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

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **December 2, 2024**

Summit Midstream Corporation
(Exact name of registrant as specified in its charter)

Delaware	**001-42201**	**99-3056990**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

910 Louisiana Street, Suite 4200
Houston, TX 77002
(Address of principal executive office) (Zip Code)

(Registrants' telephone number, including area code): **(832) 413-4770**

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	SMC	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

Explanatory Note

This Amendment No. 1 on Form 8-K/A is being filed by Summit Midstream Corporation (the "Company") to amend its current report on Form 8-K filed with the Securities and Exchange Commission on December 2, 2024 (the "Original Report"), solely to provide the financial statements of the business acquired and the related pro forma financial information required by Item 9.01 of Form 8-K. Except as otherwise provided herein, the disclosure made in the Original Report remains unchanged.

As previously disclosed in the Original Report, on December 2, 2024, the Company completed the transaction contemplated in the Business Contribution Agreement, dated as of October 1, 2024 (the "Business Contribution Agreement"), by and among the Company, Summit Midstream Partners, LP, a Delaware limited partnership, and Tall Oak Midstream Holdings, LLC, a Delaware limited liability company ("Tall Oak Parent"), pursuant to which Tall Oak Parent contributed all of its equity interests in Tall Oak Midstream Operating, LLC, a Delaware limited liability company ("Tall Oak"), to Summit Midstream Partners, LP in exchange for certain cash and equity consideration from the Company.

Item 9.01 Financial Statements and Exhibits.

(a) Financial statements of the business acquired.

The audited consolidated financial statements of Tall Oak and its subsidiaries as of and for the year ended December 31, 2023 filed as Exhibit 99.1 and incorporated herein by reference.

The audited consolidated financial statements of Tall Oak and its subsidiaries as of and for the year ended December 31, 2022 filed as Exhibit 99.2 and incorporated herein by reference.

The unaudited consolidated financial statements of Tall Oak and its subsidiaries as of September 30, 2024 and December 31, 2023 and for the nine month periods ended September 30, 2024 and September 30, 2023 are filed as Exhibit 99.3 and incorporated herein by reference.

(b) Pro Forma Financial Information.

The following unaudited pro forma financial information of the Company is filed as Exhibit 99.4 to this Current Report on Form 8-K/A and is incorporated herein by reference:

•Unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2024.

•Unaudited Pro Forma Condensed Consolidated Statement of Operations for the nine months ended September 30, 2024.

•Unaudited Pro Forma Condensed Consolidated Statement of Operations for the year ended December 31, 2023.

(d) Exhibits

Exhibit Number	Description
23.1	Consent of Weaver and Tidwell, L.L.P.
23.2	Consent of Grant Thornton LLP
99.1	Audited consolidated financial statements of Tall Oak Midstream Operating, LLC and its subsidiaries as of and for the year ended December 31, 2023
99.2	Audited consolidated financial statements of Tall Oak Midstream Operating, LLC and its subsidiaries as of and for the year ended December 31, 2022
99.3	Unaudited consolidated financial statements of Tall Oak Midstream Operating, LLC and its subsidiaries as of September 30, 2024 and December 31, 2023 and for the nine month periods ended September 30, 2024 and September 30, 2023
99.4	Unaudited pro forma condensed consolidated financial information
104	Cover Page Interactive Data File – the cover page XBRL tags are embedded within the Inline XBRL document

SIGNATURES

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

		Summit Midstream Corporation
		(Registrant)
Dated:	December 3, 2024	*/s/ Matthew B. Sicinski*
		Matthew B. Sicinski, Senior Vice President and Chief Accounting Officer

Exhibit 23.1

Consent of Independent Auditor

We hereby consent to the incorporation by reference in the Registration Statement on Form S8 (No. 333281730) of Summit Midstream Corporation of our report dated April 8, 2024, relating to the consolidated financial statements of Tall Oak Midstream Operating, LLC., which appears in this current report on Form 8K/A.

/s/Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Oklahoma City, Oklahoma
December 3, 2024

Exhibit 23.2

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated April 14, 2023, with respect to the consolidated financial statements of Tall Oak Midstream Operating, LLC included in this current report of Summit Midstream Corporation on Form 8-K/A. We consent to the incorporation by reference of said report in the Registration Statement of Summit Midstream Corporation on Form S-8 (File No. 333-281730).

/s/ GRANT THORNTON LLP

Oklahoma City, Oklahoma
December 3, 2024

EXHIBIT 99.1

Consolidated financial statements and report of independent auditor

Tall Oak Midstream Operating, LLC and Subsidiaries

December 31, 2023

Contents

Independent Auditor's Report

To the Member of
Tall Oak Midstream Operating, LLC

Opinion

We have audited the consolidated financial statements of Tall Oak Midstream Operating, LLC and subsidiaries (the "Company") which comprise the consolidated balance sheet as of December 31, 2023, and the related consolidated statements of operations, changes in member's equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements (together, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued (or when applicable, one year after the date that the financial statements are available to be issued).

The Member of
Tall Oak Midstream Operating, LLC

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Oklahoma City, Oklahoma
April 8, 2024

Tall Oak Midstream Operating, LLC and Subsidiaries

CONSOLIDATED BALANCE SHEET

December 31, 2023

ASSETS

CURRENT ASSETS	
Cash & cash equivalents	$ 6,925,454
Accounts receivable	8,423,908
Revenue receivable	13,518,580
Other receivable	4,188,078
Prepaid costs	1,190,944
Deposits	3,490
Inventory	389,244
Total current assets	34,639,698
PROPERTY, PLANT AND EQUIPMENT, net	
Property, plant and equipment	393,255,373
Accumulated depreciation	(86,083,948)
	307,171,425
Contract costs, net	18,135,786
ROU assets	10,514,500
Other assets, net	1,451,470
TOTAL ASSETS	$ 371,912,879

LIABILITIES & MEMBER'S EQUITY

CURRENT LIABILITIES	
Accounts payable & accrued liabilities	$ 1,206,299
Accounts payable – related party	158,934
Revenue payable	11,810,776
Lease liabilities – short term	8,910,972
Unearned revenue	10,000
Debt payable	24,000,000
Interest payable	973,715
Total current liabilities	47,070,696
Debt payable	113,500,000
Unearned revenue	88,333
Lease liabilities – long term	1,614,591
COMMITMENTS AND CONTINGENCIES (NOTE 9)	
MEMBER'S EQUITY	209,639,259
TOTAL LIABILITIES & MEMBER'S EQUITY	$ 371,912,879

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

Tall Oak Midstream Operating, LLC and Subsidiaries

CONSOLIDATED STATEMENT OF OPERATIONS

Year Ended December 31, 2023

REVENUES	
Midstream services	$ 88,676,960
Product sales	27,767,749
TOTAL REVENUES	116,444,709
EXPENSES	
Cost of sales - revenue	2,047,804
Operating costs	35,672,052
Selling, general and administrative expenses	15,394,138
Depreciation expense	20,713,673
Amortization expense	2,012,733
ROU asset amortization expense	170,471
TOTAL OPERATING EXPENSES	76,010,871
OPERATING INCOME	40,433,838
OTHER INCOME (EXPENSE)	
Interest income	400,802
Interest expense	(8,225,989)
Other expense	(48,470)
NET INCOME	$ 32,560,181

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

Tall Oak Midstream Operating, LLC and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN MEMBER'S EQUITY

Year Ended December 31, 2023

		Member's Equity
Balance, December 31, 2022	$	278,779,099
Contribution		799,979
Distributions		(102,500,000)
Net income		32,560,181
Balance, December 31, 2023	$	209,639,259

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

Tall Oak Midstream Operating, LLC and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2023

OPERATING ACTIVITIES		
Net income	$	32,560,181
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation expense		20,713,673
Amortization expense		2,012,733
Amortization expense ROU finance leases		170,471
Interest expense ROU finance leases		25,166
Amortization of debt origination costs		(1,148,773)
Changes in operating assets and liabilities:		
Accounts receivable & prepaid costs		(4,746,071)
Inventory		43,373
Accounts payable & accrued liabilities		(4,503,175)
Leases		(8,248)
Revenue payable		(128,648)
Contract cost		5,831,350
Interest payable		501,568
NET CASH PROVIDED BY OPERATING ACTIVITIES		51,323,600
INVESTING ACTIVITIES		
Purchase of property, plant & equipment		(12,998,934)
Disposal of property, plant & equipment		238,327
NET CASH USED IN INVESTING ACTIVITIES		(12,760,607)
FINANCING ACTIVITIES		
Increase in debt payable		100,268,354
Reduction in debt payable		(34,645,833)
Contribution		799,979
Distribution		(102,500,000)
Other financing activities		(186,065)
NET CASH USED IN FINANCING ACTIVITIES		(36,263,565)
NET INCREASE IN CASH		2,299,428
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		4,626,026
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	$	6,925,454
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest, net of amount capitalized	$	6,736,970
NON-CASH INVESTING ACTIVITIES:		
Capital expenditures included in accounts payable & accrued liabilities	$	141,090

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

Tall Oak Midstream Operating, LLC and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

NOTE 1. ORGANIZATION AND BUSINESS OPERATIONS

Nature of Operations

Tall Oak Midstream Operating, LLC (the "Company") was formed on December 14, 2020. The Company was formed to facilitate and expedite the midstream development of the Arkoma STACK play centered in Hughes County, OK. The Company is wholly owned by Tall Oak Midstream Holdings, LLC (HOLDINGS).

On February 26, 2021, HOLDINGS purchased all the outstanding equity interests of Tall Oak Woodford, LLC (WOODFORD). WOODFORD operates a processing plant and a natural gas liquids (NGL) infrastructure system. HOLDINGS contributed WOODFORD to the Company on February 26, 2021.

On February 26, 2021, VM Arkoma Stack, LLC (VMAS) and its wholly owned subsidiary BCZ Land Holdings, LLC (BCZ) were acquired by HOLDINGS. On February 26, 2021, HOLDINGS contributed VMAS and BCZ to the Company. VMAS was formed on November 27, 2017 to construct, develop and operate natural gas gathering systems, natural gas processing plants and compression facilities. BCZ is a Delaware Limited Liability Company formed on November 27, 2017 to acquire land and right of way in support of VMAS' operations.

The Company is funded by Tall Oak Midstream Holdings, LLC and furthermore VM Arkoma Stack Holdings, LLC (VMASH). VMASH is controlled by Connect Midstream, LLC which is funded by Tailwater Energy Fund III, LP.

NOTE 2. 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 of America.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, WOODFORD, VMAS and BCZ. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of the Company's consolidated financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original maturity of three months or less at the time of issuance to be cash equivalents. The Company places its cash and cash equivalents with reputable financial institutions. At times, balances deposited may exceed FDIC insured limits. The Company has not incurred any losses related to these deposits.

Revenue Recognition

The Company generates the majority of its revenues from midstream energy services, including gathering, compressing, processing and marketing, through various contractual arrangements, which include fee-based contract arrangements. While its transactions vary in form, the essential element of each transaction is the use of its assets to transport a product or provide a processed product to an end-user at the tailgate of the plant. Revenues from both "Product sales" and "Midstream services" represent revenues from contracts with customers and are reflected on the consolidated statement of operations as follows:

- *Product sales* —Product sales represent the sale of natural gas, NGLs and condensate where the product is sold in connection with providing our midstream services as outlined above.

- *Midstream services* —Midstream services represent all other revenue generated as a result of performing our midstream services as outlined above.

Evaluation of Its Contractual Performance Obligations

The Company evaluates its contracts with customers that are within the scope of ASC 606. In accordance with the new revenue recognition framework introduced by ASC 606, the Company identifies its performance obligations under its contracts with customers. These performance obligations include promises to perform midstream services for its customers over a specified contractual term.

The identification of performance obligations under its contracts requires a contract-by-contract evaluation of when control, including the economic benefit, of commodities transfers to and from us (if at all).

Accounting Methodology for Certain Contracts

The Company's midstream service contracts related to NGL or natural gas gathering and processing do not contain a commodity purchase and the Company does not control the commodity. The Company earns a fee for its services and considers these contracts to contain performance obligations for its services. Accordingly, the Company considers the satisfaction of these performance obligations as revenue-generating, and the Company recognizes the fees received for satisfying these performance obligations as midstream service revenues over time as the Company satisfies its performance obligations. For contracts in which the Company does not possess control of the commodities and is acting as an agent, its consolidated statements of operations reflect midstream services revenues that the Company earns based on the terms contained in the applicable contract.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Company also evaluates its contractual arrangements that contain a purchase and sale of commodities under the principal/agent provisions in ASC 606. For contracts where the Company possesses control of the commodity and acts as principal in the purchase and sale, the Company records product sales revenue at the price at which the commodities are sold, with a corresponding cost of sales equal to the cost of the commodities when purchased.

Satisfaction of Performance Obligations and Recognition of Revenue

For its commodity sales contracts, the Company satisfies its performance obligations at the point in time at which the commodity transfers from us to the customer. This transfer pattern aligns with its billing methodology. Therefore, the Company recognizes product sales revenue at the time the commodity is delivered and in the amount to which the Company has the right to invoice the customer. For its midstream service contracts that contain revenue-generating performance obligations, the Company satisfies its performance obligations over time as the Company performs the midstream services and as the customer receives the benefit of these services over the term of the contract. As permitted by ASC 606, the Company is utilizing the practical expedient that allows an entity to recognize revenue in the amount to which the entity has a right to invoice, since the Company has a right to consideration from its customer in an amount that corresponds directly with the value to the customer of its performance completed to date. Accordingly, the Company recognizes revenue over time as its midstream services are performed.

The Company generally accrues one month of sales and the related natural gas, NGL, and condensate purchases and reverses these accruals when the sales and purchases are invoiced and recorded in the subsequent month. Actual results could differ from the accrual estimates. The Company typically receives payment for invoiced amounts within one month, depending on the terms of the contract. The Company accounts for taxes collected from customers attributable to revenue transactions and remitted to government authorities on a net basis (excluded from revenues).

Revenue Receivable/Payable

Balances receivable from product sales are presented as revenue receivable on the consolidated balance sheet. Balances payable from product sales are presented as revenue payable on the consolidated balance sheet. The balances for revenue receivable were $15,578,150 and $13,518,580 for January 2023 and December 2023, respectively.

Other Receivable

During the year ended December 31, 2023, WOODFORD amended a contract with an existing producer to incentivize the producer to drill wells. As a result of the amendment, a receivable was recorded. The receivable balance was $4,188,078 at December 31, 2023. See NOTE 11. SUBSEQUENT EVENTS.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounts Receivable

Accounts and revenues receivable include amounts due from customers for midstream services and product sales under normal trade terms, generally requiring payment within 30 days. Accounts receivable are presented net of an allowance for expected credit losses. The balances for accounts receivable were $8,078,165 and $8,423,908 for January 2023 and December 2023, respectively.

