applicable Buyer Parent's legal, valid and binding obligation, enforceable against it in accordance with its terms, except as that enforceability may be (i) limited by any applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar Laws affecting the enforcement of creditors' rights generally and (ii) subject to general principles of equity (regardless of whether that enforceability is considered in a proceeding in equity or at law).

Section 5.3 *No Conflicts; Consents and Approvals.* The execution and delivery of this Agreement, the performance by the Buyer and each Buyer Parent, of its obligations under the Transaction Documents to which it is a party in accordance with their terms and the consummation of the transactions contemplated hereby and thereby, do not and will not:

(a) violate, breach or constitute a default under the Organizational Documents of the Buyer or either Buyer Parent or any material contract to which the Buyer or either Buyer Parent is bound;

(b) violate any Law applicable to the Buyer or either Buyer Parent, except for such violations that would not result in a Buyer Material Adverse Effect; and

(c) except pursuant to agreements governing Indebtedness of the Buyer or either Buyer Parent, require any consent or approval of any third party under any material agreement to which the Buyer or either Buyer Parent is bound or of any Governmental Authority under any Law applicable to the Buyer or either Buyer Parent, other than consents or approvals the absence of which would not constitute a Buyer Material Adverse Effect.

Section 5.4 *Litigation.* There is no Proceeding pending and publicly filed or, to the knowledge of the Buyer, threatened in writing to which the Buyer or either Buyer Parent is or may become a party that seeks to prevent, enjoin, alter or materially delay the transactions contemplated by the Transaction Documents.

Section 5.5 *Financial Ability.* As of the date of this Agreement, the Buyer has sufficient funds readily and unconditionally available to the Buyer from the Buyer Parents to enable the Buyer to satisfy all of its payment obligations under this Agreement, including under Article II,

and the other Transaction Documents to which it is a party and to consummate the transactions contemplated hereby and thereby.

Section 5.6 *Accredited Investor.* The Buyer is an “accredited investor” (as that term is defined in Rule 501 of Regulation D under the Securities Act of 1933). The Buyer has such knowledge and experience in business and financial matters so that the Buyer is capable of evaluating the merits and risks of an investment in the equity interests being acquired hereunder. The Buyer understands the full nature and risk of an investment in such equity interests. The Buyer further acknowledges that it has had access to the books and records of the Companies, is generally familiar with the Acquired Business and has had an opportunity to ask questions concerning the Companies and their securities.

Section 5.7 *Acquisition of Interests for Investment.* The Buyer is acquiring the Interests for investment and not with a view toward, or for sale in connection with, any distribution thereof, nor with any present intention of distributing or selling such Interests. The Buyer agrees that the Interests may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act of 1933, and any applicable foreign and state securities laws, except under an exemption from such registration under such Act and such laws.

Section 5.8 *Brokers.* No broker, finder or investment banker is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by the Buyer or any of its Affiliates.

ARTICLE VI COVENANTS

Section 6.1 *Records and Access.*

(a) Prior to the Closing but after the date of execution of this Agreement, the Seller shall, and shall cause each Company to, (i) permit the Buyer and its authorized Representatives to (A) have reasonable access, during regular business hours upon reasonable prior notice, to the books, records, personnel, accountants, offices and other facilities and properties of such Company as the Buyer may reasonably request; *provided, however*, that the Buyer shall not undertake any environmental investigation, including any sampling, testing or other intrusive or invasive indoor or outdoor investigation of air, surface water, groundwater, soil or anything else at or in connection with any property associated or affiliated in any way with such Company, without the prior written consent of the Seller, and (B) make such copies and inspections thereof as the Buyer may reasonably request, and (ii) furnish the Buyer with such financial and operating data and other information with respect to such Company as the Buyer may from time to time reasonably request; *provided, however*, that (x) any such access shall be conducted at the Buyer’s risk and expense, at a reasonable time, under the supervision of the Seller or the personnel of such Company and in such a manner as not to interfere unreasonably with the operation of the businesses of such Company or their Affiliates and shall not require the Seller or such Company to waive any applicable privilege (including attorney-client privilege) nor to violate any contractual obligation or applicable Law and (y) to protect against allegations of anticompetitive information exchange or conduct during the period

prior to the Closing, the Parties shall take commercially reasonable steps, at the direction of counsel, to ensure that materials that are competitively sensitive are disclosed only to consultants or personnel of the Buyer and its Representatives that need to know the information for the transactions contemplated by this Agreement and that have agreed to protocols to safeguard such information from broader disclosure.

(b) From and after the Closing, the Buyer will (i) give the Seller and its authorized Representatives reasonable access, during regular business hours upon reasonable prior notice, to all books, records, personnel, accountants, offices and other facilities and properties of or relating to the Companies and their Subsidiaries as the Seller may reasonably request, (ii) permit the Seller to make such copies and inspections thereof as the Seller may reasonably request, and (iii) furnish the Seller with such financial and operating data and other information with respect to the Companies and their Subsidiaries as the Seller may from time to time reasonably request, in each case (A) to comply with requirements imposed on the Seller or its respective Affiliates by a Governmental Authority (including, for the avoidance of doubt, requirements imposed by a national securities exchange or national securities quotation system) having jurisdiction over the Seller or its respective Affiliates, (B) for use in any Proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation, subpoena or other similar requirements or (C) to comply with the obligations of the Seller under the Transaction Documents; *provided, however*, that in the event that the Buyer determines that any such provision of access or information could violate any applicable Law or Material Agreement, or waive any attorney-client privilege, the Parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence. Notwithstanding anything herein to the contrary, except in the Ordinary Course of Business or as disclosed in writing to the Buyer prior to the execution of this Agreement, from and after the date hereof, the Seller shall not undertake any environmental investigation, including any sampling, testing or other intrusive or invasive indoor or outdoor investigation of air, surface water, groundwater, soil or anything else at or in connection with any property associated or affiliated in any way with the Companies, without the prior written consent of the Buyer.

(c) All information provided or obtained under this Section 6.1 shall be held by the Buyer or the Seller, as applicable, in accordance with and subject to the terms of the Confidentiality Agreement, dated as of August 1, 2017, by and between American Midstream Partners, LP and Delek US Holdings, Inc. (the “Confidentiality Agreement”), to the extent applicable.

Section 6.2 *Conduct of Business.*

(a) During the period from the date of this Agreement to the Closing, except (i) as expressly contemplated or permitted by this Agreement, (ii) as required by applicable Law or (iii) as the Buyer shall otherwise consent in writing (such consent not to be unreasonably withheld, conditioned or delayed), the Seller shall, and shall cause each Company to, (A) conduct the Acquired Business in the Ordinary Course of Business and (B) use its commercially reasonable efforts to maintain the existing relations of each Company and its Subsidiaries with its existing customers, suppliers and creditors.

(b) During the period from the date of this Agreement to the Closing, except (i) as expressly contemplated or permitted by this Agreement, (ii) as required by applicable Law or (iii) as the Buyer shall otherwise consent in writing (such consent not to be unreasonably withheld, conditioned or delayed), the Seller shall not, and shall cause each Company not to, take any of the following actions:

(i) sell, transfer, lease or dispose of any assets material to the Companies and their Subsidiaries, except for (A) sales of surplus equipment or (B) sales, leases or other transfers among the Companies and their Subsidiaries;

(ii) create or permit the creation of any Lien on any assets of the Companies and their Subsidiaries, except Permitted Liens;

(iii) cause or permit any amendments to the Organizational Documents of a Company;

(iv) in the case of a Company only, split, combine or reclassify any of its Capital Stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its Capital Stock, or repurchase or otherwise acquire, directly or indirectly, any shares of its Capital Stock;

(v) in the case of a Company only, issue, deliver or sell or authorize or propose the issuance, delivery or sale of, or purchase or propose the purchase of, any shares of Capital Stock or securities convertible into, or subscriptions, rights, warrants or options to acquire shares of Capital Stock, or other contracts of any character obligating it to issue any such shares or other convertible securities;

(vi) in the case of a Company only, make any loans or advances to, or any investments in or capital contributions to, or forgive or discharge in whole or in part any outstanding loans or advances to, any Person (other than a Company or any of its Subsidiaries);

(vii) in the case of a Company only, incur any Indebtedness for borrowed money or guarantee any such Indebtedness or issue or sell any debt securities or guarantee any debt securities of others;

(viii) in the case of a Company only, and except as required by the terms of any Employee Plan or Employment Agreement as of the date hereof, enter into any new, or materially amend any existing, Employee Plan or Employment Agreement;

(ix) in the case of a Company only, enter into, adopt, establish or extend any collective bargaining or other labor agreement with any labor union or employee representative;

(x) in the case of a Company only, settle any Proceeding, other than settlements (x) that do not involve non-monetary relief or (y) that would reasonably be

expected to not materially and adversely affect the ability of the Buyer to operate the Companies as conducted as of the date hereof consistent with past practice;

(xi) cause or permit any amendment to or termination of any Material Agreement to which the Company is a party or which relates to the Acquired Business (except for termination of an agreement described in clause (xiv) below);

(xii) enter into any agreement that restricts (or purports to restrict) the ability of either Company or any of its Subsidiaries from engaging in business in any geographic area or competing with any Person, in each case in a manner that is or would be adverse to such Company or its Subsidiaries;

(xiii) enter into any agreement between or among either Company on the one hand and Seller or any Affiliate of Seller (other than a Company) on the other hand;

(xiv) enter into, amend or terminate any Material Agreement;

(xv) fail to comply in all material respects with all applicable Laws;

(xvi) cause or permit any termination or expiration of any Seller Insurance Policy or any amendment of any Seller Insurance Policy that would adversely affect the ability of the Buyer to assert Post-Closing Claims or recover insurance proceeds therefor pursuant to Section 6.17; or

(xvii) agree or commit to take any action described in this Section 6.2(b).

(c) Nothing contained herein shall give to the Buyer, directly or indirectly, the right to control or direct any Company's operations or businesses prior to the Closing, and each Company shall exercise, subject to the terms and conditions hereof, complete control and supervision of its operations and businesses until the Closing.

