
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2021

or

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

For the transition period from _____ to _____

Commission file number **001-38048**

Altus Midstream Company

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

81-4675947

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

One Post Oak Central, 2000 Post Oak Boulevard, Suite 100, Houston, Texas 77056-4400

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (713) 296-6000

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, \$0.0001 par value	ALTM	Nasdaq Global Market

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

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

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

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

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

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

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

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

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

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

Aggregate market value of the voting and non-voting common equity held by non-affiliates of registrant as of June 30, 2021 \$ 219,150,084

Number of shares of registrant's Class A common stock, \$0.0001 issued and outstanding as of January 31, 2022 16,246,460

Number of shares of registrant's Class C common stock, \$0.0001 issued and outstanding as of January 31, 2022 -

Documents Incorporated By Reference

Portions of registrant's proxy statement relating to registrant's 2021 annual meeting of stockholders have been incorporated by reference in Part II and Part III of this Annual Report on Form 10-K.

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FORWARD-LOOKING STATEMENTS AND RISK

This Annual Report on Form 10-K includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). All statements other than statements of historical facts included or incorporated by reference in this Annual Report on Form 10-K, including, without limitation, statements regarding the Company’s future financial position, business strategy, budgets, projected revenues, projected costs and plans, and objectives of management for future operations, are forward-looking statements. Such forward-looking statements are based on the Company’s examination of historical operating trends, production and growth forecasts of Apache Corporation’s Alpine High field development and other data in the Company’s possession or available from third parties. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “could,” “expect,” “intend,” “project,” “estimate,” “anticipate,” “plan,” “believe,” “continue,” “seek,” “guidance,” “might,” “outlook,” “possibly,” “potential,” “prospect,” “should,” “would,” or similar terminology, but the absence of these words does not mean that a statement is not forward looking. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable under the circumstances, it can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from the Company’s expectations include, but are not limited to, its assumptions about:

- the ability of Altus and the Contributed Entities (as defined herein) to consummate the BCP Business Combination (as defined herein);
- the timing of the consummation of the BCP Business Combination;
- the ability of Altus to integrate the Contributed Entities’ operations and achieve or realize any anticipated benefits, savings, or growth from the BCP Business Combination;
- the scope, duration, and reoccurrence of any epidemics or pandemics (including, specifically, the coronavirus disease 2019 (COVID-19) pandemic and any related variants) and the actions taken by third parties, including, but not limited to, governmental authorities, customers, contractors, and suppliers, in response to such epidemics or pandemics;
- the mandate, availability, and effectiveness of vaccine programs and other therapeutics related to the treatment of COVID-19;
- the market prices of oil, natural gas, natural gas liquids (NGLs), and other products or services;
- pipeline and gathering system capacity and availability;
- production rates, throughput volumes, reserve levels, and development success of dedicated oil and gas fields;
- economic and competitive conditions;
- the availability of capital;
- cash flow and the timing of expenditures;
- capital expenditures and other contractual obligations;
- weather conditions;
- inflation rates;
- the availability of goods and services;
- the impact of political pressure, and the influence of environmental groups and other stakeholders, on decisions and policies related to the industries in which the Company and its affiliates operate;
- legislative, regulatory, or policy changes;
- terrorism or cyberattacks;
- occurrence of property acquisitions or divestitures;
- the integration of acquisitions;
- a decline in oil, natural gas, and NGL production, and the impact of general economic conditions on the demand for oil, natural gas, and NGLs;
- the impact of environmental, health and safety, and other governmental regulations and of current or pending legislation, including initiatives addressing the impact of global climate change;

- environmental risks;
- the effects of competition;
- the retention of key members of senior management and key technical personnel;
- increases in interest rates;
- the effectiveness of the Company's business strategy;
- changes in technology;
- market-related risks, such as general credit, liquidity, and interest-rate risks;
- the timing, amount, and terms of the Company's future issuances of equity and debt securities; and
- other factors disclosed under Item 1A-Risk Factors, Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations, Item 7A-Quantitative and Qualitative Disclosures About Market Risk and elsewhere in this Annual Report on Form 10-K.

Other factors or events that could cause the Company's actual results to differ materially from the Company's expectations may emerge from time to time, and it is not possible for the Company to predict all such factors or events. All subsequent written and oral forward-looking statements attributable to the Company, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements. All forward-looking statements speak only as of the date of this Annual Report on Form 10-K. Except as required by law, the Company disclaims any obligation to update or revise its forward-looking statements, whether based on changes in internal estimates or expectations, new information, future developments, or otherwise.

GLOSSARY OF TERMS

The following are abbreviations and definitions of certain terms used in this Annual Report on Form 10-K and certain terms which are commonly used in the exploration, production, and midstream sectors of the oil and natural gas industry:

- *Bbl*. One stock tank barrel of 42 United States (U.S.) gallons liquid volume used herein in reference to crude oil, condensate or NGLs.
- *Bbl/d*. One Bbl per day.
- *Bcf*. One billion cubic feet of natural gas.
- *Bcf/d*. One Bcf per day.
- *Btu*. One British thermal unit, which is the quantity of heat required to raise the temperature of a one-pound mass of water by one degree Fahrenheit.
- *Field*. An area consisting of a single reservoir or multiple reservoirs all grouped on, or related to, the same individual geological structural feature or stratigraphic condition. The field name refers to the surface area, although it may refer to both the surface and the underground productive formations.
- *Formation*. A layer of rock which has distinct characteristics that differs from nearby rock.
- *MBbl*. One thousand barrels of crude oil, condensate or NGLs.
- *MBbl/d*. One MBbl per day.
- *Mcf*. One thousand cubic feet of natural gas.
- *Mcf/d*. One Mcf per day.
- *MMBbl*. One million barrels of crude oil, condensate or NGLs.
- *MMBtu*. One million British thermal units.
- *MMcf*. One million cubic feet of natural gas.
- *MMcf/d*. One MMcf per day.
- *NGLs*. Natural gas liquids. Hydrocarbons found in natural gas, which may be extracted as liquefied petroleum gas and natural gasoline.
- *Reserves*. Estimated remaining quantities of oil and natural gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and natural gas or related substances to market and all permits and financing required to implement the project.

References to “Altus,” “ALTM,” and the “Company” mean Altus Midstream Company and its consolidated subsidiaries, unless otherwise specifically stated.

References to “Apache” mean Apache Corporation and its consolidated subsidiaries. References to the Company’s Class A common stock, \$0.0001 par value (Class A Common Stock), and Class C common stock, \$0.0001 par value (Class C Common Stock), reflect such share amounts as retrospectively restated to reflect the Company’s reverse stock split, which was effected June 30, 2020.

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PART I

ITEMS 1. and 2. BUSINESS AND PROPERTIES

Corporate History

Altus Midstream Company was originally incorporated on December 12, 2016 in Delaware under the name Kayne Anderson Acquisition Corp. (KAAC) for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, or similar business combination with one or more businesses. KAAC completed its initial public offering in the second quarter of 2017, after which its securities began trading on the Nasdaq Capital Market (Nasdaq).

On August 3, 2018, Altus Midstream LP was formed in Delaware as a limited partnership and wholly-owned subsidiary of the Company. On August 8, 2018, KAAC and Altus Midstream LP entered into a contribution agreement (the Altus Contribution Agreement) with certain wholly-owned subsidiaries of Apache Corporation (Apache), including four Delaware limited partnerships (collectively, Altus Midstream Operating) and their general partner (Altus Midstream Subsidiary GP LLC, a Delaware limited liability company, and together with Altus Midstream Operating, the Altus Midstream Entities). The Altus Midstream Entities were formed by Apache between May 2016 and January 2017 for the purpose of acquiring, developing, and operating midstream oil and gas assets in the Alpine High resource play and surrounding areas (Alpine High).

On November 9, 2018 (the Closing Date) and pursuant to the terms of the Altus Contribution Agreement, KAAC acquired from Apache the entire equity interests of the Altus Midstream Entities and options to acquire equity interests in five separate third-party pipeline projects (the Pipeline Options). The acquisition of the entities and the Pipeline Options is referred to herein as the Altus Combination. In exchange, the consideration provided to Apache included economic voting and non-economic voting shares in KAAC and common partnership units representing limited partner interests in Altus Midstream LP (Common Units).

Following the Closing Date and in connection with the closing of the Altus Combination:

- KAAC changed its name to Altus Midstream Company;
- Altus Midstream Company's wholly-owned subsidiary, Altus Midstream GP LLC, a Delaware limited liability company (Altus Midstream GP), is the sole general partner of Altus Midstream LP;
- Altus Midstream Company operates its business through Altus Midstream LP and its subsidiaries, which include Altus Midstream Operating (collectively, Altus Midstream);
- Altus Midstream Company held approximately 23.1 percent of the outstanding Common Units and a controlling interest in Altus Midstream LP and Apache held the remaining 76.9 percent; and
- Altus Midstream Company's Class A common stock, \$0.0001 par value (Class A Common Stock), continued trading on the Nasdaq under the new symbol "ALTM."

For further information on Altus' equity structure, refer to Note 10-Equity and Warrants set forth in Part IV, Item 15 of this Annual Report on Form 10-K.

Business Combination with BCP

On October 21, 2021, the Company announced that it will combine with privately-owned BCP Raptor Holdco LP (BCP and, together with BCP Raptor Holdco GP, LLC, the Contributed Entities) in an all-stock transaction, pursuant to the Contribution Agreement dated as of that same date and entered into by and among Altus, Altus Midstream LP (the Partnership), New BCP Raptor Holdco, LLC (the Contributor), and BCP (the BCP Contribution Agreement). The combination creates an integrated midstream company in the Texas Delaware Basin offering services for residue gas, NGLs, crude oil and water. There are numerous expected commercial and financial synergies generated from the complementary midstream systems and enhanced scale of the business. The combined business will have a more diversified asset profile and customer base, with a lower risk profile than either entity on a stand-alone basis. BCP is the parent company of EagleClaw Midstream, which includes EagleClaw Midstream Ventures, the Caprock Midstream and Pinnacle Midstream businesses, and a 26.7 percent interest in the Permian Highway Pipeline. Pursuant to the BCP Contribution Agreement, Contributor will contribute all of the equity interests of the

Contributed Entities (the Contributed Interests) to the Partnership, with each Contributed Entity becoming a wholly-owned subsidiary of the Partnership (the BCP Business Combination).

As consideration for the contribution of the Contributed Interests, the Company will issue 50 million shares of Class C Common Stock (and Altus Midstream LP will issue a corresponding number of Common Units) to BCP's unitholders, which are principally funds affiliated with Blackstone and I Squared Capital. The transaction is expected to close during the first quarter of 2022 following completion of customary closing conditions.

As a result of the transaction, the Company's current stockholders will continue to hold their shares of Class A Common Stock and Class C Common Stock (collectively, Altus Common Stock), and Contributor or its designees will collectively own approximately 75% of the issued and outstanding shares of Altus Common Stock. Apache Midstream LLC, a wholly-owned subsidiary of APA Corporation, which currently owns approximately 79% of the issued and outstanding shares of Altus Common Stock, will own approximately 20% of the issued and outstanding shares of Altus Common Stock, and the remaining current stockholders will own approximately 5% of the issued and outstanding shares of Altus Common Stock.

Business Overview

Altus Midstream Company has no independent operations or material assets outside its partnership interests in Altus Midstream, which are reported on a consolidated basis. The Company's segment analysis and presentation is the same as that of Altus Midstream. Altus Midstream owns gas gathering, processing, and transmission assets in the Permian Basin of West Texas, anchored by midstream service contracts to service Apache's production from Alpine High. Additionally, Altus owns equity interests in four intrastate Permian Basin pipelines (the Equity Method Interest Pipelines) that have access to various points along the Texas Gulf Coast. The Company's operations consist of one reportable segment.

Through the Company's website, www.altusmidstream.com, you can access, free of charge, electronic copies of the charters of the committees of Altus' board of directors, other documents related to corporate governance (including Altus' Code of Business Conduct), and documents the Company files with the Securities and Exchange Commission (SEC), including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, as well as any amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. Access to these electronic filings is available as soon as reasonably practicable after Altus electronically files such material with, or furnishes it to, the SEC. You may also request printed copies of the Company's certificate of incorporation, bylaws, committee charters, or other governance documents free of charge by writing to Altus' corporate secretary at the address on the cover of this Annual Report on Form 10-K. From time to time, the Company also posts announcements, updates, and investor information on its website in addition to copies of all recent press releases. Information on Altus' website or any other website is not incorporated by reference into, and does not constitute a part of, this Annual Report on Form 10-K.

Assets of Altus Midstream

As of December 31, 2021, Altus Midstream's assets included approximately 182 miles of in-service natural gas gathering pipelines, approximately 46 miles of residue gas pipelines with four market connections, and approximately 38 miles of NGL pipelines. Three cryogenic processing trains, each with nameplate capacity of 200 MMcf/d, were placed into service during 2019. Other assets include an NGL truck loading terminal with six Lease Automatic Custody Transfer units and eight NGL bullet tanks with 90,000 gallon capacity per tank. The Company's existing gathering, processing, and transmission infrastructure is expected to provide capacity levels capable of fulfilling its midstream contracts to service Apache's production from Alpine High and potential third-party customers as market activity in the area continues to develop.

Equity Method Interest Pipelines

As of December 31, 2021, the Company owned equity interests in four Equity Method Interest Pipelines. Each Equity Method Interest Pipeline is operated by a third-party limited liability entity, as further described below. For a more in-depth discussion of the estimated capital resources, liquidity, and timing associated with each Equity Method Interest Pipeline, please see Part II, Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations and Part IV, Item 15, Note 9-Equity Method Interests, set forth in this Annual Report on Form 10-K.

Gulf Coast Express Pipeline

In December 2018, Altus Midstream closed on the exercise of its Pipeline Option with Kinder Morgan Texas Pipeline LLC (Kinder Morgan), thereby acquiring a 15 percent equity interest in the Gulf Coast Express Pipeline Project (GCX). Altus Midstream acquired an additional 1 percent equity interest in May 2019, for a total 16 percent equity interest in GCX. GCX is a long-haul natural gas pipeline with capacity of approximately 2.0 Bcf/d and transports natural gas from the Waha area in northern Pecos County, Texas, to the Agua Dulce Hub near the Texas Gulf Coast. GCX is operated by Kinder Morgan and was placed into service in September 2019.

EPIC Crude Oil Pipeline

In March 2019, Altus Midstream closed on the exercise of its Pipeline Option with EPIC Pipeline LP, thereby acquiring a 15 percent equity interest in the EPIC crude oil pipeline (EPIC). The long-haul crude oil pipeline extends from the Orla area in northern Reeves County, Texas to the Port of Corpus Christi, Texas, and has Permian Basin initial throughput capacity of approximately 600 MBbl/d. The project includes terminals in Orla, Pecos, Crane, Robstown, Hobson, and Gardendale, Texas with Port of Corpus Christi connectivity and export access. It services Delaware Basin, Midland Basin, and Eagle Ford Shale production. EPIC is operated by EPIC Consolidated Operations, LLC and was placed into service in early 2020.

Permian Highway Pipeline

In May 2019, Altus Midstream closed on the exercise of its Pipeline Option with Kinder Morgan, thereby acquiring an approximate 26.7 percent equity interest in the Permian Highway Pipeline (PHP). The long-haul natural gas pipeline has capacity of approximately 2.1 Bcf/d and transports natural gas from the Waha area in northern Pecos County, Texas to the Katy, Texas area with connections to U.S. Gulf Coast and Mexico markets. PHP is operated by Kinder Morgan and was placed into service in January 2021.

Shin Oak NGL Pipeline

In July 2019, Altus Midstream closed on the exercise of its Pipeline Option with Enterprise Products Operating LLC (Enterprise Products), thereby acquiring a 33 percent equity interest in Breviloba LLC, which owns the Shin Oak NGL Pipeline (Shin Oak). The long-haul NGL pipeline has capacity of up to 550 MBbl/d and transports NGL production from the Orla area in northern Reeves County, Texas, through the Waha area in northern Pecos County, Texas, and on to Mont Belvieu, Texas. Shin Oak is operated by Enterprise Products and was placed into service during 2019.

Salt Creek NGL Pipeline

Altus Midstream's option to acquire a 50 percent equity interest in the Salt Creek NGL Pipeline, an intra-basin NGL pipeline, was not exercised and expired on March 2, 2020.

Altus' Relationship with Apache

About Apache

Apache is an independent energy company that explores for, develops, and produces natural gas, crude oil, and NGLs. As a result of the Altus Combination, Apache is the largest single owner of the Company's voting common stock and also has an approximate 76.9 percent noncontrolling interest in Altus Midstream.

Additionally, as a result of the Altus Combination, Apache received certain equity instruments, which may impact its ownership and the ownership interest of Altus Midstream LP's limited partners. For further information on the consideration received by Apache, please refer to Note 10-Equity and Warrants, within Part IV, Item 15 of this Annual Report on Form 10-K.

Apache's Alpine High Resource Play

Altus' midstream infrastructure and facilities were initially constructed to service Apache's production from Alpine High. Alpine High lies in the southern portion of the Delaware Basin, primarily in Reeves County, Texas. The

play contains multiple geologic formations and target zones spanning the hydrocarbon phase window from dry gas to wet gas to oil. During 2018 and 2019, Apache focused on geological testing and transitioned to initial tests of full-field development of the Alpine High play, drilling 100 wells and 82 wells, respectively. Given the prevailing gas and NGL price environment and disappointing performance of multi-well development pads in the second half of 2019, Apache materially reduced planned investment and future drilling plans at Alpine High.

This reduced investment level prompted Altus management to assess its long-lived infrastructure assets for impairment given the expected reduction to future throughput volumes. As a result of this assessment, Altus recorded impairments on its gathering, processing, and transmission assets in the fourth quarter of 2019. For further discussion of these impairments, please see Part II, Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 1-Summary of Significant Accounting Policies and Note 4-Property, Plant, and Equipment in the Notes to Consolidated Financial Statements, each included within Part IV, Item 15 of this Annual Report on Form 10-K.

Agreements with Apache

The Company and/or its consolidated subsidiaries have entered into certain agreements with Apache. Those material agreements are described in further detail below.

Midstream Service Agreements

Apache has been Altus Midstream's most significant customer since operations commenced in the second quarter of 2017. Altus Midstream Operating has contracted to provide gas gathering, compression, processing, transmission, and NGL transmission services pursuant to acreage dedications provided by Apache, comprising the entire Alpine High acreage discussed above. The Company is pursuing similar long-term commercial service contracts with third parties that could be accommodated by existing capacity.

In addition, Apache agreed that any gas produced from Apache-operated wells located within the dedication area that is owned by other working interest owners and royalty owners is dedicated to Altus Midstream, so long as Apache has the right to market such gas. The agreements, with the exception of the Gas Processing Agreement, are effective for primary terms beginning on July 1, 2018 and ending March 31, 2032. The primary term will automatically extend for two five-year periods unless Apache provides at least nine months' prior written notice of its election not to extend the primary term. The covenants under the agreements are intended to run with the land and will be binding on any transferee of the interests within the dedicated area. The Company entered into a new Gas Processing Agreement with Apache with an effective date of September 1, 2021, which superseded the prior agreement. The contractual periods documented above, other than the effective date of the new Gas Processing Agreement, remain unchanged.

During 2020, Altus Midstream entered into separate agreements to provide compressor maintenance, operations, and related services to Apache for a fixed monthly fee per compressor serviced. Please refer to Note 3-Revenue Recognition set forth in Part IV, Item 15 in the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K.

Operational Services Agreement

Prior to the Altus Combination, Apache provided operations, maintenance, and management services to Altus Midstream Operating, pursuant to an agreement hereby referred to as the "Services Agreement." In accordance with the terms of the Services Agreement, Apache received a fixed fee per month for its overhead and indirect costs incurred on behalf of Altus Midstream Operating. Altus Midstream Operating had no banking or cash management activities prior to the Altus Combination, and therefore, all costs incurred by Altus Midstream Operating were paid by Apache. In connection with the closing of the Altus Combination, the Services Agreement was superseded by the COMA (as defined below).

Construction, Operations, and Maintenance Agreement

In connection with the closing of the Altus Combination, the Company entered into a construction, operations, and maintenance agreement with Apache (the COMA), pursuant to which Apache provides certain services related to

the design, development, construction, operation, management, and maintenance of the Company's assets, on the Company's behalf.

Under the COMA, the Company paid or will pay fees to Apache of (i) \$3.0 million from November 9, 2018 through December 31, 2019, (ii) \$5.0 million for the period of January 1, 2020 through December 31, 2020, (iii) \$7.0 million for the period of January 1, 2021 through December 31, 2021, and (iv) \$9.0 million annually thereafter, adjusted based on actual internal overhead and general and administrative costs incurred, until terminated. In addition, Apache may be reimbursed for certain internal costs and third-party costs incurred in connection with its role as service provider under the COMA.

The COMA will continue to be effective until terminated (i) upon the mutual consent of Altus and Apache, (ii) by either of Altus and Apache, at its respective option, upon 30 days' prior written notice in the event Apache or an affiliate no longer owns a direct or indirect interest in at least 50 percent of the voting or other equity securities of Altus, or (iii) by Altus if Apache fails to perform any of its covenants or obligations due to willful misconduct of certain key personnel and such failure has a material adverse financial impact on Altus. The Company anticipates that the COMA will be terminated upon closing of the BCP Business Combination.

Purchase Rights and Restrictive Covenants Agreement

At the closing of the Altus Combination, Altus and Apache entered into a purchase rights and restrictive covenants agreement (the Purchase Rights and Restrictive Covenants Agreement). Under the Purchase Rights and Restrictive Covenants Agreement, until the later of the five-year anniversary of the Closing Date or the date on which Apache and its affiliates cease to own a majority of the Company's voting common stock, Apache is obligated to provide the Company with (i) the first right to pursue any opportunity (including any expansion opportunities) of Apache to acquire or invest, directly or indirectly (including equity interests), in any midstream assets or participate in any midstream opportunities located, in whole or part, within an area covering approximately 1.7 million acres in Reeves, Pecos, Brewster, Culberson, and Jeff Davis Counties in Texas, and (ii) a right of first offer on certain retained midstream assets of Apache.

Amended and Restated Agreement of Limited Partnership of Altus Midstream

At the closing of the Altus Combination, the Company, Altus Midstream GP, and Apache entered into an amended and restated agreement of limited partnership of Altus Midstream LP, which was further amended in June 2019 pursuant to a second amended and restated agreement of limited partnership of Altus Midstream LP (the Amended LPA). Altus Midstream GP is the sole general partner of Altus Midstream LP and is ultimately responsible for all operational and administrative decisions of Altus Midstream including the day-to-day management of its business. Altus Midstream GP cannot be removed as the general partner of Altus Midstream LP except by its election and, subject to limited exceptions, may not transfer or assign its general partner interest. The Amended LPA contains certain provisions intended to ensure that a one-to-one ratio is maintained, at all times and subject only to limited exceptions, between (i) the number of outstanding shares of Class A Common Stock, and the number of Common Units held by Altus and (ii) the number of outstanding shares of Class C common stock \$0.0001 par value (Class C Common Stock), and the number of Common Units held by any holder other than Altus.

On June 12, 2019, Altus Midstream LP issued and sold Series A Cumulative Redeemable Preferred Units (the Preferred Units) in a private offering. Concurrently, the Preferred Units were established as a new class of partnership unit representing limited partner interests in Altus Midstream LP pursuant to the terms of the Amended LPA, and the purchasers were admitted as limited partners of Altus Midstream LP. For further details on the terms of the Preferred Units and the rights of the holders thereof, refer to Note 11-Series A Cumulative Redeemable Preferred Units, within Part IV, Item 15 of this Annual Report on Form 10-K.

Lease Agreements

Concurrent with the closing of the Altus Combination, Altus Midstream entered into an operating lease agreement with Apache, relating to the use of certain office buildings, warehouse, and storage facilities located in Reeves County, Texas (the Lease Agreement). Under the terms of the Lease Agreement, Altus Midstream pays to Apache on a monthly basis the sum of (i) a base rental charge of \$44,500 and (ii) an amount based on Apache's estimate of the annual costs it shall incur in connection with the ownership, operation, repair, and/or maintenance of

the facilities. Unpaid amounts accrue interest until settled. The initial term of the Lease Agreement is four years and may be extended by Altus Midstream for three additional, consecutive periods of twenty-four months. To accommodate Altus Midstream's desire to vacate the leased premises, the Lease Agreement was amended in July 2020 to provide for its termination with respect to all or any portion of the leased premises which Apache may sell, with a pro rata rent reduction if Apache sells less than all of the leased premises.

In 2020 and 2021, Altus Midstream entered into various operating lease agreements with Apache related to the use of certain of Altus Midstream's compressors. Under the terms of the agreement, Apache pays Altus Midstream fixed monthly lease payments, which are recorded as "Other" in the Company's consolidated statement of operations. The lease agreements have an initial term of thirty months and automatically extend on a month-to-month basis unless either party cancels the agreement. The Company recorded income related to these agreements of \$1.6 million and \$0.4 million for the years ended December 31, 2021 and 2020, respectively. Altus also earns a monthly fee to operate and maintain the compressors under lease. Refer to Note 3-Revenue Recognition for further discussion.

Title to Properties

The Company's interest in the property on which its assets are located derives from leases, easements, rights-of-way, permits, or licenses from landowners or governmental authorities, permitting the use of such land for its operations. The Company has leased or acquired easements, rights-of-way, permits, or licenses in these lands without any material challenge known to the Company relating to the title to the land upon which its assets are located, and Altus believes that it has satisfactory interests in such lands. In certain situations, the Company elected to allow Apache to acquire easements, rights-of-way, permits, and licenses from landowners to expedite the build-out of midstream infrastructure. Other than the aforementioned Apache real property, the Company has no knowledge of any challenge to the underlying fee title of any material lease, easement, right-of-way, permit, or license held by it or to its title to any material lease, easement, right-of-way, permit, or lease, and the Company believes that it has satisfactory title to all of its material leases, easements, rights-of-way, permits, and licenses.

Seasonality

While the results of gathering, processing, and transmission are not materially affected by seasonality, from time to time the Company's operations and construction of assets can be impacted by inclement weather.

Competition

The business of providing gathering, compression, processing, and transmission services for natural gas and NGLs is highly competitive. Altus faces strong competition in obtaining natural gas and NGL volumes, including from major integrated and independent exploration and production companies, interstate and intrastate pipelines, and other companies that gather, compress, treat, process, transmit, or market natural gas and NGLs. Competition for supplies is primarily based on geographic location of facilities in relation to production or markets, the reputation, efficiency, and reliability of the midstream company, and the pricing arrangements offered by the midstream company. For areas where acreage is not dedicated to Altus, the Company will compete with similar enterprises in providing additional gathering, compression, processing, and transmission services in the same area of operation.

Regulation

Natural Gas Pipeline Regulation

Under the Natural Gas Act (NGA), the Federal Energy Regulatory Commission (FERC) regulates the transportation of natural gas in interstate commerce. Intrastate transportation of natural gas is largely regulated by the state in which such transportation takes place. To the extent that the Company's intrastate natural gas transportation system transports natural gas in interstate commerce, the rates, terms, and conditions of such services are subject to FERC jurisdiction under Section 311 of the Natural Gas Policy Act of 1978 (NGPA). The NGPA regulates, among other things, the provision of transportation services by an intrastate natural gas pipeline on behalf of a local distribution company or an interstate natural gas pipeline. Under Section 311 of the NGPA, rates charged for interstate transportation must be fair and equitable, and amounts collected in excess of fair and equitable rates are subject to refund with interest. The terms and conditions of service set forth in the Company's statement of operating conditions for transportation service under Section 311 of the NGPA are also subject to FERC review and approval. Failure to

observe the service limitations applicable to transportation services under Section 311, failure to comply with the rates approved by the FERC for Section 311 service, or failure to comply with the terms and conditions of service established in the pipeline's FERC-approved statement of operating conditions could result in a change of jurisdictional status and/or the imposition of administrative, civil, and criminal remedies.

The Company's intrastate natural gas operations are also subject to regulation by various agencies in Texas, principally the Railroad Commission of Texas (TRRC). Altus intrastate pipeline operations are also subject to the Texas Utilities Code and the Texas Natural Resources Code, as implemented by the TRRC. Generally, the TRRC is vested with authority to ensure that rates, operations, and services of gas utilities, including intrastate pipelines, are just and reasonable and not discriminatory. The rates the Company charges for transportation services are deemed just and reasonable under Texas law unless challenged in a customer or TRRC complaint. Failure to comply with the Texas Utilities Code or the Texas Natural Resources Code can result in the imposition of administrative, civil, and criminal remedies.

Natural Gas Gathering Regulation

Section 1(b) of the NGA exempts natural gas gathering facilities from the jurisdiction of the FERC. The Company believes that its natural gas gathering pipelines meet the traditional tests the FERC has used to establish whether a pipeline is a gathering pipeline that is not subject to FERC jurisdiction. However, the distinction between FERC-regulated transmission services and federally unregulated gathering services has been the subject of substantial litigation and varying interpretations. In addition, the FERC's determinations as to whether a pipeline is a gathering pipeline are made on a case-by-case basis, so the classification and regulation of the Company's natural gas pipeline system could be subject to change based on future determinations by the FERC and the courts. State regulation of gathering facilities generally includes various safety, environmental and, in some circumstances, nondiscriminatory take requirements and complaint-based rate regulation.

The Company's natural gas pipeline system is subject to regulation by the TRRC under the Texas Utilities Code and the Texas Natural Resources Code in the same manner as described above for intrastate pipeline transportation facilities. The Company's natural gas gathering pipeline system is also subject to ratable take and common purchaser statutes in Texas. The ratable take statute generally requires gatherers to take, without undue discrimination, natural gas production that may be tendered to the gatherer for handling. Similarly, the common purchaser statute generally requires gatherers to purchase without undue discrimination as to source of supply or producer. These statutes are designed to prohibit discrimination in favor of one producer over another producer or one source of supply over another source of supply.

Natural Gas Liquids Pipeline Regulation

Transmission services rendered by Altus are subject to the regulation of the TRRC. The TRRC has the authority to regulate rates, though it generally has not investigated the rates or practices of intrastate pipelines in the absence of shipper complaints.

Employee Safety

Altus complies with the requirements of the Occupational Safety and Health Administration (OSHA) and comparable state laws that regulate the protection of the health and safety of workers. In addition, with respect to OSHA hazard communication standards, the Company believes that its operations are in substantial compliance with OSHA requirements, including general industry standards, hazard communication, record keeping requirements, and monitoring of occupational exposure to regulated substances.

Pipeline Safety Regulations

Some of Altus' pipelines are subject to regulation by the U.S. Department of Transportation's (DOT) Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to the Natural Gas Pipeline Safety Act of 1968 (NGPSA), with respect to natural gas, and the Hazardous Liquids Pipeline Safety Act of 1979 (HLPSA), with respect to NGLs. The NGPSA and HLPSA regulate safety requirements in the design, construction, operation, and maintenance of natural gas, crude oil, and NGL pipeline facilities, while the Pipeline Safety Improvement Act of 2002 (PSIA) establishes mandatory inspections for all U.S. crude oil, NGL, and natural gas transmission pipelines in high

consequence areas (HCAs), the violation of which can result in administrative, civil, and criminal penalties, including civil fines, injunctions, or both.

PHMSA regularly revises its pipeline safety regulations. Recently, the TRRC adopted rules that require operators of natural gas and hazardous liquid gathering lines in rural areas to report accidents, conduct investigations, and perform necessary corrective action.

States are largely preempted by federal law from regulating pipeline safety for interstate lines but most are certified by the DOT to assume responsibility for enforcing federal intrastate pipeline regulations and inspection of intrastate pipelines. States may adopt stricter standards for intrastate pipelines than those imposed by the federal government for interstate lines; however, states vary considerably in their authority and capacity to address pipeline safety. State standards may include requirements for facility design and management in addition to requirements for pipelines. The Company believes that its pipeline operations are in substantial compliance with applicable PHMSA and state requirements; however, due to the possibility of new or amended laws and regulations or reinterpretation of existing laws and regulations, there can be no assurance that future compliance with PHMSA or state requirements will not have a material adverse effect on the Company's financial condition, results of operations, or cash flows.

Environmental Matters

Many of the operations and activities of Altus' pipelines, gathering systems, processing plants, and other facilities are subject to significant federal, state, and local environmental laws and regulations, the violation of which can result in administrative, civil, and criminal penalties, including civil fines, injunctions, or both. Compliance with existing and anticipated environmental laws and regulations increases the Company's overall costs of doing business, including costs of planning, constructing, and operating plants, pipelines, and other facilities, as well as capital expenditures necessary to maintain or upgrade equipment and facilities. Similar costs are likely upon changes in laws or regulations and upon any future acquisition of operating assets.

The Company believes that its operations are in substantial compliance with applicable environmental regulations and attempts to anticipate future regulatory requirements that might be imposed and plan accordingly. While any new or amended laws and regulations or reinterpretation of existing laws and regulations would not be expected to be any more burdensome to Altus than to other, similarly situated operators, there can be no assurance that future compliance with any new environmental requirements will not have an adverse effect on the Company's financial condition, results of operations, or cash flows.

Climate Change

Federal or state legislative or regulatory initiatives that regulate or restrict emissions of greenhouse gasses (GHGs) in areas in which Altus conducts business could adversely affect the availability of, or demand for, the products the Company stores, transmits, and processes and, depending on the particular program adopted, could increase the costs of Altus' operations, including costs to operate and maintain facilities, install new emission controls on facilities, acquire allowances to authorize GHG emissions, pay any taxes related to GHG emissions, and/or administer and manage a GHG emissions program. The Company may be unable to recover any such lost revenues or increased costs in the rates charged to customers, and any such recovery may depend on events beyond its control, including the provisions of any final legislation or regulations. Reductions in the Company's revenues or increases in expenses as a result of climate change initiatives could have adverse effects on the Company's business, financial condition, results of operations, or cash flows.

Finally, some scientific studies have concluded that increasing concentrations of GHGs in the atmosphere could lead to climate change, which could result in the increased frequency and severity of climate events, including storms, floods, and fires. If any such effects were to occur, there may be an increased potential for adverse effects on the Company's assets and operations.

Emerging Growth Company Status

Altus is an "emerging growth company," as defined in Section 2(a)(19) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (JOBS Act). As such, the Company is eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not

“emerging growth companies” including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved, and reduced disclosure obligations regarding executive compensation in periodic reports and proxy statements. If some investors find Altus securities less attractive as a result, there may be a less active trading market for Altus’ securities and the prices of Altus’ securities may be more volatile.

In addition, Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. While Altus has not opted out of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act, the Company does not intend to take advantage of the benefits of this extended transition period.

Altus will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following April 4, 2022, the fifth anniversary of the completion of its initial public offering, (b) in which Altus has total annual gross revenue of at least \$1.07 billion, or (c) in which Altus is deemed to be a large accelerated filer, which means the market value of Class A Common Stock that is held by non-affiliates exceeds \$700.0 million as of the last business day of Altus’ prior second fiscal quarter (typically June 30th), and (2) the date on which Altus has issued more than \$1.0 billion in non-convertible debt during the prior three-year period.

Employees

The Company has no employees. All individuals who conduct business for Altus are employed by Apache. Per the terms of the COMA, Apache operates, maintains and administers the Company’s operations and also provides management services.

Offices

Altus does not own any real estate or other physical properties materially important to its operation. The Company’s executive office is located at One Post Oak Central, 2000 Post Oak Boulevard, Suite 100, Houston, Texas 77056-4400. Refer to the “*Agreements with Apache-Lease Agreement*” section above for further discussion.

ITEM 1A. RISK FACTORS

The Company’s business activities and the value of its securities are subject to significant hazards and risks, including those described below. If any of such events should occur, Altus’ business, financial condition, liquidity, and/or results of operations could be materially harmed, and holders and purchasers of Altus’ securities could lose part or all of their investments. Additional risks relating to Altus’ securities may be included in the prospectuses for securities the Company may issue in the future.

RISKS RELATED TO THE BCP BUSINESS COMBINATION

Failure to complete, or significant delays in completing, the BCP Business Combination could negatively affect the trading price of the Class A Common Stock and Altus’ future business and financial results.

Completion of the BCP Business Combination is not assured and is subject to risks, including the risks that approval of the issuance of the equity consideration by Altus’ stockholders or approval of the transaction by governmental agencies is not obtained or that other closing conditions are not satisfied. If the transaction is not completed, or if there are significant delays in completing the transaction, the trading price of the Class A Common Stock and Altus’ future business and financial results could be negatively affected, and the Company will be subject to several risks, including the following:

- Altus may be liable for damages to Contributor under the terms of the BCP Contribution Agreement;

- negative reactions from the financial markets, including a decline in the trading price of the Class A Common Stock due to the fact that current prices may reflect a market assumption that the transaction will be completed;
- having to pay certain significant costs relating to the transaction, including, in certain circumstances, a termination fee to Contributor; and
- the attention of Altus' management will have been diverted to the transaction rather than Altus' own operations and pursuit of other opportunities that could have been beneficial to it.

The pendency of the BCP Business Combination could materially adversely affect the Company's future business and operations or result in a loss of personnel.

Uncertainty about the effect of the BCP Business Combination on personnel, customers, and suppliers may have an adverse effect on the Company's business. These uncertainties may impair the ability to attract, retain, and motivate key personnel of Apache providing services to Altus pursuant to the COMA until the transactions are consummated and for a period of time thereafter, and could cause customers, suppliers, and others who deal with the Company to change their existing business relationships, which could negatively affect the Company's revenues, earnings, and cash flows, as well as the market price of the Company's Class A Common Stock, regardless of whether the transactions are completed. Retention of personnel may be particularly challenging during the pendency of the transactions because personnel may experience uncertainty about their future roles with the combined company. If, despite retention efforts, key personnel depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with or join the combined company, the Company's business could be seriously harmed. Similar risks could affect BCP and, therefore, the combined company if the transactions are completed.

The BCP Contribution Agreement includes restrictions relating to the conduct of the Company's business while the transactions are pending, which could adversely affect the Company's business and operations.

Under the terms of the BCP Contribution Agreement, the Company is subject to certain restrictions on the conduct of its business prior to completing the transactions, which may adversely affect its ability to execute certain of its business strategies, including, subject to certain exceptions, restrictions on the acquisition or disposition of assets, the incurrence of capital expenditures, the entry into contracts, the incurrence of indebtedness, or the settlement of claims and lawsuits, unless the Company obtains the prior written consent of Contributor. Such limitations could negatively affect the Company's business and operations prior to the completion of the transactions.

The failure to successfully integrate the business and operations of the Contributed Entities in the expected time frame may adversely affect Altus' future results.

Altus believes that the acquisition of the Contributed Entities will result in certain benefits, including certain cost synergies and operational efficiencies. However, to realize these anticipated benefits, the businesses of Altus and the Contributed Entities must be successfully combined. The success of the BCP Business Combination will depend on Altus' ability to realize these anticipated benefits from combining the businesses of Altus and the Contributed Entities. Due to legal restrictions, Altus and Contributor have conducted, and until the completion of the transactions will conduct, only limited planning regarding the integration of the businesses following the transactions and will not determine the exact nature in which the businesses will be combined until after the transactions have been completed. The actual integration may result in additional and unforeseen expenses or delays. If the post-BCP Business Combination company is not able to successfully integrate the Contributed Entities' businesses and operations, or if there are delays in combining the businesses, the anticipated benefits of the transaction may not be realized fully or at all or may take longer to realize than expected.

Additional risks related to the BCP Business Combination are described in the Company's definitive proxy statement filed with the SEC on January 12, 2022.

RISKS RELATED TO THE COMPANY'S PRIMARY CUSTOMER AND MAJORITY OWNER

Altus derives a substantial portion of its revenue from Apache, and if Apache changes its business strategy, alters its current drilling and development plan on acreage dedicated to Altus, or otherwise significantly reduces the volumes of natural gas or NGLs with respect to which Altus performs midstream services, Altus' revenue would decline and its business, financial condition, results of operations, and cash flows would be materially and adversely affected.

Substantially all of the Company's current commercial agreements are with Apache, and as a result, Altus derives substantially all of its midstream services revenue from Apache. Accordingly, Altus will be subject to the operational and business risks of Apache, the most significant of which include the following:

- a failure to recommence or any further or subsequent reduction in or slowing of Apache's drilling and development plans for or deferrals of production from the acreage dedicated to the Company, including as a result of volatility in the price of crude oil, natural gas, and NGLs or the availability of capital to fund Apache's activities, which would directly and adversely impact demand for Altus' midstream services;
- drilling and operating risks, including potential environmental liabilities, associated with Apache's operations on the acreage dedicated to the Company;
- downstream processing and transportation capacity constraints and interruptions, including the failure of Apache to have sufficient contracted transportation capacity;
- adverse effects of increased or changed governmental and environmental regulation or enforcement of existing regulation, including legislative, regulatory, policy changes, or initiatives addressing the impact of global climate change, hydraulic fracturing, methane emissions, flaring, or water disposal; and
- Apache's financial condition, credit ratings, leverage, market reputation, responses to ESG initiatives, liquidity, and cash flows.

Further, Altus does not have control over Apache's business decisions and operations, and Apache is under no obligation to adopt a business strategy that is favorable to the Company. Thus, Altus will be subject to the risk of cancellation of planned development, nonperformance of commitments with respect to future dedications, and other nonpayment or nonperformance by Apache, including with respect to its commercial agreements, which do not contain minimum volume commitments. Furthermore, there is no guarantee that Apache will extend any agreements with the Company beyond their initial terms or that Altus will be able to renew or replace these agreements on equal or better terms, or at all, upon their expiration. Any material nonpayment or nonperformance by Apache under its commercial agreements with the Company would have a significant adverse impact on Altus' business, financial condition, results of operations, and cash flows.

Altus does not have any employees and relies entirely on services provided by Apache's employees.

The Company does not have any employees. Instead, Altus relies entirely on Apache's employees to conduct the Company's business and activities pursuant to the COMA. There could be material competition for the time and effort of the Apache officers and employees who provide services to both Altus and Apache. If Apache's employees who provide services to the Company do not devote sufficient attention to the management and operation of Altus' business and activities, Altus' business, financial condition, results of operations, and cash flows could be materially and adversely affected.

Although the COMA provides for certain fixed annual limits on the support services fee payable to Apache through 2022, there is no limit on such fees thereafter. As a result, after 2022, Altus may be required to pay Apache higher fees than would be available from third parties. The COMA is subject to termination by Altus or Apache under certain circumstances, including if Apache and its affiliates no longer own a direct or indirect interest in at least 50 percent of the voting or other equity securities of the Company. Should the COMA be terminated by Altus or Apache, Altus will be required to attract and hire employees to perform the services currently performed by Apache's employees under the COMA or otherwise contract with third parties for the provision of such services, which, in either case, could subject Altus to substantial additional costs, could cause significant disruptions to Altus' business, may be on terms less favorable than the terms of the COMA, and as a result, Altus' financial condition, results of operations, and cash flows could be adversely affected.

