

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

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): April 4, 2023

CRESTWOOD EQUITY PARTNERS LP

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-34664
(Commission
File Number)

43-1918951
(IRS Employer
Identification No.)

811 Main Street, Suite 3400
Houston, Texas 77002
(Address of Principal Executive Office) (Zip Code)

(832) 519-2200
(Registrant's Telephone Number, Including Area Code)

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 Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|----------------------|--|
| Common Units representing limited partnership interests | CEQP | New York Stock Exchange |
| Preferred Units representing limited partner interests | CEQP-P | 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.

Item 8.01 Other Information

As previously reported in a Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on February 3, 2022, Crestwood Equity Partners LP (the “Partnership”) completed its acquisition of Oasis Midstream Partners LP, a Delaware limited partnership (the “OMP Merger”) on February 1, 2022.

As previously reported in a Current Report on Form 8-K filed with the SEC on July 15, 2022 by the Partnership, on July 11, 2022, (i) Crestwood Midstream Partners LP, a Delaware limited partnership (“CMLP”) and wholly owned subsidiary of the Partnership, and Crestwood Sendero GP LLC, a Delaware limited liability company and wholly owned subsidiary of CMLP, completed their acquisition of Sendero Midstream Partners LP (the “Sendero Acquisition”); and (ii) the Partnership completed its acquisition of the remaining 50% interest in Crestwood Permian Basin Holdings LLC from FR XIII Crestwood Permian Basin Holdings LLC, a Delaware limited liability company (the “CPJV Acquisition” and together with the OMP Merger and the Sendero Acquisition, the “Transactions”).

The Partnership previously filed certain historical and unaudited pro forma condensed consolidated combined financial information required under Regulation S-X with respect to the Transactions in a Current Report on Form 8-K/A filed with the SEC on September 2, 2022 (the “September 2022 Form 8-K”).

In connection with the filing of a Registration Statement on Form S-3 by the Partnership on the date hereof, this Current Report on Form 8-K is being filed to provide updated unaudited pro forma condensed consolidated combined financial information of the Partnership for the year ended December 31, 2022 (the “Updated Pro Forma Financial Information”). The Updated Pro Forma Financial Information updates and supplements the unaudited pro forma condensed consolidated combined financial information of the Partnership and related disclosures contained in Exhibit 99.1 to the September 2022 Form 8-K. To the extent that information in this Current Report on Form 8-K differs from or updates information contained in the September 2022 Form 8-K, the information in this Current Report on Form 8-K shall supersede or supplement the information in the September 2022 Form 8-K.

The Updated Pro Forma Financial Information included in this Current Report on Form 8-K has been presented for informational purposes only, as required by Form S-3. It does not purport to represent the actual results of operations that the Partnership would have achieved had the Transactions occurred on January 1, 2022, and is not intended to project the future results of operations that the Partnership may achieve as a result of the Transactions.

Item 9.01 Financial Statements and Exhibits

(b) Pro Forma Financial Information.

The following unaudited pro forma condensed consolidated combined financial information of the Partnership for the year ended December 31, 2022 attached as Exhibit 99.1 hereto:

- Unaudited Pro Forma Condensed Consolidated Combined Statement of Operations for the Year Ended December 31, 2022; and
- Notes to Unaudited Pro Forma Condensed Consolidated Combined Statement of Operations.

(d) Exhibits.

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|---|
| 99.1 | Unaudited pro forma condensed consolidated combined financial information of the Partnership for the year ended December 31, 2022 |
| 104 | Cover Page Interactive Data File (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.