Section 6.3 *Public Announcement.* Prior to the Closing, except as set forth in this Agreement or otherwise agreed to by the Buyer and the Seller, or as required by applicable Law, neither the Parties nor their Affiliates shall issue any report, statement or press release or otherwise make any public statements with respect to this Agreement or the transactions contemplated by this Agreement, except as in the reasonable judgment of the Party may be required by any applicable Governmental Authority (including the U.S. Securities and Exchange Commission) or needed to obtain the benefits or protection of any applicable Governmental Authority, or as required pursuant to any listing agreement or the rules and regulations of the New York Stock Exchange, in which case the Parties will use their commercially reasonable efforts to reach mutual agreement as to the language of any such report, statement or press release. The Seller and the Buyer agree to keep the terms of this Agreement confidential, except to the extent and to the Persons to whom disclosure is required by applicable Law (including public disclosure pursuant to the rules and regulations of the U.S. Securities and Exchange Commission), as may be required to enforce the terms of this Agreement or for purposes of compliance with financial or other reporting obligations; provided, that the Parties may disclose such terms to their respective employees, accountants, advisors and

other Representatives as necessary in connection with the ordinary conduct of their respective businesses.

Section 6.4 *Efforts.*

(a) Upon the terms and subject to the conditions of this Agreement, each of the Parties shall use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other Parties in doing, all things necessary, proper or advisable under applicable Law to consummate and make effective the transactions contemplated by this Agreement as promptly as practicable, including: (i) the preparation and filing as promptly as practicable of all necessary applications, notices, petitions, registrations, filings, ruling requests, and other documents, and the taking of all steps as may be necessary, to obtain as promptly as practicable all consents, waivers, licenses, orders, registrations, approvals, permits, rulings, authorizations and clearances necessary or advisable to be obtained from any Governmental Authority in order to consummate the transactions contemplated by this Agreement, (ii) the obtaining of all other necessary Consents or waivers from third parties, *provided* that, other than payments required to be made pursuant to Section 6.4(b)(i), none of the Seller, any Company or its Subsidiaries, or the Buyer shall be obligated to make any payment in connection with seeking such Consents or waivers or shall have any liability for failure to obtain any such Consents or waivers, (iii) the defending of any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated by this Agreement, and (iv) the execution and delivery of any additional instruments necessary to consummate the transactions contemplated by this Agreement.

(b) Subject to the other terms and conditions herein provided and without limiting the foregoing, the Seller shall cause its Subsidiaries and Seller Parent to, and the Buyer shall cause each Buyer Parent to:

(i) use their commercially reasonable efforts to cooperate with one another in (A) determining whether filings are required (or considered by the Parties to be advisable) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the rules and regulations thereunder (“HSR Act”), and (B) to make their respective filings under the HSR Act within 10 business days after execution of this Agreement;

(ii) promptly notify each other of any communication concerning this Agreement and the transactions contemplated hereunder from any Governmental Authority and consult with and permit the other Party to review in advance any proposed communication concerning this Agreement and the transactions contemplated hereunder to any Governmental Authority;

(iii) not agree to participate in any meeting or substantive discussion (including any discussion relating to the antitrust merits, any potential remedies, commitments or undertakings, the timing of any waivers, consents, approvals, permits, orders or authorizations, and any agreement regarding the timing of consummation of the transactions contemplated by this Agreement) with any Governmental Authority relating to any filings or investigation concerning this Agreement or the transactions contemplated

hereunder unless it consults with the other Party and its Representatives in advance and invites the other Party's Representatives to attend unless the Governmental Authority prohibits such attendance;

(iv) promptly furnish the other Party, subject in appropriate cases to appropriate confidentiality agreements to limit disclosure to outside lawyers and consultants, with draft copies prior to submission to a Governmental Authority, with reasonable time and opportunity to comment, of all correspondence, filings and communications (and memoranda setting forth the substance thereof) that they, their Subsidiaries or their respective Representatives intend to submit to any Governmental Authority, it being understood that correspondence, filings and communications received from any Governmental Authority shall be immediately provided to the other Party upon receipt;

(v) promptly furnish the other Party, subject in appropriate cases to appropriate confidentiality agreements to limit disclosure to outside lawyers and consultants, with such necessary information and reasonable assistance as such other Party and its Subsidiaries may reasonably request in connection with their preparation of necessary filings, registrations or submissions of information to any Governmental Authority, including any filings necessary or appropriate under the provisions of the HSR Act; and

(vi) deliver to the other Party's outside counsel complete copies of all documents furnished to any Governmental Authority as part of any filing.

(c) The Buyer shall use commercially reasonable efforts to eliminate any concern on the part of any Governmental Authority regarding the legality of the transactions contemplated by this Agreement under the HSR Act; *provided, however*, that in no event shall Buyer be obligated to take any action to sell or dispose of any particular businesses, product lines, assets or voting securities, or take any other similar actions to secure antitrust clearance from such Governmental Authority.

(d) In addition to the foregoing, the Buyer agrees to provide such assurances as to financial capability, resources and creditworthiness as may be reasonably requested by any third party whose consent or approval is sought under this Agreement.

(e) Whether or not the Acquisition is consummated, each Party shall be responsible for all filing fees and payments imposed on such Party by any Governmental Authority in order to obtain any consents, approvals or waivers pursuant to this Section 6.4.

Section 6.5 *Amendment of Seller Disclosure Letter.* The Buyer agrees that, with respect to covenants, representations and warranties of the Seller contained in this Agreement, the Seller shall have the continuing right (but not the obligation) until the Closing to add, supplement or amend the Seller Disclosure Letter to its covenants, representations and warranties with respect to any matter that, to the knowledge of the Seller, arises after the date hereof which, if existing at the date hereof or thereafter, would have been required to be set forth or described in such Seller Disclosure Letter (*provided, however*, that the Seller shall be obligated to so amend the Seller Disclosure Letter to reflect matters disclosed in any Phase I environmental report with respect to

the Acquired Business or assets of the Companies delivered prior to the Closing). Any such additional, supplemental or amended disclosure shall not be deemed to have cured any breach of any covenant, representation or warranty for purposes of this Agreement, including the termination rights contained in Section 8.1(d) or determining whether the conditions set forth in Section 7.2(a) have been satisfied; *provided, however*, that if such additional, supplemental or amended disclosures would give rise to a right of the Buyer to terminate this Agreement pursuant to Section 8.1(d), assuming all other conditions set forth in Section 7.1 and Section 7.2 had been satisfied, then (a) the Buyer shall have the right to terminate this Agreement within 10 days of its receipt of such additional, supplemental or amended disclosure and (b) if the Buyer does not so elect to terminate this Agreement, then the Buyer shall be deemed to have irrevocably waived any right to terminate this Agreement with respect to such matters.

Section 6.6 *Tax Matters.*

(a) Preparation and Filing Tax Returns and Paying Taxes. The Seller shall be responsible for the preparation and filing of all Pre-Closing Period Tax Returns required to be filed by or with respect to each of the Companies (whether due before or after the Closing Date) and shall timely pay in full the amount of Taxes due with respect to such Pre-Closing Period Tax Returns, and the Seller shall prepare each of such Pre-Closing Period Tax Returns in a manner that is consistent with past practice; *provided, however*, that if any such Tax Return is filed after the Closing and the Seller is not authorized to execute and file such Tax Return by applicable Law, the Buyer shall execute and file (or cause to be filed) the Tax Return delivered by the Seller to the Buyer with the appropriate Taxing Authority, and the Seller shall deliver with each such Tax Return payment to the Buyer in an amount equal to the amount of Taxes due thereon. Except as provided in the following sentence, the Seller shall pay (or cause to be paid) all Pre-Closing Taxes owed by or with respect to the Companies. The Buyer shall file all other Tax Returns required to be filed by or with respect to the Companies and shall pay (or cause to be paid) (i) all Taxes other than Pre-Closing Taxes (which are the sole responsibility of the Seller) owed by or with respect to the Companies and (ii) all Taxes arising from any event occurring on the Closing Date that is outside the Ordinary Course of Business of the Companies, is not contemplated by this Agreement, and is the result of an action taken by the Buyer or any Affiliate of the Buyer. Liability for Taxes of a Company during any Straddle Period shall be apportioned as follows: (x) property and similar ad valorem Taxes shall be apportioned on a ratable daily basis, and (y) all other Taxes, including, but not limited to, income and applicable franchise Taxes, shall be apportioned based on an interim closing of the books of such Company as of the end of the Closing Date *provided* that exemptions, allowances or deductions that are calculated on an annual basis shall be apportioned on a per diem basis. The Buyer shall prepare any Straddle Period Tax Return of a Company in a manner that is consistent with past practice and shall not file such Tax Return without the Seller's consent (which consent shall not be unreasonable withheld, delayed or conditioned) after providing the Seller a copy thereof no later than 30 days prior to the due date for filing such Tax Return, and taking into account any reasonable comments provided by the Seller within 20 days after its receipt of such Tax Return for review. The Seller shall pay to the Buyer an amount equal to the Taxes of or imposed on any of the Companies and their Subsidiaries for any and all portions of Straddle Periods ending on the Closing Date (determined in accordance with this Section 6.6(a).) not later than five days after such amount is determined. The Buyer and the Seller shall each provide the other with all information reasonably

necessary to prepare any Tax Return relating to the Companies and their Subsidiaries for Pre-Closing Periods and Straddle Periods.

(b) Responsibility for Tax Audits and Contests. If notice of any action, suit, investigation or audit with respect to Pre-Closing Taxes of a Company or its Subsidiaries is received by the Seller or the Buyer (or any of their respective Affiliates), the Party receiving such notice shall promptly notify the other Party in writing; *provided, however*, that the failure to give such notice as provided herein shall not relieve the Seller of liability for Pre-Closing Taxes except to the extent that the Seller is actually and materially prejudiced thereby. The Seller shall control any audit or contest relating to Pre-Closing Taxes; *provided, however*, that (A) the Seller shall keep the Buyer reasonably informed regarding the progress and substantive aspects of such contest or audit, (B) the Buyer may retain separate co-counsel at its sole cost and expense, and participate in the defense of with respect to such contest or audit, including having an opportunity to review and reasonably comment on any written materials prepared in connection with such audit or contest and the right to attend and participate in any conferences of other Proceedings relating thereto, and (C) the Buyer shall control the conduct of any audit or contest of those Tax items of a Company or its Subsidiaries related to the portion of a Straddle Period beginning after the Closing Date. Neither the Buyer nor the Seller shall settle any such audit or contest in a way that would adversely affect the other Party without the other Party's written consent, which consent the other Party shall not unreasonably withhold, delay or condition. The Buyer and the Seller shall each provide the other with all information and authorizations reasonably necessary to conduct an audit or contest with respect to Taxes relating to the Companies and their Subsidiaries for Pre-Closing Periods or Straddle Periods.