The Company adopted ASU 2016-13, *Financial Instruments – Credit Losses* and the subsequent applicable modifications to the rule on January 1, 2023. The Company may record a specific reserve for individual accounts when the Company becomes aware of specific customer circumstances. The Company recorded no allowance for any receivables as of December 31, 2023. The Company determines its allowance for expected credit losses for all other accounts by considering a number of factors including the length of time accounts receivable are past due, the Company's previous loss history, the debtor's current ability to pay its obligations to the Company, and the condition of the general economy and industry as a whole. The Company does not generally require collateral from its customers. The Company did not determine the need to record any additional expected credit losses as of December 31, 2023. The adoption of the ASU 2016-13 was adopted under the modified retrospective approach and did not result in an adjustment to opening retaining earnings as of January 1, 2023.

Property, Plant, and Equipment and Contract Costs

Property, plant, and equipment are carried at cost and depreciated on a straight-line basis over the useful life of the asset. When the asset is no longer serviceable and is retired or otherwise disposed of, the cost of the property is removed from the asset account, accumulated depreciation is charged with an amount equivalent to the depreciation provided, and the difference (if any) is recorded as an adjustment to earnings.

The useful lives for each asset classification are as follows:

Processing plant	25 years
Compressor facilities	25 years
Well connects & gathering pipe	15 years
Liquid & gas infrastructure	15 years

The Company has contract costs associated with costs of obtaining contracts and construction cost paid in relation to third party owned pipelines that benefit our operations. During 2023 the Company made a change in amortization method for certain contract related intangibles from a unit of production based method to straight line. The Company accounted for the change prospectively in accordance with GAAP. All other cost is amortized on a straight-line basis over the life of the associated asset.

Inventory

Inventory is comprised of excess pipeline from completed projects and condensate held at the processing plant and compressor facilities. Inventory is valued at the lower of cost or net realizable value.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairments of Long-Lived Assets and Contract Costs

The Company reviews long-lived assets and contract costs for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of an asset to be held and used is measured by a comparison of the carrying amount of the asset to future net undiscounted cash flows expected to be generated by the asset. Individual assets are grouped at the lowest level for which the related identifiable cash flows are largely independent of the cash flows of other assets and liabilities. These cash flow estimates require management to make judgments and assumptions related to operating and cash flow results, economic obsolescence, the business climate, contractual, legal and other factors. If the carrying amount exceeds the expected future undiscounted cash flows, the Company recognizes a non-cash impairment loss equal to the excess of net book value over fair value as determined by present value techniques. The estimated cash flows used to assess recoverability of our long-lived assets and measure fair value of our asset group are derived from current business plans, which are developed using near-term and long-term price assumptions, other key assumptions include volume projections, operating costs, timing of incurring such costs, and the use of appropriate values and discount rates. Any changes management makes to these projections and assumptions can result in significant revisions to management's evaluation of recoverability of its long-lived assets and the recognition of additional impairments. The Company believes its estimates and models used to determine fair values are similar to what a market participant would use.

Financial Instruments

The carrying value of cash and cash equivalents, accounts payable and accrued liabilities are representative of fair value due to the highly liquid and short-term nature of the instruments.

Income Taxes

The Company is organized as a Delaware Limited Liability Company. The taxable income of the Company will be included in the federal income tax returns filed by its Members. Accordingly, no tax provision has been made in the consolidated financial statements of the Company.

ASC Topic 740, *Income Taxes*, related to accounting for uncertainty in income taxes, requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns and disallows the recognition of tax positions not deemed to meet a "more-likely-than-not" threshold of being sustained by the applicable tax authority. The Company's management does not believe it has any tax positions taken that would not meet this threshold and that would require recognition in these consolidated financial statements. The Company's policy is to reflect interest and penalties related to uncertain tax positions as part of its selling, general, and administrative expenses when and if they become applicable.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Asset Retirement Obligations

The Company accounts for asset retirement obligations, if any, by recording the fair value of an asset retirement obligation as a liability in the period in which the Company incurs a legal obligation for the retirement of tangible long-lived assets, typically at the time the assets are placed into service. A corresponding asset is also recorded and depreciated over the life of the asset. After the initial measurement, the Company would recognize changes in the amount of the liability resulting from the passage of time and revisions to either the timing or amount of estimated cash flows.

An entity is required to recognize the fair value of a liability for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. If a reasonable estimate cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of fair value can be made. In order to determine fair value of a liability, management must make certain estimates and assumptions including, among other things, projected cash flows, a credit-adjusted risk-free rate, and an assessment of market conditions that could significantly impact the estimated fair value of the asset retirement obligation. These estimates and assumptions are very subjective.

Upon abandonment or retirement of the pipeline, the Company is obligated to render the pipeline site clean and safe for future dormancy. Management is unable to reasonably determine the fair value of such asset retirement obligation because the settlement date is indeterminable and could range up to 25 years.

Recent Accounting Pronouncements

Accounting standard setters frequently issue new or revised accounting rules. The Company reviews new pronouncements to determine the impact, if any, on the Company's consolidated financial statements. The Company has reviewed recently issued accounting pronouncements that became effective during the year ended December 31, 2023 and has determined that none had a material impact to its consolidated financial statements.

NOTE 3. PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment at December 31, 2023 consists of the following:

Processing plant	$	135,220,748
Compressor facilities		56,147,930
Well connects & gathering pipe		193,416,498
Construction in progress		6,971,075
Land		1,272,260
Auto & Trucks		90,450
Furniture & Fixtures		21,728
Equipment & Leasehold		114,684
Accumulated depreciation		(86,083,948)
Property, plant and equipment, net	$	307,171,425

Depreciation expense for property, plant and equipment for the year ended December 31, 2023 was $20,713,673. Construction in progress includes $511,134 of total capitalized interest for the year ended December 31, 2023.

NOTE 4. CONTRACT COSTS

The value of the Company's net contract costs as of December 31, 2023 is $18,135,786. The contract costs are classified as direct incremental costs of obtaining gas gathering and processing contracts (GGPA) and construction cost paid in relation to third party owned pipelines that benefit our operations.

The balance at December 31, 2023 is comprised of the following:

Contributions in Aid of Construction - Interconnect Agreements	$ 4,591,564
Producer GGPA Incentive Payment #2	9,500,000
Producer GGPA Incentive Payment #3	2,543,914
Producer GGPA Incentive Payment #4	1,500,000
Acreage Dedication	2,900,000
Accumulated amortization	(2,899,692)
Contract Costs, net	$ 18,135,786

Amortization expense for contract costs for the year ended December 31, 2023 was $2,012,733.

NOTE 4. CONTRACT COSTS - CONTINUED

The following table summarizes our estimated aggregate amortization expense for the next five years and thereafter:

2024	$	1,237,939
2025		1,237,939
2026		1,237,939
2027		1,237,939
2028		1,237,939
Thereafter		11,946,091
Total	$	18,135,786

NOTE 5. MEMBER'S EQUITY

The Company is supported by HOLDINGS and furthermore VMASH. VMASH is controlled by Connect Midstream, LLC which is funded by Tailwater Energy Fund III, LP. As of December 31, 2023, HOLDINGS held 100.0% of the Company.

NOTE 6. DEBT

In conjunction with HOLDINGS' acquisition of all the outstanding membership interests of WOODFORD, The Company entered into a third amendment to a preexisting credit agreement on February 26, 2021, extending the maturity date to December 31, 2024. The commitment amount of the revolving credit facility was reduced to $30.0 million and a term loan facility with a maximum principal amount of $50.0 million was established. On September 30, 2021 the credit facility was amended and increased to $50.0 million.

On July 21, 2023, OPERATING entered into a third amended and restated credit agreement extending the maturity date to July 21, 2028. The commitment amount of the revolving credit facility was reduced to $30.0 million and the term loan facility was increased to a maximum principal amount of $120.0 million. There was $30.0 million drawn on the credit facility at December 31, 2023. The amount outstanding on the term loan facility was $107.5 million at December 31, 2023.

The Company must comply with certain financial covenants including a maximum leverage ratio and minimum net worth. The leverage ratio requirement commenced on March 31, 2021 and the minimum net worth requirement commenced on July 21, 2023. The Company was in compliance with the financial covenants as of December 31, 2023.

On September 30, 2022, the Interest expense per the credit facility agreement was changed from the LIBOR rate plus a specified percentage set in the credit facility to a per annum contract rate equal to the SOFR rate plus a specified percentage set in the agreement. The effective interest rate at December 31, 2023 was 8.18%. In accordance with accrual accounting, interest is recognized at the time it is incurred. The Company has paid $7,248,104 of interest associated with the BancFirst debt agreements for the year ended December 31, 2023 and has $973,715 of interest payable associated with the BancFirst debt agreements at December 31, 2023.

NOTE 6. DEBT - CONTINUED

The scheduled maturities of the outstanding debt as of December 31, 2023 are summarized as follows:

Year	Amount
2024	$ 24,000,000
2025	54,000,000
2026	24,000,000
2027	24,000,000
2028	11,500,000
Total	$ 137,500,000

NOTE 7. EMPLOYMENT BENEFITS

Company Benefits

Employees of the Company are eligible to participate in a 401(k) matching plan in which the Company will fully match up to 4% of the employee salary, limited by attributable IRS contribution regulations. The Company paid $104,380 in matching contributions to the plan during the year ended to December 31, 2023.

NOTE 8. RELATED PARTY TRANSACTIONS

On February 26, 2021, the Company approved a budget wherein Tall Oak Midstream Management, LLC (MANAGEMENT) would provide certain personnel, support services and administrative services with respect to the Company, WOODFORD and VMAS' midstream operations and certain other matters. MANAGEMENT is wholly owned by VMASH. VMASH is backed by private equity from Tailwater Energy Fund III, LP. The Company reimburses MANAGEMENT monthly for all reasonable general and administrative expenses required for MANAGEMENT to perform its services and is reimbursed by WOODFORD and VMAS for their respective shares of the costs.

Total costs allocated from MANAGEMENT for the year ended December 31, 2023 were $10,222,539, including a payable to MANAGEMENT of $158,934 at December 31, 2023.

Consolidating journal entries eliminate the related Balance Sheet, Statement of Operations, and Statement of Cash Flows intercompany transactions upon consolidation.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Legal Matters

In the ordinary course of business, the Company may become involved in certain claims and legal actions. Management does not believe that the impact of such matters will have a material adverse effect on the Company's financial position or results of operation.

NOTE 10. LEASES

Effective with the adoption of ASC 842 in January of 2022, the Company evaluates new contracts at inception to determine if the contract conveys the right to control the use of an identified asset for a period of time in exchange for periodic payments. A lease exists if we obtain substantially all of the economic benefits of an asset, and we have the right to direct the use of that asset. When a lease exists, we record a right-of-use asset that represents our right to use the asset over the lease term and a lease liability that represents our obligation to make payments over the lease term. Lease liabilities are recorded at the sum of future lease payments discounted by the collateralized rate we could obtain to lease a similar asset over a similar period, and right-of-use assets are recorded equal to the corresponding lease liability, plus any prepaid or direct costs incurred to enter the lease, less the cost of any incentives received from the lessor. The company applied certain practical expedients that were allowed in the adoption of ASC 842, including not recording a right-of-use asset or liability for leases of twelve months or less and not separating lease and non-lease components of lease arrangements.

The majority of our leases are for the following types of assets:

• *Compression Services*. The Company pays third parties to provide compression services for our assets. Under these agreements, a third party installs and operates compressor units per a contractual agreement. While the third party determines which compressors to install and operates and maintains the units, the Company is the sole economic beneficiary of the identified assets. These agreements are typically for an initial term of one to two years and will automatically renew from month to month or year to year until canceled by us or the lessor. Compression services represent $10.2 million of our lease liability and $10.2 million of our right-of-use asset as of December 31, 2023.

• *Vehicles*. The Company leases vehicles. These leases are typically for multiple years and represent $0.3 million of our lease liability and $0.3 million of our right-of-use asset as of December 31, 2023.

Lease balances recorded on the consolidated balance sheets as of December 31, 2023 are as follows:

		Operating leases		Finance leases		Total
ROU assets	$	10,208,595	$	305,905	$	10,514,500
Current lease liabilities	$	8,756,650	$	154,322	$	8,910,972
Long-term lease liabilities	$	1,451,943	$	162,648	$	1,614,591

Other lease information	
Weighted-average remaining lease term - Operating leases	13 months
Weighted-average discount rate - Operating leases	7.63%
Weighted-average remaining lease term - Finance leases	24 months
Weighted-average discount rate - Finance leases	7.37%

NOTE 10. LEASES – CONTINUED

Certain of our lease agreements have options to extend the lease for a certain period after the expiration of the initial term. We recognize the cost of a lease over the expected total term of the lease, including optional renewal periods that we can reasonably expect to exercise. We do not have material obligations whereby we guarantee a residual value on assets we lease, nor do our lease agreements impose restrictions or covenants that could affect our ability to make distributions.

Lease expense is recognized on the consolidated statements of operations as "Operating costs" and "Selling, general and administrative expenses" depending on the nature of the leased asset. The components of total lease expense for the year ended December 31, 2023 are as follows:

Finance lease expense:		
Amortization of right-of-use asset	$	170,471
Interest on lease liability		25,166
Operating lease expense:		
Long-term operating lease expense		15,884,417
Short-term lease expense		1,230,891
Variable lease expense		-
Total lease expense	$	17,310,945

Other information about our leases for the year ended December 31, 2023 is presented below:

Supplemental cash flow information:

Cash payments for finance leases included in cash flows from financing activities	$	129,888
Cash payments for finance leases included in cash flows from operating activities	$	195,637
Right-of-use assets obtained in exchange for operating lease liabilities	$	13,862,831
Right-of-use assets obtained in exchange for finance lease liabilities	$	290,485

NOTE 10. LEASES – CONTINUED

The following table summarizes the maturity of our lease liability as of December 31, 2023:

	Total	2024	2025	2026	2027	2028	Thereafter
Undiscounted operating lease liability	$ 10,617,985	$ 9,147,401	$ 1,470,584	$ -	$ -	$ -	$ -
Reduction due to present value	(409,392)	(390,751)	(18,641)	-	-	-	-
Operating lease liability	$ 10,208,593	$ 8,756,650	$ 1,451,943	$ -	$ -	$ -	$ -
Undiscounted finance lease liability	$ 342,209	$ 172,945	$ 148,991	$ 20,273	$ -	$ -	$ -
Reduction due to present value	(25,239)	(18,623)	(6,522)	(94)	-	-	-
Finance lease liability	$ 316,970	$ 154,322	$ 142,469	$ 20,179	$ -	$ -	$ -

NOTE 11. SUBSEQUENT EVENTS

Subsequent events were evaluated through April 8, 2024, the date which the consolidated financial statements were available to be issued, for potential recognition or disclosure in these financials. The Company's other receivable was paid in full by the party to the contract during February of 2024.