Altus' executive officers and directors may face potential conflicts of interest in managing the Company's business.

Altus' executive officers and certain directors are also officers or employees of Apache. These relationships may create conflicts of interest regarding corporate opportunities and other matters. The resolution of any such conflicts may not always be in the Company's or its stockholders' best interests. In addition, these overlapping executive officers and directors allocate their time among Altus and Apache. These officers and directors face potential conflicts regarding the allocation of their time, which may adversely affect the Company's business, results of operations, and financial condition.

Substantially all of Altus' gathering and processing operations are located within the Southern Delaware Basin of West Texas, making it vulnerable to risks associated with having revenue-producing operations concentrated in one geographic area.

Altus' revenue-producing operations are geographically concentrated primarily within the Southern Delaware Basin of West Texas, which disproportionately exposes the Company to risks associated with regional factors and increases its exposure to unexpected events that may occur in this region, such as natural disasters or localized pandemic outbreaks. Furthermore, the Company may be exposed to increases in costs as a result of regional economic conditions and the availability of goods and services, such as a skilled labor force, which could become more expensive (or at certain times, unavailable) if the labor market in the Permian Basin were to tighten. Any of these risks could adversely affect the Company's financial condition, results of operations, or cash flows.

Apache may suspend, reduce, or terminate its obligations under its commercial agreements with Altus in certain circumstances, which could have a material adverse effect on Altus' financial condition, results of operations, and cash flow.

Altus is party to certain commercial agreements with Apache that permit Apache to suspend, reduce, or terminate its obligations under the agreement if certain events occur. These events include force majeure events that would prevent the Company from performing some or all of the required services under the applicable agreement. Apache, as the counterparty under these commercial agreements, has the discretion to make such decisions, which may significantly and adversely affect the Company. Any such reduction, suspension, or termination of Apache's obligations under these agreements would have a material adverse effect on the Company's financial condition, results of operations, and cash flow.

While Apache has granted Altus a right of first offer to provide additional midstream services and acquire Apache's retained midstream assets in Alpine High, Apache does not have to accept the Company's offer.

Apache has granted Altus a right of first offer to provide additional midstream services and acquire Apache's retained midstream assets in Alpine High. Although Apache granted Altus this right of first offer, the Company can make no assurances that the economic terms that it offers Apache will be acceptable to Apache, and another midstream services provider or a third party may be willing to make an offer to Apache on economic terms that Altus is unwilling or unable to offer. Altus' inability to take advantage of the opportunities with respect to the right of first offer could adversely affect its growth strategy.

A significant amount of the revenue currently generated by Altus is from contracts with Apache that contain most favored nations rights and other consent rights, limiting flexibility to offer certain rates or capacity to new shippers.

Certain of the Company's commercial agreements with Apache contain most favored nations rights (MFNs), which require that certain terms (including the rates charged thereunder) are no less favorable to Apache than those provided to any similarly situated counterparty. Without Apache's consent, the MFNs effectively limit the Company's flexibility in negotiating rates for some of Altus' services with other shippers, because triggering the MFNs would lead to a reduction in the rates that the Company charges to Apache, which would adversely affect Altus' financial condition, results of operations, or cash flows. Additionally, certain of the commercial agreements may require Apache's consent to offer third-party customers priority of service in the Company's facilities that is at least equal to Apache's priority of service. If Apache refuses to grant such consent, the Company's ability to attract third-party customers to its midstream facilities could be negatively impacted.

If Apache elects to sell acreage that is dedicated to Altus to a third party, then the third party's financial condition could be materially worse than Apache's, and Altus could be subject to the nonpayment or nonperformance by the third party.

If Apache elects to sell acreage that is dedicated to the Company to a third party, then the third party's financial condition could be materially worse than Apache's. In such a case, the Company may be subject to risks of loss resulting from nonpayment or nonperformance by the third party, which risks may increase during periods of economic uncertainty. Furthermore, the third party may be subject to their own operating and regulatory risks, which increases the risk that they may default on their obligations to the Company. Any material nonpayment or nonperformance by the third party could adversely impact the business, financial condition, results of operations, and cash flows of the Company.

Apache owns a majority of Altus' outstanding voting shares and thus strongly influences all of Altus' corporate actions.

Apache and its affiliates beneficially own approximately 79 percent of Altus' outstanding voting common stock. Under the Stockholders Agreement, Apache is entitled to nominate up to seven directors to Altus' board of directors depending on its and its affiliates' ownership of Altus' outstanding voting common stock. As long as Apache and its affiliates own or control a significant percentage of Altus' outstanding voting power, it will have the ability to strongly influence all corporate actions, including those requiring stockholder approval, the election and removal of directors, the size of Altus' board of directors, any amendment of Altus' charter or bylaws, any action impacting the Equity Method Interest Pipelines or the ownership of such interests, or the approval of any merger or other significant corporate transaction, including a sale of substantially all of Altus' assets, and will be able to cause or prevent a change in the composition of Altus' board of directors or a change in control of the Company that could deprive stockholders of an opportunity to receive a premium for their common stock as part of a sale of the Company. The interests of Apache may not align with the interests of Altus' other stockholders.

RISKS RELATED TO CONSTRUCTING OR MAINTAINING ASSETS AND OPERATING THE BUSINESS

The COVID-19 pandemic has and may continue to adversely impact the Company's business, financial condition, and results of operations, the global economy, and the demand for and prices of oil, natural gas, and NGLs. The unprecedented nature of the current situation makes it impossible for the Company to identify all potential risks related to the pandemic or estimate the ultimate adverse impact that the pandemic may have on its business.

The COVID-19 pandemic and the actions taken by third parties, including, but not limited to, governmental authorities, businesses, and consumers, in response to the pandemic have adversely impacted the global economy and created significant volatility in the global financial markets. Business closures, restrictions on travel, "stay-at-home" or "shelter-in-place" orders, and other restrictions on movement within and among communities have significantly reduced demand for and the prices of oil, natural gas, and NGLs. As of the date of this report, efforts to contain COVID-19 have not been successful in many regions, vaccination distribution programs have encountered delays, new variants have emerged, and the global pandemic remains ongoing. While some geographic regions have lifted, relaxed, or otherwise modified their pandemic response measures to lessen the impact of such measures on business operations and commerce, these regions may reinstitute restrictions as circumstances change. A continued, prolonged period or a renewed period of reduced demand, the failure to timely distribute or the ineffectiveness of or reluctance or refusal of individuals to take any vaccines, the failure to develop adequate treatments, and other adverse impacts from the pandemic may materially adversely affect the Company's business, financial condition, cash flows, and results of operations.

The Company's operations rely on Apache and its workforce being able to access the Company's various facilities. Additionally, because Apache has previously implemented, and may elect to or be required in the future to reimplement, remote working procedures for a significant portion of its workforce for health and safety reasons and/or to comply with applicable national, state, and/or local government requirements, the Company relies on such persons having sufficient access to applicable information technology systems, including through telecommunication hardware, software, and networks. If a significant portion of Apache's workforce cannot effectively perform their responsibilities, whether resulting from a lack of physical or virtual access, quarantines, illnesses, governmental actions or restrictions, including vaccine mandates and the reactions thereto, information technology or

telecommunication failures, or other restrictions or adverse impacts resulting from the pandemic, the Company's business, financial condition, cash flows, and results of operations may be materially adversely affected.

The unprecedented nature of the current situation resulting from the COVID-19 pandemic makes it impossible for the Company to identify all potential risks related to the pandemic or estimate the ultimate adverse impact that the pandemic may have on its business, financial condition, cash flows, or results of operations. Such results will depend on future events, which the Company cannot predict, including the scope, duration, and potential reoccurrence of the COVID-19 pandemic, the emergence and impact of additional variants, or any other localized epidemic or global pandemic, the distribution and effectiveness of vaccines, therapeutics and treatments, the demand for and the prices of oil, natural gas, and NGLs, and the actions taken by third parties, including, but not limited to, governmental authorities, customers, contractors, and suppliers, in response to the COVID-19 pandemic or any other epidemics or pandemics. The COVID-19 pandemic and its unprecedented consequences have amplified, and may continue to amplify, the other risks identified in this report.

Construction and maintenance of Altus' assets (including the Equity Method Interest Pipelines) subjects the Company to risks of construction delays, cost over-runs, and negative effects on its financial condition, results of operations, or cash flows.

The construction and maintenance of Altus' assets (including the Equity Method Interest Pipelines) and any additions or modifications to any such assets are complex projects that are subject to a number of factors beyond the Company's control, including numerous regulatory, environmental, political, and legal uncertainties, delays from third-party landowners or their refusal to provide necessary consents, the permitting process, complying with laws, unavailability or increased cost of or tariffs on materials, labor disruptions, labor availability, environmental hazards, protests, third-party legal actions, financing, accidents, weather, and other factors. If the Company undertakes these projects, it may not be able to complete them on schedule, at the budgeted cost, or at all. Any delay in the completion or continued maintenance of such assets or any increase in or change in the timing of capital expenditures necessary to fund such construction or maintenance may require the expenditure of significant amounts of capital and could adversely affect the Company's financial condition, results of operations, liquidity, or cash flows.

If the Company seeks to acquire assets or businesses but is unable to do so on economically acceptable terms or is unable to successfully integrate any acquired assets or operations, its future growth will be limited.

From time to time, the Company may evaluate and seek to acquire assets or businesses that it believes complement its existing business and related assets. The Company may acquire assets or businesses that it plans to use in a manner materially different from their prior owners' uses. Any acquisition involves potential risks, including the inability to integrate the operations of recently acquired businesses or assets, especially if the assets acquired are in a new business segment or geographic area, the failure to realize expected volumes, revenues, profitability, or growth, the failure to realize any expected synergies and cost savings, the assumption of unknown liabilities, the loss of customers or key employees from the acquired businesses, and potential environmental or regulatory liabilities and title problems.

Any assessment of these risks will be inexact and may not reveal or resolve all existing or potential problems associated with an acquisition. Realization of any of these risks could adversely affect the Company's financial condition, results of operations, and cash flows. If Altus consummates any future acquisition, its capitalization and results of operations may change significantly.

If third-party pipelines or other midstream facilities interconnected to the Company's gathering, processing, or transmission systems become partially or fully unavailable or if the volumes Altus gathers, processes, or transmits do not meet the quality requirements of the pipelines or facilities to which Altus connects, its cash flows could be adversely affected.

The Company's gathering, processing, and transmission assets connect to other pipelines or facilities owned and operated by unaffiliated third parties, and continuing access to such third-party pipelines, processing facilities, and other midstream facilities are not within the Company's control. These pipelines, plants, and other midstream facilities may become unavailable because of testing, turnarounds, maintenance, reduced capacity, regulatory requirements, and other curtailments of receipt or deliveries. If the Company's costs to access and transmit on these third-party pipelines significantly increase, if any of these pipelines or other facilities become unable to receive, transmit, or

process product, or if the volumes the Company gathers or transmits do not meet the product quality requirements, then Altus' cash flows could be adversely affected.

Increased competitive pressure could adversely affect Altus' financial condition, results of operations, or cash flows.

Altus competes with similar enterprises in its industry, including large midstream companies that have greater financial resources and access to supplies than the Company. The principal elements of competition are rates, terms of service, and flexibility and reliability of service. Expansion or construction of competing gathering, processing, transmission, and storage systems and excess pipeline capacity would create additional competition for the services the Company provides to its customers.

Further, natural gas utilized as a fuel competes with other forms of energy available to end-users. Increased demand for such other forms of energy at the expense of natural gas could lead to a reduction in demand for Altus' midstream services and could intensify the negative impact of factors that decrease demand for natural gas in the markets served by the Company's systems, such as adverse economic conditions, weather, higher fuel costs, and taxes or other governmental or regulatory actions. All of these competitive pressures could adversely affect the Company's financial condition, results of operations, or cash flows.

Altus may not be able to retain or acquire new customers, which would reduce Altus' revenues and limit its future profitability.

The renewal or replacement of the Company's existing contracts with its customers at rates sufficient to maintain or increase current revenues and cash flows depends on a number of factors, some of which are beyond the Company's control, including competition and the price of, and demand for, commodities in the markets Altus serves. The inability of the Company to renew or replace its current or future contracts as they expire could have a negative effect on its profitability.

Altus does not own in fee the land on which its assets are located, which could result in disruptions to its operations.

The Company does not own in fee any of the land on which its midstream assets have been constructed. Altus' only interests in these properties are rights granted under surface use agreements, rights-of-way, surface leases, or other easement rights (collectively, Rights-of-Way), of which Apache and certain of its affiliates are a party, and such Rights-of-Way may limit or restrict Altus' access to or use of the surface estates, which may adversely affect Altus' operations. The Company is also subject to the possibility of more onerous terms or increased costs to retain necessary land use if Altus does not have valid Rights-of-Way or if such usage rights lapse or terminate. The loss of these rights could have a material adverse effect on the business, financial condition, results of operations, and cash flows of the Company.

A failure in Altus' computer systems or a terrorist or cyberattack on Altus or third parties with whom Altus does business may adversely affect the Company's ability to operate its business.

The Company is reliant on technology to conduct its business. The Company depends upon its operational and financial computer systems to process the data necessary to conduct almost all aspects of its business, including operating its pipelines and gathering and processing facilities, recording and reporting commercial and financial transactions, and receiving and making payments. Any failure of the Company's computer systems or those of its customers, suppliers, or others with whom it does business, including Apache, could materially disrupt the Company's ability to operate its business.

Cyberattacks against the Company may disrupt computer systems and operations and result in the theft of funds or data. In addition, the Company's pipeline systems may be targets of terrorist attacks or environmental activist group activities that could disrupt Altus' ability to conduct its business. Protecting against such threats may require the Company to expend significant additional resources, and any such attack or disruption could have a material adverse effect on Altus' business and results of operations.

Altus' business involves many hazards and operational risks, some of which may not be fully covered by insurance. The occurrence of a significant event that is not fully insured could adversely affect Altus' operations and financial condition.

The Company's operations are subject to the many hazards inherent in the gathering, compressing, processing, and transmission of natural gas and NGLs, including damage to pipelines, related equipment, and surrounding properties caused by hurricanes, floods, fires, explosions, freezes, other natural or anthropogenic disasters, acts of terrorism, and cyberattacks, leaks of natural gas, NGLs, and other hydrocarbons, and induced seismicity.

These risks could result in substantial losses due to personal injury and/or loss of life, severe damage to and destruction of property and equipment, including information technology systems, and pollution or other environmental damage and may result in curtailment or suspension of the Company's related operations. In accordance with typical industry practice, Altus has appropriate levels of business interruption, property, and other insurance, but the Company is not fully insured against all risks incident to its business. If a significant accident or event occurs that is not fully insured, it could adversely affect Altus' financial condition, results of operations, or cash flows.

RISKS RELATED TO THE EQUITY METHOD INTEREST PIPELINES AND OTHER NON-OPERATED ASSETS

Altus owns or operates a portion of its business with one or more equity interest partners or in circumstances where Altus is not the operator, including the Equity Method Interest Pipelines, which may restrict its operational and corporate flexibility; actions taken by other partners or third-party operators may materially impact the Company's financial position and results of operations, and Altus may not realize the benefits it expects to realize from an equity interest.

As is common in the midstream industry, Altus owns or operates one or more of its properties with one or more equity interest partners, including the Equity Method Interest Pipelines, or contracts with a third-party to control operations. These relationships require the Company to share operational and other control or to defer to another party's control, such that it does not have the flexibility to control the development of these properties. If Altus does not timely meet its financial commitments in such circumstances, its rights to participate may be adversely affected. If an equity interest partner is unable or fails to pay its portion of development costs or if a third-party operator does not operate in accordance with the Company's expectations, the Company's costs of operations could be increased. Altus could also incur liability or not realize expected benefits as a result of actions taken by an equity interest partner or third-party operator. Actions taken by Apache may also negatively impact Altus' ownership in or the expected benefits from such assets. Disputes between Altus and the other party or parties in an equity interest may result in litigation or arbitration that would increase the Company's expenses, delay or terminate projects, and distract the Company's officers and directors from focusing their time and effort on Altus' business.

If any of the Equity Method Interest Pipelines experience cost overruns or do not generate the cash flows Altus expects, the Company's plans for growth and dividends will be impaired.

The Company's strategy to grow its business depends in part on the Equity Method Interest Pipelines. Altus can offer no assurance that the Equity Method Interest Pipelines will perform as expected. If applicable pipelines do not perform as expected, Altus may experience losses in relation to its equity interests. In addition, each of the Equity Method Interest Pipelines is subject to risks associated with cost overruns, operational hazards, environmental matters, regulatory matters, creditworthiness of counterparties, and legal matters, as well as other risks and uncertainties, many of which are beyond the control of the operator of the pipeline. If any of these risks were to materialize, Altus' financial condition, results of operations, and cash flows could be adversely affected.

RISKS RELATED TO THE VOLUME AND PROCESSING OF PRODUCTS THE COMPANY SERVICES

Altus is dependent on the supply of commodities to its system, and any decrease in such supply or the volumes that Altus gathers, processes, or transmits or any decrease in Altus' processing efficiency would adversely affect its financial condition, results of operations, or cash flows.

The Company's financial performance depends to a large extent on the volumes of natural gas and NGLs gathered, processed, and transmitted on its assets, and decreases in such volumes would directly and adversely affect

its financial condition, results of operations, or cash flows. These volumes can be influenced by factors beyond Altus' control, including regulations, weather, storage levels, increased use of alternative energy sources, decreased demand, and changes in production. The Company's financial condition, results of operations, or cash flows may also be adversely affected if the reserves or estimates thereof reported by the Company's customers, for which the Company does not obtain independent evaluations, is less than anticipated or if the infrastructure to gather and process supply into and out of the Company's systems are unavailable or inadequate. If the Company is unable to maintain or increase the volumes on its system or if its processing efficiency falls below contractually required levels, the Company's business, financial conditions, results of operations, or cash flows could be adversely affected.

The Company's exposure to commodity price risk may change over time.

The Company currently generates substantially all of its midstream services revenue pursuant to fee-based contracts under which the Company is paid based on the volumes that it gathers, processes, and transmits, rather than the underlying value of the commodity, and only has an immaterial portion of its revenues that are based on the underlying value of a commodity. However, Altus may enter into contracts or may acquire or develop additional midstream assets in a manner that increases its exposure to commodity price risk, which could adversely affect Altus' financial condition, results of operations, or cash flows.

RISKS RELATED TO CAPITAL EXPENDITURES

To maintain and grow its business, Altus is, and will be, required to make substantial capital expenditures.

To maintain and grow its business, Altus will need to make substantial capital expenditures to fund growth capital expenditures as well as its share of capital expenditures associated with the Equity Method Interest Pipelines. If the Company does not make sufficient or effective capital expenditures, it will be unable to maintain and grow its business, and, as a result, it may be unable to increase its cash flow over the long term. To fund Altus' capital expenditures, it will be required to use cash from its operations, incur debt, engage in structured financial transactions, or sell additional shares of Class A Common Stock or other equity securities.

Additionally, the Company's ability to obtain bank financing or its ability to access the capital markets for future equity or debt offerings may be limited by its then-current financial condition and the covenants in its then-current debt agreements, as well as by general economic conditions and uncertainties that are beyond its control. Also, due to Altus' relationship with Apache, material adverse changes affecting Apache could negatively impact the Company's ability to access the capital markets, including the pricing or other terms of any capital markets transactions, or engage in certain transactions that might otherwise be considered beneficial to the Company.

The capital and global credit markets have experienced volatility and disruption in the past, and further volatility and disruption may have an adverse effect on Altus's ability to access the credit markets to finance its operations or expansions.

The capital and global credit markets have experienced volatility and disruption in the past. In many cases during these periods, the capital markets have exerted downward pressure on equity values and reduced the credit capacity for certain companies. Similar or more severe levels of global market disruption and volatility may have an adverse effect on Altus resulting from, but not limited to, disruption of Altus' access to capital and credit markets, difficulty in obtaining financing necessary to expand facilities or acquire assets, increased financing costs, and increasingly restrictive covenants.

If Altus is unable to access capital at competitive rates, the Company's strategy of enhancing the earnings potential of its existing assets, including through capital-growth projects and acquisitions of complementary assets or businesses, may be affected adversely.

RISKS RELATED TO THE COMPANY'S FINANCIAL CONDITION AND OBLIGATIONS

Debt Altus incurs may limit its flexibility to obtain financing and to pursue other business opportunities.

The Company's current and future level of debt could have important consequences to it, and the Company's ability to obtain additional financing, if necessary, for working capital, capital expenditures, or other purposes may be

impaired or such financing may not be available on favorable terms. The funds available for operations, future business opportunities, and the payment of dividends, if any, to the Company's stockholders will be reduced by that portion of its cash flows required to make interest payments on its debt, and the Company may be more vulnerable to competitive pressures or a downturn in its business or the economy generally.

Altus' ability to service any debt will depend upon, among other things, its future financial and operating performance, which will be affected by prevailing economic conditions and other factors, some of which are beyond its control. If the Company's operating results are not sufficient to service any future indebtedness, it will be forced to take actions such as reducing or eliminating dividends, reducing or delaying its business activities, investments, or capital expenditures, selling assets, or issuing equity. Altus may not be able to effect any of these actions on satisfactory terms or at all.

The discontinuation and uncertain cessation date of LIBOR, and the adoption of an alternative reference rate, may have a material adverse impact on Altus Midstream's floating rate indebtedness and financing costs.

Pursuant to the terms of Altus Midstream's revolving credit facility, Altus Midstream may elect to use the London Interbank Offering Rate (LIBOR) as a benchmark for establishing the interest rate on floating interest rate borrowings under its revolving credit facility. On November 30, 2020, the ICE Benchmark Administration (IBA) announced that it intends to continue publishing LIBOR until the end of June 2023, beyond the previously announced 2021 cessation date. The IBA announcement was supported by announcements from the United Kingdom's Financial Conduct Authority (FCA), which regulates LIBOR, and the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency (U.S. Regulators). However, both the FCA and U.S. Regulators in their announcements also advised banks to cease entering into new contracts referencing LIBOR after December 2021. These announcements indicate that the continuation of LIBOR in existing contracts may not be assured after 2021 and will not be assured beyond 2023. In light of these recent announcements, the future of LIBOR at this time is uncertain, and any changes in the methods by which LIBOR is determined or regulatory activity related to LIBOR's phase-out could cause LIBOR to perform differently than in the past or cease to exist.

In the United States, the Alternative Reference Rates Committee (the working group formed to recommend an alternative rate to LIBOR) has identified the Secured Overnight Financing Rate (SOFR) as its preferred alternative rate for LIBOR. There can be no guarantee that SOFR will become a widely-accepted benchmark in place of LIBOR. Although the full impact of the transition away from LIBOR, including the discontinuance of LIBOR publication and the adoption of SOFR as the replacement rate for LIBOR, remains unclear, these changes may have an adverse impact on Altus Midstream's floating rate indebtedness and financing costs under its revolving credit facility.

Altus is exposed to the credit risk of its customers and counterparties, including Apache, and their nonpayment or nonperformance could have an adverse effect on the Company's financial condition, results of operations, or cash flows.

The Company is subject to risks of loss resulting from nonpayment or nonperformance by its customers or other counterparties, including Apache. Any increase in the nonpayment or nonperformance by such parties could adversely affect Altus' financial condition, results of operations, or cash flows. Additionally, the combination of a reduction of cash flow resulting from lower commodity prices, a reduction in borrowing bases under reserve-based credit facilities, and the lack of availability of debt or equity financing may result in a significant reduction in the liquidity of such parties and their ability to make payment or perform on their obligations to the Company. Furthermore, some of the Company's customers or other counterparties may be leveraged and subject to their own operating and regulatory risks, which increases the risk that they may default.

Altus may be required to take write-downs, write-offs, or restructuring and impairment or other charges that could have a significant negative effect on its financial condition, results of operations, and stock price.

Altus cannot assure its stockholders that its due diligence will reveal all material issues that may be present in the businesses that it may acquire, that it would be possible to uncover all material issues through a customary amount of due diligence, or that factors outside of its control will not later arise. As a result, Altus may be forced to later write down or write off assets, restructure its operations, or incur impairment or other charges that could result in losses. Even though these charges may be non-cash items and may not have an immediate impact on the Company's liquidity,

the fact that it reports charges of this nature could contribute to negative market perceptions about the Company or its securities.

The Company's ability to utilize net operating losses and other tax attributes to reduce future taxable income may be limited if the Company experiences an ownership change.

As described in Note 12-Income Taxes within Part II, Item 8 of this Annual Report on Form 10-K, the Company has substantial net operating loss carryforwards (NOLs) and other tax attributes available to potentially offset future taxable income. If the Company were to experience an "ownership change" under Section 382 of the Internal Revenue Code of 1986, as amended, which is generally defined as a greater than 50 percentage point change, by value, in the Company's equity ownership by five-percent shareholders over a three-year period, the Company's ability to utilize its pre-change NOLs and other pre-change tax attributes to potentially offset its post-change income or taxes may be limited. Such a limitation could materially adversely affect the Company's operating results or cash flows by effectively increasing its future tax obligations.

Altus' ability to pay dividends depends on its ability to generate sufficient cash flow, which it may not be able to accomplish.

The Company's ability to pay dividends principally depends upon the amount of cash it generates from its operations, which will fluctuate from quarter to quarter based on, among other things, income from the Equity Method Interest Pipelines, the volumes of natural gas and NGLs it gathers and processes, commodity prices, and other factors impacting Altus' financial condition, some of which are beyond its control. In addition, under Delaware law, dividends on Altus' capital stock may only be paid from "surplus," which is the amount by which the fair value of Altus' total assets exceeds the sum of its total liabilities, including contingent liabilities, and the amount of its capital; if there is no surplus, cash dividends on capital stock may only be paid from Altus' net profits for the then-current and/or the preceding fiscal year.

Altus' only significant assets are ownership of the non-economic general partner interest and an approximate 23.1 percent limited partner interest in Altus Midstream LP, and such ownership may not be sufficient for Altus Midstream LP to make distributions or loans to Altus to enable it to pay any dividends or satisfy its other financial obligations.

Altus has no direct operations and no significant assets other than the ownership of the non-economic general partner interest and an approximate 23.1 percent limited partner interest in Altus Midstream LP. The Company depends on Altus Midstream LP for distributions, loans, and other payments to generate the funds necessary to meet its financial obligations and to pay dividends with respect to its Class A Common Stock. Subject to certain restrictions, Altus Midstream LP generally will be required to (i) make pro rata distributions to its partners, including the Company, on a quarterly basis in an amount at least sufficient to allow the Company to pay the Company's taxes and make tax advances to Altus Midstream LP's limited partners, other than the Company, in certain circumstances, and (ii) reimburse the Company for certain corporate and other overhead expenses. However, legal and contractual restrictions in agreements governing existing and future indebtedness of Altus Midstream LP, as well as the financial condition and operating requirements of Altus Midstream LP, may limit the Company's ability to obtain cash from Altus Midstream LP. In addition, Altus Midstream LP is required to pay specified quarterly distributions on its Series A Cumulative Redeemable Preferred Units before paying distributions on Common Units. The earnings from, or other available assets of, Altus Midstream LP may not be sufficient to make distributions or loans to the Company, to enable it to pay dividends on its Class A Common Stock, or to satisfy its other financial obligations. The Delaware

Revised Uniform Limited Partnership Act generally restricts distributions to the extent that the liabilities of the limited partnership exceed the fair value of its assets.

Holders of Altus Midstream's Series A Cumulative Redeemable Preferred Units have rights, preferences, and privileges that are not held by, and are preferential to the rights of, holders of Common Units, and could dilute or otherwise adversely affect the holders of Common Units.

Altus Midstream is required to pay specified quarterly distributions on the Series A Cumulative Redeemable Preferred Units (the Preferred Units) before paying distributions on its Common Units. If Altus Midstream fails to pay the Preferred Unit distribution in respect of any quarter in full in cash, then Altus Midstream will not be permitted to

declare or make any distributions on its Common Units until all accrued and accumulated but unpaid Preferred Unit distributions have been paid in full. In addition, Altus Midstream's cash payment of distributions on, and for redemption of, its Common Units is limited in amount and subject to satisfaction of leverage ratios.

The Preferred Units are redeemable at any time at the option of Altus Midstream and under certain circumstances, the Preferred Units are redeemable at the holders' option, in each case, at a price which incorporates an agreed return on the holders' investment. The Preferred Units also rank senior to the Common Units in distribution and liquidation rights, and holders of Preferred Units will be entitled to receive a liquidation preference that incorporates an agreed return on the holders' investment.

The Company depends on Altus Midstream for distributions, loans, and other payments to generate the funds necessary to meet the Company's financial obligations or to pay any dividends with respect to its Class A Common Stock. Obligations of Altus Midstream in respect of the Preferred Units may restrict, reduce, or render unavailable funds that otherwise may be available to be distributed, loaned, or paid to the Company by Altus Midstream or loaned to, or invested in, Altus Midstream by third parties.

For additional information regarding the Preferred Units, refer to Note 11-Series A Cumulative Redeemable Preferred Units within Part IV, Item 15 of this Annual Report on Form 10-K.

RISKS RELATED TO PERMITTING, REGULATIONS, AND OTHER LEGAL CHANGES

Altus may be unable to obtain or renew permits necessary for its operations, which could inhibit its ability to do business.

Performance of the Company's operations require that it obtain and maintain a number of federal, state, and local permits, licenses, and approvals, which is an expensive and lengthy process, with terms and conditions containing a significant number of prescriptive limits and performance standards in order to operate. All of these permits, licenses, approvals, limits, and standards require a significant amount of monitoring, record keeping, and reporting. Noncompliance or incomplete documentation may result in the imposition of fines, penalties, and injunctive relief. Moreover, the public may engage in the permitting process, including through intervention in the courts. Negative public perception could cause the permits Altus requires to conduct its operations to be withheld, delayed, or burdened by restrictive requirements. A decision by a government agency to deny or delay the issuance of a new or existing material permit or other approval or to revoke or substantially modify an existing permit or other approval could adversely affect the Company's financial condition, results of operations, or cash flows.

Altus is subject to regulation by multiple governmental agencies, which could adversely impact its business, results of operations, and financial condition.

The Company is subject to regulation by multiple federal, state, and local governmental agencies, including those related to pipeline and environmental safety, and regulation by the stock exchange on which its common stock is listed. Proposals and proceedings that could affect the Company or its industry are regularly considered by Congress, as well as by state legislatures and federal and state regulatory commissions, agencies, and courts and stock exchanges. The Company cannot predict when or whether any such proposals or proceedings may become effective or the magnitude of the impact changes in or interpretations of laws, regulations, and exemptions may have on its business. However, additions to the regulatory burden on the Company and the midstream industry can increase the Company's cost of doing business and affect its profitability.

Altus may become subject to the requirements of the Investment Company Act of 1940, which would limit its business operations and require it to spend significant resources to comply with such act.

The Investment Company Act of 1940 (the Investment Company Act) defines an "investment company" as an issuer that is engaged in the business of investing, reinvesting, owning, holding, or trading in securities and owns investment securities having a value exceeding 40 percent of the issuer's unconsolidated assets, excluding cash items and securities issued by the federal government. It is possible that some or all of the interests in the Equity Method Interest Pipelines may be investment securities and that the value of those interests that are investment securities over time may exceed 40 percent of the applicable subsidiaries' unconsolidated assets, excluding cash and government securities, in which case such subsidiaries may meet this threshold definition of an investment company. However,

the Investment Company Act provides certain exclusions from this definition and other alternative relief from the application of the Investment Company Act.

The ramifications of becoming an investment company, both in terms of the restrictions it would have on such subsidiary and the cost of compliance, would be significant. For example, in addition to expenses related to initially registering as an investment company, the Investment Company Act also would impose various restrictions with regard to the subsidiary's ability to enter into affiliated transactions, the diversification of its assets, and its ability to borrow money. If any of Altus' subsidiaries became subject to the Investment Company Act at some point in the future, then the subsidiary's ability to continue pursuing its business plan would be severely limited.

Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of Altus' income or other tax returns could adversely affect its financial condition and results of operations.

Altus is subject to income taxes in the United States, and its domestic tax liabilities may be subject to the allocation of expenses in differing jurisdictions. Altus' future effective tax rates could be subject to volatility or adversely affected by a number of factors, including changes in the valuation of Altus' deferred tax assets and liabilities, expected timing and amount of the release of any tax valuation allowances, tax effects of stock-based compensation, costs related to intercompany restructurings, changes in tax laws, regulations, or interpretations thereof, or lower than anticipated future earnings in jurisdictions where Altus has lower statutory tax rates and higher than anticipated future earnings in jurisdictions where Altus has higher statutory tax rates.

In addition, Altus may be subject to audits of its income, franchise, sales, and other transaction taxes by U.S. federal and state authorities. Outcomes from these audits could have an adverse effect on the Company's financial condition and results of operations.

RISKS RELATED TO CLIMATE CHANGE

Climate change legislation, and regulatory initiatives could result in increased operating costs and reduced demand for the natural gas and NGLs services the Company provides.

Legislative bodies and governmental agencies have from time to time considered or adopted legislation or regulations to reduce emissions of GHGs. Wide-ranging policy debates regarding the impact of these gases and possible means for their regulation, along with efforts toward the adoption of international treaties or protocols that would address global climate change issues, are ongoing. Numerous proposals have been made and could continue to be made at the national, regional, and state levels of government to monitor and limit existing emissions of GHGs as well as to restrict or eliminate such future emissions. Moreover, on January 27, 2021, the President issued an executive order that commits to substantial action on climate change, calling for, among other things, the increased use of zero-emissions vehicles by the federal government, the elimination of subsidies provided to the fossil fuel industry, and increased emphasis on climate-related risk across governmental agencies and economic sectors. Any such legislation or regulation, if enacted, could either tax or assess some form of GHG-related fees on the Company's operations and could lead to increased operating expenses or result in the Company making significant capital investments for infrastructure modifications.

Additionally, various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas as GHG cap-and-trade programs, carbon taxes, reporting and tracking programs, restriction of emissions, electric vehicle mandates, and combustion engine phaseouts. Any such legislation or regulatory programs could also increase the cost of consuming, and thereby reduce demand for, oil, natural gas, and NGLs. Additionally, political, litigation, and financial risks related to climate change may result in curtailed refinery activity, increased regulation, or other adverse direct and indirect effects on the Company's business, financial condition and results of operations. For example, there is a risk that financial institutions will be required to adopt policies that have the effect of reducing the funding provided to the fossil fuel sector. Recently, the Federal Reserve announced that it has joined the Network for Greening the Financial System, a consortium of financial regulators focused on addressing climate-related risks in the financial sector.

Although it is not possible at this time to predict whether legislation or regulations may be adopted to address GHG emissions or how such measures would impact the Company's business, the imposition of reporting or

permitting obligations on, or limiting emissions of GHGs from, Altus' equipment and operations could require the Company to incur additional costs, adversely affect its performance of operations, or adversely affect demand for the Company's services.

Altus' customers, including Apache, and suppliers are subject to the risk of increased federal, state, and local legislation and regulatory initiatives, which could adversely affect Altus' financial condition, results of operations, or cash flows.

The production of crude oil, natural gas, and NGLs by the Company's customers, including Apache, and the Company's suppliers are subject to regulation by multiple federal, state, and local governmental agencies, which may enact additional or more restrictive or onerous regulations, including those that may further regulate, restrict, or prohibit certain drilling methods, including hydraulic fracturing, or impose additional permit requirements and operational restrictions, such as a reduction or prohibition of venting or flaring, in certain jurisdictions or in environmentally sensitive areas. If additional levels of regulation and permits are required, that could lead to delays, increased operating costs, and process prohibitions for the Company's suppliers and customers that could reduce the volumes of natural gas and NGLs that move through the Company's systems, which could materially adversely affect its revenue and results of operations.

RISKS RELATED TO THE COMPANY'S OWNERSHIP AND FILING STATUS

Altus is a "controlled company" within the meaning of the Nasdaq listing rules and, as a result, qualifies for, and intends to rely on, exemptions from certain corporate governance requirements.

Because Apache and its affiliates control a majority of Altus' outstanding voting common stock, Altus is a controlled company within the meaning of the Nasdaq corporate governance standards. Under the Nasdaq listing rules, a controlled company may elect not to comply with certain Nasdaq corporate governance requirements, including the requirements that a majority of the board of directors consist of independent directors, the nominating and governance committee be composed entirely of independent directors, and the compensation committee be composed entirely of independent directors. These requirements will not apply to Altus as long as it remains a controlled company, and Altus currently utilizes and intends to continue to utilize some, if not all, of these exemptions. Accordingly, Altus' stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the Nasdaq listing rules.

The JOBS Act permits "emerging growth companies" like Altus to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies.

Altus qualifies as an "emerging growth company" as defined in Section 2(a)(19) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). As such, Altus is eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies and of extended transition periods for as long as Altus continues to be an emerging growth company, including:

- the exemption from the independent registered public accounting firm attestation requirements with respect to internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act;
- the exemptions from say-on-pay, say-on-frequency, and say-on-golden parachute voting requirements;
- an extended transition period for complying with new or revised accounting standards; and
- reduced disclosure obligations regarding executive compensation in Altus' periodic reports and proxy statements.

As a result, Altus' stockholders may not have access to certain information they deem important and may not be able to directly compare the Company's financial statements with another public company that is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period, because of the potential differences in accounting standards used. Altus cannot predict if investors will find its Class A Common Stock less attractive if it relies on these exemptions. If some investors find Altus' Class A Common Stock

less attractive as a result, there may be a less active trading market for its Class A Common Stock, and its stock price may be more volatile.

RISKS RELATED TO THE COMPANY'S WARRANTS

Although Altus has registered the shares of Class A Common Stock issuable upon exercise of the warrants under the Securities Act, such registration may not be in place when an investor desires to exercise warrants, thus precluding such investor from being able to exercise its warrants except on a cashless basis and potentially causing such warrants to expire worthless.

Although Altus has registered the shares of Class A Common Stock issuable upon exercise of the warrants under the Securities Act, it may not be able to maintain a current prospectus relating to the Class A Common Stock issuable upon exercise of the warrants until the expiration of the warrants in accordance with the provisions of the warrant agreement. Altus cannot assure holders that it will be able to do so if, for example, any facts or events arise which represent a fundamental change in the information set forth in such registration statement or prospectus, the financial statements contained or incorporated by reference therein are not current or correct, or the SEC issues a stop order. If the shares issuable upon exercise of the warrants are not registered under the Securities Act, Altus will be required to permit holders to exercise their warrants on a cashless basis.

However, no warrant will be exercisable for cash or on a cashless basis, and Altus will not be obligated to issue any shares to holders seeking to exercise their warrants, unless the issuance of the shares upon such exercise is registered or qualified under the securities laws of the state of the exercising holder or an exemption is available.

Notwithstanding the above, if Altus' Class A Common Stock is at the time of any exercise of a warrant not listed on a national securities exchange such that it satisfies the definition of a "covered security" under Section 18(b)(1) of the Securities Act, Altus may, at its option, require holders of warrants who exercise their warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act, and, in the event Altus so elects, it will not be required to file or maintain in effect a registration statement, but it will use its best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available. In no event will Altus be required to net cash settle any warrant or issue securities or other compensation in exchange for the warrants in the event that it is unable to register or qualify the shares underlying the warrants under applicable state securities laws. If the issuance of the shares upon exercise of the warrants is not so registered or qualified or exempt from registration or qualification, the holder of such warrant shall not be entitled to exercise such warrant, and such warrant may have no value and expire worthless. If and when the warrants become redeemable by Altus, it may exercise its redemption right even if it is unable to register or qualify the underlying shares of Class A Common Stock for sale under all applicable state securities laws.

Altus may amend the terms of the warrants in a manner that may be adverse to holders with the approval by the holders of at least 50 percent of the then-outstanding public warrants. As a result, the exercise price of your public warrants could be increased, the exercise period could be shortened, and the number of shares of Altus' Class A Common Stock purchasable upon exercise of a public warrant could be decreased, all without your approval.

Altus' public warrants were issued in connection with its initial public offering in registered form under a warrant agreement between American Stock Transfer & Trust Company, as warrant agent, and Altus. The warrant agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least 50 percent of the then-outstanding public warrants to make any change that adversely affects the interests of the registered holders. Accordingly, Altus may amend the terms of the public warrants in a manner adverse to a holder if holders of at least 50 percent of the then-outstanding public warrants approve of such amendment. Although Altus' ability to amend the terms of the public warrants with the consent of at least 50 percent of the then-outstanding public warrants is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the public warrants, shorten the exercise period, or decrease the number of shares of Altus' Class A Common Stock purchasable upon exercise of a public warrant.

There is no guarantee that Altus's warrants will ever be in the money prior to their expiration, and Altus may redeem unexpired warrants prior to their exercise at a time that is disadvantageous to warrant holders, thereby making the warrants worthless.

The exercise price for Altus' warrants is \$230.00 per share of Class A Common Stock. There is no guarantee that the public warrants will ever be in the money prior to their expiration, and, as such, the warrants may expire worthless.

Additionally, Altus has the ability to redeem outstanding warrants at any time prior to their expiration, at a price of \$0.01 per warrant, provided that the last reported sales price of its Class A Common Stock equals or exceeds \$360.00 per share for any 20 trading days within a 30 trading-day period ending on the third trading day prior to the date Altus sends the notice of redemption to the warrant holders. If and when the warrants become redeemable by Altus, it may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

Redemption of the outstanding warrants could force the warrant holders to exercise their warrants and pay the exercise price therefor at a time when it may be disadvantageous for them to do so, sell their warrants at the then-current market price when they might otherwise wish to hold their warrants, or accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, is likely to be substantially less than the market value of their warrants.

RISKS RELATED TO STOCK OWNERSHIP DILUTION

The warrants are exercisable for Altus' Class A Common Stock, which will, upon exercise, increase the number of shares eligible for future resale in the public market and result in dilution to Altus' stockholders.

Altus has outstanding public and private placement warrants to purchase shares of Class A Common Stock. To the extent such warrants are exercised, additional shares of Class A Common Stock will be issued, which will result in dilution to the then-existing holders of Altus' Class A Common Stock and increase the number of shares eligible for resale in the public market, which could adversely affect the market price of Altus' Class A Common Stock.

In the future, Apache may receive earn-out consideration in the form of shares of Class A Common Stock upon the achievement of certain stock price and operational goals, which would increase the number of shares eligible for future resale in the public market and result in dilution to Altus' stockholders.