(c) Preparation and Filing of Straddle Period Tax Returns. The Seller shall be entitled to any refund of Pre-Closing Taxes; *provided* that refunds of Taxes for a Straddle Period shall be apportioned in accordance with the liability for such Taxes as determined in Section 6.6(a). The Buyer and the Companies will reasonably cooperate with the Seller in connection with obtaining any refund of Pre-Closing Taxes with respect to a Company or its Subsidiaries. If a Party receives a refund to which the other Party is entitled, the Party receiving the refund shall pay it to the Party entitled to the refund within 15 business days after such receipt.

(d) Transfer Taxes. All Transfer Taxes shall be borne 50% by the Buyer and 50% by the Seller. The Seller and the Buyer agree to use their commercially reasonable efforts to mitigate, reduce or eliminate any Transfer Taxes, and to obtain any certificate or other document from any Taxing Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Transfer Taxes, that could be imposed on the Seller or the Buyer under applicable Law as a result of the consummation of the transactions contemplated by this Agreement. The Seller and the Buyer shall cooperate with one another in the preparation of any necessary Tax Returns and other related documentation with respect to Transfer Taxes (including any exemption certificates and forms as each may request to establish an exemption from (or otherwise reduce) or make a report with respect to Transfer Taxes).

(e) Post-Closing Actions. Except as otherwise expressly provided herein or with the consent of the Seller, the Buyer shall not, and shall cause each Company and its Subsidiaries

not to, file any Tax Return (including amended Tax Return or claim for Tax refund), or make any election, with respect to Pre-Closing Taxes, including taking any action to extend the applicable statute of limitations with respect to any such Tax Return of any Company or its Subsidiaries.

(f) Income Tax Treatment. As a result of each of the Companies being a Disregarded Entity at the time of the Closing for U.S. federal income Tax purposes (and state, local, and foreign income Tax purposes where applicable), the Buyer and the Seller intend that the purchase of the Interests pursuant to this Agreement be treated for U.S. federal income Tax purposes (and state, local, and foreign income Tax purposes where applicable) as the fully taxable purchase by the Buyer of the assets of the Companies in exchange for the Purchase Price and other items of consideration for U.S. federal income Tax purposes (including any assumed liabilities as determined for U.S. federal income Tax purposes). The Buyer and the Seller agree to report and file (and cause their respective Affiliates to report and file) their U.S. federal income Tax Returns (and state and local income Tax Returns where applicable) in all respects and for all purposes consistent with such intended treatment. The Buyer and the Seller further agree not to take (and to cause their respective Affiliates not to take) any position, whether in any Tax Return, audit, examination, claim, adjustment, litigation or other Proceeding with respect to U.S. federal income Tax (and state and local income Tax purposes where applicable), which is inconsistent with such intended treatment.

(g) Allocation of Purchase Price. The Purchase Price, plus the amount of any other items of consideration for U.S. federal income Tax purposes (including any assumed liabilities as determined for U.S. federal income Tax purposes), will be allocated among the assets of the Companies in accordance with Section 1060 of the Code and the Treasury Regulations promulgated thereunder (and any similar provision of federal, state, provincial, local or non-U.S. Law, as appropriate) (the “Allocation”). The Buyer will prepare a written statement setting forth the Allocation (the “Allocation Statement”) and deliver same to the Seller within 60 days after the final determination of the Final Purchase Price is made pursuant to Section 2.4, and thereafter, the Parties will use their respective commercially reasonable efforts to agree on the Allocation and the Allocation Statement within 30 days after such delivery, taking into account Seller’s reasonable and timely comments to the extent such comments are delivered within such thirty (30) day period and are consistent with the principles of Section 1060 of the Code and the Treasury Regulations promulgated thereunder (and any similar provision of federal, state, provincial, local or non-U.S. Law, as appropriate). If the Parties are unable to resolve any dispute relating to the Allocation or the Allocation Statement within such 30-day period, such dispute shall be resolved by the Auditors using the procedures set forth in Section 2.4(b), *mutatis mutandis*. The Buyer and the Seller agree (a) that each of them will, and will cause their respective Affiliates to, report the purchase and sale of the assets of the Companies on all relevant Tax Returns, including IRS Form 8594 and any amendments thereto, consistent with the Allocation and the Allocation Statement (as finally determined under this Section 6.6(g)) and not to take (and to cause their respective Affiliates not to take) any position inconsistent therewith in any Tax Return, audit, examination, claim, adjustment, litigation or other Proceeding with respect to Taxes; *provided, however*, that nothing contained herein shall prevent the Buyer or the Seller from settling any proposed deficiency or adjustment by any Taxing Authority based upon or arising out of such Allocation or Allocation Statement, and neither the Buyer nor the Seller shall be required to litigate before any court any proposed deficiency or adjustment by any Taxing Authority challenging such Allocation or Allocation Statement; and

(b) that such Allocation and Allocation Statement shall be further revised, as necessary and in a manner consistent with the Allocation contained therein, to reflect any adjustment to the Purchase Price or other items of consideration for U.S. federal income Tax purposes pursuant to Section 9.7 or otherwise that is not otherwise reflected in such Allocation. Not later than 30 days prior to the filing of their respective IRS Forms 8594 relating to this transaction, the Buyer, on the one hand, and the Seller, on the other hand, shall deliver to the other a copy of its IRS Form 8594.

(h) Cooperation on Tax Matters. Each of the Buyer and the Seller, and each of their respective Affiliates, shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns of or with respect to the Companies and/or during the course of any audit, litigation or other Proceeding with respect to Taxes of or attributable to the Companies. Such cooperation shall include the retention and (upon the other Party's request) the provision of records and information that are reasonably relevant to any such audit, litigation, or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

(i) Conflict. In the event of a conflict between the provisions of this Section 6.6 and any other provision of this Agreement, the provisions of this Section 6.6 shall control.

Section 6.7 *Further Assurances*. From and after the Closing, if any further action is necessary to carry out the purposes of this Agreement, the Parties shall take such further action (including the execution and delivery of such further documents and instruments) as any Party may reasonably request, all at the sole expense of the requesting Party (except as otherwise expressly set forth in this Agreement).

Section 6.8 *Retention of Books and Records*.

(a) The Seller may retain a copy of any or all of the books and records relating to the business or operations of the Companies prior to the Closing; *provided, however*, that such copy of the Companies' books and records shall be held by the Seller in accordance with and subject to the terms of the Confidentiality Agreement (without giving effect to the termination or expiration provisions thereof), and shall be used by the Seller solely for the purposes described under Section 6.1(b)(iii). In order to facilitate the resolution of any claims made against or incurred by the Seller prior to the Closing, or for any other reasonable purpose, for a period of seven years after the Closing, the Buyer shall retain the books and records (including personnel files) of the Companies relating to periods prior to the Closing in a manner reasonably consistent with the prior practices of the Companies, and upon reasonable notice, afford the Representatives of the Seller reasonable access (including the right to make, at the Seller's expense, photocopies), during normal business hours, to such books and records.

(b) In order to facilitate the resolution of any claims made by or against or incurred by the Buyer or the Companies after the Closing, or for any other reasonable purpose, for a period of seven years following the Closing, the Seller shall retain the books and records (including personnel files) of the Seller which relate to the Companies and the operations of the Acquired Business for periods prior to the Closing, and upon reasonable notice, afford the Representatives

of the Buyer or the Companies reasonable access (including the right to make, at the Buyer's expense, photocopies), during normal business hours, to such books and records.

(c) Neither the Buyer nor the Seller shall be obligated to provide the other Party with access to any books or records (including personnel files) pursuant to this Section 6.8 where such access would violate any Law.

Section 6.9 *Contact with Customers and Suppliers.* Until the Closing Date, the Buyer shall not, and shall cause its Affiliates and direct its other Representatives not to, contact or communicate with the customers, suppliers, distributors or licensors of any Company, or any other Persons having a business relationship with any Company (except employees as to which Section 6.11 shall be applicable), concerning the transactions contemplated hereby or any of the foregoing relationships without the prior written consent of the Seller.

Section 6.10 *Withholding Taxes.* Notwithstanding anything contained in this Agreement to the contrary, the Buyer shall be entitled to deduct and withhold from any amounts otherwise payable hereunder, and from any other consideration otherwise paid or delivered to any Person in connection with the transactions contemplated by this Agreement, any amounts that the Buyer is required to deduct and withhold in respect of any such payments under the Code, and the rules and regulations promulgated thereunder, or any provision of federal, state, provincial, local or non-U.S. Law. Notwithstanding the previous sentence, the Buyer shall provide notice to the Seller at least five days prior to withholding any amounts under this Agreement and shall reasonably cooperate with the Seller to obtain any exclusion or exemption from such withholding. All such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of whom such deduction and withholding was made.

Section 6.11 *Employee Matters.*

(a) No later than 15 days prior to the Closing Date, Buyer or its designated Affiliate at their discretion shall offer employment on an at-will basis to such Seller Dedicated Employees as Buyer shall specify to the Seller in writing, which employment, if accepted, shall become effective as of 12:01 a.m. Central Time on the day after the Closing Date. Such offers of employment shall be on terms and conditions as determined in the sole discretion of Buyer or its designated Affiliate, if applicable. Any Seller Dedicated Employee who receives and accepts such an offer of employment from the Buyer and becomes an employee of the Buyer or its designated Affiliate shall be deemed a "Continuing Employee". The Buyer shall provide the Seller a list of Continuing Employees no later than five Business Days prior to the Closing Date. Each Continuing Employee shall be eligible to receive salary, bonus and other benefits maintained for employees of the Buyer or its Affiliates on substantially similar terms and conditions in the aggregate as are provided to similarly situated employees of the Buyer and its Affiliates.

(b) The Seller shall be solely responsible, and the Buyer shall have no obligations whatsoever for, any compensation or other amounts payable to any current or former employee, officer, director, independent contractor or consultant of the Acquired Business, including hourly pay, commission, bonus, salary, accrued vacation, fringe, pension or profit sharing benefits or severance pay for any period relating to the service with the Seller or its Affiliates at any time on

or prior to the Closing Date. The Seller or its Affiliates shall pay all such amounts to all entitled persons on or prior to the Closing Date and no such amounts or liabilities shall be reflected in the Working Capital calculation. The Seller also shall remain solely responsible for all worker's compensation claims of any current or former employees, officers, directors, independent contractors or consultants of the Acquired Business which are made on or prior to the Closing Date. The Seller shall pay, or cause to be paid, all such amounts to the appropriate persons as and when due.