Exhibit 99.2

Consolidated financial statements and report of independent certified public accountants

Tall Oak Midstream Operating, LLC and Subsidiaries

December 31, 2022

Contents

GRANT THORNTON LLP
211 N Robinson Ave, Suite 1200
Oklahoma City, OK 73102-7148

D +1 405 218 2800
F +1 405 218 2801

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Managers
Tall Oak Midstream Operating, LLC

Opinion

We have audited the consolidated financial statements of Tall Oak Midstream Operating, LLC (a Delaware limited liability company) and subsidiaries (the “Company”), which comprise the consolidated balance sheet as of December 31, 2022 and the related consolidated statements of operations, member’s equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

As discussed in Note 10 to the consolidated financial statements, the Company has adopted new accounting guidance in 2022 related to the accounting for leases. Our opinion is not modified with respect to this matter.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

Oklahoma City, Oklahoma
April 14, 2023

Tall Oak Midstream Operating, LLC and Subsidiaries

CONSOLIDATED BALANCE SHEET

December 31, 2022

ASSETS

CURRENT ASSETS	
Cash & cash equivalents	$ 4,626,026
Accounts receivable	8,078,165
Accounts receivable – related party	2,312
Revenue receivable	15,578,150
Prepaid costs	976,383
Deposits	3,490
Inventory	432,617
Total current assets	29,697,143
PROPERTY, PLANT AND EQUIPMENT, net	
Property, plant and equipment	387,540,119
Accumulated depreciation	(65,515,629)
	322,024,490
Contract costs, net	25,979,869
Other assets, net	12,717,580
TOTAL ASSETS	$ 390,419,082

LIABILITIES & MEMBER'S EQUITY

CURRENT LIABILITIES	
Accounts payable & accrued liabilities	$ 5,868,408
Revenue payable	14,097,327
Capital payable	6,900,000
Lease liabilities	10,929,764
Debt payable	6,250,000
Interest payable	472,147
Total current liabilities	44,517,646
Debt payable	65,627,480
Lease liabilities	1,494,857
COMMITMENTS AND CONTINGENCIES (NOTE 9)	
MEMBER'S EQUITY	278,779,099
TOTAL LIABILITIES & MEMBER'S EQUITY	$ 390,419,082

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

Tall Oak Midstream Operating, LLC and Subsidiaries

CONSOLIDATED STATEMENT OF OPERATIONS

Year Ended December 31, 2022

REVENUES	
Midstream services	$ 68,259,120
Product sales	35,618,323
TOTAL REVENUES	103,877,443
EXPENSES	
Cost of sales - revenue	1,745,075
Operating costs	19,381,851
Selling, general and administrative expenses	11,276,351
Depreciation expense	18,257,614
Amortization expense	483,358
ROU asset amortization expense	84,501
TOTAL OPERATING EXPENSES	51,228,750
OPERATING INCOME	52,648,693
OTHER INCOME (EXPENSE)	
Interest income	13,543
Interest expense	(2,469,381)
NET INCOME	$ 50,192,855

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

Tall Oak Midstream Operating, LLC and Subsidiaries

CONSOLIDATED STATEMENT OF MEMBER'S EQUITY

Year Ended December 31, 2022

		Tall Oak Midstream Holdings, LLC
Balance, December 31, 2021	$	233,586,244
Distributions		(5,000,000)
Net income		50,192,855
Balance, December 31, 2022	$	278,779,099

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

Tall Oak Midstream Operating, LLC and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2022

OPERATING ACTIVITIES		
Net income	$	50,192,855
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation expense		18,257,614
Amortization expense		483,358
Amortization expense ROU finance leases		84,501
Interest expense ROU finance leases		5,923
Amortization of debt origination costs		151,011
Changes in operating assets and liabilities:		
Increase in accounts receivable & prepaid costs		(3,444,596)
Decrease in inventory		66,636
Decrease in accounts payable & accrued liabilities		(7,205,994)
Increase in revenue payable		2,098,275
Increase in contract cost		(1,153,174)
Increase in interest payable		440,949
NET CASH PROVIDED BY OPERATING ACTIVITIES		59,977,358
INVESTING ACTIVITIES		
Purchase & manufacture of property, plant & equipment		(62,768,235)
NET CASH USED IN INVESTING ACTIVITIES		(62,768,235)
FINANCING ACTIVITIES		
Increase in debt payable		10,002,954
Reduction to debt payable		(9,479,641)
Distribution		(5,000,000)
Other financing activities		(88,931)
NET CASH PROVIDED BY FINANCING ACTIVITIES		(4,565,618)
NET DECREASE IN CASH		(7,356,495)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		11,982,521
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$	4,626,026
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest, net of amount capitalized	$	1,654,925
NON-CASH INVESTING ACTIVITIES:		
Capital expenditures included in accounts payable & accrued liabilities	$	3,598,547

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

NOTE 1. ORGANIZATION AND BUSINESS OPERATIONS

Nature of Operations

Tall Oak Midstream Operating, LLC (the "Company") was formed on December 14, 2020. The Company was formed to facilitate and expedite the midstream development of the Arkoma STACK play centered in Hughes County, OK. The Company is wholly owned by Tall Oak Midstream Holdings, LLC (HOLDINGS).

On February 26, 2021, HOLDINGS purchased all the outstanding equity interests of Tall Oak Woodford, LLC (WOODFORD). WOODFORD operates a processing plant and a natural gas liquids (NGL) infrastructure system. HOLDINGS contributed WOODFORD to the Company on February 26, 2021.

On February 26, 2021, VM Arkoma Stack, LLC (VMAS) and its wholly owned subsidiary BCZ Land Holdings, LLC (BCZ) were acquired by HOLDINGS. On February 26, 2021, HOLDINGS contributed VMAS and BCZ to the Company. VMAS was formed on November 27, 2017 to construct, develop and operate natural gas gathering systems, natural gas processing plants and compression facilities. BCZ is a Delaware Limited Liability Company formed on November 27, 2017 to acquire land and right of way in support of VMAS' operations.

The Company is funded by Tall Oak Midstream Holdings, LLC and furthermore VM Arkoma Stack Holdings, LLC (VMASH). VMASH is controlled by Connect Midstream, LLC which is funded by Tailwater Energy Fund III, LP.

NOTE 2. 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 of America.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, WOODFORD, VMAS and BCZ. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of the Company's consolidated financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original maturity of three months or less at the time of issuance to be cash equivalents. The Company places its cash and cash equivalents with reputable financial institutions. At times, balances deposited may exceed FDIC insured limits. The Company has not incurred any losses related to these deposits.

Revenue Recognition

The Company generates the majority of its revenues from midstream energy services, including gathering, compressing, processing and marketing, through various contractual arrangements, which include fee-based contract arrangements. While its transactions vary in form, the essential element of each transaction is the use of its assets to transport a product or provide a processed product to an end-user at the tailgate of the plant. Revenues from both "Product sales" and "Midstream services" represent revenues from contracts with customers and are reflected on the consolidated statement of operations as follows:

- *Product sales* —Product sales represent the sale of natural gas, NGLs and condensate where the product is sold in connection with providing our midstream services as outlined above.

- *Midstream services* —Midstream services represent all other revenue generated as a result of performing our midstream services as outlined above.

Evaluation of Its Contractual Performance Obligations

The Company evaluates its contracts with customers that are within the scope of ASC 606. In accordance with the new revenue recognition framework introduced by ASC 606, the Company identifies its performance obligations under its contracts with customers. These performance obligations include promises to perform midstream services for its customers over a specified contractual term.

The identification of performance obligations under its contracts requires a contract-by-contract evaluation of when control, including the economic benefit, of commodities transfers to and from us (if at all). For contracts where control of commodities never transfers to us and the Company simply earns a fee for its services, the Company recognizes these fees as midstream services revenues over time as the Company satisfies its performance obligations. The Company acts as an agent and its consolidated statements of operations reflect midstream services revenues that the Company earns based on the terms contained in the applicable contract.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting Methodology for Certain Contracts

The Company's midstream service contracts related to NGL or natural gas gathering and processing do not contain a commodity purchase and the Company does not control the commodity. The Company earns a fee for its services and considers these contracts to contain performance obligations for its services. Accordingly, the Company considers the satisfaction of these performance obligations as revenue-generating, and the Company recognizes the fees received for satisfying these performance obligations as midstream service revenues over time as the Company satisfies its performance obligations.

The Company also evaluates its contractual arrangements that contain a purchase and sale of commodities under the principal/agent provisions in ASC 606. For contracts where the Company possesses control of the commodity and acts as principal in the purchase and sale, the Company records product sales revenue at the price at which the commodities are sold, with a corresponding cost of sales equal to the cost of the commodities when purchased. For contracts in which the Company does not possess control of the commodities and is acting as an agent, its consolidated statements of operations reflect midstream services revenues that the Company earns based on the terms contained in the applicable contract.

Satisfaction of Performance Obligations and Recognition of Revenue

For its commodity sales contracts, the Company satisfies its performance obligations at the point in time at which the commodity transfers from us to the customer. This transfer pattern aligns with its billing methodology. Therefore, the Company recognizes product sales revenue at the time the commodity is delivered and in the amount to which the Company has the right to invoice the customer. For its midstream service contracts that contain revenue-generating performance obligations, the Company satisfies its performance obligations over time as the Company performs the midstream services and as the customer receives the benefit of these services over the term of the contract. As permitted by ASC 606, the Company is utilizing the practical expedient that allows an entity to recognize revenue in the amount to which the entity has a right to invoice, since the Company has a right to consideration from its customer in an amount that corresponds directly with the value to the customer of its performance completed to date. Accordingly, the Company recognizes revenue over time as its midstream services are performed.

The Company generally accrues one month of sales and the related natural gas, NGL, and condensate purchases and reverses these accruals when the sales and purchases are invoiced and recorded in the subsequent month. Actual results could differ from the accrual estimates. The Company typically receives payment for invoiced amounts within one month, depending on the terms of the contract. The Company accounts for taxes collected from customers attributable to revenue transactions and remitted to government authorities on a net basis (excluded from revenues).

Revenue Receivable

Balances receivable from product sales are presented as revenue receivable on the consolidated balance sheet.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Receivable

Accounts receivable are stated at the amounts management expects to collect from outstanding balances. The carrying amount of accounts receivable is reduced by an allowance, if needed, that reflects management's best estimate of the amount that will not be collected. The Company has not recorded an allowance as of December 31, 2022. The Company does not generally require collateral from its customers. Accounts receivable are considered past due after 30 days.

Property, Plant, and Equipment and Contract Costs

Property, plant, and equipment are carried at cost and depreciated on a straight-line basis over the useful life of the asset. When the asset is no longer serviceable and is retired or otherwise disposed of, the cost of the property is removed from the asset account, accumulated depreciation is charged with an amount equivalent to the depreciation provided, and the difference (if any) is recorded as an adjustment to earnings.

The useful lives for each asset classification are as follows:

Processing plant	25 years
Compressor facilities	25 years
Well connects & gathering pipe	15 years
Liquid & gas infrastructure	15 years

The Company has contract costs associated with costs of obtaining contracts and construction cost paid in relation to third party owned pipelines that benefit our operations. For revenue contract related intangibles, amortization is recognized in proportion to the estimated revenue generated over the life of the related contracts as a direct reduction in revenue. Other costs are amortized on a straight-line basis over the life of the associated asset.

Inventory

Inventory is comprised of condensate held at the processing plant and compressor facilities and is valued at the lower of cost or net realizable value.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairments of Long-Lived Assets and Contract Costs

The Company reviews long-lived assets and contract costs for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of an asset to be held and used is measured by a comparison of the carrying amount of the asset to future net undiscounted cash flows expected to be generated by the asset. Individual assets are grouped at the lowest level for which the related identifiable cash flows are largely independent of the cash flows of other assets and liabilities. These cash flow estimates require management to make judgments and assumptions related to operating and cash flow results, economic obsolescence, the business climate, contractual, legal and other factors. If the carrying amount exceeds the expected future undiscounted cash flows, the Company recognizes a non-cash impairment loss equal to the excess of net book value over fair value as determined by present value techniques. The estimated cash flows used to assess recoverability of our long-lived assets and measure fair value of our asset group are derived from current business plans, which are developed using near-term and long-term price assumptions, other key assumptions include volume projections, operating costs, timing of incurring such costs, and the use of appropriate values and discount rates. Any changes management makes to these projections and assumptions can result in significant revisions to management's evaluation of recoverability of its long-lived assets and the recognition of additional impairments. The Company believes its estimates and models used to determine fair values are similar to what a market participant would use.

Financial Instruments

The carrying value of cash and cash equivalents, accounts payable and accrued liabilities are representative of fair value due to the short-term nature of the instruments.

Income Taxes

The Company is organized as a Delaware Limited Liability Company. The taxable income of the Company will be included in the federal income tax returns filed by its Members. Accordingly, no tax provision has been made in the consolidated financial statements of the Company.

ASC Topic 740, *Income Taxes*, related to accounting for uncertainty in income taxes, requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns and disallows the recognition of tax positions not deemed to meet a "more-likely-than-not" threshold of being sustained by the applicable tax authority. The Company's management does not believe it has any tax positions taken that would not meet this threshold and that would require recognition in these consolidated financial statements. The Company's policy is to reflect interest and penalties related to uncertain tax positions as part of its selling, general, and administrative expenses when and if they become applicable.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Asset Retirement Obligations

The Company accounts for asset retirement obligations, if any, by recording the fair value of an asset retirement obligation as a liability in the period in which the Company incurs a legal obligation for the retirement of tangible long-lived assets, typically at the time the assets are placed into service. A corresponding asset is also recorded and depreciated over the life of the asset. After the initial measurement, the Company would recognize changes in the amount of the liability resulting from the passage of time and revisions to either the timing or amount of estimated cash flows.

An entity is required to recognize the fair value of a liability for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. If a reasonable estimate cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of fair value can be made. In order to determine fair value of a liability, management must make certain estimates and assumptions including, among other things, projected cash flows, a credit-adjusted risk-free rate, and an assessment of market conditions that could significantly impact the estimated fair value of the asset retirement obligation. These estimates and assumptions are very subjective.

Upon abandonment or retirement of the pipeline, the Company is obligated to render the pipeline site clean and safe for future dormancy. Management is unable to reasonably determine the fair value of such asset retirement obligation because the settlement date is indeterminable and could range up to 50 years.

Recent Accounting Pronouncements

Accounting standard setters frequently issue new or revised accounting rules. The Company reviews new pronouncements to determine the impact, if any, on the Company's consolidated financial statements.