Pursuant to the Altus Contribution Agreement, Apache will have the right to receive earn-out consideration in the form of additional shares of Class A Common Stock if certain stock price and operational goals are achieved. To the extent such stock price or operational goals are achieved and Apache becomes entitled to receive a portion or all of the earn-out consideration, additional shares of Class A Common Stock will be issued, which will result in dilution to the then-existing holders of Class A Common Stock and increase the number of shares eligible for resale in the public market. The shares of Class A Common Stock issuable to Apache as earn-out consideration have been registered for resale with the SEC. Sales of substantial numbers of such shares by Apache in the public market could adversely affect the market price of Class A Common Stock.

The Preferred Units may be exchanged for shares of Altus' Class A Common Stock at a discount under certain circumstances, which could be dilutive to existing holders of its Class A Common Stock.

The Preferred Units may be exchanged for shares of Altus' Class A Common Stock at a discount under certain circumstances, which could be dilutive to existing holders of its Class A Common Stock. The number of shares of Class A Common Stock issued in any exchange would be based on its then-current trading price. Accordingly, the lower the trading price of Altus' Class A Common Stock at the time of any exchange, the greater the number of shares of Class A Common Stock that would be issued upon exchange of the Preferred Units, increasing potential dilution to existing holders of Altus' Class A Common Stock. Further, if the former holders of Preferred Units dispose of a substantial portion of their newly-exchanged Class A Common Stock in the public market, particularly over a short time period, it could adversely affect the market price for Altus' Class A Common Stock and possibly make it more difficult for Altus to issue additional Class A Common Stock in the future at an attractive price.

A significant portion of Altus' total outstanding shares may be sold into the market in the near future. This could cause the market price of its Class A Common Stock to drop significantly, even if its business is doing well.

Sales of a substantial number of shares of Class A Common Stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of Altus' Class A Common Stock. Additionally, Apache's Common Units have been exchanged for shares of Class A Common Stock on a one-for-one basis. The shares of Class A Common Stock issued to Apache upon such exchange have been registered for resale with the SEC. Sales of substantial numbers of such shares by Apache in the public market could adversely affect the market price of Altus' Class A Common Stock.

RISKS RELATED TO RESTRICTIONS ON STOCKHOLDER ACTIONS

Altus' charter designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by its stockholders, which could limit its stockholders' ability to obtain a favorable judicial forum for disputes with Altus or its directors, officers, employees, or agents.

The charter provides that, unless Altus consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (Court of Chancery) will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for any derivative action or proceeding brought on the Company's behalf; any action asserting a claim of breach of a fiduciary duty owed by any of the Company's directors, officers, or other employees to it or its stockholders; any action asserting a claim against the Company or any of its directors, officers, or employees arising pursuant to any provision of the DGCL, the charter, or the Company's bylaws; or any action asserting a claim against the Company or any of its directors, officers, or other employees that is governed by the internal affairs doctrine.

The above does not apply for such claims as to which the Court of Chancery determines that it does not have personal jurisdiction over an indispensable party, exclusive jurisdiction is vested in a court or forum other than the Court of Chancery, or the Court of Chancery does not have subject matter jurisdiction.

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

Altus' charter provides that the exclusive forum provision will be applicable to the fullest extent permitted by applicable law. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Accordingly, the charter provides that the exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act, the Securities Act, or any other claim for which the federal courts have exclusive jurisdiction.

GENERAL RISK FACTORS

If Altus fails to maintain an effective system of internal controls, it may not be able to report accurately its financial results or prevent fraud. As a result, current and potential holders of the Company's equity could lose confidence in its financial reporting, which would harm its business and cost of capital.

Effective internal controls are necessary for Altus to provide reliable financial reports, prevent fraud, and operate successfully as a public company. The Company cannot be certain that its efforts to maintain its internal controls will be successful, that it will be able to maintain adequate controls over its financial processes and reporting in the future, or that it will be able to continue to comply with its obligations under Section 404 of the Sarbanes-Oxley Act of 2002. Any failure to maintain effective internal controls or to implement or improve the Company's internal controls could harm its operating results or cause it to fail to meet its reporting obligations. Ineffective internal controls could also

cause investors to lose confidence in the Company's reported financial information, which would likely have a negative effect on the trading price of its equity interests.

If the performance of the Company does not meet the expectations of investors, stockholders, or financial analysts, the market price of Altus' securities may decline.

The price of the Company's securities could be volatile and subject to wide fluctuations in response to various factors, some of which are beyond the Company's control, and such fluctuations could contribute to the loss of all or part of a stockholder's investment. Fluctuations or changes in the Company's quarterly financial results, changes in or failure to meet market or financial analysts' expectations about the Company, changes in laws and regulations, commencement of or involvement in litigation, changes in the Company's capital structure, and general economic and political conditions could have a material adverse effect on a stockholder's investment in the Company's securities, and its securities may trade at prices significantly below the price paid for them. In such circumstances, the trading price of the Company's securities may not recover and may experience a further decline.

Broad market and industry factors may materially harm the market price of the Company's securities irrespective of Altus' operating performance. The stock market in general and Nasdaq have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks and of the Company's securities may not be predictable. A loss of investor confidence in the market for retail stocks or the stocks of other companies which investors perceive to be similar to the Company could depress the Company's stock price regardless of its business, prospects, financial conditions, or results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 3. LEGAL PROCEEDINGS

For further information regarding legal proceedings, see Note 8-Commitments and Contingencies in the Notes to Consolidated Financial Statements set forth in Part IV, Item 15 of this Annual Report on Form 10-K.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

The Company's common units (Units), Class A Common Stock, and warrants were each traded on the Nasdaq under the symbols "KAACU," "KAAC," and "KAACW," respectively, prior to the closing of the Altus Combination. In connection with the closing of the Altus Combination, the Units ceased trading, and the Class A Common Stock and warrants began trading on the Nasdaq under the symbols "ALTM" and "ALTMW," respectively. The Company's Units commenced public trading on March 30, 2017, and the Class A Common Stock and warrants commenced public trading on April 27, 2017.

The Company's warrants ceased trading on the Nasdaq at the opening of business on December 20, 2018 and since that time have been quoted on the over-the-counter markets operated by OTC Markets Group under the symbol "ALTMW." The warrants may still be exercised in accordance with their terms to purchase shares of the Company's Class A Common Stock. The table below sets forth the high and low prices of the warrants, as reported on the OTC Marketplace, for each of the quarterly periods presented. Such quotations reflect inter-dealer prices, without retail mark-up, mark-down, or commission and may not necessarily represent actual transactions.

	Year Ended December 31,			
	2021		2020	
	High	Low	High	Low
First Quarter	\$ 0.10	\$ 0.03	\$ 0.15	\$ 0.01
Second Quarter	\$ 0.07	\$ 0.03	\$ 0.04	-
Third Quarter	\$ 0.06	\$ 0.02	\$ 0.05	\$ 0.01
Fourth Quarter	\$ 0.07	\$ 0.01	\$ 0.12	\$ 0.01

On January 31, 2022, the Class A Common Stock had a closing price of \$63.03, and the warrants had a closing price of \$0.01.

Holders

On January 31, 2022, there were 121 holders of record of the Company's Class A Common Stock and there was no Class C Common Stock outstanding.

Dividends

Altus has paid cash dividends on its Class A Common Stock each quarter in 2021 at a rate of \$1.50 per share. When, and if, declared by the Company's board of directors, future dividend payments will depend upon our level of earnings, financial requirements, and other relevant factors.

Securities Authorized for Issuance Under Equity Compensation Plans

Information about the Company's equity compensation plans is incorporated herein by reference to Altus' definitive proxy statement for its 2022 Annual Meeting of Stockholders.

Recent Sales of Unregistered Securities

None.

Purchase of Equity Securities by the Issuer and Affiliated Purchasers

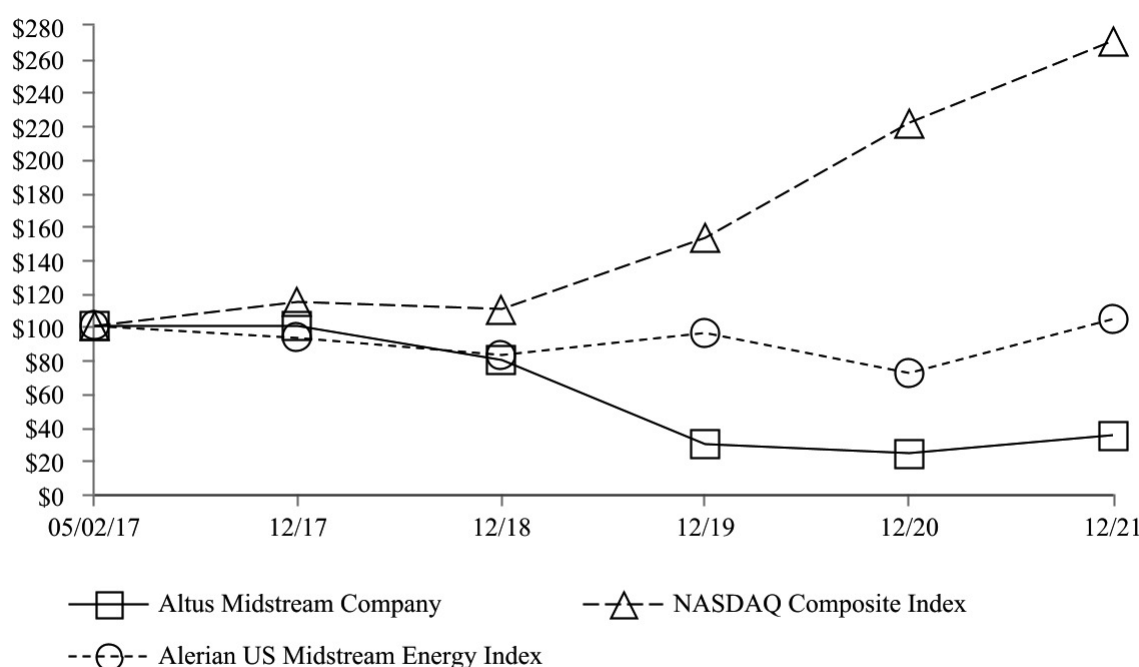
None.

Performance Graph

The following stock price performance graph is intended to allow review of stockholder returns, expressed in terms of the performance of the Company's common stock relative to both a broad equity market index and a published industry index. The information is included for historical comparative purposes only and should not be considered indicative of future stock performance. The graph compares the yearly percentage change in the cumulative total stockholder return on the Company's Class A Common Stock with the cumulative total return of both the Nasdaq Composite Index and the Alerian US Midstream Energy Index from April 30, 2017 through December 31, 2021. The stock performance graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall information be incorporated by reference into any future filing under the Securities Act or Exchange Act, each as amended, except to the extent that the Company specifically incorporates it by reference into such filing.

COMPARISON OF 56 MONTH CUMULATIVE TOTAL RETURN*

Among Altus Midstream Company, the Nasdaq Composite Index,
and the Alerian US Midstream Energy Index



* \$100 invested on 5/2/17 in stock or 4/30/17 in index, including reinvestment of dividends.
Fiscal year ending December 31.

	5/2/2017	2017	2018	2019	2020	2021
Altus Midstream Company	\$ 100.00	\$ 100.10	\$ 79.69	\$ 29.48	\$ 24.46	\$ 34.82
Nasdaq Composite Index	100.00	114.59	110.42	152.76	221.37	270.47
Alerian US Midstream Energy Index	100.00	93.29	83.11	96.05	72.08	104.52

ITEM 6. SELECTED FINANCIAL DATA

Omitted.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read together with the Consolidated Financial Statements and the Notes to Consolidated Financial Statements set forth in Part IV, Item 15 of this Annual Report on Form 10-K, and the risk factors and related information set forth in Part I, Item 1A and Part II, Item 7A of this Annual Report on Form 10-K. This section of this Annual Report on Form 10-K generally discusses 2021 and 2020 items and year-to-year comparisons between 2021 and 2020. Discussions of 2019 items and year-to-year comparisons between 2020 and 2019 that are omitted in this Annual Report on Form 10-K are incorporated by reference to "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Exhibit 99.1 of the Company's Current Report on Form 8-K, filed on December 14, 2021.

Overview

Altus Midstream Company (the Company or Altus), through its ownership interest in Altus Midstream LP (Altus Midstream), owns gas gathering, processing, and transmission assets in the Permian Basin of West Texas, anchored by midstream service agreements to service Apache Corporation's (Apache) production from its Alpine High resource play and surrounding areas (Alpine High). Additionally, the Company owns equity interests in four intrastate Permian Basin pipelines (the Equity Method Interest Pipelines) that have access to various points along the Texas Gulf Coast. The Company's operations consist of one reportable segment.

The Company has no independent operations or material assets outside its ownership interest in Altus Midstream, which is reported on a consolidated basis. As of December 31, 2021, Altus Midstream's assets included approximately 182 miles of in-service natural gas gathering pipelines, approximately 46 miles of residue gas pipelines with four market connections, and approximately 38 miles of NGL pipelines. Three cryogenic processing trains, each with nameplate capacity of 200 MMcf/d, were placed into service during 2019. Other assets include an NGL truck loading terminal with six Lease Automatic Custody Transfer units and eight NGL bullet tanks with 90,000 gallon capacity per tank. The Company's existing gathering, processing, and transmission infrastructure is expected to provide capacity levels capable of fulfilling its midstream contracts to service Apache's production from Alpine High and potential third-party customers.

As of December 31, 2021, the Company owns the following Equity Method Interest Pipelines:

- A 16 percent equity interest in the Gulf Coast Express Pipeline Project (GCX), which is owned and operated by Kinder Morgan Texas Pipeline, LLC (Kinder Morgan). GCX transports natural gas from the Waha area in West Texas to Agua Dulce near the Texas Gulf Coast. GCX was placed in service during 2019, with the total capacity of 2.0 Bcf/d fully subscribed under long-term contracts.
- A 15 percent equity interest in the EPIC crude oil pipeline (EPIC), which is operated by EPIC Consolidated Operations, LLC. EPIC transports crude oil from Orla, Texas in Northern Reeves County to the Port of Corpus Christi, Texas. EPIC was placed in service in early 2020, with initial throughput capacity of approximately 600 MBbl/d.
- An approximate 26.7 percent equity interest in the Permian Highway Pipeline (PHP), which is also owned and operated by Kinder Morgan. PHP transports natural gas from the Waha area in northern Pecos County, Texas to the Katy, Texas area with connections to Texas Gulf Coast and Mexico markets. PHP was placed in service in January 2021, with the total capacity of 2.1 Bcf/d fully subscribed under long-term contracts.
- A 33 percent equity interest in the Shin Oak NGL Pipeline (Shin Oak), which is owned by Breviloba, LLC, and operated by Enterprise Products Operating LLC. Shin Oak transports NGLs from the Permian Basin to Mont Belvieu, Texas. Shin Oak was placed in service during 2019, with total capacity of up to 550 MBbl/d.

On October 21, 2021, the Company announced that it will combine with privately-owned BCP Raptor Holdco LP (BCP) in an all-stock transaction (the BCP Business Combination). BCP is the parent company of EagleClaw Midstream, which includes EagleClaw Midstream Ventures, the Caprock Midstream and Pinnacle Midstream businesses, and a 26.7 percent interest in the Permian Highway Pipeline.

As consideration for the transaction, the Company will issue 50 million shares of Class C Common Stock (and Altus Midstream will issue a corresponding number of Common Units) to BCP's unitholders, which are principally funds affiliated with Blackstone and I Squared Capital. The transaction is expected to close during the first quarter of 2022 following completion of customary closing conditions.

The global economy and the energy industry have been deeply impacted by the effects of the coronavirus disease 2019 (COVID-19) pandemic and related governmental actions. Uncertainty in the oil markets and the negative demand implications of the COVID-19 pandemic continue to impact oil supply and demand. Altus management continues to monitor natural gas throughput volumes from Apache and capacity utilization of the Equity Method Interest Pipelines.

The current crisis, however, is still evolving and may become more severe and complex. The ultimate impact and the extent to which the COVID-19 pandemic will continue to affect the Company's business, results of operation, and financial condition is difficult to predict and depends on numerous evolving factors outside of Altus' control, including the duration and scope of the pandemic, new and continuing government, social, business, and other actions taken in response to the pandemic, any additional waves of the virus, the mandate, availability, and ultimate efficacy of the vaccines on new variants of the virus, and the effect of the pandemic on short- and long-term general economic conditions. As a result, the COVID-19 pandemic may still materially and adversely affect Altus' results in a manner that is either not currently known or that the Company does not currently consider to be a significant risk to its business. For additional information about the business risks relating to the COVID-19 pandemic, please refer to Part II, Item 1A-Risk Factors of this Annual Report on Form 10-K.

Altus Midstream Operational Metrics

The Company uses a variety of financial and operational metrics to assess the performance of its operations and growth compared to expected plan estimates. These metrics include:

- Throughput volumes and associated revenues;
- Costs and expenses; and
- Adjusted EBITDA (as defined below).

Throughput Volumes and Associated Revenues

The Company's operating results are driven primarily by the volume of natural gas gathered, processed, compressed, and/or transmitted. For the periods presented, substantially all revenues were generated through fee-based agreements with Apache, a related party. The volumes of natural gas that Altus gathers or processes in future periods will depend on the production level of Apache's assets in areas Altus services and any additional third-party service contracts or incremental use of Altus Midstream infrastructure resulting from the potential close of the BCP Business Combination discussed above. The Company's assets were initially constructed to serve Apache's anticipated development of Alpine High and its surrounding areas. As such, the amount and pace of upstream development activity by Apache could directly impact Altus' aggregate gathering and processing volumes because the production rate of natural gas wells declines over time.

The Company entered into a new Gas Processing Agreement with Apache in October 2021, which superseded the prior agreement. The updated processing agreement contains modified gas processing fees for new volumes from future Apache drilling activities at Alpine High that are more consistent with current market practices. Part of the modified fee structure in the new Gas Processing Agreement establishes fixed processing rates. Any monthly difference between actual recovery rates and fixed recovery rates will create either excess recovery volumes for ALTMM to sell or processing volume deficiencies which ALTMM would owe Apache. Commodity price fluctuations and oil and gas industry dynamics that existed when the original agreement was signed have changed dramatically, and the updated terms of the new Gas Processing Agreement were established to potentially attract new business from both Apache and other third-party producers and midstream companies.

The Company remains focused on increasing third-party processing opportunities in addition to Alpine High, and other producers are developing oil and gas plays in surrounding areas that may provide Altus opportunities to enter into third-party processing and gathering agreements. Producers' willingness to engage in new drilling is determined by a number of factors, all of which are affected by the COVID-19 pandemic, the most important of which are the prevailing and projected prices of oil, natural gas, and NGLs, the cost to drill and operate a well, the availability

and cost of capital, and environmental and government regulations. Company management believes that its midstream assets are positioned in one of the most active regions for oil and gas exploration and development activities in the United States. The Company has actively pursued strategic alternatives for future growth, which culminated in the recently announced BCP Business Combination, a combination with a midstream company that has existing commitments with various third-party customers.

For more information about the Company's relationship with Apache, please see the section entitled *Altus' Relationship with Apache* in Part I, Items 1 and 2 of this Annual Report on Form 10-K.

Costs and Expenses

Costs of product sales - affiliate

Costs of product sales - affiliate represent the cost of excess recovery volumes of residue gas the Company receives from Apache under the terms of the new Gas Processing Agreement, which the Company then owns and controls prior to ultimate sale to Apache. The costs related to excess recovery volumes are directly associated with volumes of excess recoveries under the new Gas Processing Agreement, if any.

Costs of product sales - third parties

Costs of product sales - third parties represent purchases of NGLs from a third party and the cost of excess recovery volumes of condensate the Company receives from Apache under the terms of the new Gas Processing Agreement. The Company owns and controls such volumes prior to ultimate sale to customers. The costs related to third party purchases of NGLs are directly associated with the volume and amount of third-party contracts entered into and could fluctuate depending on market conditions and product prices.

Operations and maintenance

Operations and maintenance expenses primarily comprise those costs that are directly associated with the operations of the Company's assets. The most significant of these costs are associated with direct labor and supervision, power, repair and maintenance expenses, and equipment rentals. Fluctuations in commodity prices impact operating cost elements both directly and indirectly. For example, commodity prices directly impact costs such as power and fuel, which are expenses that increase (or decrease) in line with changes in commodity prices. Commodity prices also affect industry activity and demand, thus indirectly impacting the cost of items such as labor and equipment rentals.

Depreciation and accretion

Depreciation on the capitalized costs incurred to acquire and develop the Company's midstream assets is computed based on estimated useful lives and estimated salvage values. Also included within this expense is the accretion associated with estimated asset retirement obligations (ARO). Depreciation and accretion expense would be expected to increase during future periods in-line with additional infrastructure costs incurred; however, any future asset sales or long-lived asset impairments would decrease expected depreciation expense to commensurate levels.

General and administrative

General and administrative (G&A) expense represents indirect costs and overhead expenditures incurred by the Company associated with managing the midstream assets. These expenses primarily comprise fixed fees set forth in the Construction, Operations and Maintenance Agreement (COMA) entered into with Apache. Refer to Note 2-Transactions with Affiliates in the Notes to Consolidated Financial Statements set forth in Part IV of this Annual Report on Form 10-K for further information.

Taxes other than income

Taxes other than income are primarily related to ad valorem taxes on the Company's midstream assets.

Adjusted EBITDA

The Company defines Adjusted EBITDA as net income (loss) including noncontrolling interests before financing costs (net of capitalized interest), interest income, income taxes, depreciation, and accretion and adjusts such items, as applicable, from income from the Equity Method Interest Pipelines. Altus also excludes (when applicable) impairments, unrealized gains or losses on derivative instruments, and other items affecting comparability of results to peers. Company management believes Adjusted EBITDA is useful for evaluating operating performance and comparing results of operations from period-to-period and against peers without regard to financing or capital structure. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net income (loss) including noncontrolling interests or any other measure determined in accordance with accounting principles generally accepted in the United States (GAAP) or as an indicator of the Company's operating performance or liquidity. Certain items excluded from Adjusted EBITDA are significant components in understanding and assessing Altus' financial performance, such as cost of capital and tax structure, as well as the historic costs of depreciable assets, none of which are components of Adjusted EBITDA. The presentation of Adjusted EBITDA should not be construed as an inference that the Company's results will be unaffected by unusual or non-recurring items. Additionally, the Company's computation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

Adjusted EBITDA is not defined in GAAP

The GAAP measure used by the Company that is most directly comparable to Adjusted EBITDA is net income (loss) including noncontrolling interests. Adjusted EBITDA should not be considered as an alternative to the GAAP measure of net income (loss) including noncontrolling interests or any other measure of financial performance presented in accordance with GAAP. Adjusted EBITDA has important limitations as an analytical tool because it excludes some, but not all, items that affect net income (loss) including noncontrolling interests. Adjusted EBITDA should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP. The Company's definition of Adjusted EBITDA may not be comparable to similarly titled measures of other companies in the industry, thereby diminishing its utility.

Reconciliation of non-GAAP financial measure

Company management compensates for the limitations of Adjusted EBITDA as an analytical tool by reviewing the comparable GAAP measure, understanding the differences between Adjusted EBITDA as compared to net income (loss) including noncontrolling interests, and incorporating this knowledge into its decision-making processes. Management believes that investors benefit from having access to the same financial measure that the Company uses in evaluating operating results.

The following table presents a reconciliation of the GAAP financial measure of net income (loss) including noncontrolling interests to the non-GAAP financial measure of Adjusted EBITDA.

	Year Ended December 31,	
	2021	2020
	(In thousands)	
Reconciliation of net income including noncontrolling interests to Adjusted EBITDA		
Net income including noncontrolling interests	\$ 99,221	\$ 81,684
Add:		
Financing costs, net of capitalized interest	10,598	2,190
Depreciation and accretion	16,201	15,945
Impairments	441	1,643
Impairment on equity method interests	160,441	-
Unrealized derivative instrument loss	-	36,080
Equity method interests Adjusted EBITDA	188,959	111,675

Transaction costs	4,472	-
Loss on sale of assets, net	-	2,234
Other	1,258	348
Less:		
Gain on sale of assets, net	1,243	-
Unrealized derivative instrument gain	82,114	-
Interest income	4	9
Income from equity method interests, net	113,764	58,739
Warrants valuation adjustment	664	1,200
Income tax benefit	-	696
Adjusted EBITDA	<u>\$ 283,802</u>	<u>\$ 191,155</u>

Results of Operations

The following table presents the Company's results of operations for the periods presented:

	Year Ended December 31,	
	2021	2020
	(In thousands)	
REVENUES:		
Midstream services revenue - affiliate	\$ 142,727	\$ 144,714
Product sales - affiliate	9,754	-
Product sales - third parties	8,136	3,695
Total revenues	160,617	148,409
COSTS AND EXPENSES:		
Costs of product sales - affiliate	9,754	-
Costs of product sales - third parties	7,793	2,988
Operations and maintenance	32,748	37,993
General and administrative	14,182	13,155
Depreciation and accretion	16,201	15,945
Impairments	441	1,643
Taxes other than income	13,886	15,069
Total costs and expenses	95,005	86,793
OPERATING INCOME	65,612	61,616
Unrealized derivative instrument gain (loss)	82,114	(36,080)
Interest income	4	9
Income from equity method interests, net	113,764	58,739
Impairment on equity method interests	(160,441)	-
Warrants valuation adjustment	664	1,200
Transaction costs	(4,472)	-
Other	12,574	(2,306)
Total other income	44,207	21,562
Financing costs, net of capitalized interest	10,598	2,190
NET INCOME BEFORE INCOME TAXES	99,221	80,988
Current income tax benefit	-	(696)
NET INCOME INCLUDING NONCONTROLLING INTERESTS	99,221	81,684
Net income attributable to Preferred Unit limited partners	161,906	75,906
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	(62,685)	5,778
Net income (loss) attributable to Apache limited partner	(48,741)	2,987
NET INCOME (LOSS) ATTRIBUTABLE TO CLASS A COMMON SHAREHOLDERS	\$ (13,944)	\$ 2,791
KEY PERFORMANCE METRICS:		
Adjusted EBITDA ⁽¹⁾	\$ 283,802	\$ 191,155
OPERATING DATA:		
Average throughput volumes of natural gas (MMcf/d)	440	499

- (1) Adjusted EBITDA is not defined by GAAP and should not be considered an alternative to, or more meaningful than, net income (loss), operating income (loss), net cash provided by (used in) operating activities, or any other measures prepared under GAAP. For the definition and reconciliation of Adjusted EBITDA to its most directly comparable GAAP measure, see the section titled *Altus Midstream Operational Metrics-Adjusted EBITDA* above.

Since the Company commenced operations in the second quarter of 2017, its most significant customer has been Apache. Altus Midstream is pursuing similar long-term commercial service contracts with third-parties that could be accommodated by existing capacity. Altus' midstream service agreements with Apache contain no minimum volume commitments and as such, future results of operations may be materially impacted by Apache's production volumes from Alpine High and Altus' ability to contract third-party business. Refer to Part I, Item 1A-Risk Factors of this Annual Report on Form 10-K for further discussion.

Revenues

The following table summarizes the Company's revenues for the periods presented:

	Year Ended December 31,	
	2021	2020
	(In thousands)	
REVENUES:		
Midstream services revenue - affiliate	\$ 142,727	\$ 144,714
Product sales - affiliate	9,754	-
Product sales - third parties	8,136	3,695
Total revenues	\$ 160,617	\$ 148,409

Midstream services revenue was primarily generated from fee-based midstream services provided under the terms of separate commercial midstream service agreements with Apache for the gas gathering, processing, and transmission of volumes from the dedicated area in the Alpine High field. Altus receives a per-unit fee based on the quantity of natural gas and NGL volumes that flow through its systems. The Company entered into a new Gas Processing Agreement with Apache in October 2021, which superseded the prior agreement. In addition to per unit service fees described above, the new Gas Processing Agreement contains terms for Apache to provide the Company with excess recovery volumes as consideration under the contract. Excess recovery volumes represent the net difference between the actual recovery rate of processed volumes and contractually fixed volumetric recovery rates.

For excess recovery volumes the Company obtains control and takes title, if any, on a monthly basis, the related non-cash consideration of these volumes is included in "midstream services revenue - affiliate" at market value. Subsequent sales of excess recovery volumes are recognized as product sales and, simultaneously, cost of product sales are recognized at the value attributed to the excess recovery volumes when they were earned.

Additionally, during 2020 the Company began providing compressor operations, maintenance, and related services to Apache in exchange for a fixed monthly fee per compressor unit serviced. For more details, please refer to Note 3-Revenue Recognition in the Notes to Consolidated Financial Statements included within Part IV, Item 15 of this Annual Report on Form 10-K.

Midstream services revenue - affiliate

Midstream services revenue - affiliate decreased by \$2.0 million to \$142.7 million for the year ended December 31, 2021, as compared to \$144.7 million for the year ended December 31, 2020. The decrease was primarily driven by lower throughput of natural gas volumes from Apache, which reduced revenues, offset by approximately \$13.4 million of revenues related to excess recovery volumes earned under the new Gas Processing Agreement in the fourth quarter of 2021.

Product sales - affiliate

The \$9.8 million increase in product sales - affiliate during the year ended December 31, 2021, was solely due to the sale of excess recovery volumes of residue gas received as consideration under the new Gas Processing

Agreement, which were subsequently sold to Apache. Refer to Costs of product sales - affiliate under Costs and Expenses below.

Product sales - third parties

The \$4.4 million increase in product sales - third parties during the year ended December 31, 2021, as compared to the year ended December 31, 2020, was driven by higher volumes of NGLs and condensates purchased and processed by Altus from a third party and subsequently sold to non-affiliated customers. Additionally, nearly \$2.4 million of the increase reflects the sale of excess recovery volumes of condensates received as a consideration under the new Gas Processing Agreement, which was subsequently sold to non-affiliated customers. Refer to Costs of product sales - third parties under Costs and Expenses below.

Costs and Expenses

The following table summarizes the Company's costs and expenses for the periods presented:

	Year Ended December 31,	
	2021	2020
	(In thousands)	
Costs of product sales - affiliate	\$ 9,754	\$ -
Costs of product sales - third parties	7,793	2,988
Operations and maintenance	32,748	37,993
General and administrative	14,182	13,155
Depreciation and accretion	16,201	15,945
Impairments	441	1,643
Taxes other than income	13,886	15,069
Total costs and expenses	<u>\$ 95,005</u>	<u>\$ 86,793</u>

Costs of product sales - affiliate

The \$9.8 million increase in cost of product sales - affiliate during the year ended December 31, 2021, as compared to the year ended December 31, 2020, was solely due to the cost of excess recovery volumes of gas received as consideration under the new Gas Processing Agreement subsequently sold to Apache.

Costs of product sales - third parties

The \$4.8 million increase in costs of product sales - third parties during the year ended December 31, 2021, as compared to the year ended December 31, 2020, was driven by higher volumes of purchases of NGLs from a third-party and the cost of excess recovery condensate volumes under the new Gas Processing Agreement.

Operations and maintenance

Operations and maintenance expenses decreased by approximately \$5.2 million to \$32.7 million for the year ended December 31, 2021, as compared to \$38.0 million for the year ended December 31, 2020. This decrease was primarily driven by increased operational efficiency as a result of transitioning from mechanical refrigeration units to the Company's centralized Diamond cryogenic complex. Work related to this transition was still being completed in the first half of 2020. The transition resulted in decreases in various costs, the most significant being contract labor, equipment rentals, and chemical expenses. These savings were partially offset by higher power costs and higher repair and maintenance expenses.

General and administrative and Depreciation and accretion

General and administrative expenses were approximately \$1.0 million higher in 2021 compared to 2020 primarily due to the escalating price terms under the COMA. Depreciation and accretion expense in 2021 was consistent with 2020, as the Company's carrying value of its property, plant, and equipment assets did not meaningfully change during the comparative periods.

Impairments

During the fourth quarter of 2020, the Company sold certain of its power generators to a third party and, as a result, the remaining power generators owned by the Company were remeasured at fair value calculated based on the proceeds of such sale. This remeasurement resulted in an impairment of \$1.6 million on these assets. Impairments in 2021 were insignificant.

For further discussion of these impairments, please see Note 1-Summary of Significant Accounting Policies and Note 4-Property, Plant and Equipment in the Notes to Consolidated Financial Statements included within Part IV, Item 15 of this Annual Report on Form 10-K.

Taxes other than income

The decrease in taxes other than income was driven by changes related to ad valorem taxes, which decreased by \$1.2 million to \$13.5 million for the year ended December 31, 2021, as compared to \$14.7 million for the year ended December 31, 2020. The \$1.2 million decrease is primarily related to a decrease in tax assessed value for the Company's property, plant, and equipment.

Other Income (Loss) and Financing Costs, Net of Capitalized Interest

The components of other income, other loss, and financing costs, net of capitalized interest are presented below:

	Year Ended December 31,	
	2021	2020
	(In thousands)	
Unrealized derivative instrument gain (loss)	\$ 82,114	\$ (36,080)
Interest income	4	9
Income from equity method interests, net	113,764	58,739
Impairment on equity method interests	(160,441)	-
Warrants valuation adjustment	664	1,200
Transaction costs	(4,472)	-
Other	12,574	(2,306)
Total other income	<u>\$ 44,207</u>	<u>\$ 21,562</u>
Interest expense	\$ 9,431	\$ 9,775
Amortization of deferred facility fees	1,167	1,148
Capitalized interest	-	(8,733)
Total Financing costs, net of capitalized interest	<u>\$ 10,598</u>	<u>\$ 2,190</u>

Unrealized derivative instrument gain (loss)

During the year ending December 31, 2021, the Company recognized an unrealized derivative instrument gain of \$82.1 million in relation to an embedded exchange option identified upon the issuance and sale of Series A Cumulative Redeemable Preferred Units (the Preferred Units). The recognized unrealized loss related to this embedded feature was \$36.1 million for the year ended December 31, 2020. The associated derivative liability is recorded on the consolidated balance sheet at fair value. The fair value of the embedded derivative is determined (using an income approach) by a range of factors, including expected future interest rates using the Black-Karasinski model, interest rate volatility, the Company's imputed interest rate, the expected timing of periodic cash distributions, the expected timing of any partial redemption of the Preferred Units, the estimated timing for the potential exercise of the exchange option, and anticipated dividend yields of the Preferred Units. The value of the derivative during the year ending December 31, 2021 was primarily impacted by the expected mandatory redemption of certain of the Preferred Units on, and after, the closing of the BCP Business Combination. Refer to [Note 11-Series A Cumulative Redeemable Preferred Units](#) within Part IV, Item 15 of this Annual Report on Form 10-K for further discussion.

Income from equity method interests, net

Income from equity method interests increased by \$55.0 million to \$113.8 million for the year ended December 31, 2021, as compared to \$58.7 million for the year ended December 31, 2020. The increase was primarily due to the Company's 26.7 percent share of net income from the Permian Highway Pipeline, which commenced service in January 2021.

Impairment on equity method interests

The \$160.4 million increase in impairment on equity method interests for the year ended December 31, 2021, as compared to December 31, 2020, was a result of the Company's impairment of its interest in the EPIC Crude Oil Pipeline in the fourth quarter of 2021. Refer to [Note 1-Summary of Significant Accounting Policies](#) and [Note 9-Equity Method Interests](#) within Part IV, Item 15 of this Annual Report on Form 10-K for further discussion.

Other income

In 2020, the Company entered into a contract with a provider to supply the Company with electrical power. If the Company does not utilize all of its fixed purchase volumes under this contract, then it will receive a credit based on a market rate for the related underutilization. In February 2021, in conjunction with increased power pricing due to the Texas freeze event and underutilization of contractual electricity volumes, the Company recognized an estimated credit of approximately \$9.7 million for the year ended December 31, 2021. No credits were recognized for the year ended December 31, 2020.

The remainder of the increase to other income primarily relates to the Company recording a gain on the sale of certain non-core assets of \$1.2 million for the year ended December 31, 2021 compared to a loss on the sale of certain non-core assets of \$2.2 million for the year ended December 31, 2020.

Financing costs, net of capitalized interest

Financing costs incurred, net of capitalized interest, includes increases in interest expense not eligible to have interest capitalized related to balances drawn on Altus Midstream's credit facility throughout the current year. The changes to gross interest expense for the years presented is insignificant.

Provisions for income taxes

Current income tax benefit for the years ended December 31, 2021 and 2020 were a benefit of nil and \$0.7 million, respectively. On March 27, 2020, the President signed into law the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in response to the COVID-19 pandemic. Under the CARES Act, 100 percent of net operating losses arising in tax years beginning after December 31, 2017, and before January 1, 2021 may be carried back to each of the five preceding tax years of such loss. For the year ended December 31, 2020, the Company recorded a current income tax benefit of \$0.7 million associated with a net operating loss carryback claim.

The Company recorded no deferred income tax expense for the years ended December 31, 2021 and 2020.

Please refer to Note 12-Income Taxes set forth in Part IV, Item 15 of this Annual Report on Form 10-K for further discussion.

Key Performance Metric-EBITDA

Net income before income taxes was \$99.2 million for the year ended December 31, 2021, an increase of \$18.2 million from a net income before income taxes of \$81.0 million for the year ended December 31, 2020. The increase in net income before income taxes was primarily driven by a \$118.2 million decrease to expense related to the fair value measurement of an embedded derivative at December 31, 2021, a \$55.0 million increase due to higher income from the Equity Method Interest Pipelines, an increase of \$12.2 million in total revenues, a \$5.2 million decrease in operations and maintenance expenses, a \$1.2 million decrease in impairment expense and an increase of \$14.9 million in other income compared to the prior year period (as discussed above). The increases to net income were offset by a \$160.4 million impairment of an equity method interest at December 31, 2021, a \$14.6 million increase in costs of product sales, an \$8.4 million increase in interest expense from lower capitalized interest, and a net increase of \$5.1 million in transaction and various other costs of the Company.

Adjusted EBITDA increased by \$92.6 million for the year ended December 31, 2021 compared to the prior year period. Adjusted EBITDA, which excludes the impacts of depreciation, accretion, impairments, and the changes to the embedded derivative, benefited from an incremental \$22.3 million increase related to excluding depreciation, and interest in the Company's proportionate share of EBITDA from the Equity Method Interest Pipelines. This amount was further benefited by a decrease of \$2.4 million, in the aggregate, of various other insignificant costs of the Company.

For additional information, see the section titled *Altus Midstream Operational Metrics-Adjusted EBITDA* above.

Capital Resources and Liquidity

The Company's primary use of capital since inception has been for the initial construction of gathering and processing assets, as well as the acquisition of the Equity Method Interest Pipelines and associated subsequent construction costs. For 2022, the Company's primary spending requirements are anticipated to be related to the

Company's payment of a quarterly cash dividend on its Class A Common Stock as may be declared by its board of directors and payment of the Company's quarterly distribution to the Preferred Unit limited partners.

During 2021, the Company's primary sources of cash were distributions from the Equity Method Interest Pipelines, borrowings under the revolving credit facility, and cash generated from operations. Based on Altus' current financial plan and related assumptions, the Company believes that cash from operations, a reduced capital program for its midstream infrastructure, and distributions from the Equity Method Interest Pipelines will generate cash flows in excess of capital expenditures and the amount required to fund the Company's planned quarterly dividend and quarterly payments to the Preferred Unit limited partners during 2022.

Given recent crude oil price volatility and uncertain economic activity resulting from the COVID-19 pandemic and related governmental actions, the Company continues to monitor expected natural gas throughput volumes from Apache and capacity utilization of the Equity Method Interest Pipelines. Further, given the pending BCP Business Combination noted above, together with the recent price volatility and continuing economic uncertainty related to COVID-19, future projections remain dynamic. Altus' results, including projections related to capital resources and liquidity, could be materially affected by the continuing COVID-19 pandemic and the effects of the BCP Business Combination if closed.

Altus Midstream Capital Requirements

During 2021 and 2020, capital spending for midstream infrastructure assets totaled \$4.6 million and \$30.0 million, respectively. Management believes its existing gathering, processing, and transmission infrastructure capacity is capable of fulfilling its midstream contracts to service Apache's production from Alpine High and any potential third-party customers. As such, the Company expects remaining capital requirements for its existing infrastructure assets during 2022 to be minimal.

Additionally, during the years ended December 31, 2021 and 2020, the Company made cash contributions totaling \$28.4 million and \$327.3 million, respectively, for the Equity Method Interest Pipelines, which includes the following equity interest ownership stakes:

- a 16.0 percent interest in GCX;
- a 15.0 percent interest in EPIC;
- an approximate 26.7 percent interest in PHP; and
- a 33.0 percent interest in Shin Oak.

The Company estimates it will incur minimal capital contributions during 2022 for its equity interest in these joint venture pipelines. The Company anticipates its existing capital resources will be sufficient to fund the Company's future capital expenditures for the Equity Method Interest Pipelines and the Company's existing infrastructure assets. For further information on the Equity Method Interest Pipelines, refer to Note 9-Equity Method Interests in the Notes to Consolidated Financial Statements set forth in Part IV, Item 15 of this Annual Report on Form 10-K.

Altus Midstream Class A Common Stock Dividend and Common Units Distributions

During 2021, the Company paid an aggregate \$22.5 million in dividends on the Company's Class A Common Stock, of which \$5.6 million, or \$1.50 per share, was paid in each quarter of 2021. Each quarterly Class A Common Stock dividend was funded by a distribution from Altus Midstream to its common unitholders of \$1.50 per Common Unit, with each quarterly distribution totaling \$24.4 million, of which \$5.6 million was paid to the Company and the balance was paid to Apache. For more information please refer to Note 2-Transactions with Affiliates and Note 10-Equity and Warrants in the Notes to the Consolidated Financial Statements set forth in Part IV, Item 15 of this Annual Report on Form 10-K.

Sources and Uses of Cash

The following table presents the sources and uses of the Company's cash and cash equivalents for the periods presented.

	For the Year Ended December 31,	
	2021	2020
	(In thousands)	
Sources of cash and cash equivalents:		
Proceeds from revolving credit facility	\$ 33,000	\$ 228,000
Proceeds from sale of assets	3,037	10,240
Capital distributions from equity method interests	38,755	17,419
Net cash provided by operating activities	209,719	164,294
	284,511	419,953
Uses of cash and cash equivalents:		
Capital expenditures ⁽¹⁾	(4,588)	(29,981)
Distributions paid to Preferred Unit limited partners	(46,249)	(23,124)
Contributions to equity method interests	(28,420)	(327,305)
Distributions paid to Apache limited partner	(75,000)	-
Dividends paid	(22,479)	-
Finance lease payments	-	(11,789)
Deferred facility fees	-	(816)
Capitalized interest paid	-	(8,733)
	(176,736)	(401,748)
Increase in cash and cash equivalents	\$ 107,775	\$ 18,205

- (1) The table presents capital expenditures on a cash basis; therefore, the amounts may differ from those discussed elsewhere in this document, which include accruals.