(c) For purposes of eligibility, vesting and entitlement to benefits, including entitlement to, and level of, severance and vacation benefits (but not for accrual of pension benefits), each Continuing Employee shall be given credit for all service with the Seller, its Affiliates and their respective predecessors under any employee benefit plan, program or arrangement of the Buyer or its Affiliates in which such Continuing Employee is eligible to participate (the "Buyer Benefit Plans"), to the same extent as if such service had been performed for the Buyer or any of its Affiliates. For purposes of any Buyer Benefit Plans providing welfare benefits to Continuing Employees, the Buyer shall, or shall cause its Affiliates to, as applicable, use all commercially reasonable efforts in order to (i) waive all limitations as to preexisting conditions, exclusions, waiting periods, actively-at-work requirements, and requirements to show evidence of good health with respect to participation and coverage requirements applicable to the Continuing Employees under any such Buyer Benefit Plan provided to the Continuing Employees, except to the extent that such conditions, exclusions, waiting periods, actively-at-work requirements, and requirements to show evidence of good health would apply under the analogous Employee Plan, and (ii) provide each Continuing Employee with credit, in the calendar year in which the Closing occurs, for any co-payments, coinsurance payments, deductibles and maximum out-of-pocket requirements paid under an Employee Plan in satisfying any applicable deductible or out of pocket requirements under the analogous Buyer Benefit Plan.

(d) Effective as of the Closing Date, the Buyer will maintain or designate a defined contribution plan and related trust intended to be qualified under section 401(a), 401(k) and 501(a) of the Code (the "Buyer 401(k) Plan") in which Continuing Employee shall be eligible to participate. The Seller and the Buyer will take all action necessary or appropriate to allow Continuing Employees to roll over any amounts that are eligible for rollover treatment under the Code from an Employee Plan that is intended to be qualified under section 401(a) and 501(a) of the Code to the Buyer 401(k) Plan.

(e) Notwithstanding anything in this Section 6.11 or otherwise in this Agreement to the contrary, no provision of this Agreement is intended to, or does, constitute the establishment or adoption of, or an amendment to, any employee benefit plan (within the meaning of Section 3(3) of ERISA), and no Person shall have any claim or cause of action, under ERISA or otherwise, in respect of any provision of this Agreement as it relates to any such employee benefit plan, employment or otherwise.

Section 6.12 *Use of Name.* From and after the Closing, the Buyer and its respective Affiliates shall not use the names "American Midstream", "AMID" or "JP Energy", "JP Energy Partners" or any variant or derivative of any of the foregoing or any other logos, symbols or

trademarks of the Seller or any of its Affiliates (the “Restricted Marks”). The Buyer agrees that on the Closing Date it will cease using the Restricted Marks in advertising and other business communications and promptly, but no later than (a) three months after the Closing Date with respect to the Restricted Marks relating to the names “JP Energy”, “JP Energy Partners” or any variant or derivative thereof and (b) 12 months after the Closing Date with respect to all of the other Restricted Marks, it will take all necessary action to eliminate the Restricted Marks from, or paint over or otherwise permanently obscure the Restricted Marks on, any tangible personal property, buildings, equipment or other assets.

Section 6.13 *Guarantee and Lien Releases.* Prior to or concurrently with the Closing: (a) the Seller shall cause the Companies and all of their respective assets to be released from, and shall have obtained all consents, approvals or waivers as may be required to avoid a breach or default by the Companies or any right of acceleration or cancellation of any obligations of the Companies under, any and all agreements, liabilities and obligations in connection with all Indebtedness (all of which is described on Section 6.13 of the Seller Disclosure Letter), and (b) the Seller shall obtain and deliver to the Buyer evidence reasonably satisfactory to the Buyer of the release and termination of all Liens (other than Permitted Liens, Liens in effect on or prior to the Closing Date that will be released upon payment of the Purchase Price and restrictions on transfer that may be imposed by state or federal securities Laws) to the extent encumbering any of the assets or Capital Stock (including the Interests) of the Companies.

Section 6.14 *Casualty Loss.* In the event of damage by fire, earthquake, hurricane, flood or other casualty to the facilities, equipment, pipelines, pipeline connections or other tangible personal or real property of the Companies after the date of this Agreement but prior to the Closing (a “Casualty Loss”), then (a) subject to Section 8.1, this Agreement shall remain in full force and effect and (b) the Seller shall, at the Buyer’s election, either (i) assign to the Buyer at the Closing all insurance claims under the insurance policies held by the Seller or its Affiliates in connection with such damaged assets and reduce the Purchase Price at the Closing to cover the amounts of any property or casualty deductibles and retentions, including waiting period time element losses or (ii) prior to the Closing, repair or replace such damaged assets to the condition of the affected assets immediately prior to the Casualty Loss and retain all insurance claims described in clause (i) hereof, *provided, however*, that if the schedule for the repair and restoration of damaged assets and return of the Acquired Business to the Ordinary Course of Business is reasonably estimated by Buyer to exceed 120 days following the proposed Closing Date, then Buyer shall have the right to terminate this Agreement.

Section 6.15 *No Solicitation of Other Bids.* The Seller shall not, and shall not authorize or permit any of its Affiliates (including the Companies) or any of its or their Representatives to, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. The Seller shall immediately cease and cause to be terminated, and shall cause its Affiliates (including the Companies) and all of its and their Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore

with respect to, or that could lead to, an Acquisition Proposal. For purposes hereof, “ Acquisition Proposal ” shall mean any inquiry, proposal or offer from any Person (other than the Buyer or any of its Affiliates) concerning (i) a merger, consolidation, liquidation, recapitalization or other business combination transaction involving either of the Companies; (ii) the issuance or acquisition of membership interests in either of the Companies; or (iii) the sale, lease, exchange or other disposition of any significant portion of either of the Companies’ properties or assets.

Section 6.16 *Non-Competition.*

(a) For a period of two years following the Closing Date (the “ Restricted Period ”), the Seller shall not, and shall not permit any AMID Entity to, directly or indirectly, (i) engage in or assist others in engaging in the Restricted Business in the Territory; (ii) own an interest in any Person that engages directly or indirectly in the Restricted Business in the Territory in any capacity, including as a partner, shareholder, member, principal, agent, trustee or consultant; or (iii) intentionally interfere in any material respect with the business relationships between any Company, on the one hand, and customers or suppliers of the Companies and the Acquired Business, on the other hand; *provided* that such customers or suppliers were customers or suppliers of the Companies and the Acquired Business at any time during the 12-month period prior to the Closing. Notwithstanding the foregoing, the Seller or any AMID Entity may own, directly or indirectly, solely as an investment, securities of any Person traded on any national securities exchange if the Seller or such AMID Entity is not a controlling Person of, or a member of a group which controls, such Person and does not, directly or indirectly, own 5% or more of any class of securities of such Person. For purposes of this Section 6.16, an “ AMID Entity ” means American Midstream Partners, LP and any of its direct or indirect Subsidiaries, “ Restricted Business ” means the Acquired Business, “ Territory ” means the Texas service area of the Caddo Mills Refined Products Terminal and the Arkansas service area of the North Little Rock Refined Products Terminal, as the Acquired Business is currently conducted. For the avoidance of doubt, the restrictions in this Section 6.16 shall not apply to any Person that is not an AMID Entity or Affiliate of an AMID Entity and that acquires an AMID Entity in an arms’-length merger, consolidation or similar transaction that results in such AMID Entity ceasing to exist following such transaction.

(b) The Seller acknowledges that the restrictions contained in this Section 6.16 are reasonable and necessary to protect the legitimate interests of the Buyer and constitute a material inducement to the Buyer to enter into this Agreement and consummate the transactions contemplated by this Agreement. In the event that any covenant contained in this Section 6.16 should ever be adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable Law in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or service, or other limitations permitted by applicable Law. The covenants contained in this Section 6.16 and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

Section 6.17 *Pre-Closing Occurrence Based Insurance.*

(a) For any claim that may be asserted against either Company or any of its Subsidiaries after the Closing Date arising out of events, incidents, conduct or circumstances that occurred prior to the Closing Date, including changes in the amount or nature of previously asserted claims arising out of any such pre-Closing Date events, incidents, conduct or circumstances (such claims, “Post-Closing Claims”), for a period of 12 months following the Closing Date, the applicable Company or its Subsidiary may tender such Post-Closing Claim to the Seller for submission by the Seller to the applicable insurer under any of the occurrence-based Seller Insurance Policies or other occurrence-based insurance policies of Seller or its Affiliates issued prior to the Closing Date under which the applicable Company or its applicable Subsidiary was insured as of the date of the events, incidents, conduct or circumstances giving rise to such Post-Closing Claim (such policies, the “Pre-Closing Occurrence Based Policies” and each such Post-Closing Claims so tendered to the Seller for submission to the applicable insurer, a “Noticed Post-Closing Claim”) and the Seller shall thereupon tender such Noticed Post-Closing Claim to the applicable insurer for coverage; *provided, however*, that the Companies shall have no recourse to the Seller (except pursuant to Article IX, if applicable) for any uninsured or uncovered amounts for such Noticed Post-Closing Claims (including any deductible or other amount for which the Seller provides self-insurance), except for amounts attributable to any failure or refusal by the Seller to provide timely notice of any Noticed Post-Closing Claim to the applicable insurer upon the Seller’s receipt of notice of such Noticed Post-Closing Claim from the applicable Company or its Subsidiary. The Seller shall notify the applicable Company of all coverage determinations made by the insurer(s) in respect of any submitted Noticed Post-Closing Claims and, if any amounts are paid or to be paid by the insurer in respect thereof, shall request that such insurer make payment directly to the applicable Company or its applicable Subsidiary or shall transfer such insurance proceeds to the applicable Company or its applicable Subsidiary, as the case may be, no later than 10 days after receipt of such insurance proceeds.

(b) The Seller shall not release, commute, buy-back, or otherwise eliminate the coverage available under any Pre-Closing Occurrence Based Policy without the Buyer’s consent.

(c) Subject to and without modification of the foregoing clauses (a) and (b) of this Section, if any Post-Closing Claim is a workers’ compensation claim, then if it is finally determined by a court of law or responsible authority that the date of loss was in fact prior to the Closing Date, the Seller shall be responsible for the loss exclusively, and none of the Companies nor any of their Subsidiaries shall be liable for any portion of such loss.