In March 2016, the FASB issued ASU 2016-03 "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." ASU 2016-03 replaces current incurred loss methodology for expected loss methodology, resulting in more timely recognition of losses. The ASU is effective for annual periods beginning after December 15, 2022, including interim periods within those fiscal years. We are assessing the impacts to determine the effects of these changes to our consolidated financial statements.

NOTE 3. PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment at December 31, 2022 consists of the following:

Processing plant	$	131,270,186
Compressor facilities		41,266,325
Well connects & gathering pipe		190,283,085
Construction in progress		22,984,814
Land		1,272,260
Auto & Trucks		327,036
Furniture & Fixtures		21,729
Equipment & Leasehold		114,684
Accumulated depreciation		(65,515,629)
Property, plant and equipment, net	$	322,024,490

Depreciation expense for property, plant and equipment for the year ended December 31, 2022 was $18,257,614. Construction in progress includes $1,168,530 of total capitalized interest for the year ended December 31, 2022.

NOTE 4. CONTRACT COSTS

The value of the Company's net contract costs as of December 31, 2022 is $25,979,869. The contract costs are classified as direct incremental costs of obtaining gas gathering and processing contracts (GGPA) and construction cost paid in relation to third party owned pipelines that benefit our operations.

The balance at December 31, 2022 is comprised of the following:

Contributions in Aid of Construction - Interconnect Agreements	$ 4,591,564
Producer GGPA Incentive Payment #1	6,000,000
Producer GGPA Incentive Payment #2	9,500,000
Producer GGPA Incentive Payment #3	2,404,505
Producer GGPA Incentive Payment #4	1,500,000
Acreage Dedication	2,900,000
Accumulated amortization	(916,200)
Contract Costs, net	$ 25,979,869

Amortization expense for contract costs for the year ended December 31, 2022 was $483,358.

NOTE 4. CONTRACT COSTS - CONTINUED

The following table summarizes our estimated aggregate amortization expense for the next five years and thereafter:

2023	$	1,345,255
2024		1,411,919
2025		1,447,926
2026		1,453,529
2027		1,490,203
Thereafter		18,831,037
Total	$	25,979,869

NOTE 5. MEMBER'S EQUITY

The Company is supported by HOLDINGS and furthermore VMASH. VMASH is controlled by Connect Midstream, LLC which is funded by Tailwater Energy Fund III, LP. As of December 31, 2022, HOLDINGS held 100.0% of the Company.

NOTE 6. DEBT

In conjunction with HOLDINGS' acquisition of all the outstanding membership interests of WOODFORD, OPERATING entered into a third amendment to a preexisting credit agreement on February 26, 2021, extending the maturity date to December 31, 2024. The commitment amount of the revolving credit facility was reduced to $30.0 million and a term loan facility with a maximum principal amount of $50.0 million was established. On September 30, 2021 the credit facility was amended and increased to $50.0 million. There was $40.0 million drawn on the credit facility at December 31, 2022. The amount outstanding on the term loan facility was $31.8 million at December 31, 2022.

The Company must comply with certain financial covenants including a debt to capital ratio, interest coverage ratio and leverage ratio. These requirements commenced on March 31, 2021. The Company was in compliance with the financial covenants as of December 31, 2022.

On September 30, 2022, the Interest expense per the credit facility agreement was changed from the LIBOR rate plus a specified percentage set in the credit facility to a per annum contract rate equal to the SOFR rate plus a specified percentage set in the agreement. The effective interest rate at December 31, 2022 was 7.06%. In accordance with accrual accounting, interest is recognized at the time it is incurred. The Company has paid $2,823,455 of interest associated with the BancFirst debt agreements for the year ended December 31, 2022 and has $472,147 of interest payable associated with the credit facility at December 31, 2022.

The scheduled maturities of the outstanding debt as of December 31, 2022 are summarized as follows:

Year		Amount
2023	$	6,250,000
2024		65,627,480
Total	$	71,877,480

NOTE 7. EMPLOYMENT BENEFITS

Company Benefits

Employees of the Company are eligible to participate in a 401(k) matching plan in which the Company will fully match up to 4% of the employee salary, limited by attributable IRS contribution regulations. The Company paid $83,111 in matching contributions to the plan during the year ended to December 31, 2022.

NOTE 8. RELATED PARTY TRANSACTIONS

On February 26, 2021, the Company approved a budget wherein Tall Oak Midstream Management, LLC (MANAGEMENT) would provide certain personnel, support services and administrative services with respect to the Company, WOODFORD and VMAS' midstream operations and certain other matters. MANAGEMENT is wholly owned by VMASH. VMASH is backed by private equity from Tailwater Energy Fund III, LP. The Company reimburses MANAGEMENT monthly for all reasonable general and administrative expenses required for MANAGEMENT to perform its services and is reimbursed by WOODFORD and VMAS for their respective shares of the costs.

Total costs allocated from MANAGEMENT for the year ended December 31, 2022 were approximately $7.1 million, including a receivable from MANAGEMENT of $2,312 at December 31, 2022.

For the year ended December 31, 2022, a related party analysis regarding the Company and its subsidiaries was performed and a consolidating journal entry was posted to eliminate the related Balance Sheet, Statement of Operations, and Statement of Cash Flows intercompany transactions upon consolidation. This information will not be comparable to information for the year ended December 31, 2021; however, there is no impact on operating income or net income.

The consolidating elimination entry is as follows:

Financial Statement Section	Account	Pre-Consolidation	Elimination Entry	Consolidated Statement
Current Assets	Revenue Receivable	$ 21,291,321	$ 5,713,171	$ 15,578,150
Current Liabilities	Revenue Payable	$ 19,810,498	$ 5,713,171	$ 14,097,327
Revenues	Midstream Services	$ 76,788,717	$ 8,529,597	$ 68,259,120
Expenses	Cost of Sales - revenue	$ 10,274,672	$ 8,529,597	$ 1,745,075

NOTE 9. CONTINGENCIES

Legal Matters

In the ordinary course of business, the Company may become involved in certain claims and legal actions. Management does not believe that the impact of such matters will have a material adverse effect on the Company's financial position or results of operation.

NOTE 9. CONTINGENCIES - CONTINUED

Contractual

In conjunction with a Gas Gathering and Processing Agreement, VMAS entered into an Asset Purchase and Sale Agreement with Silver Creek Oil and Gas on July 7, 2021. VMAS agreed to purchase a gathering system from Silver Creek Oil and Gas. The assets were purchased for a total of $7,000,010 to be paid in three separate earnouts. The earnouts are to be paid on the condition that target volumes are equaled or exceeded. The Company believes the target volumes will almost certainly be achieved and that it will be required to pay the full amount in earnouts. The company has recorded the liability as capital payable at its discounted value of $6,900,000.

NOTE 10. LEASES

Effective with the adoption of ASC 842 in January of 2022, the Company evaluates new contacts at inception to determine if the contract conveys the right to control the use of an identified asset for a period of time in exchange for periodic payments. A lease exists if we obtain substantially all of the economic benefits of an asset, and we have the right to direct the use of that asset. When a lease exists, we record a right-of-use asset that represents our right to use the asset over the lease term and a lease liability that represents our obligation to make payments over the lease term. Lease liabilities are recorded at the sum of future lease payments discounted by the collateralized rate we could obtain to lease a similar asset over a similar period, and right-of-use assets are recorded equal to the corresponding lease liability, plus any prepaid or direct costs incurred to enter the lease, less the cost of any incentives received from the lessor. The company applied certain practical expedients that were allowed in the adoption of ASC 842, including not recording a right-of-use asset or liability for leases of twelve months or less and not separating lease and non-lease components of lease arrangements.

The majority of our leases are for the following types of assets:

• *Compression Services*. The Company pays third parties to provide compression services for our assets. Under these agreements, a third party installs and operates compressor units per a contractual agreement. While the third party determines which compressors to install and operates and maintains the units, the Company is the sole economic beneficiary of the identified assets. These agreements are typically for an initial term of one to two years and will automatically renew from month to month or year to year until canceled by us or the lessor. Compression services represent $12.2 million of our lease liability and $12.2 million of our right-of-use asset as of December 31, 2022.

• *Vehicles*. The Company leases vehicles. These leases are typically for multiple years and represent $0.2 million of our lease liability and $0.2 million of our right-of-use asset as of December 31, 2022.

NOTE 10. LEASES – CONTINUED

Lease balances are recorded on the consolidated balance sheets as of December 31, 2022 are as follows:

		Operating leases		Finance leases		Total
Other assets, net	$	12,229,291	$	185,590	$	12,414,881
Current lease liabilities	$	10,841,163	$	88,601	$	10,929,764
Long-term lease liabilities	$	1,396,376	$	98,481	$	1,494,857

Other lease information	
Weighted-average remaining lease term - Operating leases	10 months
Weighted-average discount rate - Operating leases	4.9%
Weighted-average remaining lease term - Finance leases	19 months
Weighted-average discount rate - Finance leases	4.9%

Certain of our lease agreements have options to extend the lease for a certain period after the expiration of the initial term. We recognize the cost of a lease over the expected total term of the lease, including optional renewal periods that we can reasonably expect to exercise. We do not have material obligations whereby we guarantee a residual value on assets we lease, nor do our lease agreements impose restrictions or covenants that could affect our ability to make distributions.

Lease expense is recognized on the consolidated statements of operations as "Operating costs" and "Selling, general and administrative expenses" depending on the nature of the leased asset. The components of total lease expense for the year ended December 31, 2022 are as follows:

Finance lease expense:		
Amortization of right-of-use asset	$	84,434
Interest on lease liability		5,934
Operating lease expense:		
Long-term operating lease expense		11,037,586
Short-term lease expense		3,202
Variable lease expense		-
Total lease expense	$	11,131,156

NOTE 10. LEASES – CONTINUED

Other information about our leases for the year ended December 31, 2022 is presented below:

Supplemental cash flow information:

Cash payments for finance leases included in cash flows from financing activities	$	88,931
Cash payments for finance leases included in cash flows from operating activities	$	90,424
Right-of-use assets obtained in exchange for operating lease liabilities	$	12,229,291
Right-of-use assets obtained in exchange for finance lease liabilities	$	270,980

The following table summarizes the maturity of our lease liability as of December 31, 2022:

	Total	2023	2024	2025	2026	2027	Thereafter
Undiscounted operating lease liability	$ 12,609,351	$ 11,193,851	$ 1,415,500	$ -	$ -	$ -	$ -
Reduction due to present value	(530,365)	(396,369)	(133,996)	-	-	-	-
Operating lease liability	$ 12,078,986	$ 10,797,482	$ 1,281,504	$ -	$ -	$ -	$ -
Undiscounted finance lease liability	$ 193,876	$ 89,944	$ 63,326	$ 40,606	$ -	$ -	$ -
Reduction due to present value	(17,890)	(4,327)	(6,968)	(6,595)	-	-	-
Finance lease liability	$ 175,986	$ 85,617	$ 56,358	$ 34,011	$ -	$ -	$ -

NOTE 11. SUBSEQUENT EVENTS

Subsequent events were evaluated through April 14, 2023, the date which the consolidated financial statements were available to be issued, for potential recognition or disclosure in these financials. Silver Creek met the earnout requirements per its Asset Purchase Agreement and related Gas Gathering and Processing Agreement with VMAS. The $6,900,000 capital payable to Silver Creek was remitted on February 17, 2023 (see NOTE 9 CONTINGENCIES).

Exhibit 99.3

Tall Oak Midstream Operating, LLC

and Subsidiaries

Consolidated Interim Financial Statements (Unaudited)

As of and for the Nine Month Periods Ended

September 30, 2024 and 2023

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Independent Auditor's Review Report

To the Member of
Tall Oak Midstream Operating, LLC

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated interim balance sheet as of September 30, 2024, and the related consolidated interim statements of operations, changes in member's equity, and cash flows for the nine-month periods ended September 30, 2024, and 2023, and the related notes (collectively referred to as the interim financial information) of Tall Oak Midstream Operating, LLC and subsidiaries (the "Company").

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America.

Basis for Review Results

We conducted our review in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our review. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Interim Financial Information

Management is responsible for the preparation and fair presentation of the interim financial information in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of interim financial information that is free from material misstatement, whether due to fraud or error.

Report on Balance Sheet as of December 31, 2023

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet as of December 31, 2023, and the related consolidated statements of operations, changes in member's equity, and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 8, 2024. In our opinion, the accompanying consolidated balance sheet of the Company as of December 31, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Okalahoma City, Oklahoma
December 2, 2024

Tall Oak Midstream Operating, LLC and Subsidiaries
Consolidated Interim Balance Sheets

ASSETS

		September 30, 2024 (Unaudited)	December 31, 2023
CURRENT ASSETS			
Cash & cash equivalents	$	3,093,301	$ 6,925,454
Accounts receivable		6,002,207	8,423,908
Revenue receivable		10,889,037	13,518,580
Other receivable		-	4,188,078
Prepaid costs		1,099,228	1,190,944
Deposits		3,490	3,490
Inventory		227,832	389,244
Total current assets		21,315,095	34,639,698
PROPERTY, PLANT AND EQUIPMENT, net			
Property, plant and equipment		398,391,525	393,255,373
Accumulated depreciation		(101,564,094)	(86,083,948)
		296,827,431	307,171,425
Contract costs, net		17,207,331	18,135,786
ROU assets		13,307,588	10,514,500
Other assets, net		483,308	1,451,470
TOTAL ASSETS	$	349,140,753	$ 371,912,879

LIABILITIES & MEMBER'S EQUITY

		September 30, 2024 (Unaudited)	December 31, 2023
CURRENT LIABILITIES			
Accounts payable & accrued liabilities	$	3,396,869	$ 1,206,299
Accounts payable – related party		-	158,934
Revenue payable		8,642,981	11,810,776
Lease liabilities – short term		13,135,327	8,910,972
Compression payable – short term		1,131,083	-
Unearned revenue		10,000	10,000
Debt payable		35,744,681	24,000,000
Interest payable		1,040,506	973,715
Total current liabilities		63,101,447	47,070,696
Debt payable		106,276,596	113,500,000
Unearned revenue		80,833	88,333
Lease liabilities – long term		354,499	1,614,591
Compression payable – long term		83,750	-
COMMITMENTS AND CONTINGENCIES (NOTE 9)			
MEMBER'S EQUITY		179,243,628	209,639,259
TOTAL LIABILITIES & MEMBER'S EQUITY	$	349,140,753	$ 371,912,879

Tall Oak Midstream Operating, LLC and Subsidiaries

Consolidated Interim Statements of Operations (Unaudited)

	Nine Month Period Ended September 30, 2024	Nine Month Period Ended September 30, 2023
REVENUES		
Midstream services	$ 57,072,878	$ 67,995,492
Product sales	18,335,072	22,444,608
TOTAL REVENUES	75,407,950	90,440,100
EXPENSES		
Cost of sales - revenue	1,283,681	1,628,505
Operating costs	18,361,737	28,935,420
Selling, general and administrative expenses	13,053,541	10,866,234
Depreciation expense	15,523,778	15,542,949
Amortization expense	928,455	1,703,249
ROU asset amortization expense	638,330	126,590
TOTAL OPERATING EXPENSES	49,789,522	58,802,947
OPERATING INCOME	25,618,428	31,637,153
OTHER INCOME (EXPENSE)		
Interest income	228,608	217,284
Interest expense	(9,406,512)	(5,331,451)
Other income (expense)	9,892	(48,473)
NET INCOME	$ 16,450,416	$ 26,474,513

See accompanying notes to consolidated interim financial statements.