Liquidity

The following table presents a summary of the Company's key financial indicators at the dates presented:

	December 31, 2021	December 31, 2020
	(In thousands)	
Cash and cash equivalents	\$ 131,963	\$ 24,188
Total debt	657,000	624,000
Available committed borrowing capacity	141,000	176,000

Cash and cash equivalents

At December 31, 2021 and December 31, 2020, the Company had \$132.0 million and \$24.2 million, respectively, in cash and cash equivalents. The majority of the cash is invested in highly liquid, investment-grade instruments with maturities of three months or less at the time of purchase.

Debt

As of December 31, 2021 and December 31, 2020, the Company had debt outstanding totaling \$657.0 million and \$624.0 million, respectively.

Available credit facilities

In November 2018, Altus Midstream entered into a revolving credit facility for general corporate purposes that matures in November 2023 (subject to Altus Midstream's two, one year extension options). The agreement for this revolving credit facility, as amended (the Amended Credit Agreement), provides aggregate commitments from a syndicate of banks of \$800.0 million. The aggregate commitments include a letter of credit subfacility of up to \$100.0 million and a swingline loan subfacility of up to \$100.0 million. Altus Midstream may increase commitments up to an aggregate \$1.5 billion by adding new lenders or obtaining the consent of any increasing existing lenders. As of December 31, 2021 there were \$657.0 million of borrowings and a \$2.0 million letter of credit outstanding under this facility. As of December 31, 2020, there were \$624.0 million of borrowings and no letters of credit outstanding under this facility.

Altus Midstream's revolving credit facility is unsecured and is not guaranteed by the Company, Apache, APA Corporation or any of their respective subsidiaries.

At Altus Midstream's option, the interest rate per annum for borrowings under this amended credit facility is either a base rate, as defined, plus a margin, or the London Interbank Offered Rate (LIBOR), plus a margin. Altus Midstream also pays quarterly a facility fee at a rate per annum on total commitments. The margins and the facility fee vary based upon (i) the Leverage Ratio (as defined below) until Altus Midstream has a senior long-term debt rating and (ii) such senior long-term debt rating once it exists. The Leverage Ratio is the ratio of (1) the consolidated indebtedness of Altus Midstream and its restricted subsidiaries to (2) EBITDA (as defined in the Amended Credit Agreement) of Altus Midstream and its restricted subsidiaries for the 12-month period ending immediately before the determination date. At December 31, 2021, the base rate margin was 0.05 percent, the LIBOR margin was 1.05 percent, and the facility fee was 0.20 percent. In addition, a commission is payable quarterly to the lenders on the face amount of each outstanding letter of credit at a per annum rate equal to the LIBOR margin then in effect. Customary letter of credit fronting fees and other charges are payable to issuing banks.

The Amended Credit Agreement contains restrictive covenants that may limit the ability of Altus Midstream and its restricted subsidiaries to, among other things, incur additional indebtedness or guaranty indebtedness, sell assets, make investments in unrestricted subsidiaries, enter into mergers, make certain payments and distributions, incur liens on certain property securing indebtedness, and engage in certain other transactions without the prior consent of the lenders. Altus Midstream also is subject to a financial covenant under the Amended Credit Agreement, which requires it to maintain a Leverage Ratio not exceeding 5.00:1.00 at the end of any fiscal quarter, starting with the quarter ended December 31, 2019, except that during the period of up to one year following a qualified acquisition, the Leverage

Ratio cannot exceed 5.50:1.00 at the end of any fiscal quarter. Unless the Leverage Ratio is less than or equal to 4.00:1.00, the Amended Credit Agreement limits distributions in respect of Altus Midstream LP's capital to \$30 million per calendar year until either (i) the consolidated net income of Altus Midstream LP and its restricted subsidiaries, as adjusted pursuant to the Amended Credit Agreement, for three consecutive calendar months equals or exceeds \$350.0 million on an annualized basis or (ii) Altus Midstream LP has a specified senior long-term debt rating; in addition, before the occurrence of one of those two events, the Leverage Ratio must be less than or equal to 5.00:1.00. In no event can any distribution be made that would, after giving effect to it on a pro forma basis, result in a Leverage Ratio greater than (i) 5.00:1.00 or (ii) for a specified period after a qualifying acquisition, 5.50:1.00. The Leverage Ratio as of December 31, 2021 was less than 4.00:1.00.

The terms of Altus Midstream's Preferred Units also contain certain restrictions on distributions on Altus Midstream LP's Common Units, including the Common Units held by the Company, and any other units that rank junior to the Preferred Units with respect to distributions or distributions upon liquidation. Refer to Note 11-Series A Cumulative Redeemable Preferred Units in the Notes to Consolidated Financial Statements set forth in Part IV, Item 15 of this Annual Report on Form 10-K for further information. In addition, the amount of any cash distributions to Altus Midstream LP by any entity in which it has an interest accounted for by the equity method is subject to such entity's compliance with the terms of any debt or other agreements by which it may be bound, which in turn may impact the amount of funds available for distribution by Altus Midstream LP to its partners.

There are no clauses in the Amended Credit Agreement that permit the lenders to accelerate payments or refuse to lend based on unspecified material adverse changes. The Amended Credit Agreement has no drawdown restrictions or prepayment obligations in the event of a decline in credit ratings. However, the agreement allows the lenders to accelerate payment maturity and terminate lending and issuance commitments for nonpayment and other breaches, and if Altus Midstream or any of its restricted subsidiaries defaults on other indebtedness in excess of the stated threshold, is insolvent, or has any unpaid, non-appealable judgment against it for payment of money in excess of the stated threshold. Lenders may also accelerate payment maturity and terminate lending and issuance commitments if Altus Midstream undergoes a specified change in control or has specified pension plan liabilities in excess of the stated threshold. Altus Midstream was in compliance with the terms of the Amended Credit Agreement as of December 31, 2021.

There is no assurance that the financial condition of banks with lending commitments to Altus Midstream will not deteriorate. Altus closely monitors the ratings of the banks in the Company's bank group. Having a large bank group allows the Company to mitigate the potential impact of any bank's failure to honor its lending commitment.

Series A Cumulative Redeemable Preferred Units

On June 12, 2019, Altus Midstream issued and sold the Preferred Units in a private offering exempt from the registration requirements of the Securities Act (the Closing). The Closing occurred pursuant to a Preferred Unit Purchase Agreement among Altus Midstream, the Company, and the purchasers party thereto, dated as of May 8, 2019. A total of 625,000 Preferred Units were sold at a price of \$1,000 per Preferred Unit, for an aggregate issue price of \$625.0 million. Altus Midstream received approximately \$611.2 million in cash proceeds from the sale after deducting transaction costs and discounts to certain purchasers. These proceeds were used to fund ongoing capital contributions related to Altus' Equity Method Interest Pipelines and repayment of outstanding principal on the revolving credit facility (discussed above).

At the Closing, the partners of Altus Midstream entered into a second amended and restated agreement of limited partnership of Altus Midstream LP (the Amended LPA). The Amended LPA provides the terms of the Preferred Units, including the distribution rate, redemption rights, and rights to exchange the Preferred Units for shares of the Company's Class A Common Stock, as well as rights of holders of the Preferred Units to approve certain partnership business, financial, and governance-related matters. The Preferred Units have a perpetual term, unless redeemed or exchanged as described below. Pursuant to the Amended LPA:

- The Preferred Units entitle the holders thereof to receive quarterly distributions at a rate of 7 percent per annum, commencing with the quarter ended June 30, 2019. The rate increases to 10 percent per annum after the fifth anniversary of Closing and upon the occurrence of specified events. For any quarter ending on or prior to December 31, 2020, Altus Midstream could elect to pay distributions on the Preferred Units in-kind and did so in respect of quarters ended on and before March 31, 2020.

- The Preferred Units are redeemable at Altus Midstream's option at any time in cash at a redemption price (the Redemption Price) equal to (a) the greater of (i) an 11.5 percent internal rate of return (increasing to 13.75 percent after the fifth anniversary of Closing), and (ii) a 1.3x multiple of invested capital plus (b) if applicable, the value of any accrued and unpaid distributions. The Preferred Units will be redeemable at the holder's option upon a change of control or liquidation of Altus Midstream and certain other events, including certain asset dispositions. The Company and Altus Midstream remained subsidiaries of Apache upon consummation of the January 2022 direct exchange by the Company and Apache under the Amended LPA, pursuant to which the Company succeeded to Apache's 12.5 million Common Units, issued an additional 12.5 million shares of Class A Common Stock to Apache, and cancelled Apache's 12.5 million shares of Class C Common Stock (as further discussed in Note 10-Equity and Warrants in the Notes to Consolidated Financial Statements set forth in Part IV, Item 15 of this Annual Report on Form 10-K).
- The Preferred Units will be exchangeable for shares of the Company's Class A Common Stock at the option of the Preferred Unit holders after the seventh anniversary of Closing or upon the occurrence of specified events. Each Preferred Unit will be exchangeable for a number of shares of Class A Common Stock equal to the Redemption Price divided by the volume-weighted average trading price of the Class A Common Stock on the Nasdaq Global Select Market for the 20 trading days immediately preceding the second trading day prior to the applicable exchange date, less a 6 percent discount.
- Each outstanding Preferred Unit has a liquidation preference equal to the Redemption Price payable before any amounts are paid in respect of Altus Midstream's Common Units and any other units that rank junior to the Preferred Units with respect to distributions or distributions upon liquidation.
- Altus Midstream is restricted from declaring or making cash distributions on its Common Units until all required distributions on the Preferred Units have been paid. In addition, before the fifth anniversary of Closing, aggregate cash distributions on, and redemptions of, Common Units are limited to \$650.0 million of cash from ordinary course of operations if permitted under Altus Midstream's Amended Credit Agreement. Cash distributions on, and redemptions of, Common Units also are subject to satisfaction of leverage ratio requirements specified in the Amended LPA.

Distributions not paid in accordance with the terms of the Amended LPA attract an additional percentage per annum, cumulative to the distribution rates noted above. Altus Midstream's ability to exercise or satisfy redemption options in cash or pay quarterly distributions is predicated upon Altus Midstream's ability to generate sufficient cash from operations in addition to the availability of borrowing capacity under its existing revolving credit facility.

Since the Preferred Units could be exchangeable for a number of shares of Class A Common Stock equal to 20 percent or more of the Company's outstanding voting power, the Company submitted the potential issuance of such shares for approval of its stockholders (the Stockholder Approval) at its annual stockholder meeting in 2020 and obtained Stockholder Approval.

Off-Balance Sheet Arrangements

Other than the arrangements described herein, the Company has not entered into any transactions, agreements, or other contractual arrangements with unconsolidated entities that are reasonably likely to materially affect its liquidity or capital resource positions.

At the close of the Altus Combination, Apache was granted the right to receive contingent consideration of up to 1,250,000 shares of Class A Common Stock as follows:

- 625,000 shares if the per share closing price of the Class A Common Stock as reported by Nasdaq during any 30-day-trading period ending prior to the fifth anniversary of the Closing Date is equal to or greater than \$280.00 for any 20 trading days within such 30-trading-day period.
- 625,000 shares if the per share closing price of the Class A Common Stock as reported by Nasdaq during any 30-trading-day period ending prior to the fifth anniversary of the Closing Date is equal to or greater than \$320.00 for any 20 trading days within such 30-trading-day period.

All share amounts referenced above have been retrospectively restated to reflect the Company's reverse stock split, which was effected June 30, 2020. For additional information regarding these arrangements, please see Note 10-

Equity and Warrants in the Notes to the Consolidated Financial Statements set forth in Part IV, Item 15 of this Annual Report on Form 10-K.

Contractual Obligations

Altus Midstream exercised four of the Company's five Pipeline Options acquired from Apache at the closing of the Altus Combination. The fifth option to acquire interest in the Salt Creek NGL pipeline was not exercised, and expired during 2020. The Company may be required to fund its proportionate share of future capital expenditures for its equity interest share in the development of the pipelines as referenced. The Company estimates it will incur minimal capital contributions during 2022 for its equity interests.

The Company's midstream assets service Altus Midstream's revenue agreements, which are underpinned by acreage dedications covering Alpine High. There are no minimum volume or firm transportation commitments. Pursuant to these agreements, Altus Midstream is obligated to perform low and high pressure gathering, processing, dehydration, compression, treating, conditioning, and transmission on all volumes produced from the dedicated acreage, so long as Apache has the right to market such gas. Although Altus believes its existing gathering, processing, and transmission infrastructure is expected to provide capacity levels capable of fulfilling its midstream contracts to service Apache's production and additional third-party customers, current capital spending may be increased in future periods if additional cryogenic processing capacity is needed, commensurate with any forecasted throughput increases.

During the fourth quarter of 2020, the Company entered into a three year fixed-rate power contract with a third-party. The Company estimates its minimum obligation will be \$4.7 million and \$3.6 million for 2022 and 2023, respectively. The actual amount incurred will vary based on usage.

Altus Midstream may also be subject to various contingent obligations that become payable only if certain events or rulings were to occur. The inherent uncertainty surrounding the timing of and monetary impact associated with these events or rulings prevents any meaningful accurate measurement, which is necessary to assess settlements resulting from litigation, regulatory, or environmental matters. As of December 31, 2021, there were no accruals or loss contingencies related to such matters. For a detailed discussion of the Company's environmental and legal contingencies, please see Note 8-Commitments and Contingencies in the Notes to Consolidated Financial Statements set forth in Part IV, Item 15 of this Annual Report on Form 10-K.

For additional information regarding the Company's obligations, please see Note 2-Transactions with Affiliates, Note 5-Debt and Financing Costs, and Note 8-Commitments and Contingencies in the Notes to the Consolidated Financial Statements set forth in Part IV, Item 15 of this Annual Report on Form 10-K.

Insurance Program

The Company has the benefit of insurance policies that include coverage for physical damage to assets, general liabilities, business interruption insurance, sudden and accidental pollution, and other risks. Altus' insurance coverage is subject to deductibles or retentions that Altus must satisfy prior to recovering on insurance. Additionally, the insurance coverage is subject to policy exclusions and limitations. There is no assurance that insurance coverage will adequately protect the Company against liability from all potential consequences and damages.

Future insurance coverage for the industry could increase in cost and may include higher deductibles or retentions. In addition, some forms of insurance may become unavailable.

Critical Accounting Estimates

Altus prepares its financial statements and the accompanying notes in conformity with GAAP, which require management to make estimates and assumptions about future events that affect the reported amounts in the financial statements and the accompanying notes. Altus identifies certain accounting policies involving estimation as critical based on, among other things, their impact on the portrayal of Altus' financial condition, results of operations, or liquidity and the degree of difficulty, subjectivity, and complexity in their deployment. Critical accounting estimates cover accounting matters that are inherently uncertain because the future resolution of such matters is unknown. Management routinely discusses the development, selection, and disclosure of each of the critical accounting policies. The following is a discussion of Altus' most critical accounting estimates.

Property, Plant, and Equipment

When assets are placed into service, management makes estimates with respect to useful lives and salvage values that management believes are reasonable. However, subsequent events could cause a change in estimates, thereby impacting future depreciation amounts. Uncertainties that may impact these estimates include, among others, changes in laws and regulations relating to environmental matters, including air and water quality, restoration and abandonment requirements, economic conditions, and supply and demand in the area. Depreciation is computed over the asset's estimated useful life using the straight-line method based on estimated useful lives and asset salvage values.

Impairment of Long-lived Assets

Long-lived assets used in operations, including gathering, processing, and transmission facilities, are evaluated for potential impairment when events or changes in circumstances indicate a possible significant deterioration in future cash flows expected to be generated by an asset group. Individual assets are grouped for impairment purposes based on a judgmental assessment of the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. If there is an indication that the carrying amount of an asset may not be recovered, the asset is assessed for impairment through an established process in which changes to significant assumptions such as service prices, throughput volumes, and future development plans are reviewed. If, upon review, the sum of the undiscounted pre-tax cash flows is less than the carrying value of the asset group, the carrying value is written down to estimated fair value. Because there is usually a lack of quoted market prices for long-lived assets, the fair value of the impaired assets is assessed by management using the income approach.

Under the income approach, the fair value of each asset group is estimated based on the present value of expected future cash flows. The income approach is dependent on a number of key factors and assumptions including estimates of forecasted throughput volumes, operating expenses, commercial development and capital costs, inflation expectations, discount rates, and other variables. Management also evaluates changes in Altus' business and economic conditions and their implications on future development plans and ultimate disposition of the assets. Global and regional economic conditions, including commodity prices and drilling activity by third party customers, may also affect estimated future cash flows.

The final measure of impairment to be recognized, if any, depends upon management's calculation using the income approach; however, management does consider other factors in determining the asset's fair value including indicative values at which similar assets were transferred in recent market transactions, if such data is available. Although the Company bases its fair value measurement of each asset group on assumptions it believes to be reasonable, those assumptions are inherently unpredictable and uncertain, and actual results could differ from the estimates. Negative revisions in throughput estimates, increases in future operating and capital costs, divestitures of significant components of an asset group, or sustained market deterioration in the oil and gas industry could lead to further reductions in expected future cash flows and possibly additional impairments in future periods.

Altus recorded impairments on its gathering, processing, and transmission assets and other fixed assets during 2021, 2020 and 2019. For discussion of these impairments, see [Note 1-Summary of Significant Accounting Policies](#) and [Note 4-Property, Plant, and Equipment](#) in the Notes to Consolidated Financial Statements included in within Part IV, Item 15 of this Annual Report on Form 10-K.

Impairment of Equity Method Interests

Equity method interests are assessed for impairment whenever changes in the facts and circumstances indicate a loss in value has occurred, if the loss is deemed to be other than temporary. When the loss is deemed to be other than temporary, the carrying value of the equity method investment is written down to fair value, and the amount of the write-down is included in income.

Altus recorded an impairment charge on its equity method interest in EPIC during the fourth quarter of 2021. The fair value of the impaired interest was determined using the income approach. The income approach first considered Altus' estimates of future throughput volumes, tariff rates, and costs. These assumptions were applied to develop future operating cash flow projections that were then discounted using a discount rate believed to be consistent with that which would be applied by market participants. The amount arrived at using this approach was then considered against EPIC's debt and the carrying value of Altus' investment in EPIC as of December 31, 2021, resulting

in the fourth quarter impairment charge. Altus has classified this nonrecurring fair value measurement as Level 3 in the fair value hierarchy. Please refer to Note 9-Equity Method Interests, within Part IV, Item 15 of this Annual Report on Form 10-K for further details of the Company's equity method interests. Negative revisions in future estimates of throughput volumes, revenue assumptions or costs related to the Company's equity method interests could lead to further impairments of such interests in future periods.

Income Taxes

Altus' operations are subject to U.S. federal and state taxation on income. The Company records deferred tax assets and liabilities to account for the expected future tax consequences of events that have been recognized in the Company's financial statements and tax returns. Altus routinely assesses the ability to realize its deferred tax assets. If Altus concludes that it is more likely than not that some portion or all of the deferred tax assets will not be realized under accounting standards, the tax asset would be reduced by a valuation allowance. The Company recorded a full valuation allowance against its deferred tax asset as of December 31, 2021 and December 31, 2020.

The Company regularly assesses and, if required, establishes accruals for uncertain tax positions that could result from assessments of additional tax by taxing jurisdictions where the Company operates. The Company recognizes a tax benefit from an uncertain tax position when it is more likely than not that the position will be sustained upon examination, based on the technical merits of the position. These accruals for uncertain tax positions are subject to a significant amount of judgment and are reviewed and adjusted on a periodic basis in light of changing facts and circumstances considering the progress of ongoing tax audits, case law, and any new legislation. There was no material change in the Company's uncertain tax positions in the period.

Fair Value Measurements - Preferred Units Embedded Derivative

As noted in the discussion related to the Preferred Units above, the fair value of the embedded derivative is determined by a range of factors, including expected future interest rates using the Black-Karasinski model, the Company's imputed interest rate, interest rate volatility, the expected timing of periodic cash distributions, the estimated timing for the potential exercise of the exchange option, any anticipated early redemptions of the Preferred Units, and anticipated dividend yields of the Preferred Units. The value of the unrealized derivative liability during the year ended December 31, 2021 decreased by \$82.1 million, primarily driven by a current year assumption that a portion of the Preferred Units will be redeemed before the holders of the Preferred Units could theoretically exercise their exchange option. Absent any changes to assumptions regarding the timing of redemptions in general, a one percent increase in the expected imputed interest rate assumption would significantly increase the value of the embedded derivative liability at any period end, while a one percent decrease would lead a similar decrease in value.

A summary of key assumptions used to value this instrument at December 31, 2021 and 2020 is included below:

	December 31, 2021	December 31, 2020
Range of Altus Midstream Company's Imputed Interest Rate	5.54-11.21%	7.32-11.73%
Interest Rate Volatility ⁽¹⁾	40.08%	37.08%
Expected Time to Exercise of the Exchange Option	4.45 years	5.45 Years
Assumed Number of Units Exchanged	375,000	625,000

(1) A 1% change in either direction of the interest rate volatility assumption in any period would not have a significant effect on the valuation of the embedded feature.

Refer to Note 11-Series A Cumulative Redeemable Preferred Units within Part IV, Item 15 of this Annual Report on Form 10-K for further discussion.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and Qualitative Disclosure About Market Risk

The Company is exposed to various market risks, including the effects of adverse changes in commodity prices and credit risk as described below. The Company continually monitors its market risk exposure, including the impact

and developments related to the COVID-19 pandemic, which introduced significant volatility and uncertainties in the financial markets during 2020 and 2021.

Commodity Price Risk

Currently, a majority of the Company's midstream service agreements are fee-based, with no direct commodity price exposure to oil, natural gas, or NGLs, and only an immaterial portion of the agreements are based on the underlying value of a commodity. However, the Company is indirectly exposed to adverse changes in commodity prices through Apache and potential third-party customers' economic decisions to develop and produce oil and natural gas from which Altus receives revenues for providing gathering, processing, and transmission services.

Fluctuations in commodity prices also impact operating cost elements both directly and indirectly. For example, commodity prices directly impact costs such as power and fuel, which are expenses that increase or decrease in line with changes in commodity prices. Commodity prices also affect industry activity and demand, thus indirectly impacting the cost of items such as labor and equipment rentals. Management regularly reviews the Company's potential exposure to commodity price risk, and may periodically enter into financial or physical arrangements intended to mitigate potential volatility.

Interest Rate Risk

At December 31, 2021, Altus Midstream had \$657.0 million of proceeds drawn on its revolving credit facility. The interest rate for the facility is variable, which exposes the Company to the risk of increased interest expense in the event of increases to short-term interest rates. If interest rates increased by 1.0 percent, the Company's annual consolidated interest expense would have increased by approximately \$6.7 million. Accordingly, results of operations, cash flows, financial condition, and the ability to make cash distributions could be adversely affected by significant increases in interest rates. Altus currently has no interest rate derivative instruments outstanding, but the Company continues to monitor its interest rate exposure and may enter into interest rate derivative instruments in the future if it determines that it is necessary to invest in such instruments in order to mitigate its interest rate risk.

Credit Risk

The Company is subject to credit risk resulting from nonpayment or nonperformance by, or the insolvency or liquidation of, Apache or third-party customers. Any increase in the nonpayment and nonperformance by, or the insolvency or liquidation of, the Company's customers could adversely affect the Company's results of operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary financial information required to be filed under this Item 8 are presented on pages F-1 through F-37 in Part IV, Item 15 of this Annual Report on Form 10-K and are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's Chief Executive Officer and President, in his capacity as principal executive officer, and the Company's Chief Financial Officer and Treasurer, in his capacity as principal financial officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2021, the end of the period covered by this Annual Report on Form 10-K. Based on that evaluation and as of the date of that evaluation, these officers concluded that the Company's disclosure controls and procedures were effective, providing effective means to ensure that the information the Company is required to disclose under applicable laws and regulations is recorded, processed, summarized, and reported within the time periods specified in the Commission's rules and forms and

accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

The Company periodically reviews the design and effectiveness of its disclosure controls, including compliance with various laws and regulations that apply to operations. The Company makes modifications to improve the design and effectiveness of its disclosure controls, and may take other corrective action, if the Company's reviews identify deficiencies or weaknesses in its controls.

Management's Annual Report on Internal Control Over Financial Reporting

The management report called for by Item 308(a) of Regulation S-K is incorporated herein by reference to the "Report of Management on Internal Control Over Financial Reporting," included on page F-1 in Part IV, Item 15 of this Annual Report on Form 10-K.

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act and is not required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act. As such, this Annual Report on Form 10-K does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal controls over financial reporting during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information set forth under the captions “Election of Directors” and “Information About Our Executive Officers” in the proxy statement relating to the Company’s 2022 Annual Meeting of Stockholders, which will be filed no later than 120 days after December 31, 2021 (the Proxy Statement), is incorporated herein by reference.

Code of Ethics

Pursuant to Rule 5610 of the Nasdaq Listing Rules, the Company is required to adopt a code of conduct for its directors, officers, and employees. The Company’s board of directors has adopted the Code of Business Conduct (Code of Conduct), which was most recently revised in December 2020. The Code of Conduct also meets the requirements of a code of ethics under Item 406 of Regulation S-K. You can access the Company’s Code of Conduct on the About - Governance page of the Company’s website at www.altusmidstream.com. Any stockholder who so requests may obtain a printed copy of the Code of Conduct without charge by submitting a request to the Company’s corporate secretary at the address on the cover of this Annual Report on Form 10-K. Changes in and waivers to the Code of Conduct for the Company’s directors, chief executive officer, and certain senior financial officers will be posted on the Company’s website within four business days and maintained for at least 12 months. Information on the Company’s website or any other website is not incorporated by reference into, and does not constitute a part of, this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information set forth under the caption “Executive Compensation” in the Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information set forth under the captions “Securities Ownership and Principal Holders,” “Securities Authorized for Issuance Under Equity Compensation Plans,” and “Delinquent Section 16(a) Reports” (if such a caption is included) in the Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

See Note 2-Transactions with Affiliates of the Company’s financial statements, under Item 8 above, for information regarding payments to or from Apache Corporation. The information set forth under the captions “Certain Business Relationships and Transactions” and “Director Independence” in the Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information set forth under the caption “Ratification of Appointment of Independent Auditor” in the Proxy Statement is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents included in this Annual Report on Form 10-K:

1. Financial Statements

<u>Report of Management on Internal Control Over Financial Reporting</u>	<u>F-1</u>
<u>Report of Independent Registered Public Accounting Firm (PCAOB ID: 42)</u>	<u>F-2</u>
<u>Report of Independent Registered Public Accounting Firm (PCAOB ID: 243)</u>	<u>F-3</u>
<u>Report of Independent Registered Public Accounting Firm (PCAOB ID: 185)</u>	<u>F-4</u>
<u>Report of Independent Registered Public Accounting Firm (PCAOB ID: 243)</u>	<u>F-5</u>
<u>Consolidated Statements of Operations for the Years Ended December 31, 2021, 2020, and 2019</u>	<u>F-6</u>
<u>Statement of Consolidated Comprehensive Income (Loss) for the Years Ended December 31, 2021, 2020, and 2019</u>	<u>F-7</u>
<u>Consolidated Balance Sheet at December 31, 2021 and December 31, 2020</u>	<u>F-8</u>
<u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2021, 2020, and 2019</u>	<u>F-9</u>
<u>Statements of Consolidated Changes in Equity and Noncontrolling Interests for the Years Ended December 31, 2021, 2020, and 2019</u>	<u>F-10</u>
<u>Notes to Consolidated Financial Statements</u>	<u>F-11</u>

2. Financial Statement Schedules

Financial statement schedules have been omitted because they are either not required, not applicable or the information required to be presented is included in the Company's financial statements and related notes.

Pursuant to Rule 3-09 of Regulation S-X, the audited financial statements of Gulf Coast Express Pipeline LLC, Breviloba, LLC, Permian Highway Pipeline LLC, and EPIC Crude Holdings, LP, which are equity method interests of the Company, are included in the Annual Report on Form 10-K as Exhibits 99.1, 99.2, 99.3, and 99.4, respectively.

3. Exhibits

INDEX TO EXHIBITS

EXHIBIT NO.	DESCRIPTION
2.1***	- <u>Contribution Agreement, dated as of August 8, 2018, by and among Kayne Anderson Acquisition Corp., Altus Midstream LP, Apache Midstream LLC, Altus Midstream Gathering LP, Altus Midstream Pipeline LP, Altus Midstream Processing LP, Altus Midstream NGL Pipeline LP and Altus Midstream Subsidiary GP LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on August 8, 2018, SEC File No. 001-38048).</u>
2.2***	- <u>Contribution Agreement, dated as of October 21, 2021, by and among Altus Midstream Company, Altus Midstream LP, New BCP Raptor Holdco, LLC and BCP Raptor Holdco, LP (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on October 21, 2021, SEC File No. 001-38048).</u>
3.1	- <u>Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 001-38048).</u>

- 3.2 - First Amendment to Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on July 1, 2020, SEC File No. 001-38048).
- 3.3 - Bylaws (incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form S-1 filed on March 7, 2017, SEC File No. 333-216514).
- 4.1 - Description of Securities of the Registrant (incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, SEC File No. 001-38048).
- 4.2 - Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.2 to the Company's Amendment No. 1 to Registration Statement on Form S-1/A filed on March 16, 2017, SEC File No. 333-216514).
- 4.3 - Specimen Warrant Certificate (incorporated by reference to Exhibit 4.3 to the Company's Amendment No. 1 to Registration Statement on Form S-1/A filed on March 16, 2017, SEC File No. 333-216514).
- 4.4 - Warrant Agreement, dated March 29, 2017, by and between American Stock Transfer & Trust Company, LLC and the Company (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 4, 2017, SEC File No. 001-38048).
- 4.5 - Warrant Agreement, dated as of November 9, 2018, by and between American Stock Transfer & Trust Company, LLC and the Company (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 001-38048).
- 4.6 - Stockholders Agreement, dated as of November 9, 2018, by and among Altus Midstream Company, Kayne Anderson Sponsor, LLC and Apache Midstream LLC (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 001-38048).
- 4.7 - Amended and Restated Registration Rights Agreement, dated as of November 9, 2018, by and among Altus Midstream Company, Kayne Anderson Sponsor, LLC, the other holders party thereto and Apache Midstream LLC (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 001-38048).
- 4.8 - Registration Rights Agreement, dated as of June 12, 2019, by and among Altus Midstream Company and the security holders party thereto (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 14, 2019, SEC File No. 001-38048).
- 10.1 - Credit Agreement, dated as of November 9, 2018, among Altus Midstream, LP, the lenders party thereto, the issuing banks party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Wells Fargo Bank, National Association, as Syndication Agent, Citibank, N.A., Bank of America, N.A., The Toronto-Dominion Bank, New York Branch, MUFG Bank Ltd., and The Bank of Nova Scotia, Houston Branch, as Co-Documentation Agents (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 001-38048).
- 10.2 - First Amendment to Credit Agreement, dated as of April 17, 2019 but effective May 8, 2019, among Altus Midstream LP, the lenders party thereto, the swingline lender party thereto, the issuing banks party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agents party thereto (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 13, 2019, SEC File No. 001-38048).
- 10.3 - Second Amendment to Credit Agreement, dated as of February 7, 2020, among Altus Midstream LP, the lenders party thereto, the swingline lender party thereto, the issuing banks party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agents party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 11, 2020, SEC File No. 001-38048).
- 10.4 - Construction, Operations and Maintenance Agreement, dated as of November 9, 2018, by and between Altus Midstream Company and Apache Corporation (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 001-38048).

- 10.5 - Side Letter re: Waiver of Direct G&A Costs, dated as of April 23, 2019, by and between Altus Midstream Company and Apache Corporation (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed May 2, 2019, SEC File No. 001-38048).
- 10.6 - Purchase Rights and Restrictive Covenants Agreement, dated as of November 9, 2018, by and between Altus Midstream Company and Apache Corporation (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 001-38048).
- 10.7 - Lease Agreement, dated as of November 9, 2018, by and between Apache Corporation and Altus Midstream LP (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 001-38048).
- 10.8 - First Amendment to Lease Agreement, dated effective July 27, 2020, by and between Apache Corporation and Altus Midstream LP (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020, SEC File No. 001-38048)
- 10.9 - Trademark License Agreement, dated as of November 9, 2018, by and between Apache Corporation and Altus Midstream LP (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 001-38048).
- 10.10 - Trademark License Agreement, dated as of November 9, 2018, by and between Apache Corporation and Kayne Anderson Acquisition Corp. (n/k/a Altus Midstream Company) (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 001-38048).
- 10.11‡ - Intrastate Firm Natural Gas Transportation Service Agreement, dated April 1, 2017, by and between Apache Corporation and Altus Midstream Pipeline LP (incorporated by reference to Exhibit 10.15 of the Company's Annual Report on Form 10-K for year ended December 31, 2018, SEC File No. 001-38048).
- 10.12‡ - Gas Gathering Agreement, dated July 1, 2018, by and between Apache Corporation and Altus Midstream Gathering LP (incorporated by reference to Exhibit 10.17 of the Company's Annual Report on Form 10-K for year ended December 31, 2018, SEC File No. 001-38048).
- 10.13‡ - Transportation Services Agreement, dated July 1, 2018, by and between Apache Corporation and Altus Midstream NGL Pipeline LP (incorporated by reference to Exhibit 10.18 of the Company's Annual Report on Form 10-K for year ended December 31, 2018, SEC File No. 001-38048).
- 10.14‡ - Gas Processing Agreement, dated effective September 1, 2021, by and between Apache Corporation and Altus Midstream Processing LP (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 14, 2021, SEC File No. 001-38048).
- 10.15† - Altus Midstream Company Restricted Stock Units Plan, dated December 17, 2018 (incorporated by reference to Exhibit 10.19 of the Company's Annual Report on Form 10-K for year ended December 31, 2018, SEC File No. 001-38048).
- 10.16† - Form of Director Grant Agreement, dated December 17, 2018 (incorporated by reference to Exhibit 10.20 of the Company's Annual Report on Form 10-K for year ended December 31, 2018, SEC File No. 001-38048).
- 10.17† - Altus Midstream Company 2019 Omnibus Compensation Plan, dated February 12, 2019, effective May 30, 2019 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed May 31, 2019, SEC File No. 001-38048).
- 10.18† - Altus Midstream Company Deferred Delivery Plan, dated May 30, 2019 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 31, 2019, SEC File No. 001-38048).
- 10.19 - Second Amended and Restated Agreement of Limited Partnership of Altus Midstream LP, dated as of June 12, 2019 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 14, 2019, SEC File No. 001-38048).

- 10.20 - First Amendment to Second Amended and Restated Agreement of Limited Partnership of Altus Midstream LP, dated as of June 30, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020, SEC File No. 001-38048).
- 10.21 - Voting Agreement, dated as of June 12, 2019, by and among Apache Corporation, Altus Midstream Company, and the purchasers party thereto (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 14, 2019, SEC File No. 001-38048).
- 21.1* - Subsidiaries of the Company.
- 23.1* - Consent of Ernst & Young LLP.
- 23.2* - Consent of Ernst & Young LLP.
- 23.3* - Consent of BDO USA, LLP relating to the financial statements of Gulf Coast Express Pipeline LLC.
- 23.4* - Consent of BDO USA, LLP relating to the financial statements of Permian Highway Pipeline LLC.
- 23.5* - Consent of KPMG LLP.
- 24.1* - Power of Attorney (included on signature page hereto).
- 31.1* - Certification of the Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a).
- 31.2* - Certification of the Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a).
- 32.1** - Certification of the Principal Executive Officer and Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(b) and 18 U.S.C. 1350.
- 99.1* - Gulf Coast Express Pipeline LLC audited financial statements as of December 31, 2021.
- 99.2* - Breviloba, LLC audited financial statements as of December 31, 2021.
- 99.3* - Permian Highway Pipeline LLC audited financial statements as of December 31, 2021.
- 99.4* - EPIC Crude Holdings, LP audited financial statements as of December 31, 2020.
- 101.INS* - Inline XBRL Instance Document. (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
- 101.SCH* - Inline XBRL Taxonomy Schema Document.
- 101.CAL* - Inline XBRL Calculation Linkbase Document.
- 101.DEF* - Inline XBRL Definition Linkbase Document.
- 101.LAB* - Inline XBRL Label Linkbase Document.
- 101.PRE* - Inline XBRL Presentation Linkbase Document.
- 104* - Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

** Furnished herewith

*** Schedules and exhibits to this Exhibit have been omitted pursuant to Regulation S-K Item 601(b)(2). The Company agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request.

† Management contracts or compensatory plans or arrangements required to be filed herewith pursuant to Item 15 hereof.

‡ Portions have been omitted pursuant to Regulation S-K Item 601(b)(10)(iv), because the omitted information is both not material and is the type that the Company treats as private or confidential.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

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

ALTUS MIDSTREAM COMPANY

/s/ Clay Bretches
Clay Bretches
Chief Executive Officer and President

Dated: February 22, 2022

POWER OF ATTORNEY

The officers and directors of Altus Midstream Company, whose signatures appear below, hereby constitute and appoint Clay Bretches and Ben C. Rodgers, and each of them (with full power to each of them to act alone), the true and lawful attorney-in-fact to sign and execute, on behalf of the undersigned, any amendment(s) to this report and each of the undersigned does hereby ratify and confirm all that said attorneys shall do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Clay Bretches</u> Clay Bretches	Director, Chief Executive Officer, and President (principal executive officer)	February 22, 2022
<u>/s/ Ben C. Rodgers</u> Ben C. Rodgers	Director, Chief Financial Officer, and Treasurer (principal financial officer)	February 22, 2022
<u>/s/ Rebecca A. Hoyt</u> Rebecca A. Hoyt	Senior Vice President, Chief Accounting Officer and Controller (principal accounting officer)	February 22, 2022
<u>/s/ Mark Borer</u> Mark Borer	Director	February 22, 2022
<u>/s/ Staci L. Burns</u> Staci L. Burns	Director	February 22, 2022
<u>/s/ Joe C. Frana</u> Joe C. Frana	Director	February 22, 2022
<u>/s/ D. Mark Leland</u> D. Mark Leland	Director	February 22, 2022
<u>/s/ Kevin S. McCarthy</u> Kevin S. McCarthy	Director	February 22, 2022
<u>/s/ Christopher J. Monk</u> Christopher J. Monk	Director	February 22, 2022
<u>/s/ Stephen P. Noe</u> Stephen P. Noe	Director	February 22, 2022
<u>/s/ Robert S. Purgason</u> Robert S. Purgason	Director	February 22, 2022
<u>/s/ Jon W. Sauer</u> Jon W. Sauer	Director, Chairman of the Board, and Senior Vice President	February 22, 2022

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REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for the preparation and integrity of the consolidated financial statements appearing in this annual report on Form 10-K. The financial statements were prepared in conformity with accounting principles generally accepted in the United States and include amounts that are based on management's best estimates and judgments.

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements. Our internal control over financial reporting is supported by a program of internal audits and appropriate reviews by management, written policies and guidelines, careful selection and training of qualified personnel and a written code of business conduct adopted by our Company's board of directors, applicable to all Company directors and all officers of our Company.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and even when determined to be effective, can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013). Based on our assessment, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2021.

The Company's independent auditors, Ernst & Young LLP, a registered public accounting firm, are appointed by the Audit Committee of the Company's board of directors. Ernst & Young LLP have audited and reported on the consolidated financial statements of Altus Midstream Company and its subsidiaries. The report of the independent auditors follows this report on page F-2.

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act and is not required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act. As such, this annual report on Form 10-K does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting.

/s/ Clay Bretches

Chief Executive Officer and President
(principal executive officer)

/s/ Ben C. Rodgers

Chief Financial Officer and Treasurer
(principal financial officer)

/s/ Rebecca A. Hoyt

Senior Vice President, Chief Accounting Officer and
Controller
(principal accounting officer)

Houston, Texas

February 22, 2022

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Altus Midstream Company:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Altus Midstream Company (the Company) as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income (loss), cash flows and changes in equity and noncontrolling interests for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We did not audit the financial statements of Gulf Coast Express Pipeline LLC (“GCX”), an entity in which the Company has a 16% interest, for the years ended December 31, 2021, 2020 and 2019; EPIC Crude Holdings, LP (“EPIC”), an entity in which the Company has a 15% interest, for the year ended December 31, 2020; or Permian Highway Pipeline LLC (“PHP”), an entity in which the Company has an approximately 26.7% interest, for the year ended December 31, 2019. In the consolidated financial statements, the Company’s equity method interest in GCX is stated at approximately \$274 million and \$284 million as of December 31, 2021 and 2020, respectively, and the Company’s income from equity method interest, net, of GCX is stated at approximately \$40 million in 2021, \$42 million in 2020, and \$18 million in 2019. The Company’s equity method interest in EPIC is approximately \$177 million as of December 31, 2020, and the Company’s loss from equity method interest, net, of EPIC is approximately \$16 million for the year ended December 31, 2020. The Company’s equity method interest in PHP is approximately \$310 million as of December 31, 2019, and the Company’s income from equity method interest, net, of PHP is approximately \$0.4 million for the year ended December 31, 2019. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for GCX, EPIC and PHP, is based solely on the reports of the other auditors.

Basis for Opinion

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

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

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

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2018.

Houston, Texas
February 22, 2022

Report of Independent Registered Public Accounting Firm

Board of Directors and Members
Gulf Coast Express Pipeline LLC
Houston, Texas

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Gulf Coast Express Pipeline LLC (the “Company”) as of December 31, 2021 and 2020, the related statements of income, members’ equity and cash flows for each of the three years ended December 31, 2021, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

Critical Audit Matters

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

Emphasis of Matter - Significant Transactions with Related Parties

As discussed in Note 4 to the financial statements, the Company has entered into significant transactions with related parties.

/s/ BDO USA, LLP

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

Houston, Texas
February 16, 2022

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Owners
EPIC Crude Holdings, LP:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of EPIC Crude Holdings, LP and subsidiaries (the Partnership) as of December 31, 2020, the related consolidated statements of operations, changes in owners' equity, and cash flows for the year then ended, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2020, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

The consolidated financial statements of the Partnership as of December 31, 2019 and for the year then ended were audited by other auditors whose report dated March 11, 2020, expressed an unmodified opinion on those consolidated financial statements.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ KPMG LLP

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

San Antonio, Texas
February 25, 2021

Report of Independent Registered Public Accounting Firm

Board of Directors and Members
Permian Highway Pipeline LLC
Houston, Texas

Opinion on the Financial Statements

We have audited the accompanying statements of operations, members' equity, and cash flows of Permian Highway Pipeline LLC (the "Company") for the year ended December 31, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the results of its operations and its cash flows for the year ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

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

Emphasis of Matter - Significant Transactions with Related Parties

As discussed in Note 3 to the financial statements, the Company has entered into significant transactions with related parties.