Section 6.18 *Delivery of Financial Information.* Prior to the Closing, the Seller shall cause to be delivered to the Buyer: (i) the audited consolidated financial statements of the Companies (which shall include the Companies and their Subsidiaries and only the Companies and their Subsidiaries), prepared in accordance with GAAP and audited by PricewaterhouseCoopers LLP or another accounting firm of national standing selected by Seller that is registered with the Public Company Accounting Oversight Board and reasonably acceptable to Buyer (the “Auditing Firm”), consisting of an audited consolidated balance sheet as of December 31, 2017 and audited consolidated statements of operations and comprehensive income (loss),

statements of cash flows and statements of stockholders' equity for the fiscal year of the Companies and their Subsidiaries ended December 31, 2017 (collectively, the "Acquired Companies Audited Financial Statements"), and (ii) unaudited interim consolidated financial statements prepared in accordance with GAAP consisting of (A) an unaudited interim consolidated balance sheet of the Companies and their Subsidiaries as of (I) the last day of the most recent fiscal quarter (other than the fourth fiscal quarter of any fiscal year) of the Companies and their Subsidiaries that has been completed prior to the Closing Date and that has ended at least 45 days before the Closing Date and (II) the last day of the corresponding fiscal quarter of the 2017 fiscal year and (B) unaudited interim consolidated statements of operations and comprehensive income (loss), statements of cash flows and statements of stockholders' equity of the Companies and their Subsidiaries for (I) the most recent six or nine month, as applicable, fiscal period (other than the fourth fiscal quarter of any fiscal year) of the Companies and their Subsidiaries that has been completed prior to the Closing Date and that has ended at least 45 days before the Closing Date and (II) the corresponding six or nine month, as applicable, fiscal period of the 2017 fiscal year (collectively, the "Acquired Companies Interim Financial Statements"), in each case referred to in this sentence that conform to, and are required to be filed by the Buyer's parent company pursuant to, the applicable requirements of Regulation S-X under the Securities Act of 1933, as amended and the Securities Exchange Act of 1934, as amended. In addition, from the date hereof and prior to the Closing, Seller shall provide such information, or reasonable access thereto, with respect to the Companies and their Subsidiaries as may be reasonably requested by the Buyer to the Buyer to prepare or file pro forma financial information required by applicable Law to be prepared or filed in connection with the transactions contemplated hereby. The Seller also shall cooperate with the Buyer to provide any additional information, or reasonable access thereto, requested by the Buyer, in connection with the Buyer's analysis of the Acquired Companies Audited Financial Statements or Acquired Companies Interim Financial Statements required to be included in any reports or other filings with the Securities and Exchange Commission in connection with the Acquisition. The Seller shall keep the Buyer informed on a reasonably current basis (and at any time upon the Buyer's reasonable request) in reasonable detail of the status of its efforts to prepare the Acquired Companies Audited Financial Statements and the Acquired Companies Interim Financial Statements and obtain the audit described in this Section 6.18. All costs and expenses incurred by the Seller, the Companies and their Subsidiaries in connection with this Section 6.18 shall be shared equally by the Buyer and Seller (i.e., 50/50); *provided, however*, that the Buyer's obligation to share in the payment of such costs and expenses shall not exceed \$100,000.

Section 6.19 Title Policy. The Buyer has informed the Seller that, as a condition to the Closing, the Title Company must issue to the Buyer, at Buyer's sole cost and expense, a new owners' title insurance policy for each parcel of owned Real Property (together with such endorsements described on Exhibit H, collectively, the "Title Policies") insuring fee simple title as to each parcel of owned Real Property free and clear of all Liens other than Permitted Liens, it being understood that it will not be a condition to the Closing that the Title Policy include any particular endorsement, including those set forth on Exhibit H if the inability of the Title Company to issue such endorsement relates to a matter that is a Permitted Lien. The Seller agrees to execute and deliver (and acknowledge, if required) to the Title Company on the Closing Date affidavits and indemnities in the forms attached hereto as Exhibit F and made a part hereof, with such changes thereto as are acceptable to the Seller in the Seller's reasonable discretion.

Section 6.20 *Inventory Reconciliations*. The Seller shall prepare, and deliver to the Buyer at Closing, with respect to each of the Terminals, a true, correct and complete month-end reconciliation report (such reports, the “Inventory Reconciliations”) of such Terminal’s book inventory to its physical inventory of refined products as of the close of business on the last day of the month that precedes the Closing Date, *provided* that, to the extent the Closing occurs before the 15th calendar day of a month, then such inventory shall be provided as of the close of business on the last day of the month that is two months prior to the Closing Date (the “Inventory Date”). The Inventory Reconciliations shall include, for each refined product at the applicable Terminal, the beginning physical inventory shown on such month-end report regularly prepared by the Seller or its Affiliates (the “Starting Inventory”), receipts into inventory, deliveries from inventory, the ending book inventory, the ending physical inventory and any gain or loss in inventory for the period between the date of the Starting Inventory and the Inventory Date. The Seller shall be solely liable for any discrepancy between book inventory and physical inventory of refined products at each of the Terminals as of the Inventory Date (whether such discrepancy is based upon the inventory records of the Terminals or the inventory records of customers of the Terminals). For illustrative purposes, Section 6.20 of the Seller Disclosure Schedule sets forth the Inventory Reconciliations as if the Closing occurred on January 31, 2018.

ARTICLE VII CONDITIONS TO OBLIGATIONS TO CLOSE

Section 7.1 *Conditions to Obligation of Each Party to Close*. The respective obligations of each Party to consummate the Acquisition and to take the other actions required by this Agreement at the Closing shall be subject to the satisfaction or, to the extent permitted by applicable Law, waiver at or prior to the Closing Date of the following conditions:

(a) *Regulatory Approvals* . The Consents set forth on Section 7.1(a) of the Seller Disclosure Letter, shall have been duly made, given or obtained and shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any Governmental Authority with respect thereto (including under the HSR Act) shall have occurred;

(b) *No Injunctions* . There shall not be in effect any final non-appealable order by a Governmental Authority of competent jurisdiction restraining, enjoining, having the effect of making the transactions contemplated by this Agreement illegal or otherwise prohibiting the consummation of the Acquisition; and

(c) *No Illegality* . No Law shall have been enacted, entered, promulgated, issued, adopted, decreed or otherwise implemented and remain in effect that prohibits or makes illegal consummation of the Acquisition.

Section 7.2 *Conditions to the Buyer’s Obligation to Close*. The obligations of the Buyer to consummate the Acquisition and to take the other actions required by this Agreement at the Closing shall be subject to the satisfaction or, to the extent permitted by applicable Law, waiver on or prior to the Closing Date of the following conditions:

(a) *Representations and Warranties* . The Fundamental Representations made by the Seller shall be true and correct in all respects on and as of the Closing Date as though such representations and warranties had been made on and as of the Closing Date (except for representations and warranties that are expressly made as of a specific date or period, which shall be true and correct as of such specific date or period). Each of the other representations and warranties of the Seller contained in Article III and Article IV shall be true and correct in all respects (it being understood that, for purposes of determining satisfaction of this Section 7.2(a), all “materiality,” “material” and “Seller Material Adverse Effect” (which instead shall be read as any adverse effect or change) qualifications contained in such representations and warranties shall be disregarded) on and as of the Closing Date as though such representations and warranties were made on and as of the Closing Date (except for representations and warranties that are expressly made as of a specific date or period, which shall be true and correct as of such specific date or period), except in each case for failures to be so true and correct that would not result in a Seller Material Adverse Effect;

(b) *No Seller Material Adverse Effect*. From the date of this Agreement, there shall not have occurred any Seller Material Adverse Effect, nor shall any event or events have occurred that, with or without the lapse of time, would be reasonably expected to have a Seller Material Adverse Effect;

(c) *Covenants and Agreements* . Each Seller shall have performed and complied in all material respects with all agreements, covenants and obligations required by this Agreement to be performed or complied with by it at or prior to Closing;

(d) *Officer's Certificates* . The Buyer shall have received a certificate, dated as of the Closing Date and signed on behalf of the Seller by an officer of the Seller stating that the conditions specified in Section 7.2(a) and Section 7.2(b) have been satisfied; and

(e) *Closing Deliverables* . The Seller shall have delivered at or prior to the Closing all of the items listed in Section 2.6(b).

(f) *Title Policies* . The Title Company shall be prepared to issue the Title Policies, upon receipt of payment of premiums therefore by the Buyer, insuring fee simple title as to each parcel of owned Real Property, free and clear of all Liens other than Permitted Liens.

Section 7.3 *Conditions to the Seller's Obligation to Close*. The obligations of the Seller to consummate the Acquisition and to take the other actions required by this Agreement at the Closing shall be subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a) *Representations and Warranties* . The Fundamental Representations made by the Buyer shall be true and correct in all respects on and as of the Closing Date as though such representations and warranties had been made on and as of the Closing Date (except for representations and warranties that are expressly made as of a specific date or period, which shall be true and correct as of such specific date or period). Each of the representations and warranties of the Buyer contained in Article V shall be true and correct in all respects (it being understood that, for purposes of determining satisfaction of this Section 7.3(a), all “materiality,” “material” and

“Buyer Material Adverse Effect” (which instead shall be read as any adverse effect or change) qualifications contained in such representations and warranties shall be disregarded) on and as of the Closing Date as though such representations and warranties were made on and as of the Closing Date (except for representations and warranties that are expressly made as of a specific date or period, which shall be true and correct as of such specific date or period), except in each case for failures to be so true and correct that would not result in a Buyer Material Adverse Effect;

(b) *Covenants and Agreements* . The Buyer shall have performed and complied in all material respects with all agreements, covenants and obligations required by this Agreement to be performed or complied with by it at or prior to Closing;

(c) *Officer’s Certificate* . The Seller shall have received a certificate, dated as of the Closing Date and signed on behalf of the Buyer by an officer of the Buyer, stating that the conditions specified in Section 7.3(a) and Section 7.3(b) have been satisfied; and

(d) *Closing Deliverables* . The Buyer shall have delivered at or prior to the Closing all of the items listed in Section 2.6(a).

Section 7.4 Frustration of Closing Conditions. Neither the Seller nor the Buyer may rely on the failure of any condition set forth in Section 7.1, Section 7.2 or Section 7.3 to be satisfied, as the case may be, if such failure was caused by such Party’s failure to perform any covenant or obligation required by this Agreement to be performed or complied with by it at or prior to Closing.