Tall Oak Midstream Operating, LLC and Subsidiaries

Consolidated Interim Statements of Changes in Member's Equity (Unaudited)

Balance, January 1, 2023	$	278,779,099
Contributions		799,979
Distributions		(100,000,000)
Net income		26,474,513
Balance, September 30, 2023	**$**	**206,053,591**

Balance, January 1, 2024	$	209,639,259
Distributions		(46,846,047)
Net income		16,450,416
Balance, September 30, 2024	**$**	**179,243,628**

See accompanying notes to consolidated interim financial statements.

Tall Oak Midstream Operating, LLC and Subsidiaries
Consolidated Interim Statements of Cash Flows (Unaudited)

		Nine Month Period Ended September 30, 2024		Nine Month Period Ended September 30, 2023
Net income	$	16,450,416	$	26,474,513
Adjustment to reconcile net income to net cash provided by operating activities:				
Depreciation expense		15,523,778		15,542,949
Amortization expense		928,455		1,703,249
Amortization expense ROU finance leases		638,330		126,590
Interest expense ROU finance leases		179,039		18,637
Amortization of debt origination costs		968,165		(1,223,442)
Changes in operating assets and liabilities:				
Accounts receivable & prepaid costs		6,701,496		(3,669,512)
Inventory		161,412		77,046
Accounts payable & accrued liabilities		2,031,636		(1,733,430)
Leases		14,998		(8,248)
Compression Payable		1,214,833		-
Revenue payable		(545,753)		(933,066)
Contract cost		-		5,831,350
Interest payable		66,791		524,947
NET CASH PROVIDED BY OPERATING ACTIVITIES		44,333,596		42,731,583
INVESTING ACTIVITIES				
Purchase of property, plant & equipment		(5,742,527)		(11,578,662)
Disposal of property, plant & equipment		562,740		238,327
NET CASH USED IN INVESTING ACTIVITIES		(5,179,787)		(11,340,335)
FINANCING ACTIVITIES				
Increase in debt payable		46,500,000		111,518,354
Reduction in debt payable		(41,978723)		(41,895,833)
Contribution		-		799,979
Distribution		(46,846,047)		(100,000,000)
Other financing activities		(661,192)		(137,511)
NET CASH USED IN FINANCING ACTIVITIES		(42,985,962)		(29,715,011)
NET DECREASE/INCREASE IN CASH		(3,832,153)		1,676,237
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		6,925,454		4,626,026
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	$	3,093,301	$	6,302,263
SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash paid for interest, net of amount capitalized	$	6,689,271	$	3,911,282
NON-CASH INVESTING ACTIVITIES:				
Capital expenditures included in accounts payable & accrued liabilities	$	1,138,504	$	133,290

Tall Oak Midstream Operating, LLC and Subsidiaries
Notes to the Consolidated Interim Financial Statements (Unaudited)

NOTE 1. ORGANIZATION AND BUSINESS OPERATIONS

Nature of Operations

Tall Oak Midstream Operating, LLC (the "Company") was formed on December 14, 2020. The Company was formed to facilitate and expedite the midstream development of the Arkoma STACK play centered in Hughes County, OK. The Company is wholly owned by Tall Oak Midstream Holdings, LLC (HOLDINGS).

On February 26, 2021, HOLDINGS purchased all the outstanding equity interests of Tall Oak Woodford, LLC (WOODFORD). WOODFORD operates a processing plant and a natural gas liquids (NGL) infrastructure system. HOLDINGS contributed WOODFORD to the Company on February 26, 2021.

On February 26, 2021, VM Arkoma Stack, LLC (VMAS) and its wholly owned subsidiary BCZ Land Holdings, LLC (BCZ) were acquired by HOLDINGS. On February 26, 2021, HOLDINGS contributed VMAS and BCZ to the Company. VMAS was formed on November 27, 2017 to construct, develop and operate natural gas gathering systems, natural gas processing plants and compression facilities. BCZ is a Delaware Limited Liability Company formed on November 27, 2017 to acquire land and right of way in support of VMAS' operations.

The Company is funded by Tall Oak Midstream Holdings, LLC and furthermore VM Arkoma Stack Holdings, LLC (VMASH). VMASH is controlled by Connect Midstream, LLC which is funded by Tailwater Energy Fund III, LP.

NOTE 2. 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 of America.

Unaudited Interim Financial Information

The accompanying unaudited consolidated interim financial statements have been prepared in accordance with U.S. GAAP and, in the opinion of the Company, contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of its financial position as of September 30, 2024, and its results of operations and cash flows for the nine months ended September 30, 2024, and 2023. The consolidated balance sheet at December 31, 2023, was derived from the audited annual financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, WOODFORD, VMAS and BCZ. All intercompany transactions and balances have been eliminated in consolidation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Estimates

The preparation of the Company's consolidated financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original maturity of three months or less at the time of issuance to be cash equivalents. The Company places its cash and cash equivalents with reputable financial institutions. At times, balances deposited may exceed FDIC insured limits. The Company has not incurred any losses related to these deposits.

Revenue Recognition

The Company generates the majority of its revenues from midstream energy services, including gathering, compressing, processing and marketing, through various contractual arrangements, which include fee-based contract arrangements. While its transactions vary in form, the essential element of each transaction is the use of its assets to transport a product or provide a processed product to an end-user at the tailgate of the plant. Revenues from both "Product sales" and "Midstream services" represent revenues from contracts with customers and are reflected on the consolidated statement of operations as follows:

- *Product sales* —Product sales represent the sale of natural gas, NGLs and condensate where the product is sold in connection with providing our midstream services as outlined above.

- *Midstream services* —Midstream services represent all other revenue generated as a result of performing our midstream services as outlined above.

Evaluation of Its Contractual Performance Obligations

The Company evaluates its contracts with customers that are within the scope of ASC 606. In accordance with the new revenue recognition framework introduced by ASC 606, the Company identifies its performance obligations under its contracts with customers. These performance obligations include promises to perform midstream services for its customers over a specified contractual term.

The identification of performance obligations under its contracts requires a contract-by-contract evaluation of when control, including the economic benefit, of commodities transfers to and from us (if at all).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting Methodology for Certain Contracts

The Company's midstream service contracts related to NGL or natural gas gathering and processing do not contain a commodity purchase and the Company does not control the commodity. The Company earns a fee for its services and considers these contracts to contain performance obligations for its services. Accordingly, the Company considers the satisfaction of these performance obligations as revenue-generating, and the Company recognizes the fees received for satisfying these performance obligations as midstream service revenues over time as the Company satisfies its performance obligations. For contracts in which the Company does not possess control of the commodities and is acting as an agent, its consolidated statements of operations reflect midstream services revenues that the Company earns based on the terms contained in the applicable contract.

The Company also evaluates its contractual arrangements that contain a purchase and sale of commodities under the principal/agent provisions in ASC 606. For contracts where the Company possesses control of the commodity and acts as principal in the purchase and sale, the Company records product sales revenue at the price at which the commodities are sold, with a corresponding cost of sales equal to the cost of the commodities when purchased.

Satisfaction of Performance Obligations and Recognition of Revenue

For its commodity sales contracts, the Company satisfies its performance obligations at the point in time at which the commodity transfers from us to the customer. This transfer pattern aligns with its billing methodology. Therefore, the Company recognizes product sales revenue at the time the commodity is delivered and in the amount to which the Company has the right to invoice the customer. For its midstream service contracts that contain revenue-generating performance obligations, the Company satisfies its performance obligations over time as the Company performs the midstream services and as the customer receives the benefit of these services over the term of the contract. As permitted by ASC 606, the Company is utilizing the practical expedient that allows an entity to recognize revenue in the amount to which the entity has a right to invoice, since the Company has a right to consideration from its customer in an amount that corresponds directly with the value to the customer of its performance completed to date. Accordingly, the Company recognizes revenue over time as its midstream services are performed.

The Company generally accrues one month of sales and the related natural gas, NGL, and condensate purchases and reverses these accruals when the sales and purchases are invoiced and recorded in the subsequent month. Actual results could differ from the accrual estimates. The Company typically receives payment for invoiced amounts within one month, depending on the terms of the contract. The Company accounts for taxes collected from customers attributable to revenue transactions and remitted to government authorities on a net basis (excluded from revenues).

Revenue Receivable/Payable

Balances receivable from product sales are presented as revenue receivable on the consolidated balance sheet. Balances payable from product sales are presented as revenue payable on the consolidated balance sheet. The balances for revenue receivable were $10,889,037 and $13,518,580 for September 30, 2024 and December 31, 2023, respectively.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Other Receivable

During the year ended December 31, 2023, WOODFORD amended a contract with an existing producer to incentivize the producer to drill wells. As a result of the amendment, a receivable was recorded. The receivable balance was $4,188,078 at December 31, 2023. The Company's Other Receivable was paid in full by the party to the contract during February of 2024. As of September 30, 2024 there is no Other Receivable balance.

Accounts Receivable

Accounts and revenues receivable include amounts due from customers for midstream services and product sales under normal trade terms, generally requiring payment within 30 days. Accounts receivable are presented net of an allowance for expected credit losses. The balances for accounts receivable were $6,002,207 and $8,423,908 for September 30, 2024 and December 31, 2023, respectively.

The Company adopted ASU 2016-13, *Financial Instruments – Credit Losses* and the subsequent applicable modifications to the rule on January 1, 2023. The Company may record a specific reserve for individual accounts when the Company becomes aware of specific customer circumstances. The Company recorded no allowance for any receivables as of December 31, 2023 or September 30, 2024. The Company determines its allowance for expected credit losses for all other accounts by considering a number of factors including the length of time accounts receivable are past due, the Company's previous loss history, the debtor's current ability to pay its obligations to the Company, and the condition of the general economy and industry as a whole. The Company does not generally require collateral from its customers. The Company did not determine the need to record any additional expected credit losses as of December 31, 2023 or September 30, 2024. The adoption of the ASU 2016-13 was adopted under the modified retrospective approach and did not result in an adjustment to opening retaining earnings as of January 1, 2023.

Property, Plant, and Equipment and Contract Costs

Property, plant, and equipment are carried at cost and depreciated on a straight-line basis over the useful life of the asset. When the asset is no longer serviceable and is retired or otherwise disposed of, the cost of the property is removed from the asset account, accumulated depreciation is charged with an amount equivalent to the depreciation provided, and the difference (if any) is recorded as an adjustment to earnings.

The useful lives for each asset classification are as follows:

Processing plant	25 years
Compressor facilities	25 years
Well connects & gathering pipe	15 years
Liquid & gas infrastructure	15 years

The Company has contract costs associated with costs of obtaining contracts and construction cost paid in relation to third party owned pipelines that benefit our operations. During 2023 the Company made a change in amortization method for certain contract related intangibles from a unit of production based method to straight line. The Company accounted for the change prospectively in accordance with GAAP. All other cost is amortized on a straight-line basis over the life of the associated asset.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Inventory

Inventory is comprised of condensate held at the processing plant and compressor facilities. Inventory is valued at net realizable value.

Impairments of Long-Lived Assets and Contract Costs

The Company reviews long-lived assets and contract costs for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of an asset to be held and used is measured by a comparison of the carrying amount of the asset to future net undiscounted cash flows expected to be generated by the asset. Individual assets are grouped at the lowest level for which the related identifiable cash flows are largely independent of the cash flows of other assets and liabilities. These cash flow estimates require management to make judgments and assumptions related to operating and cash flow results, economic obsolescence, the business climate, contractual, legal and other factors. If the carrying amount exceeds the expected future undiscounted cash flows, the Company recognizes a non-cash impairment loss equal to the excess of net book value over fair value as determined by present value techniques. The estimated cash flows used to assess recoverability of our long-lived assets and measure fair value of our asset group are derived from current business plans, which are developed using near-term and long-term price assumptions, other key assumptions include volume projections, operating costs, timing of incurring such costs, and the use of appropriate values and discount rates. Any changes management makes to these projections and assumptions can result in significant revisions to management's evaluation of recoverability of its long-lived assets and the recognition of additional impairments. The Company believes its estimates and models used to determine fair values are similar to what a market participant would use.

Financial Instruments

The carrying value of cash and cash equivalents, accounts payable and accrued liabilities are representative of fair value due to the highly liquid and short-term nature of the instruments.

Income Taxes

The Company is organized as a Delaware Limited Liability Company. The taxable income of the Company will be included in the federal income tax returns filed by its Members. Accordingly, no tax provision has been made in the consolidated financial statements of the Company.

ASC Topic 740, *Income Taxes*, related to accounting for uncertainty in income taxes, requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns and disallows the recognition of tax positions not deemed to meet a "more-likely-than-not" threshold of being sustained by the applicable tax authority. The Company's management does not believe it has any tax positions taken that would not meet this threshold and that would require recognition in these consolidated financial statements. The Company's policy is to reflect interest and penalties related to uncertain tax positions as part of its selling, general, and administrative expenses when and if they become applicable.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Asset Retirement Obligations

The Company accounts for asset retirement obligations, if any, by recording the fair value of an asset retirement obligation as a liability in the period in which the Company incurs a legal obligation for the retirement of tangible long-lived assets, typically at the time the assets are placed into service. A corresponding asset is also recorded and depreciated over the life of the asset. After the initial measurement, the Company would recognize changes in the amount of the liability resulting from the passage of time and revisions to either the timing or amount of estimated cash flows.

An entity is required to recognize the fair value of a liability for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. If a reasonable estimate cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of fair value can be made. In order to determine fair value of a liability, management must make certain estimates and assumptions including, among other things, projected cash flows, a credit-adjusted risk-free rate, and an assessment of market conditions that could significantly impact the estimated fair value of the asset retirement obligation. These estimates and assumptions are very subjective.

Upon abandonment or retirement of the pipeline, the Company is obligated to render the pipeline site clean and safe for future dormancy. Management is unable to reasonably determine the fair value of such asset retirement obligation because the settlement date is indeterminable and could range up to 25 years.