CRESTWOOD EQUITY PARTNERS LP

By: **Crestwood Equity GP LLC, its General Partner**

By: /s/ Steven Dougherty

Steven Dougherty

Executive Vice President and Chief Accounting Officer

Dated: April 4, 2023

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED COMBINED FINANCIAL INFORMATION

The unaudited pro forma condensed consolidated combined financial information set forth below provides supplemental information related to (i) the Partnership's merger with Oasis Midstream Partners LP ("Oasis Midstream") on February 1, 2022 (the "Oasis Merger"); (ii) the Partnership's acquisition of Sendero Midstream Partners, LP ("Sendero") on July 11, 2022 (the "Sendero Transaction"); and (iii) the Partnership's acquisition of FR XIII Crestwood Permian Basin Holdings LLC's ("First Reserve") 50% equity interest in Crestwood Permian Basin Holdings LLC ("Crestwood Permian") on July 11, 2022 (the "CPJV Acquisition"). The Oasis Merger, Sendero Transaction and the CPJV Acquisition are referred to herein as the "Transactions." References to "Crestwood," the "Partnership," "we," "us" or "our" in this section refer to Crestwood Equity Partners LP and its consolidated subsidiaries.

The unaudited pro forma condensed consolidated combined financial information set forth below has been prepared in accordance with Article 11 of SEC Regulation S-X and includes pro forma adjustments that are directly attributable to the Transactions and factually supportable. We prepared the pro forma adjustments included in the unaudited pro forma condensed consolidated combined statement of operations using the acquisition method of accounting in accordance with Accounting Standards Codification Topic 805, *Business Combinations*.

The unaudited pro forma condensed consolidated combined financial information has been derived from and should be read in conjunction with (i) our historical audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC on February 27, 2023; (ii) Sendero's historical unaudited consolidated financial statements and related notes for the six months ended June 30, 2022 attached as Exhibit 99.2 to our Current Report on Form 8-K/A filed with the SEC on September 2, 2022; (iii) Crestwood Permian's historical unaudited consolidated financial statements and related notes for the six months ended June 30, 2022 attached as Exhibit 99.4 to our Current Report on Form 8-K/A filed with the SEC on September 2, 2022; and (iv) the notes accompanying this unaudited pro forma condensed consolidated combined financial information. Oasis Midstream's historical unaudited consolidated statement of operations for the month ended January 31, 2022 was derived from Oasis Midstream's historical accounting records.

The unaudited pro forma condensed consolidated combined financial information was prepared by applying pro forma adjustments to our historical audited consolidated statement of operations for the year ended December 31, 2022. The unaudited pro forma condensed consolidated combined balance sheet as of December 31, 2022 is not presented as the historical consolidated balance sheet of the Partnership already reflects the effects of the Transactions. The unaudited pro forma condensed consolidated combined statement of operations for the year ended December 31, 2022, has been prepared to give effect to the Transactions as if they had occurred on January 1, 2022.

The unaudited pro forma condensed consolidated combined financial information is based on financial statements prepared in accordance with accounting principles generally accepted in the United States. The unaudited pro forma adjustments are based on available information and certain assumptions that we believe are reasonable under the circumstances. The pro forma adjustments and their underlying assumptions are described more fully in the notes to the unaudited pro forma condensed consolidated combined financial information. The unaudited pro forma condensed consolidated combined financial information is presented for illustrative purposes only and is not necessarily indicative of the financial results that would have occurred if the Transactions had been completed as of the date indicated. In addition, the unaudited pro forma condensed consolidated financial information does not reflect the anticipated benefits from opportunities to earn additional revenues, cost savings from operating efficiencies or synergies (or associated costs or capital expenditures required to achieve such additional revenues, savings or synergies), the impact of restructuring, or other factors that may result as a consequence of the Transactions and, accordingly, do not attempt to predict or suggest future results.