ARTICLE VIII TERMINATION

Section 8.1 Termination. This Agreement may be terminated and the transactions contemplated by this Agreement may be abandoned at any time prior to the Closing only:

- (a) by mutual written consent of the Seller and the Buyer;
- (b) by either the Seller or the Buyer, if:

(i) the Closing shall not have occurred on or before June 1, 2018; *provided, however* , that if a request is made for additional information and documentary material pursuant to the HSR Act, then such date shall automatically be extended to August 1, 2018 (the “ Outside Date ”); *provided* that the right to terminate this Agreement under this Section 8.1(b)(i) shall not be available to a Party (or its respective Affiliates) if the failure of such Party or its respective Affiliates to perform any of its or their obligations under this Agreement has caused, or resulted in, the failure of the transactions contemplated by this Agreement to be consummated on or before such date; or

(ii) any order issued, or Law enacted, entered or promulgated, by a Governmental Authority permanently restrains, enjoins or prohibits or makes illegal the consummation of the Acquisition in a manner that would give rise to the failure of a condition

set forth in Section 7.1(b) or Section 7.1(c), and such order becomes effective, final and nonappealable; *provided, however*, that the Party seeking to terminate this Agreement pursuant to this Section 8.1(b)(ii) shall have used its commercially reasonable efforts to oppose such order or Law in accordance with the provisions of Section 6.4;

(c) by the Seller, if the Buyer shall have breached any of its representations, warranties, covenants or agreements contained in this Agreement, and such breach (i) would give rise to the failure of a condition set forth in Section 7.3(a) or Section 7.3(b) if continuing on the Closing Date and (ii) has not been cured and cannot reasonably be cured prior to the Outside Date; *provided, however*, that the Seller shall not have the right to terminate this Agreement pursuant to this Section 8.1(c) if the Seller is then in breach of any representation, warranty, covenant or other agreement contained in this Agreement if such breach would give rise to the failure of a condition set forth in Section 7.2 if continuing on the Closing Date;

(d) by the Buyer, if the Seller shall have breached any of its representations, warranties, covenants or agreements contained in this Agreement, and such breach (i) would give rise to the failure of a condition set forth in Section 7.2(a) or Section 7.2(b) if continuing on the Closing Date and (ii) has not been cured and cannot reasonably be cured prior to the Outside Date; *provided, however*, that the Buyer shall not have the right to terminate this Agreement pursuant to this Section 8.1(d) if it is then in breach of any representation, warranty, covenant or agreement contained in this Agreement if such breach would give rise to the failure of a condition set forth in Section 7.3 if continuing on the Closing Date; or

(e) by the Buyer in accordance with the terms and conditions set forth in Section 6.5 or Section 6.14.

Section 8.2 Procedure for Termination. In the event of termination of this Agreement pursuant to Section 8.1, written notice thereof shall immediately be given by the Seller or the Buyer to the other, as applicable, and, except as provided in this Section 8.2, this Agreement shall forthwith terminate and shall become null and void and of no further effect, and the transactions contemplated by this Agreement shall be abandoned without further action by the Seller or the Buyer. If this Agreement is terminated under Section 8.1:

(a) each Party shall treat all documents, work papers and other materials of the other Party relating to the transactions contemplated by this Agreement, whether obtained before or after the execution of this Agreement, in accordance with the obligations set forth in the Confidentiality Agreement;

(b) all filings, applications and other submissions made pursuant hereto shall, to the extent practicable, be withdrawn from the agency or other person to which made; and

(c) there shall be no liability or obligation under this Agreement on the part of the Seller or the Buyer or any of their Affiliates or any of their respective Representatives, except (i) that nothing in this Section 8.2 shall relieve any Party from liability for intentional fraud, a willful breach by such Party of any of its representations, warranties, covenants or agreements set forth in this Agreement or a willful failure by such Party to perform its obligations hereunder and (ii) the

provisions of Section 6.1(c), this Section 8.2, Article X and Article XI shall survive any such termination. For the avoidance of doubt, and without limiting the foregoing, any failure of the Buyer or the Seller to close the Acquisition following the satisfaction or waiver of such Parties' conditions to closing set forth in Article VII shall be considered a willful breach by the applicable Parties of such Parties' covenants hereunder.

ARTICLE IX INDEMNIFICATION

Section 9.1 *Survival*. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein shall survive the Closing and shall remain in full force and effect until the date that is 12 months from the Closing Date; *provided*, that (a) each of the Fundamental Representations shall survive indefinitely, (b) each of the Environmental Representations shall survive for a period of two years after the Closing, and (c) each of the Tax Representations shall survive until 30 days after the expiration of the statute of limitations (including any and all extensions thereof) applicable to such Tax Representation. The covenants and agreements of the Parties contained in this Agreement that by their nature are required to be performed on or prior to the Closing shall expire at the Closing and have no further force and effect, and the covenants and agreements of the Parties contained in this Agreement that by their terms survive the Closing or contemplate performance after the Closing shall survive the Closing until fully performed; *provided*, that each Party's covenants, rights and obligations with respect to any Tax or Tax matter covered by this Agreement shall survive the Closing and shall not terminate until 30 days after the expiration of the statute of limitations (including any and all extensions thereof) applicable to such Tax (or the assessment thereof) or Tax matter. Notwithstanding the foregoing, no Indemnifying Party shall be liable for any Losses that are subject to indemnification under this Article IX unless the Indemnified Party delivers a written notice in good faith and with reasonable specificity (to the extent known at such time) to the Indemnifying Party with respect to such indemnifiable claim prior to 5:00 p.m. Central Time on the expiration date of the survival period for such claim; *provided* that any claim for indemnification under this Agreement that is brought prior to such time shall survive until such matter is resolved.

Section 9.2 *Indemnification By the Seller*. Subject to the other terms and conditions of this Article IX, the Seller shall indemnify and defend each of the Buyer and its Affiliates (including the Companies) and their respective Representatives (collectively, the "Buyer Indemnitees") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Buyer Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of the Seller contained in this Agreement or in any other Transaction Document delivered by or on behalf of the Seller, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date);

- (b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Seller pursuant to this Agreement;
- (c) any and all Pre-Closing Taxes; or
- (d) Non-Acquired Business Liabilities.

Section 9.3 *Indemnification By the Buyer*. Subject to the other terms and conditions of this Article IX, the Buyer shall indemnify and defend each of the Seller and its Affiliates and their respective Representatives (collectively, the “Seller Indemnitees”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Seller Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of the Buyer contained in this Agreement or in any Transaction Document delivered by or on behalf of the Buyer pursuant to this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date); or

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Buyer pursuant to this Agreement.

Section 9.4 *Certain Limitations*. Notwithstanding anything to the contrary in this Agreement, the indemnification provided for in Section 9.2 and Section 9.3 shall be subject to the following limitations:

(a) If any claim for indemnification by either Party that is subject to indemnification by the other Party under Section 9.2(a) or Section 9.3(a), as applicable, results in aggregate Losses that do not exceed \$50,000, then such Losses shall not be deemed Losses under this Agreement and shall not be eligible for indemnification under this Article IX.

(b) The Seller shall not be liable to the Buyer Indemnitees for indemnification under Section 9.2(a) until the aggregate amount of all Losses in respect of indemnification under Section 9.2(a) exceeds \$1,500,000 (the “Threshold Amount”); *provided, however*, that once the aggregate amount of all such Losses exceeds the Threshold Amount, then the Buyer shall have the right to recover all such Losses without regard to the Threshold Amount, subject to the other limitations on recovery and recourse set forth in this Agreement. The aggregate amount of all Losses for which the Seller shall be liable pursuant to Section 9.2(a) shall not exceed 10% of the Base Purchase Price (the “Cap”).

(c) The Buyer shall not be liable to the Seller Indemnitees for indemnification under Section 9.3(a) until the aggregate amount of all Losses in respect of indemnification under Section 9.3(a) exceeds the Threshold Amount; *provided, however*, that once the aggregate amount of all such Losses exceeds the Threshold Amount, then the Seller shall have the right to recover all

such Losses without regard to the Threshold Amount, subject to the other limitations on recovery and recourse set forth in this Agreement. The aggregate amount of all Losses for which the Buyer shall be liable pursuant to Section 9.3(a) shall not exceed the Cap.

(d) Notwithstanding the foregoing, the limitations set forth in Section 9.4(a), Section 9.4(b) and Section 9.4(c) shall not apply to Losses based upon, arising out of, with respect to or by reason of any inaccuracy in or breach of any Fundamental Representation or Tax Representation.

(e) For purposes of this Article IX, the amount of any indemnifiable Losses in respect of (but not the inaccuracy in or breach of) any representation or warranty shall be determined without regard to any materiality, Seller Material Adverse Effect, Buyer Material Adverse Effect or other similar qualification contained in or otherwise applicable to such representation or warranty.

(f) Under no circumstances shall any Party be entitled to duplicate recovery under this Agreement with respect to (i) any indemnification claim pursuant to this Article IX, even though the facts or series of related facts giving rise to such claim may constitute a breach of more than one representation, warranty or covenant or agreement set forth herein, or in any of the agreements or instruments entered into in connection with the Closing, (ii) any adjustments to the Purchase Price pursuant to Section 2.4 or (iii) any reimbursement or other obligation hereunder.

(g) Notwithstanding any other provision in this Agreement, under no circumstances shall (i) the aggregate indemnification to be paid by a Party under this Article IX exceed the Base Purchase Price, except in the case of fraud or willful misconduct or (ii) any insurance proceeds or other payment or monetary recoupment received or that are actually realized or obtained by the Indemnified Party (other than payments received from the Seller pursuant to this Article IX) as a result of the events giving rise to the claim for indemnification be applied toward the Cap or other limitation on aggregate indemnification under this Agreement.

Section 9.5 *Indemnification Procedures*. The party making a claim under this Article IX is referred to as the “Indemnified Party,” and the party against whom such claims are asserted under this Article IX is referred to as the “Indemnifying Party.”

(a) Third Party Claims. If any Indemnified Party receives notice of the assertion or commencement of any Proceeding made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a “Third Party Claim”) against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than 30 calendar days after receipt of such notice of such Third Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to

the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense; *provided*, that if the Indemnifying Party is Seller, such Indemnifying Party shall not have the right to defend or direct the defense of any such Third Party Claim that (x) is asserted directly by or on behalf of a Person that is a supplier or customer of the Company, or (y) seeks an injunction or other equitable relief against the Indemnified Party. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 9.5(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party, *provided*, that if in the reasonable opinion of counsel to the Indemnified Party, there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party determines counsel is required. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnified Party may, subject to Section 9.5(b), pay, compromise, defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. The Seller and the Buyer shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available (subject to the provisions of Section 6.1(c)) records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) Settlement of Third Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed), except as provided in this Section 9.5(b). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within ten days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim (at the Indemnified Party's sole cost and expense) and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 9.5(a), it

shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(c) Direct Claims. Any Proceeding by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a “Direct Claim”) shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than 30 days after the Indemnified Party becomes aware of such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have 30 days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party’s investigation by giving such information and assistance (including access to the Company’s premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such 30 day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

(d) Tax Claims. Notwithstanding any other provision of this Agreement, the control of any claim, assertion, event or proceeding in respect of Taxes of the Company shall be governed exclusively by Section 6.6 hereof.