Recent Accounting Pronouncements

Accounting standard setters frequently issue new or revised accounting rules. The Company reviews new pronouncements to determine the impact, if any, on the Company's consolidated financial statements. The Company has reviewed recently issued accounting pronouncements effective during the period ended September 30, 2024 and has determined that none had a material impact to its consolidated financial statements.

Tall Oak Midstream Operating, LLC and Subsidiaries

Notes to the Consolidated Interim Financial Statements (Unaudited)

NOTE 3. PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment as of September 30, 2024 and December 31, 2023 consists of the following:

		9/30/2024 (Unaudited)		12/31/2023
Processing plant	$	134,704,032	$	135,220,748
Compressor facilities		59,364,712		56,147,930
Well connects & gathering pipe		194,310,857		193,416,498
Construction in progress		8,565,781		6,971,075
Land		1,272,260		1,272,260
Auto & Trucks		37,471		90,450
Furniture & Fixtures		21,728		21,728
Equipment & Leasehold		114,684		114,684
Accumulated depreciation		(101,564,094)		(86,083,948)
Property, plant and equipment, net	$	296,827,431	$	307,171,425

Depreciation expense for property, plant and equipment was $15,523,778 and $15,542,949 for the nine months ended September 30, 2024 and September 30, 2023, respectively. Construction in progress includes $473,553 and $511,134 of total capitalized interest at September 30, 2024 and December 31, 2023, respectively.

NOTE 4. CONTRACT COSTS

The value of the Company's net contract costs is $17,207,331 and $18,135,786 as of September 30, 2024 and December 31, 2023, respectively. The contract costs are classified as direct incremental costs of obtaining gas gathering and processing contracts (GGPA) and construction cost paid in relation to third party owned pipelines that benefit our operations.

The balance at September 30, 2024 and December 31, 2023 is comprised of the following:

		9/30/2024 (Unaudited)		12/31/2023
Contributions in Aid of Construction - Interconnect Agreements	$	4,591,564	$	4,591,564
Producer GGPA Incentive Payment #2		9,500,000		9,500,000
Producer GGPA Incentive Payment #3		2,543,914		2,543,914
Producer GGPA Incentive Payment #4		1,500,000		1,500,000
Acreage Dedication		2,900,000		2,900,000
Accumulated amortization		(3,828,147)		(2,899,692)
Contract Costs, net	$	17,207,331	$	18,135,786

Amortization expense for contract costs was $928,455 and $1,703,249 for the nine months ended September 30, 2024 and September 30, 2023, respectively.

NOTE 4. CONTRACT COSTS - CONTINUED

The following table summarizes our estimated aggregate amortization expense for the next five years and thereafter:

2024	$	309,484
2025		1,237,939
2026		1,237,939
2027		1,237,939
2028		1,237,939
Thereafter		11,946,091
Total	$	17,207,331

NOTE 5. MEMBER'S EQUITY

The Company is supported by HOLDINGS and furthermore VMASH. VMASH is controlled by Connect Midstream, LLC which is funded by Tailwater Energy Fund III, LP. As of September 30, 2024 and December 31, 2023, HOLDINGS held 100.0% of the Company.

NOTE 6. DEBT

On July 21, 2023, OPERATING entered into a third amended and restated credit agreement extending the maturity date to July 21, 2028. The commitment amount of the revolving credit facility was reduced to $30,000,000 and the term loan facility was increased to a maximum principal amount of $120,000,000. There was $30,000,000 drawn on the credit facility at December 31, 2023. The amount outstanding on the term loan facility was $107,500,000 at December 31, 2023.

On July 30, 2024, OPERATING entered into a fourth amended and restated credit agreement with a maturity date of July 21, 2028. The commitment amount of the revolving credit facility was held at $30,000,000 and the term loan facility was increased to a maximum principal amount of $140,000,000.

There was $5,000,000 drawn on the credit facility at September 30, 2024. The amount outstanding on the term loan facility was $137,021,277 at September 30, 2024.

The Company must comply with certain financial covenants including a maximum leverage ratio and minimum net worth. The leverage ratio requirement commenced on March 31, 2021 and the minimum net worth requirement commenced on July 21, 2023. The Company was in compliance with the financial covenants as of September 30, 2024 and December 31, 2023.

NOTE 6. DEBT - CONTINUED

The contract requires the use of the SOFR plus a specified percentage set in the agreement for interest calculations. The effective interest rate was 8.20% and 8.18% at September 30, 2024 and December 31, 2023, respectively. In accordance with accrual accounting, interest is recognized at the time it is incurred. The Company has paid $8,188,038 and $5,310,994 of interest associated with the BancFirst debt agreements for the nine months ended September 30, 2024 and September 30, 2023, respectively, and has $1,040,506 and $973,715 of interest payable associated with the BancFirst debt agreements at September 30, 2024 and December 31, 2023, respectively.

The scheduled maturities of the outstanding debt as of September 30, 2024 are summarized as follows:

Year	Amount
2024	$ 8,936,170
2025	35,744,681
2026	40,744,681
2027	35,744,681
2028	20,851,064
Total	$ 142,021,277

NOTE 7. EMPLOYMENT BENEFITS

Company Benefits

Employees of the Company are eligible to participate in a 401(k) matching plan in which the Company will fully match up to 4% of the employee salary, limited by attributable IRS contribution regulations. The Company paid $83,390 and $78,044 in matching contributions to the plan for the nine months ended September 30, 2024 and September 30, 2023, respectively.

NOTE 8. RELATED PARTY TRANSACTIONS

On February 26, 2021, the Company approved a budget wherein Tall Oak Midstream Management, LLC (MANAGEMENT) would provide certain personnel, support services and administrative services with respect to the Company, WOODFORD and VMAS' midstream operations and certain other matters. MANAGEMENT is wholly owned by VMASH. VMASH is backed by private equity from Tailwater Energy Fund III, LP. The Company reimburses MANAGEMENT monthly for all reasonable general and administrative expenses required for MANAGEMENT to perform its services and is reimbursed by WOODFORD and VMAS for their respective shares of the costs. These costs are recorded in the Selling, general and administrative expenses line on the Consolidated Interim Statements of Operations (Unaudited).

NOTE 8. RELATED PARTY TRANSACTIONS – CONTINUED

Total costs allocated from MANAGEMENT were $9,081,676 and $7,022,442 for the nine months ended September 30, 2024 and September 30, 2023, respectively. Included in these cost is a payable to MANAGEMENT in the amount of $158,934 at December 31, 2023. No intercompany receivable or payable to MANAGEMENT at September 30, 2024.

Consolidating journal entries eliminate the related Balance Sheet, Statement of Operations, and Statement of Cash Flows intercompany transactions upon consolidation.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Legal Matters

In the ordinary course of business, the Company may become involved in certain claims and legal actions. Management does not believe that the impact of such matters will have a material adverse effect on the Company's financial position or results of operation.

NOTE 10. LEASES

Effective with the adoption of ASC 842 in January of 2022, the Company evaluates new contracts at inception to determine if the contract conveys the right to control the use of an identified asset for a period of time in exchange for periodic payments. A lease exists if we obtain substantially all of the economic benefits of an asset, and we have the right to direct the use of that asset. When a lease exists, we record a right-of-use asset that represents our right to use the asset over the lease term and a lease liability that represents our obligation to make payments over the lease term. Lease liabilities are recorded at the sum of future lease payments discounted by the collateralized rate we could obtain to lease a similar asset over a similar period, and right-of-use assets are recorded equal to the corresponding lease liability, plus any prepaid or direct costs incurred to enter the lease, less the cost of any incentives received from the lessor. The company applied certain practical expedients that were allowed in the adoption of ASC 842, including not recording a right-of-use asset or liability for leases of twelve months or less and not separating lease and non-lease components of lease arrangements.

The majority of our leases are for the following types of assets:

• *Compression Services*. The Company pays third parties to provide compression services for our assets. Under these agreements, a third party installs and operates compressor units per a contractual agreement. While the third party determines which compressors to install and operates and maintains the units, the Company is the sole economic beneficiary of the identified assets. These agreements are typically for an initial term of one to two years and will automatically renew from month to month or year to year until canceled by us or the lessor. During the period ended September 30, 2024, the company exercised purchase options on six compressor units resulting in the units being remeasured as finance leases. Compression services represent $12,976,211 of our lease liability and $12,804,645 of our right-of-use asset as of September 30, 2024 and $10,208,595 of our lease liability and $10,208,595 of our right-of-use asset as of December 31, 2023.

NOTE 10. LEASES – CONTINUED

- *Vehicles*. The Company leases vehicles. These leases are typically for multiple years and represent $513,615 of our lease liability and $502,943 of our right-of-use asset as of September 30, 2024 and $316,970 of our lease liability and $305,905 of our right-of-use asset as of December 31, 2023.

Lease balances recorded on the consolidated balance sheets as of September 30, 2024 are as follows:

		Operating leases		Finance leases		Total
ROU assets	$	5,461,213	$	7,846,375	$	13,307,588
Current lease liabilities	$	5,372,887	$	7,762,440	$	13,135,327
Long-term lease liabilities	$	103,324	$	251,175	$	354,499

Other lease information	
Weighted-average remaining lease term - Operating leases	9 months
Weighted-average discount rate - Operating leases	8.00%
Weighted-average remaining lease term - Finance leases	3 months
Weighted-average discount rate - Finance leases	8.13%

Lease balances recorded on the consolidated balance sheets as of December 31, 2023 are as follows:

		Operating leases		Finance leases		Total
ROU assets	$	10,208,595	$	305,905	$	10,514,500
Current lease liabilities	$	8,756,650	$	154,322	$	8,910,972
Long-term lease liabilities	$	1,451,943	$	162,648	$	1,614,591

Other lease information	
Weighted-average remaining lease term - Operating leases	13 months
Weighted-average discount rate - Operating leases	7.63%
Weighted-average remaining lease term - Finance leases	24 months
Weighted-average discount rate - Finance leases	7.37%

NOTE 10. LEASES – CONTINUED

Certain of our lease agreements have options to extend the lease for a certain period after the expiration of the initial term. We recognize the cost of a lease over the expected total term of the lease, including optional renewal periods that we can reasonably expect to exercise. We do not have material obligations whereby we guarantee a residual value on assets we lease, nor do our lease agreements impose restrictions or covenants that could affect our ability to make distributions.

Lease expense is recognized on the consolidated statements of operations as "Operating costs" and "Selling, general and administrative expenses" depending on the nature of the leased asset. The components of total lease expense for the nine months ended September 30, 2024 and September 30, 2023 are as follows:

		2024 (Unaudited)		2023 (Unaudited)
Finance lease expense:				
Amortization of right-of-use asset	$	638,330	$	126,590
Interest on lease liability		179,039		18,637
Operating lease expense:				
Long-term operating lease expense		7,326,510		12,535,508
Short-term lease expense		3,179,285		400,518
Variable lease expense		-		-
Total lease expense	$	11,323,164	$	13,081,253

Other information about our leases for the year nine months ended September 30, 2024 and September 30, 2023 is presented below:

Supplemental cash flow information:

		2024	2023
Cash payments for finance leases included in cash flows from financing activities	$	661,193	137,511
Cash payments for finance leases included in cash flows from operating activities	$	817,369	145,227
Right-of-use assets obtained in exchange for operating lease liabilities	$	3,403,069	11,618,295
Right-of-use assets obtained in exchange for finance lease liabilities	$	8,494,413	290,485

NOTE 10. LEASES – CONTINUED

The following table summarizes the maturity of our lease liability as of September 30, 2024:

	Total	2024	2025	2026	2027	2028	Thereafter
Undiscounted operating lease liability	$ 5,638,077	$ 1,998,548	$ 3,639,529	$ -	$ -	$ -	$ -
Reduction due to present value	(161,867)	(85,409)	(76,458)	-	-	-	-
Operating lease liability	$ 5,476,210	$ 1,913,139	$ 3,563,071	$ -	$ -	$ -	$ -
Undiscounted finance lease liability	$ 8,060,814	$ 7,577,318	$ 275,326	$ 154,853	$ 53,317	$ -	$ -
Reduction due to present value	(47,198)	(9,983)	(26,477)	(9,911)	(827)	-	-
Finance lease liability	$ 8,013,616	$ 7,567,335	$ 248,849	$ 144,942	$ 52,490	$ -	$ -

The following table summarizes the maturity of our lease liability as of December 31, 2023:

	Total	2024	2025	2026	2027	2028	Thereafter
Undiscounted operating lease liability	$ 10,617,985	$ 9,147,401	$ 1,470,584	$ -	$ -	$ -	$ -
Reduction due to present value	(409,392)	(390,751)	(18,641)	-	-	-	-
Operating lease liability	$ 10,208,593	$ 8,756,650	$ 1,451,943	$ -	$ -	$ -	$ -
Undiscounted finance lease liability	$ 342,209	$ 172,945	$ 148,991	$ 20,273	$ -	$ -	$ -
Reduction due to present value	(25,239)	(18,623)	(6,522)	(94)	-	-	-
Finance lease liability	$ 316,970	$ 154,322	$ 142,469	$ 20,179	$ -	$ -	$ -

NOTE 11. COMPRESSION PAYABLE

On January 22, 2024, VMAS and WOODFORD entered into separate purchase agreements and bills of sale to purchase multiple compressor units from an outside third party. On February 15, 2024, WOODFORD assigned all its rights, obligations and interests in its purchase agreement and bill of sale to VMAS. These units have monthly installment payments that began in February 2024 and run through December 2025. The liability has been recorded as Compression Payable and has an outstanding balance of $1,214,833 at September 30, 2024.

NOTE 12. SUBSEQUENT EVENTS

Subsequent events were evaluated through December 2, 2024, the date which the consolidated financial statements were available to be issued, for potential recognition or disclosure in these financials.

On October 1, 2024, Summit Midstream Corporation, a Delaware corporation ("SUMMIT"), entered into a Business Contribution Agreement (the "Business Contribution Agreement"), by and among SUMMIT, Summit Midstream Partners, LP, a Delaware limited partnership (the "PARTNERSHIP"), and HOLDINGS, pursuant to which, among other things, upon the satisfaction of the terms and conditions set forth therein, HOLDINGS will contribute all of its equity interests in the Company to the PARTNERSHIP, in exchange for an aggregate amount equal to (i) $425,000,000, consisting of (x) $155,000,000 in cash consideration, subject to certain adjustments contemplated by the Business Contribution Agreement and (y) 7,471,008 shares of Class B common stock of SUMMIT, par value $0.01 per share (the "Class B Common Stock") and 7,471,008 common units representing limited partner interests of the PARTNERSHIP (the "Partnership Units" and together with the Class B Common Stock, the "Securities"), plus (ii) potential cumulative earnout payments continuing through March 31, 2026 not to exceed $25,000,000 in the aggregate that HOLDINGS may become entitled to receive pursuant to the Business Contribution Agreement subject to the Company and its customers meeting certain development requirements. The transaction closed on December 2, 2024.