Crestwood Equity Partners LP
Unaudited Pro Forma Condensed Consolidated Combined Statement of Operations
For the Year Ended December 31, 2022
(in millions, except per unit data)

| | <u>Crestwood Equity Partners LP Historical</u> | <u>Oasis Midstream Partners LP (a)</u> | <u>Sendero Midstream Partners, LP (b)</u> | <u>Crestwood Permian Basin Holdings LLC (b)</u> | <u>Pro Forma Adjustments</u> | | <u>Crestwood Equity Partners LP Pro Forma</u> |
|--|--|--|---|---|----------------------------------|-----|---|
| Revenues | \$ 6,000.7 | \$ 34.6 | \$ 63.4 | \$ 250.0 | \$ (113.8) | (c) | \$ 6,234.9 |
| Costs of product/services sold (exclusive of items shown separately below) | 4,997.1 | 10.6 | — | 209.9 | (112.6) | (c) | 5,105.0 |
| Operating expenses and other: | | | | | | | |
| Operations and administrative | 326.5 | 8.6 | 18.5 | 13.6 | (1.7) | (c) | 365.5 |
| Depreciation, amortization and accretion | 328.9 | — | 12.1 | 10.5 | 7.7 | (d) | 359.2 |
| Loss on long-lived assets and impairments, net | 187.7 | — | — | — | — | | 187.7 |
| Gain on acquisition | (75.3) | — | — | — | — | | (75.3) |
| | <u>767.8</u> | <u>8.6</u> | <u>30.6</u> | <u>24.1</u> | <u>6.0</u> | | <u>837.1</u> |
| Operating income | 235.8 | 15.4 | 32.8 | 16.0 | (7.2) | | 292.8 |
| Earnings from unconsolidated affiliates, net | 15.7 | — | — | 1.2 | (7.5) | (e) | 9.3 |
| | | | | | (0.1) | (f) | |
| Interest and debt expense, net | (177.4) | (3.7) | (4.7) | (2.2) | (18.9) | (g) | (206.9) |
| Other income (expense), net | 0.3 | (3.1) | — | — | 3.1 | (h) | 0.3 |
| Income before income taxes | 74.4 | 8.6 | 28.1 | 15.0 | (30.6) | | 95.5 |
| Provision for income taxes | (1.9) | — | — | (0.2) | — | | (2.1) |
| Net income | 72.5 | 8.6 | 28.1 | 14.8 | (30.6) | | 93.4 |
| Net income attributable to non-controlling interests | 41.2 | — | — | — | — | | 41.2 |
| Net income attributable to controlling interests | 31.3 | 8.6 | 28.1 | 14.8 | (30.6) | | 52.2 |
| Net income attributable to preferred units | 60.1 | — | — | — | — | | 60.1 |
| Net income (loss) attributable to limited partners | <u>\$ (28.8)</u> | <u>\$ 8.6</u> | <u>\$ 28.1</u> | <u>\$ 14.8</u> | <u>\$ (30.6)</u> | | <u>\$ (7.9)</u> |
| Net loss per limited partner unit: | | | | | | | |
| Basic and Diluted | <u>\$ (0.29)</u> | | | | | | <u>\$ (0.07)</u> |
| Weighted-average limited partners' units outstanding: | | | | | | | |
| Basic and Diluted | 99.0 | | | | 8.8 | (i) | 107.8 |

Crestwood Equity Partners LP
Notes to Unaudited Pro Forma Condensed Consolidated Combined Statement of Operations

Note 1 – Basis of Pro Forma Presentation

The unaudited pro forma condensed consolidated combined financial information has been prepared in accordance with Article 11 of SEC Regulation S-X and includes pro forma adjustments that are directly attributable to the Transactions and factually supportable.

The unaudited pro forma condensed consolidated combined balance sheet as of December 31, 2022 is not presented as the historical consolidated balance sheet of the Partnership already reflects the effects of the Transactions. The unaudited pro forma condensed consolidated combined statement of operations for the year ended December 31, 2022, has been prepared to give effect to the Transactions as if they had occurred on January 1, 2022.

The pro forma adjustments represent management’s best estimate based on information available as of the date of this Current Report on Form 8-K. The unaudited pro forma condensed consolidated combined statement of operations does not reflect the anticipated benefits from opportunities to earn additional revenues, cost savings from operating efficiencies or synergies (or associated costs or capital expenditures required to achieve such additional revenues, savings, or synergies).