Section 9.6 *Payments*. Once a Loss is agreed to by the Indemnifying Party or finally adjudicated to be payable pursuant to this Article IX, the Indemnifying Party shall satisfy its obligations within 15 business days of such final, non-appealable adjudication by wire transfer of immediately available funds. The Parties hereto agree that should an Indemnifying Party not make full payment of any such obligations within such 15 business day period, any amount payable shall accrue interest from and including the date of agreement of the Indemnifying Party or final, non-appealable adjudication to but excluding the date such payment has been made at a rate per annum equal to 6 percent. Such interest shall be calculated daily on the basis of a 365 day year and the actual number of days elapsed.

Section 9.7 *Tax Treatment of Indemnification Payments*. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

Section 9.8 *Effect of Investigation*. The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party’s right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or

on behalf of the Indemnified Party (including by any of its Representatives) or by reason of the fact that the Indemnified Party or any of its Representatives knew or should have known that any such representation or warranty is, was or might be inaccurate or by reason of the Indemnified Party's waiver of any condition set forth in Section 7.2 or Section 7.3, as the case may be.

Section 9.9 *Exclusive Remedies*. Subject to Section 11.14, the Parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims (other than claims arising from fraud, criminal activity or willful misconduct on the part of a Party hereto in connection with the transactions contemplated by this Agreement) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this Article IX. In furtherance of the foregoing, each Party hereby waives, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other Parties hereto and their Affiliates and each of their respective Representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this Article IX. Nothing in this Section 9.9 shall limit (i) any Person's right to seek and obtain any equitable relief to which any Person shall be entitled or to seek any remedy on account of any Party's fraud, criminal activity or willful misconduct or (ii) the Seller's ability to seek remedies against the Buyer Parent pursuant to the terms and conditions of the Buyer Parent Guaranty or the Buyer's ability to seek remedies against the Seller Parent pursuant to the terms and conditions of the Seller Parent Guaranty.

Section 9.10 *Waiver of Non-Reimbursable Losses* . **NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, NO PARTY NOR ANY OF ITS AFFILIATES SHALL BE LIABLE FOR THE FOLLOWING LOSSES (NON-REIMBURSABLE LOSSES ”): SPECIAL, PUNITIVE, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL OR INDIRECT DAMAGES (INCLUDING ANY DAMAGES ON ACCOUNT OF DIMINUTION IN VALUE, LOST PROFITS OR OPPORTUNITIES, OR LOST OR DELAYED BUSINESS BASED ON VALUATION METHODOLOGIES ASCRIBING A DECREASE IN VALUE TO THE COMPANIES ON THE BASIS OF A MULTIPLE-BASED OR YIELD-BASED MEASURE OF FINANCIAL PERFORMANCE), WHETHER BASED ON CONTRACT, TORT, STRICT LIABILITY, OTHER LAW OR OTHERWISE AND WHETHER OR NOT ARISING FROM THE OTHER PARTY'S OR ANY OF ITS AFFILIATES' SOLE, JOINT OR CONCURRENT NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT, IN EACH CASE OTHER THAN FRAUD, CRIMINAL ACTIVITY OR WILLFUL MISCONDUCT; PROVIDED, HOWEVER, THAT THIS SECTION 9.10 SHALL NOT LIMIT A PARTY'S RIGHT TO RECOVER LOSSES UNDER THIS ARTICLE IX FOR ANY SUCH LOSSES TO THE EXTENT SUCH PARTY IS REQUIRED TO PAY SUCH LOSSES TO A THIRD PARTY IN CONNECTION WITH A MATTER FOR WHICH SUCH PARTY IS OTHERWISE ENTITLED TO INDEMNIFICATION UNDER THIS ARTICLE IX.**

Section 9.11 *Determination of Amount of Losses; Mitigation* . The Losses giving rise to any indemnification obligation hereunder shall be limited to the Losses suffered by the

Indemnified Party and shall be reduced by any insurance proceeds or other payment or monetary recoupment received or that are actually realized or obtained by the Indemnified Party as a result of the events giving rise to the claim for indemnification. Any Indemnified Party that becomes aware of Losses for which it intends to seek indemnification hereunder shall use commercially reasonable efforts to collect any amounts to which it may be entitled under insurance policies or from third parties (pursuant to indemnification agreements or otherwise) and shall use commercially reasonable efforts to mitigate such Losses.

ARTICLE X
ADDITIONAL REMEDIES FOR BREACH OF THIS AGREEMENT

Section 10.1 *Buyer's Investigation; Disclaimer of Representations and Warranties.* **THE BUYER HAS CONDUCTED ITS OWN INDEPENDENT REVIEW AND ANALYSIS OF THE COMPANIES, INCLUDING THE OPERATIONS, ASSETS, LIABILITIES, RESULTS OF OPERATIONS, FINANCIAL CONDITION, SOFTWARE, TECHNOLOGY AND PROSPECTS OF THE COMPANIES, AND ACKNOWLEDGES THAT IT HAS BEEN PROVIDED ACCESS TO THE PERSONNEL, PROPERTIES, PREMISES AND RECORDS OF THE COMPANIES FOR SUCH PURPOSE. IN ENTERING INTO THIS AGREEMENT, THE BUYER HAS RELIED SOLELY UPON ITS OWN INVESTIGATION AND ANALYSIS AND THE REPRESENTATIONS AND WARRANTIES SET FORTH IN ARTICLE III AND ARTICLE IV OF THIS AGREEMENT, AND THE BUYER: (A) ACKNOWLEDGES THAT, OTHER THAN THE REPRESENTATIONS AND WARRANTIES SET FORTH IN ARTICLE III AND ARTICLE IV OF THIS AGREEMENT, NONE OF THE SELLER, ANY COMPANY OR ANY OF THEIR RESPECTIVE REPRESENTATIVES MAKES OR HAS MADE ANY REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE ACCURACY OF COMPLETENESS OF ANY OF THE INFORMATION PROVIDED OR MADE AVAILABLE TO THE BUYER OR ITS REPRESENTATIVES (INCLUDING ANY INFORMATION PROVIDED OR MADE AVAILABLE TO THE BUYER IN ANY "DATA ROOM"); AND (B) AGREES, TO THE FULLEST EXTENT PERMITTED BY LAW, THAT NEITHER THE SELLER NOR ANY OF ITS REPRESENTATIVES SHALL HAVE ANY LIABILITY OR RESPONSIBILITY WHATSOEVER TO THE BUYER OR ITS REPRESENTATIVES ON ANY BASIS (INCLUDING IN CONTRACT, QUASI-CONTRACT, BREACH OF REPRESENTATION AND WARRANTY (EXPRESS OR IMPLIED), PERSONAL INJURY, OR OTHER TORT, UNDER LAW OR OTHERWISE) BASED UPON ANY INFORMATION PROVIDED OR MADE AVAILABLE, OR STATEMENTS MADE, TO THE BUYER OR ITS DIRECTORS, OFFICERS, EMPLOYEES, AFFILIATES, CONTROLLING PERSONS, ADVISORS, AGENTS OR OTHER REPRESENTATIVES (OR ANY OMISSIONS THEREFROM). THE BUYER HAS RELIED ON NO REPRESENTATION OR WARRANTY OTHER THAN AS SPECIFICALLY SET FORTH IN ARTICLE III AND ARTICLE IV OF THIS AGREEMENT. EXCEPT AS SPECIFICALLY SET FORTH IN ARTICLE III AND ARTICLE IV OF THIS AGREEMENT, (I) THE SELLER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, IN RESPECT OF OR OTHERWISE IN ANY WAY RELATING TO THE SELLER, ANY COMPANY OR ITS**

LIABILITIES OR OPERATIONS, INCLUDING WITH RESPECT TO VALUE, CONDITION (INCLUDING ENVIRONMENTAL CONDITION) OR PERFORMANCE OR MERCHANTABILITY, NONINFRINGEMENT OR FITNESS FOR ANY PURPOSE (BOTH GENERALLY OR FOR ANY PARTICULAR PURPOSE) AND WITH RESPECT TO FUTURE REVENUE, PROFITABILITY OR THE SUCCESS OF ANY COMPANY AND (II) ANY SUCH OTHER REPRESENTATIONS OR WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED.

**ARTICLE XI
GENERAL PROVISIONS**

Section 11.1 *Amendment and Modification.* This Agreement may be amended, modified or supplemented at any time by the Parties, pursuant to an instrument in writing signed by all of the Parties.

Section 11.2 *Entire Agreement; Assignment.*

(a) This Agreement (including the Exhibits and Schedules hereto), the Confidentiality Agreement and the other Transaction Documents (a) constitute the entire agreement among the Parties with respect to the subject matter hereof and thereof and supersede other prior agreements and understandings both written and oral among the Parties with respect to the subject matter hereof and thereof and (b) subject to Section 11.2(b), shall not be assigned, by operation of Law or otherwise, by a Party, without the prior written consent of the other Party. Any attempted assignment in violation of this Section 11.2 shall be void and without effect.

(b) Notwithstanding anything herein to the contrary, the Buyer shall have the right, at any time prior to the Closing, upon delivery of written notice to the Seller and without the consent of the Seller, to assign this Agreement to DKL or its wholly-owned subsidiary (the “Alternate Buyer”); *provided, however*, that to the extent GPP or its Affiliate is no longer a member of the Buyer, then Buyer shall be obligated to assign this Agreement to the Alternate Buyer. Such assignment shall be effective upon execution (i) by the Alternate Buyer of a written joinder hereto providing that all references to the Buyer herein shall apply, *mutatis mutandis*, to the Alternate Buyer in the place and stead of the Buyer and all references to the Buyer Parent herein shall refer solely to DKL and (ii) by DKL of a replacement Buyer Parent Guaranty, in form and substance equivalent to Exhibit A hereto, but providing for DKL’s guaranty of all of the Guaranteed Obligations (as defined therein) of the Alternate Buyer thereunder from and after effectiveness of the assignment; *provided, however*, that upon the delivery of such replacement Buyer Parent Guaranty and effectiveness of such assignment, the original Buyer Parent Guaranties executed and delivered by DKL and GPP concurrently with the execution of this Agreement shall automatically terminate without any further action by DKL, GPP, the Beneficiary (as defined in the Buyer Parent Guaranties) or any other Person.