SUMMIT MIDSTREAM CORPORATION AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Background

The unaudited pro forma financial information included herein is intended to present the expected impact and scope of change of certain transactions, identified below, to the historical financial position and results of operations of Summit Midstream Corporation (the "Company").

Corporate Reorganization. On August 1, 2024, following approval of the unitholders of Summit Midstream Partners, LP (the "Partnership"), the Partnership consummated a previously announced transaction that resulted in the Partnership becoming a wholly owned subsidiary of the Company (the "Corporate Reorganization"). The Corporate Reorganization was accounted for as a common-control transaction between the Partnership and the Company as a result of the Partnership's unitholders controlling both the Partnership and the Company before and after the Corporate Reorganization. In the case of this common-control transaction, the historical financial statements of the Partnership became the historical financial statements of the Company, except for certain changes that conform the Partnership's historical financial statements to a corporate entity.

As a result of the Corporate Reorganization, periods prior to August 1, 2024 reflect the Company as a limited partnership, not a corporation. References to common units for periods prior to the Corporate Reorganization refer to common units of the Partnership, and references to common stock for periods following the Corporate Reorganization refer to shares of common stock of the Company. The primary financial impacts of the Corporate Reorganization to the consolidated financial statements were (i) reclassification of the partnership capital accounts to equity accounts reflective of a corporation, (ii) an update of certain limited partner terms to synonymous corporate entity terms, and (iii) income tax effects. The Corporate Reorganization had no impact to historical revenues, expenses, assets, liabilities, or cash flows.

Divestitures. *Summit Utica Sale.* On March 22, 2024, the Company completed the disposition of Summit Utica, LLC ("Summit Utica") to a subsidiary of MPLX LP for a cash sale price of $625.0 million, subject to customary post-closing adjustments (the "Utica Sale"). Summit Utica was the owner of (i) approximately 36% of the issued and outstanding equity interests in Ohio Gathering Company, L.L.C. ("OGC"), (ii) approximately 38% of the issued and outstanding equity interests in Ohio Condensate Company, L.L.C. (together with OGC, "Ohio Gathering") and (iii) midstream assets located in the Utica Shale. Ohio Gathering was the owner of a natural gas gathering system and condensate stabilization facility located in Belmont and Monroe counties in the Utica Shale in southeastern Ohio.

Mountaineer Midstream System. On May 1, 2024, the Company completed the sale of Mountaineer Midstream Company, LLC ("Mountaineer Midstream"), to Antero Midstream LLC for a cash sale price of $70.0 million, subject to customary post-closing adjustments (the "Mountaineer Transaction"). Mountaineer Midstream was the owner of midstream assets located in the Marcellus Shale. Prior to closing the Mountaineer Transaction, the Company sold related compression assets located in the Marcellus Shale to a compression service provider for cash consideration of approximately $5 million in April 2024 (collectively with the Utica Sale and the Mountaineer Transaction, the "Divestitures").

Refinancing Transactions. The Company completed a series of transactions in 2024 after the completion of the Divestitures to refinance the Company's existing indebtedness, which included (i) the July 2024 issuance of $575.0 million aggregate principal amount of 8.625% senior secured second lien notes due 2029 (the "2029 Secured Notes"), (ii) the June 2024 redemption of $209.5 million of the 12.00% Unsecured Notes (the "2026 Unsecured Notes Redemption"), (iii) the July 2024 tender offer and redemption of $49.8 million of the Company's 5.75% senior unsecured notes due 2025 (the "2025 Notes Redemption") that was completed in August 2024, and (iv) the July 2024 tender offer and redemption of the Company's 8.500% senior secured second lien notes due 2026 (the "2026 Secured Notes Tender Offer") that resulted in the full payment and discharge of the 2026 Secured Notes by effecting a $649.8 million settlement in July 2024 and a $114.7 million settlement in October 2024 (collectively with the issuance of 2029 Secured Notes, the 2026 Unsecured Notes Redemption and the 2025 Notes Redemption, the "Refinancing Transactions").

Tall Oak Acquisition. The board of directors of the Company unanimously approved the business contribution agreement (the "Business Combination Agreement") with Tall Oak Midstream Holdings, LLC ("Tall Oak") whereby Tall Oak agreed to contribute to the Company all of the issued and outstanding equity interests of Tall Oak Midstream Operating, LLC for total consideration equal to $425.0 million (the "Tall Oak Acquisition"). Total consideration consists of (i) a $155.0 million cash payment, (ii) cash earn-out payments of up to $25.0 million dependent upon performance of the business and (iii) the issuance of 7,471,008 million shares of Class B common stock of the Company and 7,471,008 common units representing limited partner interest of the Partnership, that are exchangeable into an equivalent quantity of the Company common stock on a 1:1 exchange ratio. On December 2, 2024, the Company consummated the transaction contemplated in the Business Combination Agreement.

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Unaudited Pro Forma Condensed Consolidated Financial Statements

The previously discussed Corporate Reorganization was accounted for as a common-control transaction between the Partnership and the Company as a result of the Partnership's unitholders controlling both the Partnership and the Company before and after the Corporate Reorganization. As a result of the Corporate Reorganization, periods prior to August 1, 2024 reflect Summit Midstream as a limited partnership, not a corporation. References to common units for periods prior to the Corporate Reorganization refer to common units of the Partnership, and references to common stock for periods following the Corporate Reorganization refer to shares of common stock of the Company . The primary financial impacts of the Corporate Reorganization to the consolidated financial statements were (i) reclassification of the partnership capital accounts to equity accounts reflective of a corporation, (ii) an update of certain limited partner terms to synonymous corporate entity terms and (ii) income tax effects. The Corporate Reorganization had no impact to historical revenues, expenses, assets, liabilities, or cash flows.

To prepare the unaudited pro forma condensed consolidated balance sheet as of September 30, 2024, the Company's September 30, 2024 balance sheet was used as the starting point and then adjusted for (i) the Refinancing Transactions and (ii) the Tall Oak Acquisition.

To prepare the unaudited pro forma condensed consolidated statement of operations for nine months ended September 30, 2024, the Company's statement of operations for the nine months ended September 30, 2024 was used as the starting point and then adjusted to give effect to (i) the Divestitures, (ii) the Corporate Reorganization, (iii) the Refinancing Transactions and (iv) the Tall Oak Acquisition, as if they had occurred on January 1, 2023.

Similarly, to prepare the unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2023, the Company's statement of operations for the year ended December 31, 2023 was used as the starting point and then adjusted to give effect to (i) the Divestitures, (ii) the Corporate Reorganization, (iii) the Refinancing Transactions and (iv) the Tall Oak Acquisition, as if they had occurred on January 1, 2023.

The Company's unaudited pro forma condensed consolidated financial statements should be read in conjunction with the financial statements and related notes appearing in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2023, and the Company's Quarterly Report on Form 10-Q for the nine months ended September 30, 2024, as well as the financial statements and related notes appearing in the Tall Oak Midstream Operating, LLC and subsidiaries consolidated financial statements as of and for the years ended December 31, 2023 and December 31, 2022 and the interim financial statements as of September 30, 2024 and December 31, 2023 and for the nine month periods ended September 30, 2024 and September 30, 2023, included as exhibits in this current report on Form 8-K/A.

Use of Estimates

The unaudited pro forma condensed consolidated balance sheet and statements of operations included herein are for information purposes only and are not necessarily indicative of the results that might have occurred had (i) the Corporate Reorganization, (ii) the Refinancing Transactions (iii) the Divestitures and (iv) the Tall Oak Acquisition taken place on the respective dates assumed. Actual results may differ significantly from those reflected in the unaudited pro forma condensed consolidated financial statements for various reasons, including but not limited to, the differences between the assumptions used to prepare the unaudited pro forma condensed consolidated financial statements and actual results. The pro forma adjustments in the unaudited pro forma condensed consolidated balance sheet and the statements of operations included herein include the use of estimates and assumptions as described in the accompanying notes. The pro forma adjustments are based on information available to the Company at the time these unaudited pro forma condensed consolidated financial statements were prepared.

The Company believes its current estimates provide a reasonable basis for presenting the significant effects of (i) the Corporate Reorganization, (ii) the Refinancing Transactions, (iii) the Divestitures and (iv) the Tall Oak Acquisition. However, the estimates and assumptions are subject to change as additional information becomes available. The unaudited pro forma condensed consolidated financial statements include only those adjustments, as applicable, related to (i) the Corporate Reorganization, (ii) the Refinancing Transactions, (iii) the Divestitures and (iv) the Tall Oak Acquisition.

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SUMMIT MIDSTREAM CORPORATION AND SUBSIDIARIES
PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
As of September 30, 2024

(In thousands)	Historical	Refinancing Transactions: Pro forma adjustments		Tall Oak historical financial statements		Tall Oak conforming and other transaction adjustments		Unaudited Pro forma Combined
ASSETS								
Cash and cash equivalents	$ 17,842	$ —		$ 3,093	(c)	$ (3,093)	(e) (f) (i)	$ 17,842
Restricted cash	126,524	(119,648)	(a)	—		—		6,876
Accounts receivable	60,567	—		6,002	(c)	—		66,569
Other current assets	9,080	—		12,220	(c)	—		21,300
Total current assets	214,013	(119,648)		21,315		(3,093)		112,587
Property, plant and equipment, net	1,350,758	—		296,827	(c)	145,229	(e) (f)	1,792,814
Intangible assets, net	140,009	—		—		—		140,009
Investment in equity method investees	269,939	—		—		—		269,939
Other noncurrent assets	24,447	—		30,998	(c)	(17,400)	(e) (f)	38,045
TOTAL ASSETS	$ 1,999,166	$ (119,648)		$ 349,140		$ 124,736		$ 2,353,394
LIABILITIES AND CAPITAL								
Trade accounts payable	$ 12,932	$ —		$ 1,776	(c)	$ —		$ 14,708
Accrued expenses	29,645	—		238	(c)	2,710	(g)	32,593
Deferred revenue	9,470	—		10	(c)	—		9,480
Ad valorem taxes payable	7,229	—		1,383	(c)	—		8,612
Accrued compensation and employee benefits	7,173	—		—		—		7,173
Accrued interest	14,603	(4,989)	(b)	1,041	(c)	—		10,655
Accrued environmental remediation	1,409	—		—		—		1,409
Accrued settlement payable	6,715	—		—		—		6,715
Current portion of long-term debt	130,512	(114,219)	(a)	35,745	(c)	(35,745)	(e) (f) (i)	16,293
Other current liabilities	11,278	—		22,909	(c)	—		34,187
Total current liabilities	230,966	(119,208)		63,102		(33,035)		141,825
Deferred tax liabilities	115,552	—		—		(34,354)	(h)	81,198
Long-term debt, net	826,453	—		106,277	(c)	48,723	(e) (f) (i)	981,453
Noncurrent deferred revenue	26,176	—		81	(c)	—		26,257
Noncurrent accrued environmental remediation	989	—		—		—		989
Other noncurrent liabilities	16,136	—		438	(c)	21,000	(e) (f)	37,574
Total liabilities	1,216,272	(119,208)		169,898		2,334		1,269,296
Commitments and contingencies								
Mezzanine Equity								
Subsidiary Series A Preferred Units	131,410	—		—		—		131,410
Equity								
Series A Preferred Units	—	—		—		—		—
Common limited partner capital	—	—		—		—		—
Series A Preferred Stock	106,819	—		—		—		106,819
Common stock, $0.01 par value	106	—		—		—		106
Additional paid in capital / Accumulated deficit	544,559	(440)	(d)	179,242	(c)	(303,819)	(g) (h)	419,542
Noncontrolling interest	—	—		—		426,221	(h)	426,221
Total Equity	651,484	(440)		179,242		122,402		952,688
TOTAL LIABILITIES AND EQUITY	$ 1,999,166	$ (119,648)		$ 349,140		$ 124,736		$ 2,353,394

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

SUMMIT MIDSTREAM CORPORATION AND SUBSIDIARIES
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)
For the Nine Months Ended September 30, 2024

(In thousands, except per-common amounts)	Historical	Divestitures: Pro forma adjustments	Corporate Reorganization: Pro forma adjustments	Refinancing Transactions: Pro forma adjustments	Tall Oak historical financial statements	Tall Oak conforming and other transaction adjustments	Unaudited Pro forma Combined
Revenues:							
Gathering services and related fees	$ 151,211	$ (18,851) (j)	$ —	$ —	$ 57,073 (o)	$ —	$ 189,433
Natural gas, NGLs and condensate sales	145,294	—	—	—	18,335 (o)	—	163,629
Other revenues	26,096	—	—	—	—	—	26,096
Total revenues	322,601	(18,851)	—	—	75,408	—	379,158
Costs and expenses:							
Cost of natural gas and NGLs	88,047	—	—	—	1,284 (o)	—	89,331
Operation and maintenance	72,925	(2,259) (j)	—	—	18,362 (o)	—	89,028
General and administrative	41,368	(220) (j)	—	—	13,053 (o)	—	54,201
Depreciation and amortization	75,324	(4,248) (j)	—	—	17,091 (o)	4,357 (s)	92,524
Transaction costs	13,156	—	—	—	—	—	13,156
Acquisition integration costs	40	—	—	—	—	—	40
(Gain) loss on asset sales, net	1	—	—	—	(10) (o)	—	(9)
Long-lived asset impairments	67,936	(67,916) (l)	—	—	—	—	20
Total costs and expenses	358,797	(74,643)	—	—	49,780	4,357	338,291
Other income, net	2,784	—	—	—	229 (o)	—	3,013
Gain on interest rate swaps	936	—	—	—	—	—	936
Gain (loss) on sale of business	82,338	(82,338) (k)	—	—	—	—	—
Gain on sale of equity method investment	126,261	(126,261) (k)	—	—	—	—	—
Interest expense	(95,015)	—	—	36,648 (n)	(9,407) (o)	(84) (q)	(67,858)
Loss on early extinguishment of debt	(47,199)	—	—	47,199 (n)	—	—	—
Income (loss) before income taxes and equity method investment income	33,909	(152,807)	—	83,847	16,450	(4,441)	(23,042)
Income from equity method investees	19,828	(7,039) (j)	—	—	—	—	12,789
Income before income taxes	53,737	(159,846)	—	83,847	16,450	(4,441)	(10,253)
Income tax benefit	(142,129)	—	149,341 (m)	—	—	(4,481) (m)	2,731
Net income (loss)	(88,392)	(159,846)	149,341	83,847	16,450	(8,922)	(7,522)
Less: Net income attributable to Subsidiary Series A Preferred	(11,643)	—	—	—	—	—	(11,643)
Less: Net income attributable to noncontrolling interest	—	—	—	—	—	9,027 (r)	9,027
Net income (loss) available to Summit Midstream (Common and Preferred)	$ (100,035)	$ (159,846)	$ 149,341	$ 83,847	$ 16,450	$ 105	$ (10,138)
Less: net income attributable to Series A Preferred	(9,926)	—	—	—	—	—	(9,926)
Net income (loss) per common:	$ (109,961)	$ (159,846)	$ 149,341	$ 83,847	$ 16,450	$ 105	$ (20,064)
Common – basic	$ (10.39)						$ (1.90)
Common – diluted	$ (10.39)						$ (1.90)
Weighted-average limited partner units outstanding:							
Common – basic	10,583						10,583
Common – diluted	10,583						10,583