/s/ BDO USA, LLP

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

Houston, Texas
March 16, 2020

ALTUS MIDSTREAM COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended December 31,		
	2021	2020	2019
	(In thousands, except per share data)		
REVENUES:			
Midstream services revenue - affiliate (Note 3)	\$ 142,727	\$ 144,714	\$ 135,798
Product sales - affiliate (Note 3)	9,754	-	-
Product sales - third parties	8,136	3,695	-
Total revenues	160,617	148,409	135,798
COSTS AND EXPENSES:			
Costs of product sales - affiliate (Note 3)	9,754	-	-
Costs of product sales - third parties	7,793	2,988	-
Operations and maintenance ⁽¹⁾	32,748	37,993	55,858
General and administrative ⁽²⁾	14,182	13,155	10,301
Depreciation and accretion	16,201	15,945	41,480
Impairments	441	1,643	1,300,719
Taxes other than income	13,886	15,069	13,231
Total costs and expenses	95,005	86,793	1,421,589
OPERATING INCOME (LOSS)	65,612	61,616	(1,285,791)
Unrealized derivative instrument gain (loss)	82,114	(36,080)	(8,470)
Interest income	4	9	3,606
Income from equity method interests, net	113,764	58,739	19,069
Impairment on equity method interests	(160,441)	-	-
Warrants valuation adjustment	664	1,200	11,180
Transaction costs	(4,472)	-	-
Other	12,574	(2,306)	(622)
Total other income	44,207	21,562	24,763
Financing costs, net of capitalized interest	10,598	2,190	1,792
NET INCOME (LOSS) BEFORE INCOME TAXES	99,221	80,988	(1,262,820)
Current income tax benefit	-	(696)	(15)
Deferred income tax expense	-	-	64,915
NET INCOME (LOSS) INCLUDING NONCONTROLLING INTERESTS	99,221	81,684	(1,327,720)
Net income attributable to Preferred Unit limited partners	161,906	75,906	38,809
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	(62,685)	5,778	(1,366,529)
Net income (loss) attributable to Apache limited partner	(48,741)	2,987	(1,008,039)
NET INCOME (LOSS) ATTRIBUTABLE TO CLASS A COMMON SHAREHOLDERS	\$ (13,944)	\$ 2,791	\$ (358,490)
NET INCOME (LOSS) ATTRIBUTABLE TO CLASS A COMMON SHAREHOLDERS, PER SHARE ⁽³⁾			
Basic	\$ (3.72)	\$ 0.75	\$ (95.70)
Diluted	(3.86)	0.36	(95.70)
WEIGHTED AVERAGE SHARES ⁽³⁾			

Basic	3,746	3,746	3,746
Diluted	16,246	16,246	3,746

- (1) Includes amounts of \$5.6 million, \$5.4 million, and \$8.8 million associated with related parties for the years ended December 31, 2021, 2020, and 2019, respectively. Refer to Note 2-Transactions with Affiliates.
- (2) Includes amounts of \$9.1 million, \$7.0 million, and \$5.4 million associated with related parties for the years ended December 31, 2021, 2020, and 2019, respectively. Refer to Note 2-Transactions with Affiliates.
- (3) Share and per share amounts have been retroactively restated to reflect the Company's reverse stock split, which was effected June 30, 2020. Refer to Note-10 Equity and Warrants for further information.

The accompanying notes to consolidated financial statements are an integral part of this statement.

ALTUS MIDSTREAM COMPANY
STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME (LOSS)

	For the Year Ended December 31,		
	2021	2020	2019
	(In thousands)		
NET INCOME (LOSS) INCLUDING NONCONTROLLING INTERESTS	\$ 99,221	\$ 81,684	\$ (1,327,720)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:			
Share of equity method interests other comprehensive income (loss)	630	523	(1,152)
COMPREHENSIVE INCOME (LOSS) INCLUDING NONCONTROLLING INTERESTS	99,851	82,207	(1,328,872)
Comprehensive income attributable to Preferred Unit limited partners	161,906	75,906	38,809
Comprehensive income (loss) attributable to Apache limited partner	(48,256)	3,389	(1,008,925)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO CLASS A COMMON SHAREHOLDERS	\$ (13,799)	\$ 2,912	\$ (358,756)

The accompanying notes to consolidated financial statements are an integral part of this statement.

**ALTUS MIDSTREAM COMPANY
CONSOLIDATED BALANCE SHEET**

	December 31,	
	2021	2020
	(In thousands, except per share data)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 131,963	\$ 24,188
Accounts receivable	2,249	1,033
Accounts receivable from Apache Corporation (Note 1)	9,875	446
Revenue receivables (Note 3)	13,717	11,378
Inventories	2,958	3,597
Prepaid assets and other	5,866	2,127
	166,628	42,769
PROPERTY, PLANT, AND EQUIPMENT:		
Property, plant, and equipment	211,700	208,870
Less: Accumulated depreciation and accretion	(24,713)	(13,034)
	186,987	195,836
OTHER ASSETS:		
Equity method interests	1,364,826	1,555,182
Deferred charges and other	6,229	5,843
	1,371,055	1,561,025
Total assets	\$ 1,724,670	\$ 1,799,630
LIABILITIES, NONCONTROLLING INTERESTS, AND EQUITY		
CURRENT LIABILITIES:		
Distributions payable to Preferred Unit limited partners	\$ 11,562	\$ -
Dividends payable	-	5,620
Distributions payable to Apache Corporation (Note 1)	-	18,750
Other current liabilities (Note 6)	15,682	5,613
	27,244	29,983
LONG-TERM DEBT	657,000	624,000
DEFERRED CREDITS AND OTHER NONCURRENT LIABILITIES:		
Asset retirement obligation	68,331	64,062
Embedded derivative	56,895	139,009
Other noncurrent liabilities	10,118	6,424
	135,344	209,495
Total liabilities	819,588	863,478
COMMITMENTS AND CONTINGENCIES (Note 8)		
Redeemable noncontrolling interest - Apache limited partner	769,855	575,125
Redeemable noncontrolling interest - Preferred Unit limited partners	712,476	608,381
EQUITY:		

Class A Common Stock: \$0.0001 par, 1,500,000,000 shares authorized, 3,746,460 shares issued and outstanding at December 31, 2021 and 2020 ⁽¹⁾	1	1
Class C Common Stock: \$0.0001 par, 1,500,000,000 shares authorized, 12,500,000 shares issued and outstanding at December 31, 2021 and 2020 ⁽¹⁾	1	1
Additional paid-in capital	-	122,222
Accumulated deficit	(577,251)	(369,433)
Accumulated other comprehensive loss	-	(145)
	<u>(577,249)</u>	<u>(247,354)</u>
Total liabilities, noncontrolling interests, and equity	<u>\$ 1,724,670</u>	<u>\$ 1,799,630</u>

- (1) Share amounts have been retroactively restated to reflect the Company's reverse stock split, which was effected June 30, 2020. Refer to [Note 10-Equity and Warrants](#) for further information.

The accompanying notes to consolidated financial statements are an integral part of this statement.

ALTUS MIDSTREAM COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,		
	2021	2020	2019
	(In thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss) including noncontrolling interests	\$ 99,221	\$ 81,684	\$ (1,327,720)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Unrealized derivative instrument (gain) loss	(82,114)	36,080	8,470
Depreciation and accretion	16,201	15,945	41,480
Deferred income tax expense	-	-	64,915
Income from equity method interests, net	(113,764)	(58,739)	(19,069)
Distributions from equity method interests	133,974	80,747	25,316
Impairments	441	1,643	1,300,719
Impairment on equity method interests	160,441	-	-
Power credit, net	(5,701)	-	-
Warrants valuation adjustment	(664)	(1,200)	(11,180)
Other	2,741	3,368	907
Changes in operating assets and liabilities:			
(Increase) decrease in inventories	356	430	(620)
(Increase) decrease in prepaid assets and other	217	(56)	3,877
Increase in accounts receivable	(1,216)	(1,033)	-
(Increase) decrease in revenue receivables (Note 2)	(2,339)	4,083	(4,532)
(Increase) decrease in account receivables from/payable to affiliate	(8,174)	1,043	(6,361)
Increase in accrued expenses	9,353	280	71
Increase in deferred charges, deferred credits and other noncurrent liabilities	746	19	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	209,719	164,294	76,273
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(4,588)	(29,981)	(342,650)
Proceeds from sale of assets	3,037	10,240	13,309
Contributions to equity method interests	(28,420)	(327,305)	(501,352)
Distributions from equity method interests	38,755	17,419	-
Acquisition of equity method interests	-	-	(670,625)
Capitalized interest paid	-	(8,733)	(2,370)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	8,784	(338,360)	(1,503,688)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Redeemable noncontrolling interest - Preferred Unit limited partners, net	-	-	611,249
Distributions paid to Preferred Unit limited partners	(46,249)	(23,124)	-
Distributions paid to Apache limited partner	(75,000)	-	-
Dividends paid	(22,479)	-	-
Proceeds from revolving credit facility	33,000	228,000	396,000
Finance lease	-	(11,789)	(22,994)
Deferred facility fees	-	(816)	(792)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(110,728)	192,271	983,463
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	107,775	18,205	(443,952)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	24,188	5,983	449,935
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 131,963	\$ 24,188	\$ 5,983

SUPPLEMENTAL CASH FLOW DATA:

Accrued capital expenditures ⁽¹⁾	\$	514	\$	834
Finance lease liability ⁽²⁾		-		-
Interest paid, net of capitalized interest		9,540		1,013
Cash received for income tax refunds		-		696

- (1) Includes \$0.8 million due from Apache and \$0.4 million and \$1.5 million due to Apache of capital expenditures for the years ended December 31, 2021, 2020, and 2019, respectively, pursuant to the terms of the Construction, Operations, and Maintenance Agreement entered into at the closing of the Altus Combination. Refer to [Note 2-Transactions with Affiliates](#) for more information.
- (2) The Company entered into a finance lease in the first quarter of 2019 for power generators, which ended during the first quarter of 2020. The Company then exercised its option to purchase the generators.

The accompanying notes to consolidated financial statements are an integral part of this statement.

ALTUS MIDSTREAM COMPANY
STATEMENT OF CONSOLIDATED CHANGES IN EQUITY AND NONCONTROLLING INTERESTS

	Redeemable Noncontrolling Interest - Preferred Unit Limited Partners(2)	Redeemable Noncontrolling Interest - Apache Limited Partner	Class A Common Stock		Class C Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Equity (Deficit)
			Shares(1)	Amount	Shares(1)	Amount				
	(In thousands)		(In thousands)							
Balance at December 31, 2018	\$ -	\$ 1,940,500	3,746	\$ 1	12,500	\$ 1	\$ (22,464)	\$ (204,517)	\$ -	\$ (226,979)
Issuance of Series A Cumulative Redeemable Preferred Units	516,790	-	-	-	-	-	-	-	-	-
Net income (loss)	38,809	(1,008,039)	-	-	-	-	-	(358,490)	-	(358,490)
Change in redemption value of noncontrolling interest	-	(230,575)	-	-	-	-	39,792	190,783	-	230,575
Accumulated other comprehensive loss	-	(886)	-	-	-	-	-	-	(266)	(266)
Balance at December 31, 2019	555,599	701,000	3,746	1	12,500	1	17,328	(372,224)	(266)	(355,160)
Distributions paid to Preferred Unit limited partners	(23,124)	-	-	-	-	-	-	-	-	-
Distributions payable to Apache limited partner	-	(18,750)	-	-	-	-	-	-	-	-
Quarterly Common Dividends declared (\$1.50 per share)	-	-	-	-	-	-	(5,620)	-	-	(5,620)
Net income	75,906	2,987	-	-	-	-	-	2,791	-	2,791
Change in redemption value of noncontrolling interest	-	(110,514)	-	-	-	-	110,514	-	-	110,514
Accumulated other comprehensive income	-	402	-	-	-	-	-	-	121	121
Balance at December 31, 2020	608,381	575,125	3,746	1	12,500	1	122,222	(369,433)	(145)	(247,354)
Distributions paid to Preferred Unit limited partners	(46,249)	-	-	-	-	-	-	-	-	-
Distributions payable to Preferred Unit limited partners	(11,562)	-	-	-	-	-	-	-	-	-
Distributions paid to Apache limited partner	-	(56,250)	-	-	-	-	-	-	-	-

Quarterly Common Dividends declared (\$1.50 per share)	-	-	-	-	-	(16,860)	-	-	(16,860)	
Net income (loss)	161,906	(48,741)	-	-	-	-	(13,944)	-	(13,944)	
Change in redemption value of noncontrolling interests	-	299,236	-	-	-	(105,362)	(193,874)	-	(299,236)	
Accumulated other comprehensive income	-	485	-	-	-	-	-	145	145	
Balance at December 31, 2021	\$ 712,476	\$ 769,855	3,746	\$ 1	12,500	\$ 1	\$ -	\$ (577,251)	\$ -	\$(577,249)

- (1) Share amounts have been retroactively restated to reflect the Company's reverse stock split, which was effected June 30, 2020. Refer to [Note 10-Equity and Warrants](#) for further information.
- (2) Certain redemption features embedded within the Preferred Unit purchase agreement require bifurcation and measurement at fair value. For further detail, refer to [Note 11-Series A Cumulative Redeemable Preferred Units](#).

The accompanying notes to consolidated financial statements are an integral part of this statement.

ALTUS MIDSTREAM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unless the context otherwise requires, the “Company,” “ALTM” and “Altus” refers to Altus Midstream Company and its consolidated subsidiaries. “Altus Midstream” refers to Altus Midstream LP and its consolidated subsidiaries. “Apache” refers to Apache Corporation and its consolidated subsidiaries. All references to the Company’s Class A common stock, \$0.0001 par value (Class A Common Stock), and Class C common stock, \$0.0001 par value (Class C Common Stock), reflect such share amounts as retrospectively restated to reflect the Company’s reverse stock split, which was effected June 30, 2020. Refer to Note-10 Equity and Warrants for further information.

Nature of Operations

Through its consolidated subsidiaries, the Company owns gas gathering, processing, and transmission assets in the Permian Basin of West Texas. Construction on the assets began in the fourth quarter of 2016, and operations commenced in the second quarter of 2017. Additionally, the Company owns equity interests in four separate Permian Basin pipeline entities that have access to various points along the Texas Gulf Coast. The Company’s operations consist of one reportable segment.

Organization

The Company originally incorporated on December 12, 2016 in Delaware under the name Kayne Anderson Acquisition Corp. (KAAC) for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. KAAC completed its initial public offering in the second quarter of 2017.

On August 3, 2018, Altus Midstream LP was formed in Delaware as a limited partnership and wholly-owned subsidiary of KAAC. On August 8, 2018, KAAC and Altus Midstream LP entered into a contribution agreement (the Altus Contribution Agreement) with certain wholly-owned subsidiaries of Apache, including four Delaware limited partnerships (collectively, Altus Midstream Operating) and their general partner (Altus Midstream Subsidiary GP LLC, a Delaware limited liability company, and together with Altus Midstream Operating, the Altus Midstream Entities). The Altus Midstream Entities were formed by Apache between May 2016 and January 2017 for the purpose of acquiring, developing, and operating midstream oil and gas assets in the Alpine High resource play and surrounding areas (Alpine High).

On November 9, 2018 (the Closing Date) and pursuant to the terms of the Altus Contribution Agreement, KAAC acquired from Apache the entire equity interests of the Altus Midstream Entities and options to acquire equity interests in five separate third-party pipeline projects (the Pipeline Options). The acquisition of the entities and the Pipeline Options is referred to herein as the Altus Combination. In exchange, the consideration provided to Apache included economic voting and non-economic voting shares in KAAC and partnership units representing limited partner interests in Altus Midstream LP (Common Units). Following the Closing Date and in connection with the completion of the Altus Combination, KAAC changed its name to Altus Midstream Company.

Ownership of Altus Midstream LP

As of and following the Closing Date and in connection with the completion of the Altus Combination, the Company’s wholly-owned subsidiary, Altus Midstream GP LLC, a Delaware limited liability company (Altus Midstream GP), is the sole general partner of Altus Midstream LP. The Company operates its business through Altus Midstream LP and its subsidiaries, which include Altus Midstream Operating. As of December 31, 2021, the Company held approximately 23.1 percent of the outstanding Common Units, and a controlling interest, in Altus Midstream and Apache held the remaining 76.9 percent. As a result of a direct exchange by the Company of Class A Common Stock for Apache’s Common Units in January 2022, the Company owns 100% of the outstanding Common Units (see Note-10 Equity and Warrants).

Business Combination with BCP

On October 21, 2021, the Company announced that it will combine with privately-owned BCP Raptor Holdco LP (BCP and, together with BCP Raptor Holdco GP, LLC, the Contributed Entities) in an all-stock transaction,

pursuant to the Contribution Agreement dated as of that same date and entered into by and among Altus, Altus Midstream LP (the Partnership), New BCP Raptor Holdco, LLC (the Contributor), and BCP (the BCP Contribution Agreement). BCP is the parent company of EagleClaw Midstream, which includes EagleClaw Midstream Ventures, the Caprock Midstream and Pinnacle Midstream businesses, and a 26.7 percent interest in the Permian Highway Pipeline. Pursuant to the BCP Contribution Agreement, Contributor will contribute all of the equity interests of the Contributed Entities (the Contributed Interests) to the Partnership, with each Contributed Entity becoming a wholly-owned subsidiary of the Partnership (the BCP Business Combination).

As consideration for the contribution of the Contributed Interests, the Company will issue 50 million shares of Class C Common Stock (and Altus Midstream LP will issue a corresponding number of Common Units) to BCP's unitholders, which are principally funds affiliated with Blackstone and I Squared Capital. The transaction is expected to close during the first quarter of 2022 following completion of customary closing conditions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP).

Principles of Consolidation

The consolidated financial results of Altus Midstream are included in the Company's consolidated financial statements due to the Company's 100 percent ownership interest in Altus Midstream GP, and Altus Midstream GP's control of Altus Midstream.

The Company has no independent operations or material assets other than its partnership interests in Altus Midstream, which constitutes all of its business. The Company's only material net assets separate from Altus Midstream relate to deferred taxes and the current and deferred income tax expense (benefit) associated with its investment in Altus Midstream in 2018. In the fourth quarter of 2019, the Company recorded a full valuation allowance against its net deferred tax assets. Accordingly, the deferred tax asset balance was nil as of the years ended December 31, 2021 and 2020. Additionally, the Company's balance sheet reflects the presentation of noncontrolling interest ownership attributable to the limited partner interests in Altus Midstream held by Apache and the holders of Series A Cumulative Redeemable Preferred Units (the Preferred Units). Refer to Note 12-Income Taxes, Note 10-Equity and Warrants, and Note 11-Series A Cumulative Redeemable Preferred Units for further information.

Variable Interest Entity

Altus Midstream is a variable interest entity (VIE) because the partners in Altus Midstream with equity at risk lack the power, through voting or similar rights, to direct the activities that most significantly impact Altus Midstream's economic performance.

A reporting entity that concludes it has a variable interest in a VIE must evaluate whether it has a controlling financial interest in the VIE, such that it is the VIE's primary beneficiary and should consolidate. The Company is the primary beneficiary of Altus Midstream, and therefore should consolidate Altus Midstream because (i) the Company has the ability to direct the activities of Altus Midstream that most significantly affect its economic performance, and (ii) the Company has the right to receive benefits or the obligation to absorb losses that could be potentially significant to Altus Midstream.

Redeemable Noncontrolling Interest - Apache Limited Partner

As of December 31, 2021, the Company's redeemable noncontrolling interest presented in the consolidated financial statements consisted of Common Units representing limited partner interests in Altus Midstream held by Apache. Pursuant to certain provisions of the partnership agreement of Altus Midstream (as amended in connection with the Altus Combination, and subsequent issuance of Preferred Units, the Amended LPA), the limited partner interests held by Apache were equal to the number of shares of the Company's Class C Common Stock held by Apache.

The Company initially recorded the redeemable noncontrolling interest upon the issuance of the Common Units to Apache as part of the Altus Combination and based on the recapitalization value ascribed at the Closing Date to the limited partner interest. All or a portion of these Common Units could be redeemed at Apache's option, which it elected in January 2022 in respect of all such Common Units. The Company had the ability to settle the redemption option either (i) in shares of Class A Common Stock on a one-for-one basis, which it did in January 2022, or (ii) in cash (based on the fair market value of the Class A Common Stock as determined pursuant to the Altus Contribution Agreement), subject to customary conversion rate adjustments for stock splits, stock dividends, and reclassifications. Upon the January 2022 exchange of Common Units held by Apache for Class A Common Stock, a corresponding number of shares of Class C Common Stock were cancelled.

The Company's policy is to record the redeemable noncontrolling interest represented by the Common Units held by Apache at the higher of (i) its initial fair value plus accumulated earnings/losses associated with the noncontrolling interest or (ii) the redemption value as of the balance sheet date.

See discussion and additional detail further discussed in Note 10-Equity and Warrants.

Redeemable Noncontrolling Interest - Preferred Unit Limited Partners

On June 12, 2019, Altus Midstream issued and sold the Preferred Units in a private offering, and the purchasers of the Preferred Units were admitted as limited partners of Altus Midstream. The Preferred Units will be exchangeable for shares of the Company's Class A Common Stock at the option of the Preferred Unit holders after the seventh anniversary of the closing of the Preferred Unit offering or upon the occurrence of specified events, unless otherwise redeemed by Altus Midstream.

The Preferred Units are accounted for on the Company's consolidated balance sheet as a redeemable noncontrolling interest classified as temporary equity based on the terms of the Preferred Units. Certain redemption features embedded within the terms of the Preferred Units require bifurcation and measurement at fair value and are accounted for on the Company's consolidated balance sheet as a long-term liability embedded derivative.

See discussion and additional detail further discussed in Note 11-Series A Cumulative Redeemable Preferred Units and Note 14-Fair Value Measurements.

Equity Method Interests

The Company follows the equity method of accounting when it does not exercise control over its equity interests, but can exercise significant influence over the operating and financial policies of the entity. Under this method, the equity interests are carried originally at acquisition cost, increased by Altus' proportionate share of the equity interest's net income and contributions made by Altus, and decreased by Altus' proportionate share of the equity interest's net losses and distributions received by Altus.

Equity method interests are assessed for impairment whenever changes in the facts and circumstances indicate a loss in value has occurred, if the loss is deemed to be other than temporary. When the loss is deemed to be other than temporary, the carrying value of the equity method investment is written down to fair value, and the amount of the write-down is included in income. As part of its review of the fair value of its assets in relation to the announced BCP Business Combination, Altus determined the current fair value of its investment in EPIC was below carrying value. The Company subsequently determined that this loss in value was deemed to be other than temporary. As such, in the fourth quarter of 2021, Altus recorded an impairment charge of \$160.4 million on its equity method interest in EPIC. The fair value of the impaired interest was determined using the income approach, which considered Altus' estimates of future throughput volumes, tariff rates, and costs. These assumptions were applied to develop future operating cash flow projections that were then discounted to estimated fair value using a discount rate believed to be consistent with that which would be applied by market participants. The amount arrived at was then considered against EPIC's debt and the carrying value of the Company's interest in EPIC to determine the recoverability of Altus' interest as of December 31, 2021, resulting in the fourth quarter impairment charge. Altus has classified this nonrecurring fair value measurements as Level 3 in the fair value hierarchy.

Refer to Note 9-Equity Method Interests for further details of the Company's equity method interests.

Use of Estimates

Preparation of financial statements in conformity with GAAP and disclosure of contingent assets and liabilities requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. The Company evaluates its estimates and assumptions on a regular basis. Actual results may differ from these estimates and assumptions used in preparation of its financial statements, and changes in these estimates are recorded when known.

Fair Value Measurements

Accounting Standards Codification (ASC) 820-10-35, “Fair Value Measurement” (ASC 820), provides a hierarchy that prioritizes and defines the types of inputs used to measure fair value. The fair value hierarchy gives the highest priority to Level 1 inputs, which consist of unadjusted quoted prices for identical instruments in active markets. Level 2 inputs consist of quoted prices for similar instruments. Level 3 valuations are derived from inputs that are significant and unobservable; hence, these valuations have the lowest priority.

The valuation techniques that may be used to measure fair value include a market approach, an income approach and a cost approach. A market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

An income approach uses valuation techniques to convert future amounts to a single present amount based on current market expectations, including present value techniques, option-pricing models, and the excess earnings method. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Embedded features identified within the Company’s agreements are bifurcated and measured at fair value at the end of each period on the Company’s consolidated balance sheet. Such recurring fair value measurements are presented in further detail in [Note 14-Fair Value Measurements](#). The Company also uses fair value measurements on a nonrecurring basis when certain qualitative assessments of its assets indicate a potential impairment. During the years ended December 31, 2021, 2020, and 2019, the Company recorded an impairment charge of \$0.4 million, \$1.6 million, and \$1.3 billion, respectively, on certain assets. Refer to Property, Plant and Equipment-Impairment within this Note below and [Note 4-Property, Plant and Equipment](#), for further detail. During the year ended December 31, 2021, the Company separately recorded an impairment of \$160.4 million on its interest in EPIC. Refer to Equity Method Interests within this Note above and [Note 9-Equity Method Interests](#) for further detail.

Cash and Cash Equivalents

The Company considers all highly liquid short-term investments with a maturity of three months or less at the time of purchase to be cash equivalents. These investments are carried at cost, which approximates fair value. As of December 31, 2021 and 2020, Altus Midstream had \$132.0 million and \$24.2 million, respectively, of cash and cash equivalents.

Revenue Receivable

For each period presented and upon commencement of operations, revenues were primarily generated from midstream services provided to Apache, which included gathering, processing, and transmission of natural gas. Revenue receivables represents revenues accrued that have been earned by Altus Midstream but not yet invoiced to Apache. There were no doubtful accounts written off, nor have we provided an allowance for doubtful accounts, as of December 31, 2021 and 2020.

Inventories

Inventories consist principally of equipment and material, stated at the lower of cost or net realizable value.

Property, Plant, and Equipment

Property, plant, and equipment consists of the costs incurred to acquire and construct midstream assets including capitalized interest.

Depreciation

Depreciation is computed over each asset's estimated useful life using the straight-line method based on estimated useful lives and estimated asset salvage values. The estimated lives are generally 30 years for plants and facilities and 40 years for pipelines and such estimated useful lives were used to depreciate the Company's assets in 2019. The estimation of useful life also takes into consideration anticipated production lives from the fields serviced by these assets, whether operated by Apache or a third-party. Determination of depreciation expense requires judgment regarding the estimated useful lives and salvage values of property, plant, and equipment. As circumstances warrant, depreciation estimates are reviewed to determine if any changes in the underlying assumptions are necessary. Given the fourth quarter 2019 impairment discussed under *Impairment* below, and as discussed further in Note 4-Property, Plant and Equipment, the Company reassessed the useful life of its assets in January of 2020. This assessment resulted in a change to estimated useful lives on its impaired assets to 12 years. For the years ended December 31, 2021, 2020, and 2019 depreciation expense totaled \$11.9 million, \$12.0 million, and \$39.8 million, respectively.

Asset Retirement Obligations and Accretion

The initial estimated asset retirement obligation related to property, plant, and equipment and subsequent revisions are recorded as a liability at fair value, with an offsetting asset retirement cost recorded as an increase to the associated property, plant, and equipment on the consolidated balance sheet. Revisions in estimated liabilities can result from changes in estimated inflation rates, changes in service and equipment costs, and changes in the estimated timing of an asset's retirement. Asset retirement costs are depreciated using a systematic and rational method similar to that used for the associated property, plant, and equipment. Accretion expense on the liability is recognized over the estimated productive life of the related assets and is included on the consolidated statements of operations under "Depreciation and accretion." For the years ended December 31, 2021, 2020, and 2019 accretion expense totaled \$4.3 million, \$4.0 million, and \$1.6 million, respectively.

Capitalized Interest

Interest is capitalized as part of the historical cost of developing and constructing assets. Significant midstream development assets, including assets owned by Altus through its equity method interests, that have not commenced operations qualify for interest capitalization. Capitalized interest is determined by multiplying Altus Midstream's weighted-average borrowing cost of debt by the average amount of qualifying midstream assets. The amount of capitalized interest cannot be greater than actual interest incurred. Once an asset is placed into service, the associated capitalization of interest ceases and is expensed through depreciation over the asset's useful life.

Impairment

The Company assesses the carrying amount of its property, plant, and equipment whenever events or changes in circumstances indicate a possible significant deterioration in future cash flows expected to be generated by an asset group. Individual assets are grouped for impairment purposes based on the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other asset groups. If, upon review, the carrying amount of an asset group is greater than the sum of the undiscounted expected cash flows, an impairment loss is recognized for the excess of the carrying value over its fair value.

During the fourth quarter of 2020, the Company sold certain of its power generators and, as a result, the remaining power generators owned by the Company were remeasured at fair value based on the proceeds from such sale. This remeasurement resulted in an impairment of \$1.6 million on these assets, and this nonrecurring fair value measurement is classified as Level 1 in the fair value hierarchy based on the negotiated sales price.

Apache, as part of its fourth quarter 2019 review of its capital expenditure program, notified Altus that it had materially reduced its investment plans and had no plans to drill new wells at Alpine High. This notification prompted Altus management to assess its long-lived infrastructure assets for impairment, and as a result of this assessment, Altus

recorded impairments of \$1.3 billion on its gathering, processing, and transmission assets in the fourth quarter of 2019. Altus also recorded an impairment charge of \$9.3 million in the third quarter of 2019 related to the cancellation of construction on a previously planned compressor station. The fair values of the impaired assets were determined using a combination of the income approach and the market approach (when direct sales bids on equivalent equipment was provided from third parties). The income approach considered several internal estimates of future throughput volumes, processing rates, and costs. The assumptions were applied to develop future cash flow projections that were then discounted to estimated fair value, using a discount rate believed to be consistent with those applied by market participants. Altus has classified these nonrecurring fair value measurements as Level 3 in the fair value hierarchy.

These asset impairments are recorded within “Impairments” on the Company’s consolidated statement of operations. Refer to Note 4-Property, Plant and Equipment, for further detail.

Accounts Receivable From/Payable To Apache

The accounts receivable from or payable to Apache represent the net result of Altus Midstream’s monthly revenue, capital and operating expenditures, and other miscellaneous transactions to be settled with Apache as provided under the Construction, Operations and Maintenance Agreement (COMA) between the two entities. Generally, cash in this amount will be transferred to Apache in the month after the Company’s transactions are processed and the net results of operations are determined. However, from time to time, the Company may estimate and transfer the cash settlement amount in the month the transactions are processed, in order to minimize related-party working capital balances. See discussion and additional detail in Note 2-Transactions with Affiliates.

Other Income

In 2020, the Company entered into a contract with a provider to supply the Company with electrical power. If the Company does not utilize all of its fixed purchase volumes under this contract, then it will receive a credit based on a market rate for the related underutilization. In conjunction with increased power pricing due to the Texas freeze event and underutilization of contractual electricity volumes, the Company recognized an estimated total credit of approximately \$9.7 million for the six months ended June 30, 2021. The Company did not recognize any additional credit during the remainder of 2021. These amounts are recorded on the statement of consolidated operations in “Other income.” The related power credit will offset the Company’s future monthly power payments and is recorded in “Prepaid assets and other” for the current portion and “Deferred charges and other” for the long-term portion on the consolidated balance sheet. No credits were recorded for the years ended December 31, 2020 and 2019. The Company has no remaining performance obligations related to these credits as of December 31, 2021.

Distributions to Apache

During 2021, the Company paid an aggregate \$22.5 million in dividends on the Company’s Class A Common Stock, of which \$5.6 million, or \$1.50 per share, was paid in each quarter of 2021. Each quarterly Class A Common Stock dividend was funded by a distribution from Altus Midstream to its common unitholders of \$1.50 per Common Unit, with each quarterly distribution totaling \$24.4 million, of which \$5.6 million was paid to the Company and the balance was paid to Apache due to its 76.9 percent ownership of outstanding Common Units. Please refer to Note 10-Equity and Warrants for further information.

General and Administrative Expense

General and administrative (G&A) expense represents indirect costs and overhead expenditures incurred by the Company associated with managing the midstream assets.

In connection with the closing of the Altus Combination, the Company entered into the COMA, as described above, pursuant to which Apache will provide certain services related to the design, development, construction, operation, management, and maintenance of Altus Midstream’s assets, on the Company’s behalf. See discussion and additional detail further discussed in Note 2-Transactions with Affiliates.

Maintenance and Repairs

Routine maintenance and repairs are charged to expense as incurred. The Company had no non-routine maintenance or repair costs in any period presented.

Income Taxes

The Company is subject to federal income tax and recognizes deferred tax assets and liabilities based on the difference between the financial statement carrying value and tax basis of its investment in Altus Midstream. For federal income tax purposes, Altus Midstream is regarded as a partnership and not subject to income tax. Income and deductions associated with Altus Midstream and the Altus Midstream Entities flow through to the Company. As such, Altus Midstream and the Altus Midstream Entities do not record a federal income tax provision.

The Company, Altus Midstream, and the Altus Midstream Entities are also subject to the Texas margin tax. The Texas margin tax is assessed on corporations, limited liability companies, and limited partnerships. As such, each entity recognizes state deferred tax assets and liabilities based on the differences between the financial statement carrying value and tax basis of assets and liabilities on the balance sheet.

The Company routinely assesses the ability to realize its deferred tax assets. If the Company concludes that it is more likely than not that some or all of the deferred tax assets will not be realized, the tax asset is reduced by a valuation allowance. In connection with this assessment, the Company maintained a full valuation allowance against its net deferred tax asset as of December 31, 2021 and 2020.

Change in Accounting Policy

Historically, the Company reported income and loss from equity method interests on a one-month reporting lag. Effective October 1, 2019, the Company eliminated this one-month reporting lag. In accordance with ASC 810-10-45-13, "A Change in the Fiscal Year-End Lag Between Subsidiary and Parent" (ASC 810), the elimination of this previously existing reporting lag is considered a voluntary change in accounting principle in accordance with ASC 250-10-50, "Change in Accounting Principle." The Company believes that this change in accounting principle is preferable as it provides the Company with the ability to present the results of its equity method interests for the same period as all other consolidated results of the Company, which improves overall financial reporting to investors by providing the most current information available. The Company has not retrospectively applied the change in accounting principle since its impact to the consolidated balance sheet and related statements of operations and cash flows was immaterial for all periods. For more information on equity method interests owned by the Company, please refer to Note 9-Equity Method Interests.

New Pronouncements Issued But Not Yet Adopted

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848)," which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by the discontinuation of the London Interbank Offered Rate (LIBOR) or by another reference rate expected to be discontinued. In January 2021, the FASB issued ASU 2021-01, which clarified the scope and application of the original guidance. The guidance was effective beginning March 12, 2020 and can be applied prospectively through December 31, 2022. The Company is evaluating whether to apply any of these expedients and, if elected, will adopt these standards when LIBOR is discontinued.

In August 2020, the FASB issued ASU 2020-06, "Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40)" to improve financial reporting associated with accounting for convertible instruments and contracts in an entity's own equity. This update is effective for the Company beginning in the first quarter of 2022, with early adoption permitted, using either the modified or fully retrospective method with a cumulative effect adjustment to the opening balance of retained earnings. The Company will adopt this ASU in the first quarter of 2022 and does not believe it will have a material impact on its financial statements.

2. TRANSACTIONS WITH AFFILIATES

Revenues

The Company has contracted to provide services including gas gathering, compression, processing, transmission, and NGL transmission, pursuant to acreage dedications provided by Apache, comprising the entire Alpine High acreage. In accordance with the terms of these agreements, the Company receives prescribed fees and may receive excess recovery volumes based on the type and volume of product for which the services are provided. Additionally, beginning in 2020 Altus Midstream entered into three agreements to provide operating and maintenance services for Apache's compressors in exchange for a fixed monthly fee per compressor serviced.

Revenues generated under these agreements are presented on the Company's statement of consolidated operations as "Midstream services revenue - affiliate." Revenues earned that have not yet been invoiced to Apache are presented on the Company's consolidated balance sheet as "Revenue receivables." Refer to Note 3-Revenue Recognition, for further discussion.

Cost and Expenses

The Company has no employees, and prior to the Altus Combination, the Company had no banking or cash management facilities. As such, the Company has contracted with Apache to receive certain operational, maintenance, and management services. In accordance with the terms of these agreements, the Company incurred operations and maintenance expenses of \$5.6 million, \$5.4 million, and \$8.8 million for the years ended December 31, 2021, 2020, and 2019, respectively. The Company incurred general and administrative expenses of \$9.1 million, \$7.0 million, and \$5.4 million for the years ended December 31, 2021, 2020, and 2019, respectively, including expenses related to the operational services agreement and the COMA. Further information on the related-party agreements in place during the period is provided below.

Construction, Operations, and Maintenance Agreement

At the closing of the Altus Combination, the Company entered into the COMA with Apache. Under the terms of the COMA, Apache provides certain services related to the design, development, construction, operation, management, and maintenance of certain gathering, processing and other midstream assets, on behalf of the Company. In return, the Company paid or will pay fees to Apache of (i) \$3.0 million for the period beginning on the execution of the COMA at the closing of the Altus Combination through December 31, 2019, (ii) \$5.0 million for the period of January 1, 2020 through December 31, 2020, (iii) \$7.0 million for the period of January 1, 2021 through December 31, 2021 and (iv) \$9.0 million annually thereafter, adjusted based on actual internal overhead and general and administrative costs incurred, until terminated. The annual fee was negotiated as part of the Altus Combination to reimburse Apache for indirect costs of performing administrative corporate functions for the Company, including services for information technology, risk management, corporate planning, accounting, cash management, and others.

In addition, Apache may be reimbursed for certain internal costs and third-party costs incurred in connection with its role as service provider under the COMA. Costs incurred by Apache directly associated with midstream activity, where substantially all the services are rendered for Altus Midstream, are charged to Altus Midstream on a monthly basis.

The COMA stipulates that the Company shall provide reimbursement of amounts owing to Apache attributable to a particular month by no later than the last day of the immediately following month. Unpaid amounts accrue interest until settled.

The COMA will continue to be effective until terminated (i) upon the mutual consent of Altus and Apache, (ii) by either of Altus and Apache, at its option, upon 30 days' prior written notice in the event Apache or an affiliate no longer owns a direct or indirect interest in at least 50 percent of the voting or other equity securities of Altus, or (iii) by Altus if Apache fails to perform any of its covenants or obligations due to willful misconduct of certain key personnel and such failure has a material adverse financial impact on Altus.

Lease Agreements

Concurrent with the closing of the Altus Combination, Altus Midstream entered into an operating lease agreement with Apache (the Lease Agreement) relating to the use of certain office buildings, warehouse and storage facilities located in Reeves County, Texas. Under the terms of the Lease Agreement, Altus Midstream shall pay to Apache on a monthly basis the sum of (i) a base rental charge of \$44,500 and (ii) an amount based on Apache's estimate of the annual costs it expects to incur in connection with the ownership, operation, repair, and/or maintenance of the facilities. The Company incurred total expenses of \$0.6 million, \$0.8 million and \$1.1 million for the years ended December 31, 2021, 2020 and 2019, respectively, in relation to the Lease Agreement, which are included within operations and maintenance expenses. Unpaid amounts accrue interest until settled. The initial term of the Lease Agreement is four years and may be extended by Altus Midstream for three additional, consecutive periods of twenty-four months. To accommodate Altus Midstream's desire to vacate the leased premises, the Lease Agreement was amended in July 2020 to provide for its termination with respect to all or any portion of the leased premises which Apache may sell, with a pro rata rent reduction if Apache sells less than all of the leased premises.

The Company classified this lease as an operating lease and elected to account for lessee-related lease and non-lease components as a single lease component. The right-of-use (ROU) asset related to this lease is reflected within "Deferred charges and other" on the Company's consolidated balance sheet, and the associated operating lease liability is reflected within "Other current liabilities" and "Other noncurrent liabilities," as applicable.

Operating lease expense associated with ROU assets is recognized on a straight-line basis over the lease term. Lease expense is reflected on the consolidated statement of operations commensurate with the leased activities and nature of the services performed. The remaining undiscounted future minimum lease payment as of December 31, 2021 is \$0.4 million, which will be paid in 2022.

In 2020 and 2021, Altus Midstream entered into various operating lease agreements with Apache related to the use of certain of Altus Midstream's compressors. Under the terms of the agreement, Apache pays Altus Midstream fixed monthly lease payments, which are recorded as "Other" in the Company's consolidated statement of operations. Each of the lease agreements has an initial term of thirty months and automatically extends on a month-to-month basis unless either party cancels the agreement. The Company recorded income related to these agreements of \$1.6 million and \$0.4 million for the years ended December 31, 2021 and 2020, respectively. Altus also earns a monthly fee to operate and maintain the compressors under lease. Refer to Note 3-Revenue Recognition for further discussion.

Distributions to Apache

During 2021, the Company paid an aggregate \$22.5 million in dividends on the Company's Class A Common Stock, of which \$5.6 million, or \$1.50 per share, was paid in each quarter of 2021. Each quarterly Class A Common Stock dividend was funded by a distribution from Altus Midstream to its common unitholders of \$1.50 per Common Unit, with each quarterly distribution totaling \$24.4 million, of which \$5.6 million was paid to the Company and the balance was paid to Apache due to its 76.9 percent ownership of outstanding Common Units. Please refer to Note 10-Equity and Warrants for further information.

Altus Combination Agreements

Limited Partnership Agreement of Altus Midstream LP

In connection with the Altus Combination, Altus Midstream Company, Altus Midstream GP, Altus Midstream LP, and Apache entered into an amended and restated limited partnership agreement of Altus Midstream LP, which was further amended in connection with the subsequent issuance of Preferred Units. The Amended LPA sets forth, among other things, the rights and obligations of (i) Altus Midstream GP as general partner and (ii) Altus Midstream Company, Apache, and Preferred Unit holders as limited partners of Altus Midstream LP. Altus Midstream GP is not entitled to reimbursement for its services as general partner. Refer to Note 1-Summary of Significant Accounting Policies and Note 11-Series A Cumulative Redeemable Preferred Units, for further information.