Section 11.3 *Severability.* The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision hereof shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable

provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

Section 11.4 *Expenses.* Except as otherwise provided in this Agreement, all costs and expenses (including legal, accounting and financial advisory fees and expenses) incurred in connection with, or in anticipation of, this Agreement and the transactions contemplated hereby, shall be paid by the Party incurring such expenses.

Section 11.5 *Waiver.* Except as otherwise expressly provided in this Agreement, no failure to exercise, delay in exercising, or single or partial exercise of any right, power or remedy by any Party, and no course of dealing between the Parties, shall constitute a waiver of any such right, power or remedy. No waiver by a Party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence. No waiver shall be valid unless in writing and signed by the Party against whom such waiver is sought to be enforced.

Section 11.6 *Counterparts.* This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties. Signatures to this Agreement transmitted by electronic mail in “portable document format” (.pdf) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing the original signature.

Section 11.7 *Governing Law.* **THIS AGREEMENT AND THE LEGAL RELATIONS BETWEEN THE PARTIES AND ALL DISPUTES OR CONTROVERSIES ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, USA WITHOUT REGARD TO ANY PRINCIPLES OF CONFLICTS OF LAWS THAT WOULD PERMIT OR REQUIRE THE APPLICATION OF LAWS OF ANY OTHER JURISDICTION.**

Section 11.8 *Exclusive Jurisdiction.* Each of the Parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the courts of the State of Texas located in the County of Harris, or of the United States of America sitting in the Southern District of Texas, and any appellate court from any thereof, in any Proceeding arising out of or relating to this Agreement or any other Transaction Document or any agreements contemplated hereby or thereby for any reason other than the failure to serve process in accordance with this Section 11.8, and irrevocably waive the defense of an inconvenient forum or an improper venue to the maintenance of any such Proceeding. Any service of process to be made in such Proceeding may be made by delivery of process in accordance with the notice provisions contained

in Section 11.10. The consents to jurisdiction set forth in this Section 11.8 shall not constitute general consents to service of process in the State of Texas and shall have no effect for any purpose except as provided in this Section 11.8 and shall not be deemed to confer rights on any Person other than the Parties. The Parties agree that a final judgment in any such Proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law. In addition, each of the Parties hereto agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court.

Section 11.9 *Waiver of Jury Trial.*

(a) **EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT OR ANY AGREEMENTS CONTEMPLATED HEREBY OR THEREBY. THE PARTIES ALSO WAIVE ANY BOND OR SURETY OR SECURITY UPON SUCH BOND THAT MIGHT, BUT FOR THIS WAIVER, BE REQUIRED. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.**

(b) If there are any Proceedings arising out of or relating to this Agreement or any other Transaction Document or the transactions contemplated hereby or thereby, after the entry of a final written non-appealable order and if one Party has prevailed in the dispute, that Party shall be entitled to recover from the other Party all court costs, fees and expenses relating to such Proceeding, including reasonable attorneys' fees that are specifically included in such court award.

Section 11.10 *Notices and Addresses.* All notices, requests, instructions, claims, demands and other communications required or permitted to be given hereunder will be in writing and will be given if delivered by hand or sent by registered or certified mail (postage prepaid, return receipt requested) or by overnight courier (providing proof of delivery) or by e-mail (providing confirmation of transmission). Any notice sent by courier or delivery service shall be deemed to have been given and received at the time of confirmed delivery if such time is before 5:00 p.m. (in the recipient's location) or, otherwise, on the next business day after such confirmed delivery. Any notice sent by e-mail (of a PDF attachment) shall be deemed to have been given and received at the time of confirmation of transmission. Any notice sent by e-mail shall be followed reasonably

promptly with a copy by mail. All such notices, requests, claims, demands or other communications will be addressed as follows:

(a) if to the Seller, to

American Midstream GP, LLC
2103 CityWest Blvd., Suite 800
Houston, Texas 77094
Attention: General Counsel
Email: legal@americanmidstream.com

With a copy to (which shall not constitute notice):

Sidley Austin LLP
1000 Louisiana, Suite 6000
Houston, Texas 77002
Attention: Cliff W. Vrielink
Email: cvrielink@sidley.com

(b) if to the Buyer, to

DKGP Energy Terminals LLC
Attention: Frederec C. Green
7102 Commerce Way
Brentwood, Tennessee 37027
Email: fred.green@delekus.com

With a copy to (which shall not constitute notice):

Delek Logistics Partners, LP
7102 Commerce Way
Brentwood, Tennessee 37027
Attention: Melissa M. Buhrig, Esq., General Counsel
Email: legalnotices@delekus.com and Melissa.Buhrig@delekus.com

and

Norton Rose Fulbright US LLP
1301 Avenue of the Americas, 30th Floor
New York, New York 10019
Attention: Manny Rivera, Esq.
Email: manny.rivera@nortonrosefulbright.com

And

Green Plains Partners LP
Attention: Patrich Simpkins

1811 Aksarben Drive
Omaha, Nebraska 68106
Email: Patrich.Simpkins@gpreinc.com

With a copy to (which shall not constitute notice):

Green Plains Partners LP
Attention: Michelle Mapes
1811 Aksarben Drive
Omaha, Nebraska 68106
Email: Michelle.Mapes@gpreinc.com

or in any case to such other address or addresses as hereafter shall be furnished as provided in this Section 11.10 by any Party to the other Party.

Section 11.11 *No Partnership; Third-Party Beneficiaries.* Nothing in this Agreement shall be deemed to create a joint venture, partnership, Tax partnership or agency relationship between the Parties. This Agreement is solely for the benefit of (a) the Seller (and its successors and permitted assigns), with respect to the obligations of the Buyer under this Agreement; and (b) the Buyer (and its successors and permitted assigns), with respect to the obligations of the Seller under this Agreement. Except as provided in Article IX (the “Third-Party Provisions”), this Agreement shall not be deemed to confer upon or give to any other third Person any remedy, claim of liability or reimbursement, cause of action or other right. The Third-Party Provisions may be enforced by the beneficiaries thereof.

Section 11.12 *Negotiated Transaction.* The Parties, each represented by legal counsel, have each participated in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation should arise, this Agreement shall be construed as if drafted by all Parties and no presumption or burden of proof shall arise favoring or burdening any Party by virtue of the authorship of any of the provisions of this Agreement.

Section 11.13 *Time of the Essence.* With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

Section 11.14 *Specific Performance.*

(a) The Parties agree that if any of the provisions of this Agreement (including, without limitation, the covenants set forth in Section 6.15 or Section 6.16) were not performed in accordance with their specific terms on a timely basis or were otherwise breached, irreparable damage would occur, no adequate remedy at law would exist (even if damages would be available) and damages would be difficult to determine, and that, unless this Agreement has been terminated in accordance with its terms, the Parties shall be entitled to an injunction or injunctions to prevent breaches or threatened breaches of this Agreement, to enforce specifically the terms and provisions of this Agreement and to compel performance by the Parties of their respective obligations set forth in this Agreement, without the necessity of proving the inadequacy of money damages as a remedy, in addition to any other remedy at law or in equity.

(b) Without limiting the general right to specific performance set forth in Section 11.14(a), each of the Parties acknowledges and agrees that, due to the nature of the Companies, including the unique nature of the customer relationships and other facts and circumstances, a non-breaching Party would be damaged irreparably if a Party breaches its obligation to consummate the transactions contemplated by this Agreement as required hereunder, *provided* that all of the conditions to Closing set forth hereunder have been satisfied or waived by the Party seeking to enforce this Agreement (other than the covenants in Section 2.3 and Section 2.6, which the Party seeking enforcement would be otherwise prepared to satisfy). Accordingly, in the event of any such breach of a Party's obligation to consummate the Closing, *provided* that all of the conditions to Closing set forth hereunder have been satisfied or waived by the Party seeking to enforce this Agreement (other than the covenants in Section 2.3 and Section 2.6, which the Party seeking enforcement would be otherwise prepared to satisfy), then the Parties acknowledge and agree that the Party seeking to enforce this Agreement shall be entitled, at its election, to specifically enforce the performance of the other Party's obligation to consummate the Closing as required hereunder in any Proceeding, including a Proceeding for injunctive relief.

(c) Each of the Parties agrees that it will not oppose the granting of an injunction, specific performance or other equitable relief when expressly available pursuant to the terms of this Agreement on the basis that (i) there is adequate remedy at law or (ii) an award of specific performance is not an appropriate remedy for any reason in equity or at law, other than on the basis that such remedy is not expressly available pursuant to the terms of this Agreement. Any Party seeking an injunction or injunctions to prevent breaches or threatened breaches of this Agreement when expressly available pursuant to the terms of this Agreement and to enforce specifically the terms and provisions of this Agreement when expressly available pursuant to the terms of this Agreement shall not be required to provide any bond or other security in connection with any such order or injunction. Without limiting the generality of the foregoing, the Parties hereto hereby irrevocably waive any right of rescission they may otherwise have or to which they may become entitled.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

BUYER:

DKGP ENERGY TERMINALS LLC

/s/ Alan Moret

By: _____
Name: Alan Moret
Title: Co-Managing Director

/s/ George P. Simpkins

By: _____
Name: George P. Simpkins
Title: Co-Managing Director

[Signature Page to Membership Interest Purchase Agreement]

SELLER:

AMID MERGER LP

By: ARGO Merger GP Sub, LLC, its general partner

/s/ Lynn L. Bourdon III

By: _____
Lynn L. Bourdon III
President, Chief Executive Officer and
Chairman of the Board of Directors

[Signature Page to Membership Interest Purchase Agreement]

**CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Lynn L. Bourdon III, certify that:

- 1 I have reviewed this Quarterly Report on Form 10-Q 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: May 15, 2018

/s/ Lynn L. Bourdon III

Lynn L. Bourdon III
Chairman, President and Chief Executive Officer of
American Midstream GP, LLC
(the general partner of American Midstream Partners, LP)

**CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Eric T. Kalamaras, certify that:

- 1 I have reviewed this Quarterly Report on Form 10-Q 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: May 15, 2018

/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)

**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 Quarterly Report of American Midstream Partners, LP (the "Registrant") on Form 10-Q for the period ended March 31, 2018 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:

- (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: May 15, 2018

/s/ Lynn L. Bourdon III

Lynn L. Bourdon III
Chairman, 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.

**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 Quarterly Report of American Midstream Partners, LP (the "Registrant") on Form 10-Q for the period ended March 31, 2018 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:

- (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: May 15, 2018

/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.