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

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SUMMIT MIDSTREAM CORPORATION AND SUBSIDIARIES
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)
For the Year Ended December 31, 2023

(In thousands, except per-common amounts)	Historical	Divestitures: Pro forma adjustments	Corporate Reorganization: Pro forma adjustments	Refinancing Transactions: Pro forma adjustments	Tall Oak historical financial statements	Tall Oak conforming and other transaction adjustments	Unaudited Pro forma Combined
Revenues:							
Gathering services and related fees	$ 248,223	$ (63,805) (j)	$ —	$ —	$ 88,677 (o)	$ —	$ 273,095
Natural gas, NGLs and condensate sales	179,254	—	—	—	27,768 (o)	—	207,022
Other revenues	31,426	—	—	—	—	—	31,426
Total revenues	458,903	(63,805)	—	—	116,445	—	511,543
Costs and expenses:							
Cost of natural gas and NGLs	112,462	—	—	—	2,048 (o)	—	114,510
Operation and maintenance	100,741	(8,860) (j)	—	—	35,672 (o)	—	127,553
General and administrative	42,135	(868) (j)	—	—	15,394 (o)	—	56,661
Depreciation and amortization	122,764	(17,855) (j)	—	—	22,897 (o)	5,809 (s)	133,615
Transaction costs	1,251	—	—	—	—	2,710 (p)	3,961
Acquisition integration costs	2,654	—	—	—	—	—	2,654
(Gain) loss on asset sales, net	(260)	7 (j)	—	—	49 (o)	—	(204)
Long-lived asset impairments	540	67,936 (l)	—	—	—	—	68,476
Total costs and expenses	382,287	40,360	—	—	76,060	8,519	507,226
Other income, net	865	—	—	—	401 (o)	—	1,266
Gain on interest rate swaps	1,830	—	—	—	—	—	1,830
Gain (loss) on sale of business	(47)	82,338 (k)	—	—	—	—	82,291
Gain on sale of equity method investment	—	126,261 (k)	—	—	—	—	126,261
Interest expense	(140,784)	—	—	62,725 (n)	(8,226) (o)	(3,988) (q)	(90,273)
Loss on early extinguishment of debt	(10,934)	—	—	(47,199) (n)	—	—	(58,133)
Income (loss) before income taxes and equity method investment income	(72,454)	104,434	—	15,526	32,560	(12,507)	$ 67,559
Income from equity method investees	33,829	(22,922) (j)	—	—	—	—	10,907
Income before income taxes	(38,625)	81,512	—	15,526	32,560	(12,507)	$ 78,466
Income tax benefit (expense)	(322)	—	(162,612) (m)	—	—	2,545 (m)	(160,389)
Net income (loss)	(38,947)	81,512	(162,612)	15,526	32,560	(9,962)	(81,923)
Less: Net income attributable to Subsidiary Series A Preferred	(12,581)	—	—	—	—	—	(12,581)
Less: Net income attributable to noncontrolling interest	—	—	—	—	—	(27,161) (r)	(27,161)
Net income available to Summit Midstream (Common and Preferred)	$ (51,528)	$ 81,512	$ (162,612)	$ 15,526	$ 32,560	$ (37,123)	$ (121,665)
Less: net income attributable to Series A Preferred	(11,566)	—	—	—	—	—	(11,566)
Net income (loss) per common:	$ (63,094)	$ 81,512	$ (162,612)	$ 15,526	$ 32,560	$ (37,123)	$ (133,231)
Common – basic	$ (6.11)						$ (12.89)
Common – diluted	$ (6.11)						$ (12.89)
Weighted-average limited partner units outstanding:							
Common – basic	10,334						10,334
Common – diluted	10,334						10,334

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

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SUMMIT MIDSTREAM CORPORATION AND SUBSIDIARIES

NOTES TO PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

BASIS OF PRESENTATION AND PRO FORMA ADJUSTMENTS

The unaudited pro forma condensed consolidated statements reflect the following adjustments:

Balance Sheet

The September 30, 2024 unaudited pro forma condensed consolidated balance sheet gives effect to the pro forma adjustments necessary to reflect (i) the Refinancing Transactions and (ii) the Tall Oak Acquisition, as if they had occurred on September 30, 2024. The unaudited pro forma condensed consolidated financial statements do not give effect to the potential impact of any anticipated synergies, operating efficiencies, or cost savings that may result from the transactions or of any integration costs.

"Historical" - represents the historical unaudited consolidated balance sheet of the Company as of September 30, 2024. Because the Corporate Reorganization occurred prior to the preparation of the September 30, 2024 balance sheet, no adjustments are needed to reflect the effects of the Corporate Reorganization.

(a) Restricted cash adjustments include (i) the 2026 Secured Notes Tender Offer and redemption of $114.7 million of principal amount of 2026 Secured Notes and (ii) the payment of $4.9 million of accrued interest.

(b) To remove accrued interest as of September 30, 2024 in connection with the 2026 Secured Notes Tender Offer.

(c) Represents the historical unaudited consolidated balance sheet of Tall Oak as of September 30, 2024.

(d) To recognize the effect of the write-off of $0.4 million million of capitalized debt issuance costs related to the 2026 Secured Notes Tender Offer.

(e) The preliminary consideration for the Tall Oak Acquisition is $425.0 million, which is subject to customary closing adjustment and based on the following:

(Amounts in thousands, except share price data and number of shares to be issued)		
Equity Consideration	$	270,000
Cash Consideration		155,000
Total preliminary consideration paid at closing	$	425,000
Estimated per share fair value of equity consideration	$	36.14
Number of shares to be issued in exchange for Tall Oak's equity interest in Tall Oak		7,471,008

Equity Consideration. The Company issued 7,471,008 shares of Class B common stock of the Company, par value $0.01 per share (the "Class B Common Stock") and 7,471,008 common units representing limited partner interests of the Partnership (the "Partnership Units" and, together with the Class B Common Stock, the "Securities"). The number of shares was determined by dividing $270.0 million by $36.14, which is the 20-day volume weighted average closing price of the Company's Class A common stock as of the close of business on the trading day immediately preceding the execution of the Business Combination Agreement on October 1, 2024. Under the acquisition method of accounting, the fair value of the equity consideration will be determined utilizing the closing price of the Company's equity on December 2, 2024 which was $37.88 per share.

Cash Consideration. The Company paid Tall Oak $155.0 million in cash consideration, subject to certain adjustments contemplated by the Business Contribution Agreement. The cash consideration was used to fully pay off $142.0 million of the outstanding debt of Tall Oak.

Preliminary Purchase Price Allocation. Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed from Tall Oak are recorded at their fair values as of the closing date and added to those of the Company.

The following table sets forth a preliminary allocation of the total preliminary Tall Oak Acquisition consideration to the identifiable tangible and intangible assets acquired and liabilities assumed from Tall Oak, based on management's preliminary estimate of their fair values based on the most recent information available and has been prepared to illustrate the estimated effect of the Tall Oak Acquisition. The preliminary estimate includes the fair value of contingent consideration of $21.0 million which is recorded within Other noncurrent liabilities on the unaudited pro forma condensed consolidated balance sheet.

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	Historical	Purchase Price Allocation Adjustments	Fair Values
Preliminary consideration			$ 425,000
Fair value of assets acquired and liabilities assumed:			
Cash	$ 3,093	$ (3,093)	$ —
Accounts receivable, net	6,002	—	6,002
Other current assets	12,220	—	12,220
Property and equipment, net	273,977	134,744	408,721
Intangible assets (rights-of-way; included in property and equipment in historical column)	22,850	10,485	33,335
Other noncurrent assets	30,998	(17,400)	13,598
Accounts payable	(1,776)	—	(1,776)
Accrued expenses and other	(25,581)	—	(25,581)
Current portion of long term debt	(35,745)	35,745	—
Long term debt	(106,277)	106,277	—
Noncurrent deferred revenues	(81)	—	(81)
Other noncurrent liabilities	(438)	(21,000)	(21,438)
Fair value of net assets acquired	$ 179,242	$ 245,758	$ 425,000

For the preliminary estimate of fair values of assets acquired and liabilities assumed of Tall Oak, the Company used certain assumptions based on publicly available transaction data for the industry. The final purchase price allocation is dependent upon certain valuation and other studies that have yet to be completed. Accordingly, the preliminary purchase price allocation is subject to further adjustment as additional information becomes available and additional analyses and final valuations are completed. Such adjustments could have a material impact on the final purchase price allocation.

Intangible Assets. Preliminary identifiable intangible assets in the unaudited pro forma condensed combined financial information consist of the following:

	Fair Values
Rights of way	$ 33,335
Total identified intangible assets	$ 33,335

The fair value estimate for all identifiable intangible assets is preliminary and based on assumptions that market participants would use in pricing an asset, based on the most advantageous market for the asset (i.e., its highest and best use). The final fair value determination for identifiable intangible assets may differ materially from this preliminary determination.

(f) *Fair value of net assets acquired and liabilities assumed*. Pro forma adjustments reflect the incremental fair value of net assets acquired and liabilities assumed.

(g) To adjust for $2.7 million of unrecognized transaction costs associated with the Tall Oak Acquisition, primarily for investment bank, advisory and legal fees.

(h) *Elimination of Tall Oak's historical equity and issuance of equity consideration for the Tall Oak Acquisition.* The adjustment reflects the elimination of Tall Oak's historical equity and the issuance of equity consideration by the Company. For purposes of these unaudited condensed consolidated pro forma financial statements, we utilized a price of $36.14 per share for the purpose of determining the equity consideration. Additionally, the issuance of the Securities described above will result in the creation of a $426.2 million noncontrolling interest in the net assets of the Company, which is reflective in the amount proforma unaudited financial statements. The Tall Oak Acquisition involved the use of an Up-C tax structure that established a noncontrolling interest as a result of the issuance of 7,471,008 Partnership Units. Due to the establishment of the noncontrolling interest, the deferred tax liability of the Company was reduced by $34.4 million.

(i) *Financing of Tall Oak Acquisition.* The adjustment reflects $155.0 million of new borrowings on our asset-based lending credit facility, the proceeds of which were used to repay $142.0 million of assumed Tall Oak Midstream Operating, LLC indebtedness ($35.7 million of current debt and $106.3 million of long-term debt), with the remainder borrowings amount ($13.0 million) provided to Tall Oak as purchase price consideration. The increase in long-term debt of $48.7 million consists of $155.0 million of

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new borrowings on the Company's asset-based lending credit facility, offset by a $106.3 million repayment of assumed indebtedness.

Income Statement

The unaudited pro forma condensed consolidated statement of operations gives effect to the pro forma adjustments necessary to reflect (i) the Corporate Reorganization, (ii) the Refinancing Transactions, (iii) the Divestitures and (iv) the Tall Oak Acquisition as if they had occurred on January 1, 2023. The unaudited pro forma adjustments were prepared based upon available information and assumptions that management believes depict the accounting for the transaction. The unaudited pro forma condensed consolidated financial statements do not give effect to the potential impact of any anticipated synergies, operating efficiencies, or cost savings that may result from the transactions or of any integration costs.

"Historical" - represents the historical unaudited statement of operations of the Company for the nine months ended September 30, 2024 and the audited statements of operations of the Company for the year ended December 31, 2023.

(j) Adjustments are to eliminate revenues and costs from the Company's consolidated financial results for the Divestitures.

(k) To adjust the gain recognized as a result of the Utica Sale as if the transaction had occurred on January 1, 2023.

(l) To adjust impairment associated with the Mountaineer Transaction as if the transaction had occurred on January 1, 2023.

(m) The unaudited pro forma financial results include an adjustment to deferred income tax expense to reflect the impact of the Corporate Reorganization as if the transaction had occurred on January 1, 2023.

The unaudited pro forma financial results for the year ended December 31, 2023 include a deferred tax expense of $162.6 million, primarily for the establishment of a deferred tax liability resulting from differences between the GAAP and tax values of the Partnership's fixed assets as of the date of the Corporate Reorganization and other basis adjustments resulting from the conversion of the Partnership to a taxable entity.

The unaudited pro forma financial results for the year ended December 31, 2023 also include an adjustment to the deferred tax benefit of $2.5 million, which is the aggregate impact of the Tall Oak Acquisition including the following: (i) previously non-taxed historical income generated by Tall Oak Midstream, (ii) an allocation of the combined pretax income to the noncontrolling interest and (iii) the impact of non-deductible transaction costs.

The unaudited pro forma financial results for the nine months ended September 30, 2024 include deferred tax expense adjustments of $4.5 million related to the Tall Oak Acquisition.

(n) To adjust interest expense and loss on early extinguishment of debt for the impact of the Refinancing Transactions with the assumption that the transactions had occurred on January 1, 2023.

(o) Represents the historical unaudited consolidated income statements of Tall Oak as of September 30, 2024 and December 31, 2023.

(p) To adjust for $2.7 million unrecognized transaction costs associated with the Tall Oak Acquisition, primarily for investment bank, advisory and legal fees.

(q) *Incremental pro forma interest expense.* The pro forma adjustment relates to the incremental pro forma interest expense as a result of the financing used in connection to the Tall Oak Acquisition with the assumption that such financing was obtained on January 1, 2023, and was outstanding for the entire year ended December 31, 2023, and the nine-month period ended September 30, 2024. Additionally, the adjustment assumes that the Refinancing Transactions were completed as of January 1, 2023.

	Pro Forma Nine-Month Period Ended September 30, 2024 (in thousands)	**Pro Forma Year Ended December 31, 2023 (in thousands)**
Adjustment to interest expense		
Historical Tall Oak interest expense	$ (9,407)	$ (8,226)
Interest expense for financing acquired for Tall Oak Acquisition	9,491	12,214
Additional pro forma interest expense	$ 84	$ 3,988

(r) *Net income (loss) related to non-controlling interests.* The transaction accounting pro forma adjustment to net loss related to non-controlling interests of $9.0 million for the nine months ended September 30, 2024 and a net income of $27.2 million for

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the year ended December 31, 2023, relates to the establishment of non-controlling interests in connection with the Tall Oak Acquisition.

(s) *Depreciation step-up.* To adjust depreciation expense for the step-up in the basis of property and equipment as a result of fair value measurement.

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