Note 2 - Pro Forma Adjustments and Assumptions

- (a) Reflects the results of Oasis Midstream for the month ended January 31, 2022.
- (b) Reflects the results of Sendero and Crestwood Permian, respectively, for the six months ended June 30, 2022. The historical results for Sendero and Crestwood Permian for the period from July 1, 2022 to July 10, 2022 were not material and as a result, the unaudited pro forma condensed consolidated combined statement of operations for the year ended December 31, 2022 does not reflect the results of operations for Sendero and Crestwood Permian for this period.
- (c) Reflects the elimination of intercompany transactions between Crestwood and Crestwood Permian.
- (d) Reflects the pro forma adjustment to depreciation, amortization and accretion expense as follows (*in millions*):

| | <u>Year Ended</u> <u>December 31, 2022</u> |
|---|---|
| Eliminate Sendero historical depreciation, amortization and accretion expense | \$ (12.1) |
| Eliminate Crestwood Permian historical depreciation, amortization and accretion expense | (10.5) |
| Pro forma depreciation and accretion expense – Oasis Midstream ⁽¹⁾ | 4.7 |
| Pro forma depreciation and accretion expense - Sendero ⁽¹⁾ | 13.3 |
| Pro forma depreciation and accretion expense – Crestwood Permian ⁽¹⁾ | 12.3 |
| Pro forma amortization expense related to fair value of intangible assets recorded in the final allocation of the Oasis Merger consideration | 1.9 |
| Pro forma amortization expense related to fair value of intangible assets and liabilities recorded in the final allocation of the Sendero Transaction consideration | 0.4 |
| Pro forma amortization expense related to fair value of intangible liabilities recorded in the final allocation of the CPBH Acquisition consideration | (2.3) |
| Pro forma adjustment to depreciation, amortization and accretion expense | <u>\$ 7.7</u> |

- (1) The adjustment reflects the recognition of Oasis Midstream’s, Sendero’s and Crestwood Permian’s property, plant and equipment at fair value and to conform the estimated useful lives to those used by Crestwood related to the depreciation of property, plant and equipment.
- (e) Reflects the reversal of equity earnings in Crestwood Permian historically recorded by us a result of Crestwood Permian being treated as an equity method investment. In addition, reflects the equity earnings of the Crestwood Permian Basin LLC equity investment acquired in conjunction with the acquisition of the remaining 50% equity interest in Crestwood Permian.

- (f) Reflects the pro forma adjustment to equity earnings related to the amortization of the basis difference between the historical book value and fair value of Crestwood Permian's equity investment in Crestwood Permian Basin LLC.
- (g) Reflects the pro forma adjustments to interest and debt expense, net as follows (*in millions*):

| | <u>Year Ended</u> <u>December 31, 2022</u> |
|--|---|
| Eliminate historical interest expense on Oasis Midstream's revolving credit facility | \$ 0.6 |
| Eliminate amortization of Oasis Midstream's deferred financing costs related to its outstanding senior secured notes | 0.1 |
| Amortization of fair value adjustment to Oasis Midstream's outstanding senior secured notes ⁽¹⁾ | 0.3 |
| Eliminate historical interest expense on Sendero's long-term debt | 4.7 |
| Interest expense on borrowings related to the Transactions ⁽²⁾ | (24.6) |
| Pro forma adjustment to interest and debt expense, net | <u>\$ (18.9)</u> |

- (1) The amortization period relative to the fair value adjustment of Oasis Midstream's outstanding senior notes is approximately eight years.
- (2) Interest expense under Crestwood's revolving credit facility is calculated using a weighted-average interest rate of 6.40% for the year ended December 31, 2022.

- (h) Represents the elimination of expenses recorded by Oasis Midstream in conjunction with the Oasis Merger.
- (i) Reflects the increase in the weighted average units outstanding giving effect to the issuance of the common units in conjunction with the Oasis Merger and CPJV Acquisition as though the respective transactions occurred on January 1, 2022.