Purchase Rights and Restrictive Covenants Agreement

At the closing of the Altus Combination, the Company entered into a purchase rights and restrictive covenants agreement (the Purchase Rights and Restrictive Covenants Agreement) with Apache. Under the Purchase Rights and Restrictive Covenants Agreement, until the later of the five-year anniversary of the Closing and the date on which Apache and its affiliates cease to own a majority of the Company's voting common stock, Apache is obligated to provide (i) the first right to pursue any opportunity (including any expansion opportunities) of Apache to acquire or invest, directly or indirectly (including equity investments), in any midstream assets or participate in any midstream opportunities located, in whole or part, within an area covering approximately 1.7 million acres in Reeves, Pecos, Brewster, Culberson, and Jeff Davis Counties in Texas, and (ii) a right of first offer on certain retained midstream assets of Apache.

3. REVENUE RECOGNITION

The following table presents a disaggregation of the Company's revenue.

	Year Ended December 31,		
	2021	2020	2019
	(In thousands)		
Gas gathering and compression	\$ 18,192	\$ 20,060	\$ 17,077
Gas processing	107,878	106,396	101,199
Transmission	12,572	14,548	15,942
NGL transmission	2,422	2,773	1,580
Other	1,663	937	-
Midstream services revenue - affiliate	142,727	144,714	135,798
Product sales - affiliate	9,754	-	-
Product sales - third parties	8,136	3,695	-
Total revenues	\$ 160,617	\$ 148,409	\$ 135,798

The Company primarily generates revenue from its contracts with customers for the gathering, compression, processing, transmission, and sale of natural gas and NGLs in exchange for a fee per unit of volumes processed or delivered during a given month.

Midstream services revenue is primarily attributable to services performed for Apache pursuant to separate long-term commercial midstream agreements. As part of these agreements, substantially all of Apache's natural gas production from its existing and future owned or controlled properties within the dedicated area of its entire Alpine High resource play is provided to the Company, so long as Apache has the right to market such product. Providing the related service on each volumetric unit represents a single, distinct performance obligation that is satisfied over time as services are rendered. Prior to the Company entering the new Gas Processing Agreement discussed below, the Company did not own or take title to the volumes it serviced under these agreements. Altus Midstream, in return for its performance, receives a fee per volumetric unit serviced during a given month. The related service fee charged per unit is set forth for each contract year, subject to yearly fee escalation recalculations.

As the amount of volumes serviced are not subject to minimum commitments and each midstream service agreement contains provisions for fee recalculations, substantially all of the transaction price is variable at inception of each contract term. Revenue is measured using the output method based on the amount of volumes serviced each month and the applicable service fee and recognized over time in the amount to which Altus Midstream has the right to invoice, as performance completed to date corresponds directly with the value to its customers. The transaction price is not constrained as variability is resolved prior to the recognition of revenue.

The Company entered into a new Gas Processing Agreement with Apache in October 2021, which superseded the prior agreement. In addition to the service fees discussed above, the new Gas Processing Agreement contains terms

for Apache to provide the Company with excess recovery volumes as consideration under the contract. Excess recovery volumes represent the net difference between the actual recovery rate of processed volumes and contractually fixed volumetric recovery rates. The Company obtains control of excess recovery volumes, if any, on a monthly basis. Any product received is reflected as non-cash consideration and the associated value is included in the transaction price for gas processing services on a net basis. The associated revenue is valued using the market price of the relevant product during the month such product was processed. The subsequent sale of any excess recovery volumes to third parties is recorded as “Product sales - third parties” and the subsequent sale of any excess recovery volumes to Apache is recorded as “Product sales - affiliate” in the Company’s statement of operations.

The associated costs of excess recovery volumes sold are recorded based on the market price of the relevant product and are recorded as “Cost of product sales - third parties” or “Cost of product sales - affiliate” in the Company’s consolidated statement of operations. In 2021, the Company recorded \$9.8 million of revenues and costs related to sales of excess recovery volumes to Apache and \$2.4 million of revenues and costs related to sales of excess recovery volumes to third parties.

In addition to the \$2.4 million of revenue and costs related to the sales of excess recovery volumes to third parties under the new Gas Processing Agreement, the Company also purchased and processed NGL volumes for other third-party customers during 2021 and 2020. As part of these agreements, Altus Midstream purchases volumes from a third party, which Altus Midstream then owns, controls and services, prior to ultimate sale to the customer. The Company recorded revenue related to these contracts of \$5.7 million and \$3.7 million, respectively, in 2021 and 2020, with associated purchase costs of \$5.4 million and \$3.0 million, respectively. As it relates to product sales, the physical delivery of each unit of quantity represents a single, distinct performance obligation that is satisfied at a point in time when control transfers to the customer, generally determined as the point of delivery. Prices are determined based on market-indexed values, adjusted for quality and other market-reflective differentials. As there are no provisions for minimum volume commitments and pricing is variable based on index values, revenue is measured by allocating an entirely variable market price to each performance obligation and recognized at a point in time when control is transferred to the customer. The transaction price is not constrained as variability is resolved prior to the recognition of revenue.

Other Midstream Service Revenue - Affiliate

Beginning in 2020, Altus Midstream entered into various agreements with Apache to provide compressor maintenance, operations, and other related services for various compressors at compressor stations owned by Apache. Altus Midstream receives a fixed monthly fee under these contracts for each month that services are provided. Providing such services on each compressor unit represents a single, distinct performance obligation that is satisfied over time as services are rendered. Income generated from these contracts in 2021 and 2020 totaled \$1.7 million and \$0.9 million, respectively, and is classified as “Other” within Midstream Services Revenue - Affiliate in the table above.

Payment Terms and Contract Balances

Payments are generally due the month immediately following the month of service. Amounts settled with Apache each month are based on the net amount owed to either party. Revenue receivables from the Company’s contracts with Apache totaled \$13.7 million and \$11.4 million, as of December 31, 2021 and 2020, respectively, as presented on the Company’s consolidated balance sheet. Sales revenue receivables from the Company’s contracts with third parties totaled \$2.2 million and \$1.0 million as of December 31, 2021 and 2020, respectively, as presented on the Company’s consolidated balance sheet.

In accordance with the provisions of ASC Topic 606, “Revenue from Contracts with Customers,” a variable transaction price for each short-term sale is allocated to each performance obligation as the terms of payment relate specifically to the Company’s efforts to satisfy its obligations. As such, the Company has elected the practical expedients available under the standard to not disclose the aggregate transaction price allocated to unsatisfied, or partially unsatisfied, performance obligations as of the end of the reporting period.

4. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment, at carrying value, is as follows:

	December 31,	
	2021	2020
	(In thousands)	
Gathering, processing, and transmission systems and facilities ⁽¹⁾	\$ 208,211	\$ 204,643
Construction in progress	335	904
Other property and equipment	3,154	3,323
Total property, plant, and equipment	211,700	208,870
Less: accumulated depreciation and accretion	(24,713)	(13,034)
Total property, plant, and equipment, net	<u>\$ 186,987</u>	<u>\$ 195,836</u>

(1) Included in Gathering, processing, and transmissions systems and facilities are compressors under lease to Apache totaling \$10.0 million and \$6.2 million, net as of December 31, 2021 and December 31, 2020, respectively.

The cost of property classified as “Construction in progress” is excluded from capitalized costs being depreciated. These amounts represent property that is not yet available to be placed into productive service as of the respective balance sheet dates.

During 2020, the Company sold various assets for total proceeds of \$10.2 million. Included in these assets sales was the sale of 15 power generators. As a result of the sale, the remaining power generators owned by the Company were remeasured at fair value calculated based on the proceeds of this sale. This remeasurement resulted in an impairment of \$1.6 million on these assets based on this fair value assessment, which were written down to their fair value of \$2.3 million. The fair value of the assets was determined using the market approach based on the sales proceeds of the assets, which are classified as Level 1 inputs in the fair value hierarchy.

Property, plant, and equipment are evaluated for potential impairment when events or changes in circumstances indicate a possible significant deterioration in future cash flows expected to be generated by an asset group. In conjunction with Apache’s decision in the fourth quarter of 2019 to materially reduce funding to Alpine High, Altus management assessed its long-lived infrastructure assets for impairment given the expected reduction to future throughput volumes. As a result of this assessment, Altus recorded impairments totaling \$1.3 billion on its gathering, processing, and transmission assets in the fourth quarter of 2019. The fair values of the impaired assets were determined to be \$203.6 million as of the time of the impairment and were estimated using the income approach. Altus has classified these nonrecurring fair value measurements as Level 3 in the fair value hierarchy.

During 2019, the Company also elected to cancel construction on a compressor station, and, as a result, certain of its components were marketed for sale. Accordingly, these assets were measured at fair value less costs to sell. The Company recorded an impairment of \$9.3 million on these assets, which were written down to their fair value of \$18.2 million. The fair value of the assets was determined using the market approach based on estimated sales proceeds, classified as Level 1 inputs in the fair value hierarchy.

The Company entered into a finance lease during the first quarter of 2019 related to power generators leased on a one-year term with the right to purchase. The lease expired in January 2020, at which time the Company exercised its purchase option and purchased the power generators under lease for \$9.8 million. Depreciation on the Company's finance lease asset was \$5.0 million for the year ended December 31, 2019. Interest on the Company's finance lease assets was \$0.9 million for the year ended December 31, 2019. No depreciation expense nor interest were recorded related to this finance lease for the years ended December 31, 2021 and 2020.

5. DEBT AND FINANCING COSTS

In November 2018, Altus Midstream entered into a revolving credit facility for general corporate purposes that matures in November 2023 (subject to Altus Midstream’s two, one year extension options). The agreement for this revolving credit facility, as amended (the Amended Credit Agreement), provides aggregate commitments from a syndicate of banks of \$800.0 million. The aggregate commitments include a letter of credit subfacility of up to \$100.0 million and a swingline loan subfacility of up to \$100.0 million. Altus Midstream may increase commitments up to an aggregate \$1.5 billion by adding new lenders or obtaining the consent of any increasing existing lenders. As of

December 31, 2021, there were \$657.0 million of borrowings and a \$2.0 million of letter of credit outstanding under this facility. As of December 31, 2020, there were \$624.0 million of borrowings and no letters of credit outstanding under this facility.

Altus Midstream's revolving credit facility is unsecured and is not guaranteed by the Company, Apache, APA Corporation or any of their respective subsidiaries.

At Altus Midstream's option, the interest rate per annum for borrowings under this facility is either a base rate, as defined, plus a margin, or the London Interbank Offered Rate (LIBOR), plus a margin. Altus Midstream also pays quarterly a facility fee at a rate per annum on total commitments. The margins and the facility fee vary based upon (i) the Leverage Ratio (as defined below) until Altus Midstream has a senior long-term debt rating and (ii) such senior long-term debt rating once it exists. The Leverage Ratio is the ratio of (1) the consolidated indebtedness of Altus Midstream and its restricted subsidiaries to (2) EBITDA (as defined in the Amended Credit Agreement) of Altus Midstream and its restricted subsidiaries for the 12-month period ending immediately before the determination date. At December 31, 2021, the base rate margin was 0.05 percent, the LIBOR margin was 1.05 percent, and the facility fee was 0.20 percent. In addition, a commission is payable quarterly to the lenders on the face amount of each outstanding letter of credit at a per annum rate equal to the LIBOR margin then in effect. Customary letter of credit fronting fees and other charges are payable to issuing banks.

The Amended Credit Agreement contains restrictive covenants that may limit the ability of Altus Midstream and its restricted subsidiaries to, among other things, incur additional indebtedness or guaranty indebtedness, sell assets, make investments in unrestricted subsidiaries, enter into mergers, make certain payments and distributions, incur liens on certain property securing indebtedness, and engage in certain other transactions without the prior consent of the lenders. Altus Midstream also is subject to a financial covenant under the Amended Credit Agreement, which requires it to maintain a Leverage Ratio not exceeding 5.00:1.00 at the end of any fiscal quarter, starting with the quarter ended December 31, 2019, except that during the period of up to one year following a qualified acquisition, the Leverage Ratio cannot exceed 5.50:1.00 at the end of any fiscal quarter. Unless the Leverage Ratio is less than or equal to 4.00:1.00, the Amended Credit Agreement limits distributions in respect of Altus Midstream LP's capital to \$30 million per calendar year until either (i) the consolidated net income of Altus Midstream LP and its restricted subsidiaries, as adjusted pursuant to the Amended Credit Agreement, for three consecutive calendar months equals or exceeds \$350.0 million on an annualized basis or (ii) Altus Midstream LP has a specified senior long-term debt rating; in addition, before the occurrence of one of those events, the Leverage Ratio must be less than or equal to 5.00:1.00. In no event can any distribution be made that would, after giving effect to it on a pro forma basis, result in a Leverage Ratio greater than (i) 5.00:1.00 or (ii) for a specified period after a qualifying acquisition, 5.50:1.00. The Leverage Ratio as of December 31, 2021 was less than 4.00:1.00.

The terms of Altus Midstream's Preferred Units also contain certain restrictions on distributions on Altus Midstream LP's Common Units, including the Common Units held by the Company, and any other units that rank junior to the Preferred Units with respect to distributions or distributions upon liquidation. Refer to Note 11-Series A Cumulative Redeemable Preferred Units for further information. In addition, the amount of any cash distributions to Altus Midstream LP by any entity in which it has an interest accounted for by the equity method is subject to such entity's compliance with the terms of any debt or other agreements by which it may be bound, which in turn may impact the amount of funds available for distribution by Altus Midstream LP to its partners.

There are no clauses in the Amended Credit Agreement that permit the lenders to accelerate payments or refuse to lend based on unspecified material adverse changes. The Amended Credit Agreement has no drawdown restrictions or prepayment obligations in the event of a decline in credit ratings. However, the agreement allows the lenders to accelerate payment maturity and terminate lending and issuance commitments for nonpayment and other breaches, and if Altus Midstream or any of its restricted subsidiaries defaults on other indebtedness in excess of the stated threshold, is insolvent, or has any unpaid, non-appealable judgment against it for payment of money in excess of the stated threshold. Lenders may also accelerate payment maturity and terminate lending and issuance commitments if Altus Midstream undergoes a specified change in control or has specified pension plan liabilities in excess of the stated threshold. Altus Midstream was in compliance with the terms of the Amended Credit Agreement as of December 31, 2021.

Interest Income and Financing Costs, Net of Capitalized Interest

The following table presents the components of Altus Midstream's interest income and financing costs, net of capitalized interest:

	Year Ended December 31,		
	2021	2020	2019
	(in thousands)		
Interest income	\$ 4	\$ 9	\$ 3,606
Interest income	\$ 4	\$ 9	\$ 3,606
Interest expense	\$ 9,431	\$ 9,775	\$ 6,384
Amortization of deferred facility fees	1,167	1,148	889
Capitalized interest	-	(8,733)	(5,481)
Financing costs, net of capitalized interest	\$ 10,598	\$ 2,190	\$ 1,792

6. OTHER CURRENT LIABILITIES

The following table provides detail of the Company's other current liabilities at December 31, 2021 and 2020:

	December 31,	
	2021	2020
	(In thousands)	
Accrued taxes other than income	\$ 10,888	\$ 165
Accrued capital costs	1,346	360
Accrued incentive compensation	1,585	1,466
Accrued operations and maintenance expense	645	926
Other	1,218	2,696
Total other current liabilities	\$ 15,682	\$ 5,613

7. ASSET RETIREMENT OBLIGATION

The following table describes changes to the Company's asset retirement obligation (ARO) liability for the years ended December 31, 2021 and 2020:

	December 31,	
	2021	2020
	(In thousands)	
Asset retirement obligation, beginning balance	\$ 64,062	\$ 60,095
Liabilities incurred during the period	-	-
Accretion expense	4,269	3,967
Revisions in estimated liabilities	-	-
Asset retirement obligation, ending balance	\$ 68,331	\$ 64,062

ARO reflects the estimated present value of the amount of dismantlement, removal, site reclamation, and similar activities associated with the Company's infrastructure assets which include central processing facilities, gathering systems, and pipelines. Management utilizes independent valuation reports and estimates of current costs to project expected cash outflows for retirement obligations. Management estimates the ultimate productive life of the properties,

a risk-adjusted discount rate, and an inflation factor in order to determine the current present value of this obligation. To the extent future revisions to these assumptions impact the present value of existing ARO, a corresponding adjustment is made to the property, plant, and equipment balance.

8. COMMITMENTS AND CONTINGENCIES

Accruals for loss contingencies arising from claims, assessments, litigation, environmental, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. These accruals are adjusted as additional information becomes available or circumstances change. As of December 31, 2021 and 2020, there were no accruals for loss contingencies.

Litigation

The Company is subject to governmental and regulatory controls arising in the ordinary course of business. The Company is not aware of any pending or threatened legal proceedings against it at the time of the filing of this Annual Report on Form 10-K that would have a material impact on its financial position, results of operations, or liquidity.

Environmental Matters

As an owner of infrastructure assets and with rights to surface lands, the Company is subject to various local and federal laws and regulations relating to discharge of materials into, and protection of, the environment. These laws and regulations may, among other things, impose liability on the Company for the cost of pollution clean-up resulting from operations and subject the Company to liability for pollution damages. In some instances, Altus Midstream may be directed to suspend or cease operations. The Company maintains insurance coverage, which management believes is customary in the industry, although insurance does not fully cover against all environmental risks. Additionally, there can be no assurance that current regulatory requirements will not change or past non-compliance with environmental laws will not be discovered. The Company is not aware of any environmental claims existing as of December 31, 2021, that have not been provided for or would otherwise have a material impact on its financial position, results of operations, or liquidity.

Contractual Obligations

Altus Midstream's existing fee-based midstream services agreements, which have no minimum volume commitments or firm transportation commitments, are underpinned by acreage dedications covering Alpine High. Pursuant to these agreements, Altus Midstream is obligated to perform low and high pressure gathering, processing, dehydration, compression, treating, conditioning, and transportation on all volumes produced from the dedicated acreage, so long as Apache has the right to market such gas.

At the closing of the Altus Combination, the Company entered into the COMA and the Lease Agreement with Apache, which include contractual obligations for the Company to pay certain management and lease rental fees, respectively, to Apache over the term of the agreements. Refer to Note 2-Transactions with Affiliates for further discussion.

During the fourth quarter of 2020, the Company entered into a three year fixed-rate power contract with a third-party. The Company estimates its minimum obligation will be \$4.7 million and \$3.6 million for 2022 and 2023, respectively. The actual amount incurred will vary based on usage.

In the second quarter of 2019, Altus Midstream issued and sold the Preferred Units. Under the terms of the Amended LPA, the Preferred Unit holders are entitled to receive quarterly distributions until such time as the Preferred Units are redeemed or exchanged. Refer to Note 11-Series A Cumulative Redeemable Preferred Units for further discussion regarding the terms of the Preferred Units and the rights of the holders thereof.

Additionally, the Company is required to fund its pro-rata portion of any future capital expenditures for the development of the pipeline projects as referenced in Note 9-Equity Method Interests.

At December 31, 2021 and 2020, there were no other material contractual obligations related to the entities included in the consolidated financial statements other than the performance of asset retirement obligations as

referenced in [Note 7-Asset Retirement Obligation](#) and required credit facility fees discussed in [Note 5-Debt and Financing Costs](#).

9. EQUITY METHOD INTERESTS

As of December 31, 2021, the Company owns the following equity method interests in Permian Basin long-haul pipeline entities. For each of the equity method interests, the Company has the ability to exercise significant influence based on certain governance provisions and its participation in the significant activities and decisions that impact the management and economic performance of the equity method interests.

<i>In thousands, except for ownership percentages</i>	December 31, 2021		December 31, 2020	
	Ownership	Amount	Ownership	Amount
Gulf Coast Express Pipeline LLC	16.0 %	\$ 273,940	16.0 %	\$ 283,530
EPIC Crude Holdings, LP	15.0 %	-	15.0 %	176,640
Permian Highway Pipeline LLC	26.7 %	629,896	26.7 %	615,186
Breviloba, LLC	33.0 %	460,990	33.0 %	479,826
		<u>\$ 1,364,826</u>		<u>\$ 1,555,182</u>

As of December 31, 2021 and 2020, unamortized basis differences included in the equity method interest balances were \$34.0 million and \$37.7 million, respectively. These amounts represent differences in the Company's initial costs paid to acquire the equity method interests and Altus' initial underlying equity in the respective entities, as well as capitalized interest related to Permian Highway Pipeline (PHP) construction costs. Unamortized basis differences are amortized into equity income (loss) over the useful lives of the underlying pipeline assets when they are placed into service.

The following table presents the activity in the Company's equity method interests for the years ended December 31, 2021 and 2020:

	Gulf Coast Express Pipeline LLC	EPIC Crude Holdings, LP	Permian Highway Pipeline LLC	Breviloba, LLC	Total
	(In thousands)				
Balance at December 31, 2019	\$ 291,628	\$ 163,199	\$ 310,421	\$ 492,800	\$ 1,258,048
Contributions	1,715	29,250	296,340	-	327,305
Distributions	(52,009)	-	-	(46,157)	(98,166)
Capitalized interest ⁽¹⁾	-	-	8,733	-	8,733
Equity income (loss), net	42,196	(16,332)	(308)	33,183	58,739
Other comprehensive loss		523	-	-	523
Balance at December 31, 2020	\$ 283,530	\$ 176,640	\$ 615,186	\$ 479,826	\$ 1,555,182
Contributions	314	2,250	25,856	-	28,420
Distributions	(49,953)	-	(73,668)	(49,108)	(172,729)
Equity income (loss), net	40,049	(19,079)	62,522	30,272	113,764
Other comprehensive income	-	630	-	-	630
Impairment ⁽²⁾	-	(160,441)	-	-	(160,441)
Balance at December 31, 2021	<u>\$ 273,940</u>	<u>\$ -</u>	<u>\$ 629,896</u>	<u>\$ 460,990</u>	<u>\$ 1,364,826</u>

- (1) Altus' proportionate share of the PHP construction costs were funded with the revolving credit facility. Accordingly, Altus capitalized \$8.7 million of related interest expense during 2020, which is included in the basis of the PHP equity interest.
- (2) The Company impaired its investment in EPIC in the fourth quarter of 2021. Refer to [Note 1-Summary of Significant Accounting Policies](#) for further details on this impairment charge.

Summarized Financial Information

The following represents selected income statement and balance sheet data for the Company's equity method interests (on a 100 percent basis):

	For the Year Ended December 31,			
	2021			
	Gulf Coast Express Pipeline LLC	EPIC Crude Holdings, LP	Permian Highway Pipeline LLC	Breviloba, LLC
<i>Statements of Income</i>	(In thousands)			
Revenues	\$ 362,399	\$ 164,774	\$ 397,237	\$ 157,683
Operating income (loss)	254,772	(36,488)	237,230	92,568
Net income (loss)	253,535	(114,519)	236,528	92,005
Other comprehensive income	-	4,197	-	-
	For the Year Ended December 31,			
	2020			
	Gulf Coast Express Pipeline LLC	EPIC Crude Holdings, LP	Permian Highway Pipeline LLC	Breviloba, LLC
<i>Statements of Income</i>	(In thousands)			
Revenues	\$ 366,185	\$ 165,970	\$ 7,220	\$ 167,784
Operating income (loss)	266,219	(35,566)	(1,798)	102,526
Net income (loss)	264,956	(109,614)	(1,140)	102,048
Other comprehensive income	-	3,484	-	-
	For the Year Ended December 31,			
	2019 ⁽¹⁾			
	Gulf Coast Express Pipeline LLC	EPIC Crude Holdings, LP	Permian Highway Pipeline LLC	Breviloba, LLC
<i>Statements of Income</i>	(In thousands)			
Revenues	\$ 132,103	\$ 40,756	\$ -	\$ 129,559
Operating income (loss)	108,056	(67,763)	(93)	81,369
Net income (loss)	109,997	(72,535)	1,587	81,469
Other comprehensive loss	-	(7,681)	-	-

- (1) Although the Company's interests in EPIC Crude Holdings, LP, Permian Highway Pipeline LLC, and Breviloba, LLC were acquired in March, May, and July of 2019, respectively, the financial results for all equity method interests are presented for the entire twelve months of 2019 for comparability.

	As of December 31,							
	2021				2020			
	Gulf Coast Express Pipeline LLC	EPIC Crude Holdings, LP	Permian Highway Pipeline LLC	Breviloba, LLC	Gulf Coast Express Pipeline LLC	EPIC Crude Holdings, LP	Permian Highway Pipeline LLC	Breviloba, LLC
<i>Balance Sheets</i>	(In thousands)							
Current assets	\$ 74,408	\$ 101,189	\$ 69,995	\$ 34,159	\$ 59,910	\$ 122,995	\$ 23,734	\$ 53,206
Noncurrent assets	1,655,941	2,177,616	2,267,940	1,344,178	1,714,062	2,272,805	2,316,176	1,375,155

Total assets	\$1,730,349	\$2,278,805	\$2,337,935	\$1,378,337	\$1,773,972	\$2,395,800	\$2,339,910	\$1,428,361
Current liabilities	\$ 46,151	\$ 58,729	\$ 36,657	\$ 11,244	\$ 32,997	\$ 67,073	\$ 95,863	\$ 10,326
Noncurrent liabilities	461	1,185,003	-	8,254	526	1,187,615	-	2,389
Equity	1,683,737	1,035,073	2,301,278	1,358,839	1,740,449	1,141,112	2,244,047	1,415,646
Total liabilities and equity	\$1,730,349	\$2,278,805	\$2,337,935	\$1,378,337	\$1,773,972	\$2,395,800	\$2,339,910	\$1,428,361

10. EQUITY AND WARRANTS

Reverse Stock Split

On June 30, 2020, the Company effected a reverse stock split of the Company's Class A Common Stock and Class C Common Stock by a ratio of one-for-twenty. The par value and number of authorized shares of common stock and preferred stock were not affected by the reverse stock split. A corresponding number of Altus Midstream Common Units were also restated as part of the reverse stock split. All corresponding per-share and share amounts have been retroactively restated in this Annual Report on Form 10-K for all periods presented to reflect the reverse stock split.

Common Stock and Warrants

The Company's second amended and restated certificate of incorporation authorizes the issuance of 1,500,000,000 shares of Class A Common Stock, \$0.0001 par value, and 1,500,000,000 shares of Class C Common Stock, \$0.0001 par value. The Company's shares of Class A Common Stock are listed on the Nasdaq under the symbol "ALTM." As of December 31, 2021, there were 3,746,460 and 12,500,000 issued and outstanding shares of Class A Common Stock and Class C Common Stock, respectively.

In January 2022, a direct exchange by the Company and Apache was effectuated under the Amended LPA, pursuant to which the Company succeeded to Apache's 12,500,000 Common Units, issued an additional 12,500,000 shares of Class A Common Stock to Apache, and cancelled Apache's 12,500,000 shares of Class C Common Stock, whereupon the Company and Altus Midstream remained subsidiaries of Apache.

Holders of each of the Class A Common Stock and Class C Common Stock vote together as a single class on all matters submitted to a vote of the Company's stockholders, except as required by law. Only holders of Class A Common Stock are entitled to dividends or other liquidating distributions made by the Company. On December 10, 2020, the Company announced that its board of directors initiated a dividend program on the Company's Class A Common Stock as further detailed below under the section titled "Common Stock Dividend."

Shares of Class A Common Stock and certain warrants were originally issued in connection with the Company's public offering, while shares of Class C Common Stock were newly-issued in connection with the Altus Combination.

Public Warrants

As of December 31, 2021, 2020, and 2019 there were 12,577,350 Public Warrants (as defined below) outstanding. Each whole public warrant entitles the holder to purchase one twentieth of a share of Class A Common Stock at a price of \$230.00 per share (the Public Warrants). The Public Warrants will expire five years after closing of the Altus Combination or earlier upon redemption or liquidation. The Company may call the Public Warrants for redemption, in whole and not in part, at a price of \$0.01 per warrant with not less than 30 days' notice provided to the Public Warrant holders. However, this redemption right can only be exercised if the reported last sale price of the Class A Common Stock equals or exceeds \$360.00 per share for any 20 trading days within a 30-trading day period ending three business days prior to sending the notice of redemption to the Public Warrant holders.

Following the closing of the Altus Combination, the Public Warrants continued trading under the symbol "ALTMW." On December 11, 2018, the Company received notice from the Staff of the Nasdaq of a delisting determination with respect to its Public Warrants for failure to satisfy the Nasdaq's minimum round lot holder listing requirement. The Public Warrants ceased trading on the Nasdaq at the opening of business on December 20, 2018. The delisting of the Public Warrants did not impact the listing or trading of the Company's Class A Common Stock.

Private Placement Warrants

As of December 31, 2021, 2020, and 2019, there were 6,364,281 Private Placement Warrants (as defined below) outstanding, of which Apache holds 3,182,140. The private placement warrants are identical to the Public Warrants discussed above, except (i) they will not be redeemable by the Company so long as they are held by the initial holders or their respective permitted transferees and (ii) they may be exercised by the holders on a cashless basis (the Private Placement Warrants and, together with the Public Warrants, the Warrants).

The Warrants are recorded at a fair value of \$0.2 million and \$0.9 million as of December 31, 2021 and 2020, respectively, on the consolidated balance sheet in other non-current liabilities.

Earn-Out Consideration

As part of the Altus Combination, Apache was granted the right to receive earn-out consideration of up to 1,250,000 shares of Class A Common Stock as follows:

- 625,000 shares if the per share closing price of the Class A Common Stock as reported by Nasdaq during any 30-trading-day period ending prior to the fifth anniversary of the Closing Date is equal to or greater than \$280.00 for any 20 trading days within such 30-trading-day period.
- 625,000 shares if the per share closing price of the Class A Common Stock as reported by Nasdaq during any 30-trading-day period ending prior to the fifth anniversary of the Closing Date is equal to or greater than \$320.00 for any 20 trading days within such 30-trading-day period.

Redeemable Noncontrolling Interest - Apache Limited Partner

As of December 31, 2021, in conjunction with its ownership of the Class C Common Stock, Apache owned 12,500,000 Altus Midstream Common Units, approximately 76.9 percent of the total Common Units issued and outstanding. The financial results of Altus Midstream and its subsidiaries are included in the Company's consolidated financial statements as detailed in Note 1-Summary of Significant Accounting Policies, under the section titled "Principles of Consolidation."

As of December 31, 2021, Apache had the right, at any time, to cause Altus Midstream to redeem all or a portion of the Common Units issued to Apache, in exchange for shares of the Company's Class A Common Stock on a one-for-one basis or, at Altus Midstream's option, an equivalent amount of cash; provided that the Company could, at its option, effect a direct exchange of cash or Class A Common Stock for such Common Units in lieu of such a redemption by Altus Midstream. Upon the future redemption or exchange of Common Units held by Apache, a corresponding number of shares of Class C Common Stock held by Apache would be cancelled. In January 2022, a direct exchange by the Company and Apache was effectuated under the Amended LPA, pursuant to which the Company succeeded to Apache's 12,500,000 Common Units, issued an additional 12,500,000 shares of Class A Common Stock to Apache, and cancelled Apache's 12,500,000 shares of Class C Common Stock, whereupon the Company and Altus Midstream remained subsidiaries of Apache.

As of December 31, 2021, Apache's limited partner interest associated with the Common Units issued with the Class C Common Stock is reflected as a redeemable noncontrolling interest in the Company. The redeemable noncontrolling interest is recognized at the higher of (i) its initial fair value plus accumulated earnings/losses associated with the noncontrolling interest and (ii) the maximum redemption value as of the balance sheet date. The redemption value is determined based on a 5-day volume weighted average closing price of the Class A Common Stock (5-day VWAP) as defined in the Amended LPA, a Level 1 non-recurring fair value measurement. At December 31, 2021 and 2020, the redeemable noncontrolling interest was recorded based on the redemption value as of the balance sheet date of \$769.9 million and \$575.1 million, respectively.

For further discussion of Apache's right to receive additional shares of Class A Common Stock, and other outstanding equity instruments that may impact ownership interests and the limited partner interests of Altus Midstream in future periods, see Note 13-Net Income (Loss) Per Share.

Redeemable Noncontrolling Interest - Preferred Unit Limited Partners

On June 12, 2019, Altus Midstream issued and sold the Preferred Units in a private offering, and the purchasers of the Preferred Units were admitted as limited partners of Altus Midstream. The Preferred Units will be exchangeable for shares of the Company's Class A Common Stock at the option of the Preferred Unit holders after the seventh anniversary of Closing (as defined below) or upon the occurrence of specified events, unless otherwise redeemed by Altus Midstream. Refer to Note 11-Series A Cumulative Redeemable Preferred Units for further discussion.

Common Stock Dividend

During 2021, the Company paid an aggregate \$22.5 million in dividends on the Company's Class A Common Stock, of which \$5.6 million, or \$1.50 per share, was paid in each quarter of 2021. Each quarterly Class A Common Stock dividend was funded by a distribution from Altus Midstream to its common unitholders of \$1.50 per Common Unit, with each quarterly distribution totaling \$24.4 million, of which \$5.6 million was paid to the Company and the balance was paid to Apache due to its 76.9 percent ownership of outstanding Common Units.

Refer to Note 2-Transactions with Affiliates for further discussion of the Common Unit distribution.

11. SERIES A CUMULATIVE REDEEMABLE PREFERRED UNITS

On June 12, 2019, Altus Midstream issued and sold the Preferred Units in a private offering exempt from the registration requirements of the Securities Act of 1933, as amended (the Closing). The Closing occurred pursuant to a Preferred Unit Purchase Agreement among Altus Midstream, the Company, and the purchasers party thereto, dated as of May 8, 2019. A total of 625,000 Preferred Units were sold at a price of \$1,000 per Preferred Unit, for an aggregate issue price of \$625.0 million. Altus Midstream received approximately \$611.2 million in cash proceeds from the sale after deducting transaction costs and discounts to certain purchasers.

At the Closing, the partners of Altus Midstream entered into the Amended LPA. The Amended LPA provides the terms of the Preferred Units, including the distribution rate, redemption rights, and rights to exchange the Preferred Units for shares of the Company's Class A Common Stock, as well as rights of holders of the Preferred Units to approve certain partnership business, financial, and governance-related matters. The Preferred Units have a perpetual term, unless redeemed or exchanged as described below. Pursuant to the Amended LPA:

- The Preferred Units entitle the holders thereof to receive quarterly distributions at a rate of 7 percent per annum, commencing with the quarter ended June 30, 2019. The rate increases to 10 percent per annum after the fifth anniversary of Closing and upon the occurrence of specified events. For any quarter ending on or prior to December 31, 2020, Altus Midstream could elect to pay distributions in-kind and did so in respect of quarters ended on and before March 31, 2020.
- The Preferred Units are redeemable at Altus Midstream's option at any time in cash at a redemption price (the Redemption Price) equal to (a) the greater of (i) an 11.5 percent internal rate of return (increasing to 13.75 percent after the fifth anniversary of Closing), and (ii) a 1.3x multiple of invested capital plus (b) if applicable, the value of any accrued and unpaid distributions. The Preferred Units will be redeemable at the holder's option upon a change of control or liquidation of Altus Midstream and certain other events, including certain asset dispositions. The Company and Altus Midstream remained subsidiaries of Apache upon consummation of the January 2022 direct exchange by the Company and Apache under the Amended LPA, pursuant to which the Company succeeded to Apache's 12.5 million Common Units, issued an additional 12.5 million shares of Class A Common Stock to Apache, and cancelled Apache's 12.5 million shares of Class C Common Stock (as further discussed in Note 10-Equity and Warrants).
- The Preferred Units will be exchangeable for shares of the Company's Class A Common Stock at the option of the Preferred Unit holders after the seventh anniversary of Closing or upon the occurrence of specified events. Each Preferred Unit will be exchangeable for a number of shares of Class A Common Stock equal to the Redemption Price divided by the volume-weighted average trading price of the Class A Common Stock on the Nasdaq Global Select Market for the 20 trading days immediately preceding the second trading day prior to the applicable exchange date, less a 6 percent discount.
- Each outstanding Preferred Unit has a liquidation preference equal to the Redemption Price payable before any amounts are paid in respect of Altus Midstream's Common Units and any other units that rank junior to the Preferred Units with respect to distributions or distributions upon liquidation.

- Altus Midstream is restricted from declaring or making cash distributions on its Common Units until all required distributions on the Preferred Units have been paid. In addition, before the fifth anniversary of Closing, aggregate cash distributions on, and redemptions of, Common Units are limited to \$650 million of cash from ordinary course of operations if permitted under the Amended Credit Agreement. Cash distributions on, and redemptions of, Common Units also are subject to satisfaction of leverage ratio requirements specified in the Amended LPA.

Since the Preferred Units could be exchangeable for a number of shares of Class A Common Stock equal to 20 percent or more of the Company's outstanding voting power, the Company submitted the potential issuance of such shares for approval of its stockholders (the Stockholder Approval) at its annual stockholder meeting in 2020 and obtained Stockholder Approval.

Classification

The Preferred Units are accounted for on the Company's consolidated balance sheet as a redeemable noncontrolling interest classified as temporary equity based on the terms of the Preferred Units, including the redemption rights with respect thereto.

Initial Measurement

The net transaction price as shown below was based on the negotiated transaction price, less issue discounts and transaction costs.

	June 12, 2019
	(In thousands)
Transaction price, gross	\$ 625,000
Issue discount	(3,675)
Transaction costs to other third parties	(10,076)
Transaction price, net	<u>\$ 611,249</u>

Certain redemption features embedded within the terms of the Preferred Units require bifurcation and measurement at fair value. As such, the net transaction price shown in the table above was allocated to the preferred redeemable noncontrolling interest and the embedded features according to the associated initial fair value measurements as follows:

	June 12, 2019
	(In thousands)
Redeemable noncontrolling interest - Preferred Units	\$ 516,790
Long-term liability: Embedded derivative ⁽¹⁾	94,459
	<u>\$ 611,249</u>

(1) See [Note 14-Fair Value Measurements](#) for further discussion on the nature and recognition of the embedded derivative.

Subsequent Measurement

The Company applies a two-step approach to subsequently measure the redeemable noncontrolling interest related to the Preferred Units, by first allocating a portion of the net income of Altus Midstream in accordance with the terms of the Amended LPA described above.

After consideration of the foregoing, the Company records an additional adjustment to the carrying value of the Preferred Unit redeemable noncontrolling interest at each period end, if applicable. The amount of such adjustment is determined based upon the accreted value method to reflect the passage of time until the Preferred Units are exchangeable at the option of the holder. Pursuant to this method, the net transaction price is accreted using the effective interest method, to the Redemption Price calculated at the seventh anniversary of Closing. The total adjustment is limited to an amount such that the carrying amount of the Preferred Unit redeemable noncontrolling

interest at each period end is equal to the greater of (a) the sum of (i) the carrying amount of the Preferred Units determined in accordance with ASC 810, plus (ii) the fair value of the embedded derivative liability and (b) the accreted value of the net transaction price.

Activity related to the Preferred Units for the years ended December 31, 2021 and 2020 is as follows:

	Units Outstanding	Financial Position⁽¹⁾
	(In thousands, except for unit data)	
Redeemable noncontrolling interest - Preferred Units: at December 31, 2019	638,163	\$ 555,599
Distribution of in-kind additional Preferred Units	22,531	-
Cash distributions paid to Preferred Unit limited partners	-	(23,124)
Allocation of Altus Midstream net income	N/A	75,906
Redeemable noncontrolling interest - Preferred Units: at December 31, 2020	660,694	608,381
Cash distributions paid to Preferred Unit limited partners	-	(46,249)
Distributions payable to Preferred Unit limited partners	-	(11,562)
Allocation of Altus Midstream net income	N/A	79,931
Accreted redemption value adjustment	N/A	81,975
Redeemable noncontrolling interest - Preferred Units: at December 31, 2021	660,694	\$ 712,476
Embedded derivative liability ⁽²⁾		56,895
		<u>\$ 769,371</u>

(1) The Preferred Units are redeemable at Altus Midstream's option at a redemption price (the Redemption Price), which as of December 31, 2021 is calculated as the greater of (i) an 11.5 percent internal rate of return and (ii) a 1.3 times multiple of invested capital. As of December 31, 2021, the Redemption Price would have been based on an 11.5 percent internal rate of return, which would equate to a redemption value of \$738.7 million.

(2) Certain redemption features embedded within the terms of the Preferred Units require bifurcation and measurement at fair value. Refer to [Note 14-Fair Value Measurements](#) for discussion of the fair value changes in the embedded derivative liability during the period.

N/A - not applicable.

12. INCOME TAXES

The total income tax provision (benefit) consists of the following:

	Year Ended December 31,		
	2021	2020	2019
	(In thousands)		
Current income taxes:			
Federal	\$ -	\$ (696)	\$ (15)
State	-	-	-
	-	(696)	(15)
Deferred income taxes:			
Federal	-	-	67,516
State	-	-	(2,601)
	-	-	64,915
Total	<u>\$ -</u>	<u>\$ (696)</u>	<u>\$ 64,900</u>

The total income tax provision (benefit) differs from the amounts computed by applying the U.S. statutory income tax rate to net income (loss) before income taxes. A reconciliation of the tax on the Company's net income (loss) before income taxes and total tax expense (benefit) is shown below:

	Year Ended December 31,		
	2021	2020	2019
	(In thousands)		
Income tax expense (benefit) at U.S. statutory rate	\$ 20,836	\$ 17,008	\$ (265,192)
Income tax expense (benefit) attributable to Apache limited partner	(15,932)	(12,892)	205,844
Income tax benefit attributable to Preferred Unit limited partners	(7,833)	(3,676)	(1,879)
State tax benefit ⁽¹⁾	-	-	(2,610)
CARES Act tax impact	-	(266)	-
Valuation allowance ⁽¹⁾	3,068	(620)	130,988
Warrant valuation adjustment	(139)	(252)	(2,348)
All other, net	-	2	97
Income tax expense (benefit)	\$ -	\$ (696)	\$ 64,900

(1) The change in state valuation allowance is included as a component of state income tax.

The net deferred tax assets reflect the tax impact of temporary differences between the asset and liability amounts carried on the balance sheet under U.S. GAAP and amounts utilized for income tax purposes. The net deferred tax assets consist of the following:

	December 31,	
	2021	2020
	(In thousands)	
Deferred tax assets:		
Investment in partnership	\$ 88,054	\$ 92,881
Asset retirement obligation	512	480
Net operating losses	44,437	37,675
Property, plant, and equipment	3,358	4,471
Total deferred tax assets	136,361	135,507
Valuation allowance	(135,263)	(133,077)
Net deferred tax assets	1,098	2,430
Deferred tax liabilities:		
Other	1,098	2,430
Net deferred tax assets	\$ -	\$ -

In 2021, the Company recorded an increase in valuation allowance against its net deferred tax asset. The Company has assessed the future potential to realize these deferred tax assets and has concluded that it is more likely than not that these deferred tax assets will not be realized.

The Company reconciles its effective tax rate to its net income (loss) before income taxes. This includes net income (loss) before income taxes attributable to both the controlling and noncontrolling interests. As such, the Company's effective tax rate includes adjustments to remove income (loss) attributed to the noncontrolling interests. In 2021, 2020, and 2019, the Company recorded tax benefit adjustments of \$15.9 million and \$12.9 million and a tax expense adjustment of \$205.8 million, respectively, associated with income and losses allocated to Apache.

On March 27, 2020, the President signed into law the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in response to the COVID-19 pandemic. Under the CARES Act, 100 percent of net operating losses arising in tax years beginning after December 31, 2017 and before January 1, 2021 may be carried back to each of the

five preceding tax years of such loss. For the year ended December 31, 2020, the Company recorded a current income tax benefit of \$0.7 million associated with a net operating loss carryback claim.

In the first quarter of 2020, the Company early adopted ASU 2019-12, “Simplifying the Accounting for Income Taxes.” The Company’s adoption of ASU 2019-12 did not result in a material impact on the consolidated financial statements.

On June 12, 2019, Altus Midstream issued and sold the Preferred Units in a private offering. Concurrently, the Preferred Units were established as a new class of partnership unit representing limited partner interests in Altus Midstream pursuant to the terms of the Amended LPA, and the purchasers were admitted as limited partners of Altus Midstream. In 2021, 2020 and 2019, the Company recorded a tax benefit adjustment of \$7.8 million, \$3.7 million, and \$1.9 million, respectively, associated with income allocated to the noncontrolling Preferred Unit limited partners of Altus Midstream. For further details on the terms of the Preferred Units and the rights of the holders thereof, refer to [Note 11-Series A Cumulative Redeemable Preferred Units](#).

Altus is also subject to the Texas margin tax. Unlike federal income taxes, the Texas margin regime assesses tax on corporations, limited liability companies, limited partnerships, and disregarded entities. As such, the Company records deferred tax assets and liabilities for Texas margin tax based on the differences between the financial statement carrying value and tax basis of assets and liabilities on the balance sheet. The Texas margin tax associated with Apache's share of the liability is recorded as a component of the noncontrolling interest.

The Company has a federal net operating loss carryforward of \$211.6 million, which has an indefinite carryforward period. The Company has recorded a full valuation allowance against the federal net operating loss because it is more likely than not that this attribute will not be realized.

On January 14, 2022, a direct exchange by the Company and Apache Midstream LLC was effectuated under the Amended LPA, pursuant to which the Company succeeded to Apache’s 12,500,000 Common Units, issued an additional 12,500,000 shares of Class A Common Stock to Apache, and cancelled Apache’s 12,500,000 shares of Class C Common Stock (as further discussed in [Note 10-Equity and Warrants](#)). For federal income tax purposes, the Company is deemed to have acquired 12,500,000 Common Units and as a result, the tax basis of the assets held by Altus Midstream LP was increased to the market value of Class A Common Stock on the exchange date.

The Company accounts for income taxes in accordance with ASC Topic 740, “Income Taxes,” which prescribes a minimum recognition threshold a tax position must meet before being recognized in the financial statements. Tax positions generally refer to a position taken in a previously filed income tax return or expected to be included in a tax return to be filed in the future that is reflected in the measurement of current and deferred income tax assets and liabilities. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	December 31,		
	2021	2020	2019
	(In thousands)		
Balance at beginning of year	\$ 4,613	\$ 2,057	\$ -
Additions based on tax positions related to the prior year	-	-	-
Additions based on tax positions related to the current year	1,622	2,556	2,057
Reductions for tax positions of prior years	-	-	-
Balance at end of year	\$ 6,235	\$ 4,613	\$ 2,057

The Company records interest and penalties related to unrecognized tax benefits as a component of income tax expense. Each quarter the Company assesses the amounts provided for and, as a result, may increase (expense) or reduce (benefit) the amount of interest and penalties. The Company has recorded no interest or penalties associated with its unrecognized tax benefit. Uncertain tax positions may change in the next twelve months; however, the Company does not expect any possible change to have a significant impact on the results of operations or financial position. If incurred, Altus will record income tax interest and penalties as a component of income tax expense. The

contributor of Altus Midstream LP's operating assets, Apache Corporation, is currently under IRS audit for the 2014 through 2017 tax years.

13. NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is calculated by dividing net income (loss) attributable to Class A common shareholders by the weighted average number of shares of Class A Common Stock outstanding during the period. Class C Common Stock is excluded from the weighted average shares outstanding for the calculation of basic net income (loss) per share, as holders of Class C Common Stock are not entitled to any dividends or liquidating distributions.

The Company uses the "if-converted method" to determine the potential dilutive effect of (i) an assumed exchange of outstanding Common Units of Altus Midstream (and the cancellation of a corresponding number of shares of outstanding Class C Common Stock) for shares of Class A Common Stock, and (ii) an assumed exchange of the outstanding Preferred Units of Altus Midstream for shares of Class A Common Stock. The treasury stock method is used to determine the potential dilutive effect of its outstanding warrants. The dilutive effect of any earn-out consideration payable in shares is only included in periods for which the underlying conditions for the issuance are met.

The computation of basic and diluted net income (loss) per share for the periods presented in the consolidated financial statements is shown in the table below.

For the Year Ended December 31,								
2021			2020			2019		
Loss	Shares	Per Share	Income	Shares	Per Share	Loss	Shares ⁽³⁾	Per Share
(In thousands, except per share data)								
Basic:								
Net income (loss) attributable to Class A common shareholders	\$ (13,944)	3,746	\$ (3.72)	\$ 2,791	3,746	\$ 0.75	\$(358,490)	3,746 \$(95.70)
Effect of dilutive securities:								
Redeemable noncontrolling interest - Apache limited partner	\$ (48,741)	12,500		\$ 2,987	12,500	\$ -	-	
Diluted⁽¹⁾⁽²⁾:								
Net income (loss) attributable to Class A common shareholders	\$ (62,685)	16,246	\$ (3.86)	\$ 5,778	16,246	\$ 0.36	\$(358,490)	3,746 \$(95.70)

- (1) The effect of an assumed exchange of outstanding Common Units of Altus Midstream (and the cancellation of a corresponding number of shares of outstanding Class C Common Stock) would have been anti-dilutive for the year ended December 31, 2019.
- (2) The effect of an assumed exchange of the outstanding Preferred Units of Altus Midstream for shares of Class A Common Stock would have been anti-dilutive for all periods presented in which the Preferred Units were outstanding.
- (3) Share and per share amounts have been retroactively restated to reflect the Company's reverse stock split, which was effected June 30, 2020. Refer to [Note 10-Equity and Warrants](#) for further information.

The diluted earnings per share calculation excludes the effects of the outstanding warrants of the Company to purchase an aggregate 947,082 shares of Class A Common Stock, since the associated impacts would have been anti-dilutive for all periods presented. Earn-out consideration granting Apache the right to receive additional shares of Class A Common Stock is also not included in the earnings per share calculation above, as the conditions for issuance were not satisfied as of the year ended December 31, 2021.

Further discussion of the Company's outstanding common stock, warrants, and earn-out consideration as well as any applicable redemption rights is provided in [Note 10-Equity and Warrants](#). Further discussion of the Preferred Units and associated embedded features can be found in [Note 11-Series A Cumulative Redeemable Preferred Units](#) and [Note 14-Fair Value Measurements](#), respectively.

14. FAIR VALUE MEASUREMENTS

The Company's financial assets and liabilities measured at fair value on a recurring basis consist of: cash and cash equivalents; revenue receivables; accounts receivable from/payable to Apache, the Company's warrant liability, and an embedded derivative liability related to the issuance of Preferred Units. This embedded derivative liability is recorded on the Company's consolidated balance sheet at fair value. The carrying amounts reported on the consolidated balance sheet for the Company's remaining financial assets and liabilities approximate fair value due to their short-term nature. The carrying amount of Altus Midstream's revolving credit facility approximates fair value because the interest rate is variable and reflective of market rates. There were no transfers between Level 1, Level 2 or Level 3 of the fair value hierarchy during the years ended December 31, 2021 or 2020.

The Company bifurcated and recognized the embedded derivative associated with the Preferred Units related to the exchange option provided to the Preferred Unit holders under the terms of the Amended LPA. The valuation of the embedded derivative (using an income approach) was based on a range of factors including expected future interest rates using the Black-Karasinski model, the Company's imputed interest rate, interest rate volatility, the expected timing of periodic cash distributions, any anticipated early redemptions of the Preferred Units, the estimated timing for the potential exercise of the exchange option, and anticipated dividend yields of the Preferred Units. The Company recorded an unrealized gain of \$82.1 million and unrealized losses of \$36.1 million and \$8.5 million for the years ended December 31, 2021, 2020 and 2019, respectively, which are recorded in "Unrealized derivative instrument loss" in the consolidated statement of operations. Altus has classified these recurring fair value measurements as Level 3 in the fair value hierarchy.

As of the December 31, 2021 valuation date, the Company used the forward B-rated Energy Bond Yield curve to develop the following key unobservable inputs used to value this embedded derivative:

						Quantitative Information About Level 3 Fair Value Measurements					
						Fair Value at December 31, 2021	Valuation Technique	Significant Unobservable Inputs	Range/Value		
						(In thousands)					
Preferred Units Embedded Derivative						\$	56,895	Option Model	Altus Midstream Company's Imputed Interest Rate		
									Interest Rate Volatility		
									5.54-11.21%		
									40.08%		

In addition, no early redemptions of the Preferred Units were assumed for the December 31, 2020 valuation. As a result of the announced BCP Business Combination and associated publicly filed information, the December 31, 2021 valuation assumed 250,000 Preferred Units would be redeemed before the Preferred Unit holders had the right to exercise their exchange option. This early redemption assumption significantly reduced the value of the derivative liability year over year.

A one percent increase in the imputed interest rate assumption would significantly increase the value of the embedded derivative liability at December 31, 2021, while a one percent decrease would lead to a similar decrease in value as of December 31, 2021. The assumed expected timing until exercise of the exchange option at December 31, 2021 was 4.45 years.

The Company has additional embedded derivatives in the Preferred Units related to the exchange option and redemption features that are accounted for separately from the Preferred Units. Level 3 valuations of the embedded derivatives are based on a range of factors including the likelihood of the event occurring, and these factors are

assessed quarterly. There was no value associated with these additional identified embedded derivatives for any applicable period presented.

The fair value of the Company's warrant liability was insignificant as of December 31, 2021 and 2020.

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

FORM 10-K
(Amendment No. 1)

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

For the fiscal year ended: December 31, 2021

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

For the transition period from _____ to _____

Commission File No. 001-38048

KINETIK HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

2700 Post Oak Blvd., Suite 300
Houston, Texas
(Address of principal executive offices)

81-4675947
(I.R.S. Employer
Identification No.)

77056
(Zip code)

(713) 621-7330
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.0001 per share	KNTK	Nasdaq Global Market

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of

Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☒

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

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

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

Aggregate market value of the voting and non-voting common equity held by non-affiliates of registrant as of June 30, 2021	\$219,150,084
Number of shares of registrant’s Class A common stock, \$0.0001 issued and outstanding as of March 31, 2022	18,896,460
Number of shares of registrant’s Class C common stock, \$0.0001 issued and outstanding as of March 31, 2022	47,350,000

EXPLANATORY NOTE

Kinetik Holdings Inc. (formerly known as Altus Midstream Company, the “Company,” “Kinetik,” “our,” “us” or “we”) is filing this Amendment No. 1 on Form 10-K/A (this “Amendment No. 1”) to our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the “Form 10-K”), which was filed with the U.S. Securities and Exchange Commission (the “SEC”) on February 22, 2022, to provide the information required by Part III of Form 10-K. This information was previously omitted from the Form 10-K in reliance on General Instruction G(3) to Form 10-K, which permits the information in Part III to be incorporated in the Form 10-K by reference from our definitive proxy statement if such statement is filed no later than 120 days after end of our fiscal year. We are filing this Amendment No. 1 to include Part III information in our Form 10-K. This Amendment No. 1 amends and restates in their entirety Items 10, 11, 12, 13 and 14 of Part III of the Form 10-K.

In addition, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and Rule 12b-15 of the Securities Exchange Act of 1934 (the “Exchange Act”), as amended, updated certifications of the Company’s principal executive officer and principal financial officer are included as Exhibits 31.3 and 31.4 hereto. Because no financial statements have been included in this Amendment No. 1 and this Amendment No. 1 does not contain or amend any disclosure with respect to Items 307 and 308 of Regulation S-K, paragraphs 3, 4, and 5 of the certifications have been omitted. We are not including the certifications under Section 906 of the Sarbanes-Oxley Act of 2002 as no financial statements are being filed with this Amendment No. 1.

No other changes have been made to the Form 10-K other than those described above. This Amendment No. 1 does not reflect subsequent events occurring after the original filing date of the Form 10-K or modify or update in any way the financial statements, consents or any other items disclosures made in the Form 10-K in any way other than as required to reflect the amendments discussed above. Accordingly, this Amendment No. 1 should be read in conjunction with the Form 10-K and the Company’s other filings with the SEC subsequent to the filing of the Form 10-K.

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On October 21, 2021, the Company and Kinetik Holdings LP, a Delaware limited partnership and indirect subsidiary of the Company (formerly known as Altus Midstream LP, the “Partnership”), entered into a Contribution Agreement with New BCP Raptor Holdco, LLC (the “Contributor”) and, solely for the purposes set forth therein, BCP Raptor Holdco, LP (“BCP”). On February 22, 2022, pursuant to the Contribution Agreement, Contributor contributed all of the equity interests of BCP and BCP Raptor Holdco GP, LLC (“BCP GP”), the general partner of BCP, to the Partnership in exchange for 50,000,000 common units representing limited partner interests in the Partnership (“Common Units”) and 50,000,000 shares of Class C common stock, par value \$0.0001 per share (“Class C common stock”), of the Company. The transactions contemplated by the Contribution Agreement are referred to herein as the “Transactions.” In connection with the consummation of the Transactions, the Company and the Partnership changed their names to Kinetik Holdings Inc. and Kinetik Holdings LP, respectively.

Unless the context otherwise requires, references to “Kinetik,” the “Company,” “we,” “our” and “us,” or like terms, refer to Kinetik Holdings Inc. and its subsidiaries following the closing of the Transactions. “Altus Midstream Company” and “Altus” refer to the Company prior to the closing of the Transactions.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Executive Officers

The following table sets forth the names, ages as of the date hereof and titles of our directors and executive officers.

Name	Age	Position
Jamie Welch	55	Chief Executive Officer, President, Chief Financial Officer and Director
Matthew Wall	39	EVP, Chief Operating Officer
Steven Stellato	48	EVP, Chief Accounting and Administrative Operating Officer
Todd Carpenter	61	General Counsel, Secretary and Chief Compliance Officer
Anne Psencik	59	Chief Strategy Officer
David I. Foley	54	Director
John-Paul (JP) Munfa	40	Director
Elizabeth P. Cordia	29	Director
Thomas Lefebvre	45	Director
Joe Payne	41	Director
Laura A. Sugg	61	Director
Kevin S. McCarthy	62	Director
Ben C. Rodgers	42	Director
D. Mark Leland	60	Director

Jamie Welch. Mr. Welch has served as our Chief Executive Officer, President and Chief Financial Officer and as a member of our board of directors since the closing of the Transactions. Prior to the Transactions, he served as President, Chief Executive Officer and Chief Financial Officer of BCP GP, a position he held since May 2021. From April 2019, he has been President and CEO and before then was President and CFO. He has also served as director of BCP GP since June 2017. Prior to joining BCP GP, he was the Group Chief Financial Officer and Head of Business Development for the Energy Transfer Equity, L.P. (ETE) family from June 2013 to February 2016. Mr. Welch also served on the board of directors of ETE, Energy Transfer Partners and Sunoco Logistics. Mr. Welch joined Blackstone Energy Partners as a Senior Advisor in July 2016. Before joining ETE, Mr. Welch was Head of the EMEA Investment Banking Department and Head of the Global Energy Group at Credit Suisse. He was also a member of the Investment Banking Division Global Management Committee and the EMEA Operating Committee. Mr. Welch joined Credit Suisse First Boston in 1997 from Lehman Brothers Inc. in New York, where he was a Senior Vice President in the global utilities and project finance group. Prior to that he was an attorney in New York with Milbank, Tweed, Hadley & McCloy and a barrister and solicitor with Minter Ellison in Melbourne, Australia. Mr. Welch received a Bachelor of Law and a Diploma of Legal Practice from Queensland University of Technology.

Matthew Wall. Mr. Wall has served as our Chief Operating Officer since the closing of the Transactions. He joined BCP GP in July 2017 as Vice President, Operations and was appointed Chief Operating Officer in May 2019. His industry experience has focused on midstream gas gathering/processing design and commissioning, as well as on operational support engineering. He is responsible for the safe, reliable and efficient operation of BCP GP's measurement, gathering and processing facilities. Prior to joining BCP GP, Mr. Wall served as Manager of Engineering at Aka Energy Group LLC from April 2014 to June 2017. Prior to Aka Energy, Mr. Wall was a Sr. Process Engineer at BCKK Engineering, responsible for process design and commissioning for company's EPC projects. His career in midstream began as a Project Engineer at Southern Union Gas Services, where he performed design engineering and project management for expansion and operational projects. He also worked closely with commercial gas supply to provide various engineering evaluations for system expansions. Mr. Wall received a B.S. in Chemical Engineering from Texas Tech University.

Steven Stellato. Mr. Stellato has served as our Executive Vice President, Chief Administrative Officer and Chief Accounting Officer since the closing of the Transactions. Prior to the Transactions, Mr. Stellato served as Executive Vice President, Chief Administrative Officer and Chief Accounting Officer of BCP GP. In this capacity, he oversees numerous functions including our ESG, Corporate Communications, Human Resources, IT and Insurance/Risk Management functions. He has

significant experience leading teams in accounting, finance, treasury, tax and mergers and acquisitions. Prior to joining BCP GP in July 2017, Mr. Stellato served as Vice President and Chief Accounting Officer of CST Brands and CrossAmerica Partners from June 2015 to June 2017. He also served as Vice President and Controller of Energy Transfer Partners, LP for six years. Prior to joining Energy Transfer, he was a Senior Manager with the public accounting firm KPMG LLP, where he focused on clients in the energy industry. Mr. Stellato is a Certified Public Accountant and holds the CGMA designation, as well as a B.B.A. in Accounting from the University of Texas at San Antonio.

Todd Carpenter. Mr. Carpenter has served as our General Counsel since the closing of the Transactions. Prior to the Transactions, he served as General Counsel of BCP GP, a position he has held since November 2017. He has more than 25 years' experience in all phases of commercial and international law, with representation in the energy, manufacturing and real estate industries. Prior to joining BCP GP, Mr. Carpenter held several roles for the Energy Transfer group from April 2008 to November 2017, including Associate General Counsel for Energy Transfer Partners, General Counsel for Regency Energy Partners and PennTex Midstream, and Manager of Energy Transfer Partners' liquefied natural gas business. He also previously served as Associate General Counsel for Southern Union Company, Senior Counsel for Cooper Industries, and General Counsel for a private real estate and finance company in Tokyo. Mr. Carpenter holds a B.B.A. in Finance and a J.D., both from the University of Texas at Austin.

Anne Psencik. Ms. Psencik has served as our Chief Strategy Officer since the closing of the Transactions. Prior to the Transactions, she served as the Chief Strategy Officer of BCP GP, a position she has held since July 2019. With over 30 years of experience in the oil and gas industry, Ms. Psencik has a proven track record of management and leadership in midstream business development, trading, and engineering and construction. Prior to joining BCP GP, Ms. Psencik ran her own consulting business from May 2016 to July 2019 providing strategic development on midstream projects for Crestwood Equity Partners, Momentum Midstream and BCP GP with primary focus in the Permian Basin. Prior to her role as owner in Psencik Consulting, she started the Marketing and Midstream business at AEP-LP in Oklahoma City, where she negotiated over \$3 billion in non-operated equity interest in midstream assets for AEP-LP. These midstream assets are currently known as Traverse Midstream. She also was a part of the executive team at TEJAS NGL, LLC, which negotiated the original conveyance of Shell midstream assets to Enterprise Products, LP. She has held positions as SVP Midstream Business Development for Continuum Energy, LLC, Director of Midstream and Marketing for AEP-LP, Manager of Business Development for Harvest Pipeline, VP Commercial Development for Buckeye Pipeline Partners, VP of Gulf Coast Trading for Aquila, VP of Risk Management Natural Gas for Enterprise Products, LP, and VP of Marketing and Trading for TEJAS NGL, LLC. Early in her career, Ms. Psencik served as a Field Supervisor for Schlumberger in well logging, cementing and stimulation work, as well as designing and constructing pipelines at ConocoPhillips. Ms. Psencik graduated from The University of Texas at Austin (1986) with a B.S. in Petroleum Engineering.

David I. Foley. Mr. Foley was appointed to our board of directors and elected Chairman of the board of directors (the "Board") in connection with the closing of the Transactions and has served as a director of BCP GP since June 2017. Mr. Foley is a Senior Managing Director in the Private Equity group and Global Head of Blackstone Energy Partners. Mr. Foley is based in New York and is responsible for overseeing Blackstone Energy Partners' private equity investment activities in the energy sector on a global basis. Since joining Blackstone Energy Partners in 1995, Mr. Foley has been responsible for building the Blackstone Energy Partners energy practice and has played an integral role in every energy-sector private equity deal that the firm has made. Mr. Foley actively leads BCP GP's investment activities and provides guidance and support to the other senior investment professionals, who each have primary responsibility for specific sub-sectors. Before joining Blackstone Energy Partners, Mr. Foley worked with AEA Investors, and prior to that he worked as a management consultant for Monitor Company. Mr. Foley serves as a director of several energy companies and joint ventures, including: Beacon Offshore Energy, Grand Prix, Permian Highway Pipeline, Rover, Siccar Point Energy and Transmission Developers, Inc. He also serves as the Chairman of the Columbia University Medical Center Ophthalmology Board of Advisors. Mr. Foley received a B.A. and M.A. in Economics, with honors, Phi Beta Kappa, from Northwestern University and received an M.B.A. with distinction from Harvard Business School.

John-Paul (JP) Munfa. Mr. Munfa was appointed to our board of directors in connection with the closing of the Transactions and has served as a director of BCP GP since June 2017. Mr. Munfa is a Senior Managing Director in the Private Equity group at Blackstone. Since re-joining Blackstone in 2011, Mr. Munfa has focused on investments in the midstream and transmission sectors. Mr. Munfa has played an integral role in the execution of

Blackstone's investments in Cheniere, Cliff Swallow, Custom Truck One Source, EagleClaw Midstream, Grand Prix, Global Offshore Wind, GridLiance, Permian Highway Pipeline, Rover and Sabre. Mr. Munfa serves as a Director of Sabre and Custom Truck One Source. From 2006 to 2009, Mr. Munfa was an Analyst with Blackstone's Private Equity group, where he was involved in the analysis and execution of private equity investments in energy and other industries. He began his career in 2004 as an Analyst in Blackstone's Restructuring & Reorganization group. Mr. Munfa received an A.B. in Economics from Harvard College and an M.B.A. from the Stanford Graduate School of Business, where he graduated as an Arjay Miller Scholar.

Elizabeth P. Cordia. Ms. Cordia was appointed to our board of directors in connection with the closing of the Transactions and has served as a director of BCP GP since March 2020. Ms. Cordia is a Principal in the Private Equity group at Blackstone. Since joining Blackstone in 2016, Ms. Cordia has been involved in Blackstone's investments in Custom Truck One Source, EagleClaw Midstream, Falcon Minerals, Grand Prix and Permian Highway Pipeline. Before joining Blackstone, Ms. Cordia worked as an Investment Banking Analyst at Barclays in the Global Natural Resources group. Ms. Cordia received an A.B. in Economics from Princeton University, where she graduated *summa cum laude* and Phi Beta Kappa.

Thomas Lefebvre. Mr. Lefebvre was appointed to our board of directors in connection with the closing of the Transactions and has served as a director of BCP GP since November 2018. Based in Miami, Mr. Lefebvre is a Partner of I Squared Capital, responsible for the firm's infrastructure strategy in North America. Since joining I Squared Capital as a founding member in 2012, Mr. Lefebvre has overseen the acquisition, development and transformational strategies of eleven platforms and companies spanning the power and utilities, oil and gas, transportation and logistics, and telecommunications sectors across the Americas. Mr. Lefebvre currently serves as a director of Atlantic Power & Utilities, Inkia Energy, Whiptail Midstream, FlexiVan, Star Leasing, Ezee Fiber and HTEC. He has also led the firm's investment in Venture Global, and the successful divestments of various assets, notably Lincoln Clean Energy, Cube Hydro, Cube District Energy, and Curtis Palmer. Formerly, Mr. Lefebvre was a portfolio manager for the Americas at Morgan Stanley Infrastructure, where he led the group's investment activities in the power, utilities, and oil and gas sectors across the Americas. He began his investment career at Morgan Stanley Principal Investments, the bank's proprietary tactical operations fund, where he focused on investing and asset management activities in the power, utilities and commodities sectors in the Americas. Earlier in his career, Mr. Lefebvre worked out of London and Paris at Morgan Stanley's Investment Banking Division covering industrials, digital infrastructure, and aerospace and defense. Prior to starting his financial career, Mr. Lefebvre was the CEO and cofounder of Natika, a Paris-based software engineering company, and also served as a sub-lieutenant in the French Navy Commandos, based in Toulon, France. Mr. Lefebvre holds an M.B.A. from Harvard Business School, an M.Sc. in Engineering from École Nationale Supérieure des Télécommunications in Paris, and an M.Sc. in Engineering from École Polytechnique in Paris.

Joseph Payne. Mr. Payne was appointed to our board of directors in connection with the closing of the Transactions and has served as a director of BCP GP since November 2018. Mr. Payne is a Managing Director and the Chief Operating Officer of the Americas Portfolio at I Squared Capital. Mr. Payne brings more than 17 years of investing and advisory experience across the midstream, power, transportation and utilities sectors. Since joining I Squared Capital in 2014, Mr. Payne has held investing and operating roles in the firm's New York, Houston and Miami offices. In his current role, Mr. Payne is principally responsible for operating strategy and asset management for the firm's portfolio companies in North America. Prior to assuming the COO role, Mr. Payne focused on I Squared Capital's midstream and transportation investment strategies. From 2004 to 2014, Mr. Payne was with KPMG LLP, one of the Big Four accounting firms. As a Managing Director in KPMG's Deal Advisory Practice, Mr. Payne originated and executed financial advisory engagements for infrastructure-focused private equity clients. Mr. Payne holds an M.B.A. from Columbia Business School at Columbia University (high distinction), an M.S. in Accounting from the University of Notre Dame (*summa cum laude*) and a B.S. in Business Administration from the University of Colorado at Boulder (high distinction).

Laura A. Sugg. Ms. Sugg was appointed to our board of directors in connection with the closing of the Transactions and has served as a director of BCP GP since December 2020. Ms. Sugg is a retired executive of ConocoPhillips, a Fortune 100 company. Prior to her retirement in 2010, she held diverse global and domestic roles leading multiple divisions including the Australasia, Midstream, and Global Gas Divisions, as well as serving as the VP Human Resources Upstream. Additionally, she has had management positions across the company in Engineering and Operations, Corporate and Strategic Planning, Mergers and Acquisitions, Treasury, and

Marketing. Ms. Sugg currently serves on two public company boards, Public Service Enterprise Group since 2019, and Murphy Oil since 2015. She previously served as an independent director for The Williams Companies, Denbury Resources, and Mariner Energy. Her board committee leadership has included serving as the Chair of the Strategic Transaction Committee for the Williams/Energy Transfer merger, Chair of the Operations and Cyber Security Committee and Chair of the Compensation Committee. Additionally, she has been a committee member of the Governance, Audit, Finance, and EHS Committees for the various Boards. Ms. Sugg has a B.S. in Chemical Engineering from Oklahoma State University and has completed numerous advanced management and board of director education programs. She is a member of G100 Board Excellence, National Association of Corporate Directors, Tapestry Cyber Risk Director Network, and Women's Corporate Directors.

Kevin S. McCarthy. Mr. McCarthy has served as a director since June 2017. He previously served as the Company's Chairman from March 2017 until November 2018 and as its Chief Executive Officer from December 2016 (inception) until February 2017. Mr. McCarthy is vice chair and a managing partner at Kayne Anderson Capital Advisors, L.P. where he co-founded and oversees the firm's energy infrastructure activities. Prior to joining Kayne Anderson in 2004, Mr. McCarthy was global head of energy at UBS Securities LLC. In this role, he had senior responsibility for all of UBS' energy investment banking activities, including direct responsibilities for securities underwriting and mergers and acquisitions in the MLP industry. From 1995 to 2000, Mr. McCarthy led the energy investment banking activities of Dean Witter Reynolds and then PaineWebber Incorporated. He began his investment banking career in 1984. In addition to his directorships at Kayne's closed-end funds, he previously served on the board of directors of several publicly traded energy companies, including Range Resources Corporation, ONEOK, Inc., Emerge Energy Services LP and K-Sea Transportation Partners L.P. Mr. McCarthy earned a B.A. in Economics and Geology from Amherst College in 1981 and an M.B.A. in Finance from the Wharton School at the University of Pennsylvania in 1984.

Ben C. Rodgers. Mr. Rodgers was appointed to our board of directors in connection with the closing of the Transactions. Prior to that, he served as our Chief Financial Officer and Treasurer and a member of our board of directors since November 9, 2018, immediately following consummation of our initial business combination. Mr. Rodgers also has served as Senior Vice President and Treasurer of APA Corporation ("APA") since January 2020, overseeing treasury, midstream and marketing, and market strategies, having previously served as Vice President and Treasurer since May 2018. Prior to joining APA Corporation, Mr. Rodgers served as Senior Vice President of EIG Global Energy Partners and led an investment team focusing on originating and managing oil and gas debt and equity investments in North America from 2016 until 2018. Before that, he was with Concho Resources serving in a variety of leadership roles including Vice President of Commodities and Midstream and Vice President and Treasurer from 2012 until 2016. From 2008 until 2012, he also held the role of Vice President, Syndicated and Leveraged Finance, in the Investment Banking Division of J.P. Morgan Securities. Before that, he was senior consultant in the Advisory Services group at Ernst & Young from 2002 until 2007. Mr. Rodgers holds a Master of Business Administration in finance from the University of Texas at Austin and a bachelor's degree in finance from Texas A&M University.

D. Mark Leland. Mr. Leland has served as a director since March 2017. He has served on the board of directors of PotlatchDeltic Corporation since 2016 and served as Deltic Timber Corporation's interim President and CEO from October 2016 to March 2017. Mr. Leland has served on the board of directors of Equitrans Midstream Corporation (NYSE: ETRN), a publicly traded natural gas gathering, transmission, and storage company, since January 2020. He served on the board of directors for the general partner of Rice Midstream Partners LP from 2014 until its merger with EQM Midstream Partners, LP in July 2018, including serving as Chairman of the audit committee and a member of the conflicts committee. Previously, Mr. Leland served as Executive Vice President and CFO of El Paso Corporation, a natural gas-focused pipeline and production company, from 2005 to 2009 and President of El Paso's midstream business unit from 2009 to 2012, and as director of El Paso Pipeline Partners, L.P. from its formation in 2007 to 2012. He served as Senior Vice President and CFO of El Paso Exploration & Production Company from 2004 to 2005. Mr. Leland served as Vice President and COO of the general partner of GulfTerra Energy Partners, L.P. in 2003, and as Vice President and Controller from 1997 to 2003. Mr. Leland served on the board of directors of the general partner of Oiltanking Partners, L.P., a crude oil and petroleum products storage provider, from 2012 until 2015 and on the board of directors of KiOR, Inc., a renewable fuels company, from 2013 until 2015. Mr. Leland holds a Bachelor of Business Administration in finance and economics from the University of Puget Sound.

Board of Directors

Effective as of the closing of the Transactions, Mark Borer, Clay Bretches, Staci L. Burns, Joe C. Frana, Christopher J. Monk, Stephen P. Noe, Robert S. Purgason, and Jon W. Sauer each resigned from the Board. Effective as of the Closing Date, the Board appointed Elizabeth P. Cordia, David I. Foley, Thomas Lefebvre, John-Paul (JP) Munfa, Joseph Payne, Laura A. Sugg, and Jamie Welch to fill the newly created vacancies on the Board.

As of the date of this Amendment No. 1, the Board consisted of Elizabeth P. Cordia, David I. Foley, D. Mark Leland, Thomas Lefebvre, Kevin S. McCarthy, John-Paul (JP) Munfa, Joseph Payne, Ben C. Rodgers, Laura A. Sugg, Jamie Welch, and one vacancy. The current terms of each of these directors will expire at the 2022 annual meeting of stockholders.

In connection with the Transactions, on October 21, 2021, we entered into an amended and restated stockholders agreement (the “Stockholders Agreement”) with APA, Apache Midstream LLC (“Apache Midstream”), New BCP Raptor Holdco, LLC, BCP Raptor Aggregator, LP (“BX Aggregator”) and BX Permian Pipeline Aggregator LP (“BX Permian” and together with BX Aggregator, the “BX Holders”), each controlled affiliates of Blackstone Capital Partners VII L.P. and Blackstone Energy Partners II L.P., Buzzard Midstream LLC, a controlled affiliate of ISQ Global Infrastructure Fund II L.P. (“ISQ”), and for the limited purposes set forth therein, BCP Raptor Holdco, LP, which became effective at the closing of the Transactions. Apache Midstream, BX Aggregator, and ISQ are each entitled to designate directors to the Board as follows:

- Apache Midstream will have the right to designate to the Board one director for so long as Apache Midstream and its affiliates beneficially own 10% or more of the outstanding shares of common stock;
- ISQ will have the right to designate to the Board (i) two directors for so long as ISQ and its affiliates beneficially own 20% or more of the outstanding shares of common stock; and (ii) one director for so long as ISQ and its affiliates beneficially own 10% or more (but less than 20%) of the outstanding shares of common stock; and
- BX Aggregator will have the right to designate to the Board (i) three directors for so long as BX Aggregator and its affiliates beneficially own 30% or more of the outstanding shares of common stock; (ii) two directors for so long as BX Aggregator and its affiliates beneficially own 20% or more (but less than 30%) of the outstanding shares of common stock; and (iii) one director for so long as BX Aggregator and its affiliates beneficially own 10% or more (but less than 20%) of the outstanding shares of common stock.

In addition, the Stockholders Agreement provides BX Aggregator with the right to designate one of its director designees as the non-executive chairperson of the Board until the earlier of December 31, 2024 and such time as BX Aggregator and its affiliates are no longer entitled to designate directors under the Stockholders Agreement. The Stockholders Agreement also provided each of Apache Midstream and BX Aggregator the one-time right to designate to the Board, solely as of the closing date of the Transactions, two independent directors to the Board.

Board Diversity

Each year, our Corporate Governance and Nominating Committee (CG&N Committee) will review, with the board of directors, the appropriate characteristics, skills and experience required for the board of directors as a whole and its individual members. In evaluating the suitability of individual candidates, our CG&N Committee will consider factors including, without limitation, an individual’s judgment, skill, diversity, experiences with businesses and other organizations of comparable size, the interplay of the individual’s experiences with the experience of other directors, and the extent to which the individual would be a desirable addition to the Board and any committees of the Board. While we have no formal policy regarding board diversity for our Board as a whole nor for each individual member, the CG&N Committee does consider such factors as gender, race, ethnicity, experience and area of expertise, as well as other individual attributes that contribute to the total diversity of viewpoints and experience represented on the Board.

Audit Committee and Audit Committee Financial Expert

We have a separately-designated Audit Committee of the Board. The Audit Committee assists the Board in fulfilling its oversight responsibility relating to (i) the integrity of the Company's financial statements, accounting and financial reporting processes, and systems of internal controls over accounting and financial reporting; (ii) the Company's compliance with legal and regulatory requirements; (iii) the independent auditor's qualifications, independence, and performance, including having sole authority for appointment, compensation, oversight, evaluation, and termination; (iv) the performance of the Company's internal audit function; (v) the report of the Audit Committee required by the rules of the SEC; and (vi) the fulfillment of the other responsibilities set out in its charter. The members of the Audit Committee are D. Mark Leland, Laura A. Sugg and Kevin S. McCarthy.

The Board has determined that D. Mark Leland, chairman of the Audit Committee, qualifies as a financial expert, as defined in Item 407 of Regulation S-K under the Securities Act of 1933, as amended, and each of the members of the Audit Committee is considered "financially sophisticated" under Nasdaq rules. The Board has determined that each of D. Mark Leland, Laura A. Sugg and Kevin S. McCarthy is "independent" under the SEC and Nasdaq rules.

Changes to Security Holder Director Nomination Procedures

There have been no material changes to the procedures by which stockholders may recommend nominees to our Board since the filing of our proxy statement for our 2021 Annual Meeting of Stockholders.

Code of Ethics

Pursuant to Rule 5610 of the Nasdaq Listing Rules, the Company is required to adopt a code of conduct for its directors, officers, and employees. The Company's board of directors has adopted the Code of Business Conduct (Code of Conduct), which was most recently revised in connection with the closing of the Transactions in February 2022. The Code of Conduct also meets the requirements of a code of ethics under Item 406 of Regulation S-K. You can access the Company's Code of Conduct on the Investors page of the Company's website at www.kinetik.com. Any stockholder who so requests may obtain a printed copy of the Code of Conduct without charge by submitting a request to the Company's corporate secretary at the address on the cover of this Annual Report on Form 10-K. Changes in and waivers to the Code of Conduct for the Company's directors, chief executive officer, and certain senior financial officers will be posted on the Company's website within four business days and maintained for at least 12 months. Information on the Company's website or any other website is not incorporated by reference into, and does not constitute a part of, this Annual Report on Form 10-K.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires our directors, officers, and persons that own more than 10 percent of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than 10 percent stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely on a review of copies of such reports, and written representations from each reporting person that no other reports are required, we believe that during 2021, all reporting persons filed the required reports on a timely basis under Section 16(a).

ITEM 11 EXECUTIVE COMPENSATION

Management Transition

On February 22, 2022, (i) Clay Bretches, who prior to such date was serving as the Chief Executive Officer and President of Altus, (ii) Ben C. Rodgers, who prior to such date was serving as the Chief Financial Officer and Treasurer of Altus, and (iii) Stephen P. Noe, who prior to such date was serving as the Vice President, Business Development of Altus, in each case, resigned from employment with Altus as a result of the consummation of the Transactions. On that same date, the individuals listed in Item 10, “Directors, Executive Officers and Corporate Governance—Directors and Executive Officers,” began serving as the executive officers of the Company as a result of the consummation of the Transactions. In accordance with the SEC’s executive compensation disclosure rules, the following disclosures relate to the year ended December 31, 2021. Hence, the executive compensation disclosures contained herein do not reflect the compensation earned or paid to the executive officers of the Company following the consummation of the Transactions.

Executive Compensation Overview

During the year ended December 31, 2021, Altus was managed by Apache, and all of its executive officers were employees of Apache and performed responsibilities for Apache and its affiliates, including its parent holding company, APA, that were unrelated to Altus’s business. Because Altus’s executive officers were employed by Apache or its affiliates, compensation of Altus’s executive officers was set and paid by Apache under its compensation programs, including the compensation programs of APA.

While Apache was not party to any employment agreements with any of Altus’s executive officers, in connection with the closing of Altus’s initial business combination, Altus entered into the COMA (as defined herein) with Apache, pursuant to which, among other matters:

- Apache made available to Altus the services of the Apache employees who acted as Altus’s executive officers;
- Altus reimbursed Apache for the costs associated with the salary, benefits, and other compensation of those Apache employees who allocated substantially all or a proportional part of their time to the management and operation of Altus’s business and assets; and
- Altus paid Apache an escalating annual fee to cover the services provided to Altus by Apache’s employees who provided services to or on behalf of Altus, as described Item 13, “Certain Relationships and Related Transactions, and Director Independence—Historical Transactions with Altus’s Affiliates—Construction, Operations and Maintenance Agreement,” which includes an allocation of overhead costs, including an allocation of salary, benefits, and all other forms of compensation of Apache’s employees who are not included in the reimbursement described in the bullet point above.

Except with respect to any awards that may have been granted from time to time under the 2019 Plan and the RSU Plan, Altus’s executive officers did not receive any additional compensation directly from Altus for the services they provide to Altus.

Once Apache established the total amount to be paid or awarded to an executive officer regarding services rendered to both Altus and Apache and its affiliates, such total amount was multiplied by a percentage (an “Allocation Percentage”) based on a periodic, good-faith estimate made by Apache’s management of the amount of time that each executive officer devoted to the business of Altus relative to the total time that he or she devoted to the businesses of Altus and Apache and its affiliates for the applicable year. The results of such calculations are presented in this proxy as the executive officers’ compensation, even though the escalating annual fee described above includes the compensation of our executive officers. During the fiscal year ended December 31, 2021, the costs associated with the salary, benefits, and other compensation of the Chief Executive Officer and Chief Financial Officer of Altus were included in the escalating annual fee and were not separately reimbursed to Apache.

Named Executive Officers for 2021

Our named executive officers (the “NEOs”) for 2021 are our Chief Executive Officer who served in 2021 and our next two most-highly compensated individuals who served as executive officers of Altus during 2021 whose compensation (calculated using the Allocation Percentage described above) exceeded \$100,000. Therefore, our NEOs for 2021 are:

- **Clay Bretches**, who served as the Chief Executive Officer and President of Altus from January 16, 2019 until February 22, 2022;
- **Ben C. Rodgers**, who served as the Chief Financial Officer and Treasurer of Altus from November 9, 2018 until February 22, 2022; and
- **Stephen P. Noe**, who served as the Vice President, Business Development of Altus from March 2020 until February 22, 2022.

The following table sets forth each NEO’s Allocation Percentage for 2021 and 2020:

NEOs	2021 Allocation Percentage	2020 Allocation Percentage
Clay Bretches	50%	50%
Ben C. Rodgers	50%	50%
Stephen P. Noe	100%	100%

NEO Compensation Program and Objectives

Given that, for 2021, the NEOs were compensated by Apache, a subsidiary of APA, under the terms of the COMA as described above, the compensation program and objectives for the NEOs were generally consistent with those for APA’s named executive officers. The following material elements of APA’s compensation program are based on information provided to Altus by APA and do not purport to be a complete discussion and analysis of APA’s compensation objectives, programs, or practices. For a more complete analysis of the compensation programs at APA, please review the Compensation Discussion and Analysis section in APA’s definitive proxy statement for its 2022 annual meeting of shareholders, which was filed with the SEC on April 1, 2022.

The elements of compensation discussed below and APA’s decisions with respect to the amounts paid or awarded to the NEOs were not subject to approval by Altus’s Board or its Compensation Committee.

For 2021, the compensation program primarily includes the following elements:

- **Base salaries** are established to provide market-competitive base pay, reflective of an executive officer’s role, responsibilities, and individual performance in order to attract and retain top talent, and are reviewed annually based on market data, internal equity, job responsibilities, and individual performance.
- **Annual incentive compensation** is designed to motivate and reward executive officers to achieve key business objectives that support a long-term strategy, with achievement measured against annual goals and objectives established at the beginning of each year.
- **Long-term incentive compensation** aligns executive officers’ awards to the long-term interests of stockholders and a long-term strategy, with awards generally comprised of 60 percent performance shares and 40 percent restricted stock units (“RSUs”), incorporating relative and absolute metrics, to provide a balanced assessment of long-term performance.

NEOs also received health, welfare, retirement, and similar benefits applicable to other employees of Apache.

Summary Compensation Table

The table below summarizes the compensation for the NEOs for all services rendered to Altus and its subsidiaries during fiscal years 2021 and 2020. As described above, because Altus did not directly employ or compensate the NEOs, the amounts specified in the table reflect the applicable Allocation Percentage applied to each NEO's compensation from Apache.

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Bonus (\$) (d)	Stock Awards(1) (\$) (e)	Option Awards (\$) (f)	Non-Equity Incentive Plan Compensation(2) (\$) (g)	Nonqualified Deferred Compensation Earnings (\$) (h)	All Other Compensation (3) (\$) (i)	Total (\$) (j)
Clay Bretches Chief Executive Officer and President	2021	337,500	—	1,507,456	—	505,575	—	125,868	2,476,399
	2020	337,500	—	1,434,927	—	462,375	—	99,811	2,334,613
Ben C. Rodgers Chief Financial Officer and Treasurer	2021	225,000	—	703,441	—	253,125	—	67,259	1,248,825
	2020	225,000	—	669,653	—	242,007	—	47,460	1,184,121
Stephen P. Noe VP, Business Development	2021	260,000	—	207,961	—	186,030	—	52,648	706,638
	2020	216,667	—	173,347	—	103,700	—	31,522	525,236

- (1) These amounts reflect the value of RSU awards made during the fiscal year, based upon the aggregate grant date fair value determined in accordance with applicable FASB ASC Topic 718. The RSU awards were granted pursuant to APA's 2016 Omnibus Compensation Plan. The discussion of the assumptions used in calculating the aggregate grant date fair value of the RSU awards can be found in Note 14 of the Notes to Consolidated Financial Statements included in APA's Annual Report on Form 10-K for the year ended December 31, 2021 (which is not and shall not be deemed to be incorporated by reference herein).
- (2) These amounts are paid under APA's incentive compensation plan as described under NEO Compensation Program and Objectives above.
- (3) For additional information on All Other Compensation, see the table and footnotes below.

All Other Compensation

As described above, because Altus did not directly employ or compensate the NEOs during fiscal years 2021 and 2020, the amounts specified in the table below reflect the applicable Allocation Percentage applied to each NEO's compensation from Apache for the applicable fiscal year.

Name	Year	Company Contributions to Retirement Plans (1) (\$)	Company Contributions to Non- Qualified Plans (1) (\$)	Life Insurance Premiums (2) (\$)	Enhanced Long- Term Disability Coverage & Annual Physicals (3) (\$)	Financial Planning Services and Other Expenses(4) (\$)	Total (\$)
Clay Bretches	2021	19,250	92,733	4,347	7,518	2,021	125,868
	2020	18,750	57,970	4,246	11,345	7,500	99,811
Ben C. Rodgers	2021	18,450	44,851	1,462	2,496	—	67,259
	2020	18,300	24,488	1,436	3,237	—	47,460
Stephen P. Noe	2021	38,500	12,418	924	806	—	52,648
	2020	30,333	—	643	546	—	31,522

- (1) Officers, as employees of Apache, participate in two qualified retirement plans. The Apache 401(k) Savings Plan provides a match up to the first eight percent of base pay and incentive bonus, and the Apache Money Purchase Retirement Plan provides an annual six percent contribution by Apache. Additionally, officers can elect to participate in the Apache Non-Qualified Retirement/Savings Plan to defer beyond the limits in the Apache 401(k) Savings Plan and continue contributions by Apache, which exceed the limits in the qualified plans.
- (2) Apache provides its U.S. employees with two times their base salary under group term life insurance. Executives receive the first \$50,000 of coverage under the same group term life insurance plan, and the remaining amount to bring them up to two times salary is provided in the form of universal life insurance policies.
- (3) In addition to the benefits for which all Apache employees are eligible, Apache also covers the cost of a comprehensive annual physical and the full cost of enhanced long-term disability coverage for executive officers.
- (4) For executive officers, Apache makes available the services of a financial counseling service provider. If the officer elects to enroll in such services, Apache pays the costs charged by the service provider.

Outstanding Equity Awards at Fiscal Year-End

The table below provides supplemental information relating to the stock-based awards for each NEO as of December 31, 2021. As described above, because Altus did not directly employ or compensate the NEOs during fiscal years 2021 and 2020, the amounts specified in the table below reflect the applicable Allocation Percentage for the year of grant applied to the NEOs' grants of stock-based awards from APA for the applicable fiscal year. As of December 31, 2021, none of the NEOs had any outstanding awards under our 2019 Plan.

Name (a)	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable (#) (b)	Number of Securities Underlying Unexercised Options (#) (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price (\$) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares of Units of Stock That Have Not Vested ⁽¹⁾ (\$) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested (\$) (j)
Clay Bretches						2,391 ⁽²⁾	64,294	11,952 ⁽¹¹⁾	321,389
						5,000 ⁽³⁾	134,450	21,020 ⁽¹²⁾	565,228
						3,586 ⁽³⁾	96,428	41,718 ⁽¹³⁾	1,121,797
						3,504 ⁽⁴⁾	94,209		
						5,255 ⁽⁵⁾	141,307		
						12,515 ⁽⁶⁾	336,528		
						12,515 ⁽⁷⁾	336,528		
						1,834 ⁽⁸⁾	112,443		
						11,717 ⁽⁹⁾	315,070		
						11,105 ⁽¹⁰⁾	298,600		
Ben C. Rodgers						883 ⁽¹⁴⁾	23,744	8,278 ⁽¹¹⁾	222,595
						1,325 ⁽¹⁵⁾	35,616	9,810 ⁽¹²⁾	263,777
						1,635 ⁽¹⁶⁾	43,965	19,468 ⁽¹³⁾	523,495
						2,453 ⁽¹⁷⁾	65,948		
						5,841 ⁽⁶⁾	157,051		
						5,841 ⁽⁷⁾	157,051		
						101 ⁽¹⁸⁾	6,162		
						5,468 ⁽⁹⁾	147,035		
						5,182 ⁽¹⁰⁾	139,331		
Stephen P. Noe						8,059 ⁽¹⁹⁾	216,707		
						8,554 ⁽¹⁰⁾	230,017		

- (1) Based on the per-share closing price of APA's common stock of \$26.89 on December 31, 2021, except as described in footnotes 8-10 and 18-19 below.
- (2) Vests on 01/15/2022. These units may be paid only in cash.
- (3) Vests on 01/15/2022.
- (4) Vests ratably on 01/03/2022 and 01/03/2023. These units may be paid only in cash.
- (5) Vests ratably on 01/03/2022 and 01/03/2023.
- (6) Vests ratably on 02/01/2022, 01/05/2023, and 01/05/2024. These units may be paid only in cash.
- (7) Vests ratably on 02/01/2022, 01/05/2023, and 01/05/2024.
- (8) Vests on 01/15/2022. These units are based on the per-share closing price of Altus's Class A Common Stock of \$61.31 on December 31, 2021 and may be paid only in cash.
- (9) Vests ratably on 01/03/2022 and 01/03/2023. These units are based on the per-share closing price of the Company's Class A Common Stock of \$61.31 on December 31, 2021 and may be paid only in cash. Subsequent to the awards being issued, APA's MD&C Committee approved revising the terms, effective upon the closing of the business combination between the Company and BCP Raptor Holdco, LP on February 22, 2022, such that the then-outstanding awards are now based on an equivalent value of APA's common stock, calculated based on the closing prices of the common stock of APA and the Company on the closing date of the transaction.
- (10) Vests ratably on 02/01/2022, 01/05/2023, and 01/05/2024. These units are based on the per share closing price of Altus's Class A common stock of \$61.31 on 12/31/2021 and may be paid only in cash. Subsequent to the awards being issued, APA's MD&C Committee approved revising the terms, effective upon the closing of the business combination between Altus and BCP Raptor Holdco, LP on February 22, 2022, such that the then-outstanding awards are now based on an equivalent value of APA's common stock, calculated based on the closing prices of the common stock of APA and Altus on the closing date of the transaction.
- (11) Final amount vested based on APA's TSR and business performance from 01/01/2019 — 12/31/2021; as certified by APA's MD&C on January 27, 2022. As a result, 50 percent of the RSUs earned vest on 1/27/2022 and the remaining 50 percent of the RSUs vest on 01/01/2023. These units may be paid only in cash.

- (12) Amount that vests will be based on APA's TSR and business performance from 01/01/2020 — 12/31/2022; no payout unless vesting occurs. If achievement warrants, 50 percent of the adjusted RSUs vest upon certification of the performance results and 50 percent of the adjusted RSUs vest on the first anniversary of the first day following the end of the performance period. As of 12/31/2021, two-year results would have resulted in a 68 percent payout under the 2020 Performance Share Program had it vested, therefore, the value and amount in the table assumes that target levels of performance are achieved. These units may be paid only in cash.

- (13) Amount that vests will be based on APA's TSR and business performance from 01/01/2021 – 12/31/2023; no payout unless vesting occurs. If achievement warrants, 50 percent of the adjusted RSUs vest upon certification of the performance results and 50 percent of the adjusted RSUs vest on the first anniversary of the first day following the end of the performance period. As of 12/31/2021, one-year results would have resulted in a 148 percent payout under the 2021 Performance Share Program had it vested, therefore, the value and the amount in the table assumes the target levels of performance are achieved. These units may be paid only in cash.
- (14) Vests on 01/03/2022. These units may be paid only in cash.
- (15) Vests on 01/03/2022.
- (16) Vests ratably on 01/03/2022 and 01/03/2023. These units may be paid only in cash.
- (17) Vests ratably on 01/03/2022 and 01/03/2023.
- (18) Vests on 01/03/2022. These units are based on the per-share closing price of Altus's Class A Common Stock of \$61.31 on December 31, 2021 and may be paid only in cash.
- (19) Vests ratably on 03/01/2022 and 03/01/2023. These units are based on the per-share closing price of Altus's Class A Common Stock of \$61.31 on December 31, 2021 and may be paid only in cash. Subsequent to the awards being issued, APA's MD&C Committee approved revising the terms, effective upon the closing of the business combination between Altus and BCP Raptor Holdco, LP on February 22, 2022, such that the then-outstanding awards are now based on an equivalent value of APA's common stock, calculated based on the closing prices of the common stock of APA and Altus on the closing date of the transaction.

Director Compensation

Director Transition

Effective as of February 22, 2022, the following non-employee directors of Altus resigned from the Board: Mark Borer, Joe C. Frana and Robert S. Purgason. On that same date, the individuals listed in Item 10, "Directors, Executive Officers and Corporate Governance—Board of Directors," began serving as members of the Board as a result of the consummation of the Transactions. In accordance with the SEC's director compensation disclosure rules, the following disclosure relates to the year ended December 31, 2021. Hence, the director compensation disclosure contained herein does not reflect the compensation earned or paid to the non-employee directors of the Company following the consummation of the Transactions.

The table below summarizes the compensation paid by Altus to its directors who were not officers, employees, or non-independent appointees of Apache Midstream (our non-employee directors) for the fiscal year ended December 31, 2021.

Name (a)	Fees Earned or Paid in Cash (b) (\$)	Stock Awards (c) (\$)	Option Awards (d) (\$)	Non-Equity Incentive Plan Compensation (e) (\$)	Nonqualified Deferred Compensation Earnings (f) (\$)	All Other Compensation (g) (\$)	Total (\$) (h)
Mark Borer	70,000	99,988	—	—	—	—	169,988
Joe C. Frana	70,000	99,988	—	—	—	—	169,988
D. Mark Leland	70,000	99,988	—	—	—	—	169,988
Kevin S. McCarthy	40,385	149,985	—	—	—	—	190,370
Robert S. Purgason	40,385	149,985	—	—	—	—	190,370

- (1) Officers, employees, and non-independent appointees of Apache Midstream who also served as members of the Board did not receive additional compensation for the services they provided as members of the Board. Messrs. McCarthy and Purgason were not determined by our Board to be independent within the meaning of Nasdaq Rule 5605(a)(2) until February 2021, and therefore received prorated compensation for their services as members of our Board for the fiscal year ended December 31, 2021.
- (2) Grant date fair value, as computed in accordance with FASB ASC Topic 718, of RSUs granted during 2021 to each non-employee director based on the per-share closing price of Altus's Class A Common Stock on the date of grant. The aggregate number of RSUs for each director that were outstanding as of the end of fiscal year 2021 are as follows: Mr. Borer – 6,419; Mr. Frana – 3,898; Mr. Leland – 6,419; Mr. McCarthy – 2,311; and Mr. Purgason – 2,311.

During fiscal year 2021, Altus's non-employee director compensation program consisted of the following:

- an annual cash retainer of \$70,000; and
- an annual equity-based retainer of \$100,000.

Non-employee directors also received reimbursement for out-of-pocket expenses they incur in connection with attending meetings of the Board or its committees. Each director is indemnified for his or her actions associated with being a director to the fullest extent permitted under Delaware law.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Securities Ownership and Principal Holders

The following table sets forth, as of April 22, 2022, the beneficial ownership of the Company's common stock, of (i) each director of the Company, (ii) the Company's named executive officers for fiscal year 2021, as defined herein, and (iii) all directors and executive officers of the Company as a group. All ownership information is based upon filings made by those persons with the SEC and upon information provided to the Company.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if he, she, or it possesses sole or shared voting or investment power over that security, including options and warrants that are currently exercisable or exercisable within 60 days. Unless otherwise indicated, we believe that all persons named in the table below have sole voting and investment power with respect to all shares of voting common stock beneficially owned by them.

As of April 22, 2022, there were 18,986,460 shares of our Class A Common Stock and 47,260,000 shares of our Class C Common Stock outstanding. Unless otherwise noted, the business address of each of the directors and executive officers in this table is 2700 Post Oak Boulevard, Suite 300, Houston, Texas 77056.

	Class A Common Stock		Class C Common Stock		Combined Voting Power	
	Number	%	Number	%	Number	%
5% Stockholders:						
APA Corporation (1)	9,024,758	47.4%	—	—	9,024,578	13.6%
Blackstone Inc. (2)	1,844,395	8.9%	32,771,235	69.3%	34,578,358	50.8%
I Squared Capital (3)	804,659	4.1%	13,744,582	29.1%	14,549,241	21.7%
Directors and Named Executive Officers:						
Jamie Welch	1,357,531	7.2%	370,692	*	1,728,223	2.6%
Elizabeth P. Cordia	—	—	—	—	—	—
David I. Foley	—	—	—	—	—	—
Thomas Lefebvre	—	—	—	—	—	—
John-Paul (JP) Munfa	—	—	—	—	—	—
Joe Payne	—	—	—	—	—	—
Laura A. Sugg	20,607	*	—	—	20,607	*
D. Mark Leland	3,798	*	—	—	3,798	*
Kevin S. McCarthy	30,246	*	—	—	30,246	*
Ben C. Rodgers	5,000	*	—	—	5,000	*
Clay Bretches	24,970	*	—	—	24,970	*
Stephen P. Noe	—	—	—	—	—	—
All directors and executive officers as a group (11 persons)	1,906,811	10.0%	370,692	*	2,277,503	3.4%

* Less than 1%.

- (1) Consists of (i) 8,865,651 shares of Class A Common Stock and (ii) 159,107 shares of Class A Common Stock issuable upon exercise of warrants beneficially owned by APA Corporation (NASDAQ: APA). The address of APA Corporation is 2000 Post Oak Blvd., Suite 100, Houston, TX 77056.
- (2) Consists of (i) 28,210,572 shares of Class C Common Stock and 1,585,884 shares of Class A Common Stock issuable upon settlement of Consideration Allocation Rights held by BCP Raptor Aggregator LP ("BCP Aggregator") and (ii) 4,560,663 shares of Class C Common Stock and 256,124 shares of Class A Common Stock issuable upon settlement of Consideration Allocation Rights held by BX Permian Pipeline Aggregator LP ("BX Permian") and (iii) 2,387 shares of Class A Common Stock held by Harvest Fund Advisors LLC, an indirect subsidiary of Blackstone ("HFA"), which shares are held by funds and accounts managed by HFA in the ordinary course of its business. BCP VII/BEP II Holdings Manager L.L.C. ("Holdings Manager") is the general partner of each of BCP Aggregator and BX Permian. Blackstone Energy Management Associates II L.L.C. and Blackstone Management Associates VII L.L.C. are the managing members of Holdings Manager. Blackstone EMA II L.L.C. is the sole member of Blackstone Energy Management Associates II L.L.C. BMA VII L.L.C. is the sole member of Blackstone Management Associates VII L.L.C. Blackstone Holdings III L.P. is the managing member of each of BMA VII L.L.C. and Blackstone EMA II L.L.C. Blackstone Holdings III GP L.P. is the general partner of Blackstone

Holdings III L.P. Blackstone Holdings III GP Management L.L.C. is the general partner of Blackstone Holdings III GP L.P. Blackstone Inc. (“Blackstone”) is the sole member of Blackstone Holdings III GP Management L.L.C. and indirectly controls HFA, an indirect subsidiary of Blackstone, through one or more subsidiaries. The sole holder of the Series II preferred stock of Blackstone is Blackstone Group Management L.L.C. Blackstone Group Management L.L.C. is wholly-owned by Blackstone’s senior managing directors and controlled by its founder, Stephen A. Schwarzman. The address of the principal business office of each of the entities described in this footnote is c/o Blackstone Inc., 345 Park Avenue, New York, NY 10154.

- (3) Consists of (i) 13,744,582 shares of Class C Common Stock and (ii) 804,659 shares of Class A Common Stock issuable upon settlement of Consideration Allocation Rights held by Buzzard Midstream LLC. ISQ Global Fund II GP, LLC (“Fund II GP”) is the general partner of the members of the indirect owners of Buzzard Midstream LLC and, in such capacity, exercises voting and investment power over the securities directly held by Buzzard Midstream LLC. I Squared Capital, LLC is the sole member of Fund II GP. ISQ Holdings, LLC is the managing member of I Squared Capital, LLC. Each of Sadek Magdi Wahba, Gautam Bhandari and Adil Rahmathulla is a member of ISQ Holdings, LLC but, in reliance on the “rule of three”, disclaim beneficial ownership over the shares of Class A Common Stock reported as beneficially owned by Fund II GP, I Squared Capital, LLC and ISQ Holdings, LLC.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table summarizes information as of December 31, 2021, relating to the Company’s equity compensation plans, under which grants of stock, stock options, restricted stock units, or other rights to acquire shares of Class A Common Stock may be granted from time to time.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights (#) (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights (\$) (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (#) (c)
Equity compensation plans approved by securities holders (1)	—	—	561,969(2)
Equity compensation plans not approved by security holders	—	—	—
Total	—	—	561,969

- (1) The Company’s 2019 Omnibus Compensation Plan (2019 Plan), which was approved by the Company’s stockholders on May 30, 2019, is the only equity compensation plan approved by the Company’s security holders.
- (2) Available for grant under the 2019 Plan. Amount reflects the Company’s one-for-twenty reverse stock split, which was effected June 30, 2020.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Policies and Procedures for Review of Related Party Transactions

The Company's Board has adopted a Code of Business Conduct, which was last revised in February 2022 in connection with the closing of the Transactions. The Code of Business Conduct prohibits any direct or indirect conflict of interest between any of our directors, officers, or employees and the Company, unless the Company grants its consent. The Code of Business Conduct requires our directors, officers, and employees to inform the Company of any transaction that involves related parties and that may give rise to a conflict of interest. Pursuant to the Amended and Restated Stockholders' Agreement, dated October 21, 2021, for so long as such agreement remains in effect, certain transactions between the Company and the stockholders specified therein or their affiliates will require prior approval of 66% or more of the disinterested directors of the Board. The Board reviews transactions to determine whether a transaction impairs the independence of a director, and such determination is documented in the Board's minutes. The Code of Business Conduct is available on the Company's website, www.kinetik.com.

Transactions Entered Into in Connection with the Transactions

Stockholders Agreement

In connection with the closing of the Transactions, we entered into the Stockholders Agreement with APA, Apache Midstream, the Company, Contributor, the BX Holders, ISQ, and for the limited purposes set forth therein, BCP. For a description of the Stockholders Agreement, please see Item 10, "Directors, Executive Officers and Corporate Governance—Board of Directors."

Registration Rights Agreement

In connection with the closing of the Transactions, we entered into a Second Amended and Restated Registration Rights Agreement (as amended and restated, the "Registration Rights Agreement") with Apache Midstream, the BX Holders, ISQ, and Contributor (collectively, with their respective permitted transferees, the "Principal Holders") and certain individual holders party thereto (the "Existing Holders" and, together with the Principal Holders, the "Holders").

The Registration Rights Agreement amended and restated the existing Amended and Restated Registration Rights Agreement, dated November 9, 2018, among ALTAM, Kayne Anderson Sponsor, LLC, and Apache Midstream, and will require the Company to register for resale (i) the private placement warrants (including any shares of Class A Common Stock issued or issuable upon the exercise of such private placement warrants) held by any Existing Holders, (ii) any outstanding shares of Class A Common Stock or any other equity security (including the shares of Class A Common Stock issued or issuable upon the exercise of any other equity security) of the Company owned by any Holder as of the date of the Registration Rights Agreement, (iii) the shares of Class A Common Stock issued or issuable upon the redemption or exchange of any Common Units and Class C Common Stock owned by any Holder, in each case in accordance with the terms of the Partnership's partnership agreement, (iv) any shares of Class A Common Stock issued or issuable upon the exercise of any warrants held by Apache Midstream, (v) any other equity security of the Company issued or issuable with respect to any registrable security by way of a stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation, or reorganization, (vi) the shares of Common Stock, if any, issued to Apache Midstream in connection with the earn-out consideration pursuant to the Contribution Agreement dated August 8, 2018 among ALTAM, the Partnership, Apache Midstream, and the other parties thereto, and (vii) any shares of Class A Common Stock issued to any Holder in connection with the Reinvestment Agreement (as defined below).

Dividend and Distribution Reinvestment Agreement

In connection with the closing of the Transactions, we entered into a Dividend and Distribution Reinvestment Agreement (the "Reinvestment Agreement") with the Partnership, APA Corporation, Apache Midstream, ISQ, the BX Holders, Contributor, and certain other individuals associated with Contributor (collectively, the "Reinvestment Holders").

The Reinvestment Agreement obligates each Reinvestment Holder to reinvest in shares of Class A Common Stock at least 20% of all distributions on Common Units or dividends on shares of Class A Common Stock held by such Reinvestment Holder immediately after the Closing, including shares of Class A Common Stock received at a later date in exchange for Common Units held immediately after Closing. The Reinvestment Agreement provides the audit committee of the Board with the authority to at any time increase the percentage of the mandatory dividend reinvestment to up to 100% of such distributions or dividends or decrease such percentage to not less than 20%. The mandatory obligations of each Reinvestment Holder will continue from Closing until the earliest of (i) March 31, 2024, (ii) the date dividends and distributions are paid by the Company and the Partnership, respectively, in respect of the quarter ending December 31, 2023, and (iii) such other date determined by the audit committee of the Board. All shares of Class A Common Stock issued pursuant to the Dividend and Distribution Reinvestment Agreement will be issued at a 3% discount to the volume-weighted average price of the Class A Common Stock for the five trading days immediately preceding, but excluding, the dividend or distribution payment date.

The Reinvestment Agreement also provides an obligation for the Company to establish a dividend reinvestment plan that provides all other holders of Class A Common Stock the optional right to reinvest all or part of any dividends on shares of Class A Common Stock held by such holder on substantially the same terms as the Reinvestment Holders.

Historical Transactions with Altus's Affiliates

Midstream Service Agreements

Altus contracted to provide gas gathering, compression, processing, transmission, and natural gas liquids transmission services pursuant to acreage dedications provided by Apache. In accordance with the terms of these agreements, Altus receives prescribed fees and may receive excess recovery volumes based on the type and volume of product for which the services are provided. Additionally, beginning in 2020 Altus entered into three agreements to provide operating and maintenance services for Apache's compressors in exchange for a fixed monthly fee per compressor serviced. For the year ended December 31, 2021, Altus received \$152 million from Apache related to the midstream service agreements.

In addition, Apache agreed that any gas produced from Apache-operated wells located within the dedication area that is owned by other working interest owners and royalty owners is dedicated to us, so long as Apache has the right to market such gas. The agreements, with the exception of the Gas Processing Agreement, are effective for primary terms beginning on July 1, 2018 and ending March 31, 2032. The primary term will automatically extend for two five-year periods unless Apache provides at least nine months' prior written notice of its election not to extend the primary term. The covenants under the agreements are intended to run with the land and will be binding on any transferee of the interests within the dedicated area. The Company entered into a new Gas Processing Agreement with Apache with an effective date of September 1, 2021, which superseded the prior agreement. The contractual periods documented above, other than the effective date of the new Gas Processing Agreement, remain unchanged.

Construction, Operations and Maintenance Agreement

In connection with the closing of Altus's initial business combination, Altus entered into the Construction, Operations and Maintenance Agreement (the "COMA") with Apache, pursuant to which Apache provided certain services related to the design, development, construction, operation, management, and maintenance of Altus's assets, on its behalf. In 2021, Altus did not have any employees and, pursuant to the COMA, relied on Apache's employees for the conduct of its business and operations.

Under the COMA, Altus paid, or would have paid, fees to Apache of (i) \$3.0 million for the period beginning on the execution of the COMA through December 31, 2019, (ii) \$5.0 million for the period of January 1, 2020 through December 31, 2020, (iii) \$7.0 million for the period of January 1, 2021 through December 31, 2021, and (iv) \$9.0 million annually thereafter, adjusted based on actual internal overhead and general and administrative costs incurred, until terminated. In addition, Apache may be reimbursed for certain internal costs and third-party costs incurred in connection with its role as service provider under the COMA.

During the period beginning on January 1, 2021 and ending on December 31, 2021, Altus paid Apache an aggregate of \$7 million for the services provided under the COMA.

On February 22, 2022, in connection with the closing of the Transactions, the COMA and the April 23, 2019 letter from Apache Corporation to Altus regarding Waiver of Direct General and Administrative costs under the COMA were each terminated.

Lease Agreements

In connection with the closing of Altus's initial business combination, Altus entered into an operating lease agreement with Apache, relating to the use of certain office buildings, warehouse, and storage facilities located in Reeves County, Texas (the "Lease Agreement"). Under the terms of the Lease Agreement, Altus paid to Apache on a monthly basis the sum of (i) a base rental charge of \$44,500 and (ii) an amount based on Apache's estimate of the annual costs it shall incur in connection with the ownership, operation, repair, and/or maintenance of the facilities. Unpaid amounts accrue interest until settled. The initial term of the Lease Agreement is four years and may be extended by Altus for three additional, consecutive periods of twenty-four months. To accommodate Altus's desire to vacate the leased premises, the Lease Agreement was amended in July 2020 to provide for its termination with respect to all or any portion of the leased premises which Apache may sell, with a pro rata rent reduction if Apache sells less than all of the leased premises. Altus incurred total expenses of \$0.6 million for the years ended December 31, 2021 in relation to the Lease Agreement.

In 2020 and 2021, Altus entered into various operating lease agreements with Apache related to the use of certain of our compressors. Under the terms of the agreement, Apache pays fixed monthly lease payments, in addition to a monthly fee to operate and maintain the compressors under lease. Each of these lease agreements has an initial term of thirty months and automatically extends on a month-to-month basis unless either party cancels the agreement. Altus recorded income related to these agreements of \$1.6 million for the year ended December 31, 2021.

Director Independence

The Board has determined that each of D. Mark Leland, Kevin S. McCarthy, Laura A. Sugg, David I. Foley, JP Munfa, Elizabeth P. Cordia, Thomas Lefebvre and Joseph Payne are independent within the meaning of Nasdaq Rule 5605(a)(2) and the rules and regulations of the SEC.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Fees Paid to the Independent Auditor

The fees paid to Ernst & Young LLP (Houston, Texas, PCAOB ID: 42, “EY”) for 2021 and 2020 were as follows:

Description	2021 (\$)	2020 (\$)
Audit Fees (1)	1,095,000	820,000
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total	1,095,000	820,000

- (1) Audit Fees were for professional services rendered for the annual audit of Altus’s consolidated financial statements included in the Form 10-K, the reviews of Altus’s financial statements included in the Forms 10-Q, and other procedures required to be performed by the independent auditor to be able to form an opinion on Altus’s consolidated financial statements. The Audit Fees for 2021 and 2020 include EY’s annual audit of Altus’s consolidated financial statements for the 2021 and 2020 fiscal years, respectively, the reviews of the financial statements included in the Forms 10-Q, and assistance with and review of documents filed with the SEC.

All audit, audit-related, tax, and other services were pre-approved by the Audit Committee, which concluded that the provision of such services by EY was compatible with the firm’s independence in the conduct of its auditing functions. The Audit Committee has taken into consideration whether the provision of non-audit services by EY is compatible with maintaining auditor independence.

None of the services described above were approved pursuant to the de minimis exception provided in Rule 2-01(c)(7)(i)(C) of Regulation S-X promulgated by the SEC.

Pre-Approval of Independent Auditor Services and Fees

To ensure the independence of our independent auditor and to comply with the applicable securities laws, the listing standards of the Nasdaq Stock Market, and the Audit Committee charter, the Audit Committee has established a policy and related procedures with respect to services that may be performed by the Company’s independent auditor (the “Pre-Approval Policy”).

The Pre-Approval Policy provides that the Company’s independent auditor may not perform any service for the Company, subject to those exceptions that may be permitted by applicable law, unless (i) the service has been pre-approved by the Audit Committee or (ii) the Company engaged the independent auditor to perform the service pursuant to the pre-approval provisions of the Pre-Approval Policy. In addition, the Pre-Approval Policy prohibits the Audit Committee from pre-approving certain non-audit services that are prohibited from being performed by the Company’s independent auditor by applicable securities laws.

Pursuant to the Pre-Approval Policy, the Audit Committee has pre-approved certain categories of services to be performed by the independent auditor and a maximum amount of fees for each category. The Audit Committee reassesses these service categories and the associated maximum fee limits annually. Individual projects within the approved service categories have been pre-approved only to the extent that the fees for each individual project do not exceed a specified dollar limit, which amount is reassessed annually. The Committee also considers on a case-by-case basis specific engagements that are not otherwise pre-approved or that exceed pre-approved fee amounts. The Audit Committee grants pre-approval, subject to fee limits, for services that fall within the “All Other Fees” category on an engagement-by-engagement basis.

The Audit Committee designates a member of the Audit Committee to whom it delegates its pre-approval responsibilities. That member has the authority to approve interim requests to pre-approve services and maximum fee limits, provided that the member informs the Audit Committee of his or her decision at the Audit Committee’s next scheduled meeting.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents included in this Annual Report on Form 10-K:

3. Exhibits

INDEX TO EXHIBITS

EXHIBIT NO.	DESCRIPTION
2.1***	- <u>Contribution Agreement, dated as of August 8, 2018, by and among Kayne Anderson Acquisition Corp., Altus Midstream LP, Apache Midstream LLC, Altus Midstream Gathering LP, Altus Midstream Pipeline LP, Altus Midstream Processing LP, Altus Midstream NGL Pipeline LP and Altus Midstream Subsidiary GP LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on August 8, 2018, SEC File No. 001-38048).</u>
2.2***	- <u>Contribution Agreement, dated as of October 21, 2021, by and among Altus Midstream Company, Altus Midstream LP, New BCP Raptor Holdco, LLC and BCP Raptor Holdco, LP (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on October 21, 2021, SEC File No. 001-38048).</u>
3.1	- <u>Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 001-38048).</u>
3.2	- <u>First Amendment to Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on July 1, 2020, SEC File No. 001-38048).</u>
3.3	- <u>Bylaws (incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form S-1 filed on March 7, 2017, SEC File No. 333-216514).</u>
4.1	- <u>Description of Securities of the Registrant (incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, SEC File No. 001-38048).</u>
4.2	- <u>Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.2 to the Company's Amendment No. 1 to Registration Statement on Form S-1/A filed on March 16, 2017, SEC File No. 333-216514).</u>
4.3	- <u>Specimen Warrant Certificate (incorporated by reference to Exhibit 4.3 to the Company's Amendment No. 1 to Registration Statement on Form S-1/A filed on March 16, 2017, SEC File No. 333-216514).</u>
4.4	- <u>Warrant Agreement, dated March 29, 2017, by and between American Stock Transfer & Trust Company, LLC and the Company (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 4, 2017, SEC File No. 001-38048).</u>
4.5	- <u>Warrant Agreement, dated as of November 9, 2018, by and between American Stock Transfer & Trust Company, LLC and the Company (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 001-38048).</u>
4.6	- <u>Stockholders Agreement, dated as of November 9, 2018, by and among Altus Midstream Company, Kayne Anderson Sponsor, LLC and Apache Midstream LLC (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 001-38048).</u>
4.7	- <u>Amended and Restated Registration Rights Agreement, dated as of November 9, 2018, by and among Altus Midstream Company, Kayne Anderson Sponsor, LLC, the other holders party thereto and Apache Midstream LLC (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 001-38048).</u>
4.8	- <u>Registration Rights Agreement, dated as of June 12, 2019, by and among Altus Midstream Company and the security holders party thereto (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 14, 2019, SEC File No. 001-38048).</u>

EXHIBIT NO.	DESCRIPTION
10.1	- <u>Credit Agreement, dated as of November 9, 2018, among Altus Midstream LP, the lenders party thereto, the issuing banks party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Wells Fargo Bank, National Association, as Syndication Agent, Citibank, N.A., Bank of America, N.A., The Toronto-Dominion Bank, New York Branch, MUFG Bank Ltd., and The Bank of Nova Scotia, Houston Branch, as Co-Documentation Agents (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 001-38048).</u>
10.2	- <u>First Amendment to Credit Agreement, dated as of April 17, 2019 but effective May 8, 2019, among Altus Midstream LP, the lenders party thereto, the swingline lender party thereto, the issuing banks party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agents party thereto (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 13, 2019, SEC File No. 001-38048).</u>
10.3	- <u>Second Amendment to Credit Agreement, dated as of February 7, 2020, among Altus Midstream LP, the lenders party thereto, the swingline lender party thereto, the issuing banks party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agents party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 11, 2020, SEC File No. 001-38048).</u>
10.4	- <u>Construction, Operations and Maintenance Agreement, dated as of November 9, 2018, by and between Altus Midstream Company and Apache Corporation (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 001-38048).</u>
10.5	- <u>Side Letter re: Waiver of Direct G&A Costs, dated as of April 23, 2019, by and between Altus Midstream Company and Apache Corporation (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed May 2, 2019, SEC File No. 001-38048).</u>
10.6	- <u>Purchase Rights and Restrictive Covenants Agreement, dated as of November 9, 2018, by and between Altus Midstream Company and Apache Corporation (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 001-38048).</u>
10.7	- <u>Lease Agreement, dated as of November 9, 2018, by and between Apache Corporation and Altus Midstream LP (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 001-38048).</u>
10.8	- <u>First Amendment to Lease Agreement, dated effective July 27, 2020, by and between Apache Corporation and Altus Midstream LP (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020, SEC File No. 001-38048).</u>
10.9	- <u>Trademark License Agreement, dated as of November 9, 2018, by and between Apache Corporation and Altus Midstream LP (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 001-38048).</u>
10.10	- <u>Trademark License Agreement, dated as of November 9, 2018, by and between Apache Corporation and Kayne Anderson Acquisition Corp. (n/k/a Altus Midstream Company) (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 001-38048).</u>
10.11‡	- <u>Intrastate Firm Natural Gas Transportation Service Agreement, dated April 1, 2017, by and between Apache Corporation and Altus Midstream Pipeline LP (incorporated by reference to Exhibit 10.15 of the Company's Annual Report on Form 10-K for year ended December 31, 2018, SEC File No. 001-38048).</u>
10.12‡	- <u>Gas Gathering Agreement, dated July 1, 2018, by and between Apache Corporation and Altus Midstream Gathering LP (incorporated by reference to Exhibit 10.17 of the Company's Annual Report on Form 10-K for year ended December 31, 2018, SEC File No. 001-38048).</u>
10.13‡	- <u>Transportation Services Agreement, dated July 1, 2018, by and between Apache Corporation and Altus Midstream NGL Pipeline LP (incorporated by reference to Exhibit 10.18 of the Company's Annual Report on Form 10-K for year ended December 31, 2018, SEC File No. 001-38048).</u>

EXHIBIT NO.	DESCRIPTION
10.14†	- <u>Gas Processing Agreement, dated effective September 1, 2021, by and between Apache Corporation and Altus Midstream Processing LP (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 14, 2021, SEC File No. 001-38048).</u>
10.15†	- <u>Altus Midstream Company Restricted Stock Units Plan, dated December 17, 2018 (incorporated by reference to Exhibit 10.19 of the Company's Annual Report on Form 10-K for year ended December 31, 2018, SEC File No. 001-38048).</u>
10.16†	- <u>Form of Director Grant Agreement, dated December 17, 2018 (incorporated by reference to Exhibit 10.20 of the Company's Annual Report on Form 10-K for year ended December 31, 2018, SEC File No. 001-38048).</u>
10.17†	- <u>Altus Midstream Company 2019 Omnibus Compensation Plan, dated February 12, 2019, effective May 30, 2019 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed May 31, 2019, SEC File No. 001-38048).</u>
10.18†	- <u>Altus Midstream Company Deferred Delivery Plan, dated May 30, 2019 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 31, 2019, SEC File No. 001-38048).</u>
10.19	- <u>Second Amended and Restated Agreement of Limited Partnership of Altus Midstream LP, dated as of June 12, 2019 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 14, 2019, SEC File No. 001-38048).</u>
10.20	- <u>First Amendment to Second Amended and Restated Agreement of Limited Partnership of Altus Midstream LP, dated as of June 30, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020, SEC File No. 001-38048).</u>
10.21	- <u>Voting Agreement, dated as of June 12, 2019, by and among Apache Corporation, Altus Midstream Company, and the purchasers party thereto (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 14, 2019, SEC File No. 001-38048).</u>
21.1	- <u>Subsidiaries of the Company (incorporated by reference to Exhibit 21.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed on February 22, 2022, SEC File No. 001-38048).</u>
23.1	- <u>Consent of Ernst & Young LLP (incorporated by reference to Exhibit 23.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed on February 22, 2022, SEC File No. 001-38048).</u>
23.2	- <u>Consent of Ernst & Young LLP (incorporated by reference to Exhibit 23.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed on February 22, 2022, SEC File No. 001-38048).</u>
23.3	- <u>Consent of BDO USA, LLP relating to the financial statements of Gulf Coast Express Pipeline LLC (incorporated by reference to Exhibit 23.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed on February 22, 2022, SEC File No. 001-38048).</u>
23.4	- <u>Consent of BDO USA, LLP relating to the financial statements of Permian Highway Pipeline LLC (incorporated by reference to Exhibit 23.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed on February 22, 2022, SEC File No. 001-38048).</u>
23.5	- <u>Consent of KPMG LLP (incorporated by reference to Exhibit 23.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed on February 22, 2022, SEC File No. 001-38048).</u>
24.1	- <u>Power of Attorney (incorporated by reference to Exhibit 24.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed on February 22, 2022, SEC File No. 001-38048).</u>
31.1	- <u>Certification of the Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) (incorporated by reference to Exhibit 31.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed on February 22, 2022, SEC File No. 001-38048).</u>

EXHIBIT NO.	DESCRIPTION
31.2	- <u>Certification of the Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) (incorporated by reference to Exhibit 31.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed on February 22, 2022, SEC File No. 001-38048).</u>
31.3*	- <u>Certification of the Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a).</u>
31.4*	- <u>Certification of the Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a).</u>
32.1	- <u>Certification of the Principal Executive Officer and Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(b) and 18 U.S.C. 1350 (incorporated by reference to Exhibit 32.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed on February 22, 2022, SEC File No. 001-38048).</u>
99.1	- <u>Gulf Coast Express Pipeline LLC audited financial statements as of December 31, 2021 (incorporated by reference to Exhibit 99.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed on February 22, 2022, SEC File No. 001-38048).</u>
99.2	- <u>Breviloba, LLC audited financial statements as of December 31, 2021 (incorporated by reference to Exhibit 99.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed on February 22, 2022, SEC File No. 001-38048).</u>
99.3	- <u>Permian Highway Pipeline LLC audited financial statements as of December 31, 2021 (incorporated by reference to Exhibit 99.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed on February 22, 2022, SEC File No. 001-38048).</u>
99.4	- <u>EPIC Crude Holdings, LP audited financial statements as of December 31, 2020 (incorporated by reference to Exhibit 99.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed on February 22, 2022, SEC File No. 001-38048).</u>
101.INS**	- Inline XBRL Instance Document. (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH**	- Inline XBRL Taxonomy Schema Document.
101.CAL**	- Inline XBRL Calculation Linkbase Document.
101.DEF**	- Inline XBRL Definition Linkbase Document.
101.LAB**	- Inline XBRL Label Linkbase Document.
101.PRE**	- Inline XBRL Presentation Linkbase Document.
104	- Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).
*	Filed herewith.
**	Previously filed.
***	Schedules and exhibits to this Exhibit have been omitted pursuant to Regulation S-K Item 601(b)(2). The Company agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request.
†	Management contracts or compensatory plans or arrangements required to be filed herewith pursuant to Item 15 hereof.
‡	Portions have been omitted pursuant to Regulation S-K Item 601(b)(10)(iv), because the omitted information is both not material and is the type that the Company treats as private or confidential.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

Signatures

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

Kinetik Holdings Inc.

April 28, 2022

By: /s/ Jamie Welch

Name: Jamie Welch

Title: Chief Executive Officer, President and Chief Financial Officer

