

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

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2024
or
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission File Number: 001-40955



Aris Water Solutions, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)
9651 Katy Freeway, Suite 400
Houston, Texas
(Address of principal executive offices)

87-1022110
(I.R.S. Employer Identification No.)

77024
(Zip Code)

(832) 304-7003

(Registrant's telephone number, including area code)
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.01 par value per share	ARIS	New York Stock Exchange

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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

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

As of May 6, 2024, the registrant had 30,547,736 shares of Class A common stock, \$0.01 par value per share, and 27,543,565 shares of Class B common stock, \$0.01 par value per share, outstanding.

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (this “Quarterly Report”) includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical fact contained in this Quarterly Report, including, without limitation, statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “anticipate,” “guidance,” “preliminary,” “project,” “estimate,” “outlook,” “expect,” “continue,” “will,” “intend,” “plan,” “targets,” “believe,” “forecast,” “future,” “potential,” “should,” “may,” “possible,” “could” and variations of such words or similar expressions.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023 (our “2023 Annual Report”) and found elsewhere in this Quarterly Report, including, but not limited to, the following:

- the impact of the ongoing Russia-Ukraine and Middle Eastern conflicts on the global economy, including the impact on financial markets and the energy industry;
- the level of capital spending and development by oil and gas companies, including potential reductions in capital expenditures by oil and gas producers in response to commodity price volatility and/or reduced demand;
- our reliance on a limited number of customers and a particular region for substantially all of our revenues;
- the impact of competition on our operations, including our ability to renew or replace expiring contracts on acceptable terms;
- the degree to which our E&P customers may elect to operate their water-management services in-house rather than outsource these services to companies like us;
- our customers’ ability to complete and produce new wells;
- risks related to acquisitions and organic growth projects, including our ability to realize their expected benefits;
- capacity constraints on regional oil, natural gas and water gathering, processing and pipeline systems that result in a slowdown or delay in drilling and completion activity, and thus a slowdown or delay in the demand for our services;
- our ability to retain key management and employees and to hire and retain skilled labor;
- our health, safety and environmental performance;
- the impact of current and future laws, rulings and federal and state governmental regulations, including those related to hydraulic fracturing, accessing water, handling of produced water, carbon

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pricing, taxation of emissions, seismic activity, drilling and right-of-way access on governmental lands and various other matters;

- delays or restrictions in obtaining, utilizing or maintaining permits and/or rights-of-way by us or our customers;
- advances in technologies or practices that reduce the amount of water used or produced in the oil and gas production process, thereby reducing demand for our services;
- changes in global political or economic conditions, both generally, and in the specific markets we serve, such as economic slowdown or recession, or uncertainty regarding the timing, pace and extent of an economic recovery;
- adverse results from litigation and the use of financial resources to defend ourselves;
- physical, electronic and cybersecurity breaches; and
- the other risks described in our 2023 Annual Report filed with the United States Securities and Exchange Commission ("SEC").

Many of the factors that will determine our future results are beyond the ability of management to control or predict. Should one or more of the risks or uncertainties described in this Quarterly Report or in our 2023 Annual Report occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements. All forward-looking statements, expressed or implied, are expressly qualified in their entirety by this cautionary statement. We do not undertake to update any forward-looking statement that we may make from time to time except as required by applicable law.

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

**Aris Water Solutions, Inc.
Condensed Consolidated Balance Sheets
(unaudited)**

(in thousands, except for share and per share amounts)

	March 31, 2024	December 31, 2023
Assets		
Cash	\$ 20,654	\$ 5,063
Accounts Receivable, Net	55,426	59,393
Accounts Receivable from Affiliate	25,669	22,963
Other Receivables	11,084	12,767
Prepays and Deposits	6,350	8,364
Total Current Assets	119,183	108,550
Fixed Assets		
Property, Plant and Equipment	1,079,012	1,041,703
Accumulated Depreciation	(131,121)	(121,989)
Total Property, Plant and Equipment, Net	947,891	919,714
Intangible Assets, Net	223,013	232,277
Goodwill	34,585	34,585
Deferred Income Tax Assets, Net	20,729	22,634
Right-of-Use Assets	16,454	16,726
Other Assets	5,740	5,995
Total Assets	\$ 1,367,595	\$ 1,340,481
Liabilities and Stockholders' Equity		
Accounts Payable	\$ 37,814	\$ 25,925
Payables to Affiliate	695	894
Insurance Premium Financing Liability	3,676	5,463
Accrued and Other Current Liabilities	66,903	64,416
Total Current Liabilities	109,088	96,698
Long-Term Debt, Net of Debt Issuance Costs	422,259	421,792
Asset Retirement Obligations	20,149	19,030
Tax Receivable Agreement Liability	98,274	98,274
Other Long-Term Liabilities	16,423	16,794
Total Liabilities	666,193	652,588
Commitments and Contingencies (see Note 10)		
Stockholders' Equity		
Preferred Stock \$0.01 par value, 50,000,000 authorized. None issued or outstanding as of March 31, 2024 and December 31, 2023	—	—
Class A Common Stock \$0.01 par value, 600,000,000 authorized, 31,097,976 issued and 30,547,736 outstanding as of March 31, 2024; 30,669,932 issued and 30,251,613 outstanding as of December 31, 2023	310	306
Class B Common Stock \$0.01 par value, 180,000,000 authorized, 27,543,565 issued and outstanding as of March 31, 2024 and December 31, 2023	275	275
Treasury Stock (at Cost), 550,240 shares as of March 31, 2024; 418,319 shares as of December 31, 2023	(6,714)	(5,133)
Additional Paid-in-Capital	333,252	328,543
Retained Earnings (Accumulated Deficit)	4,652	(87)
Total Stockholders' Equity Attributable to Aris Water Solutions, Inc.	331,775	323,904
Noncontrolling Interest	369,627	363,989
Total Stockholders' Equity	701,402	687,893
Total Liabilities and Stockholders' Equity	\$ 1,367,595	\$ 1,340,481

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

Aris Water Solutions, Inc.
Condensed Consolidated Statements of Operations
(unaudited)

	Three Months Ended	
	March 31,	
	2024	2023
<i>(in thousands, except for share and per share amounts)</i>		
Revenue		
Produced Water Handling	\$ 59,106	\$ 46,100
Produced Water Handling — Affiliate	26,827	23,140
Water Solutions	11,702	13,882
Water Solutions — Affiliate	5,242	7,984
Other Revenue	529	465
Total Revenue	103,406	91,571
Cost of Revenue		
Direct Operating Costs	39,646	43,845
Depreciation, Amortization and Accretion	19,421	18,606
Total Cost of Revenue	59,067	62,451
Operating Costs and Expenses		
Abandoned Well Costs	335	—
General and Administrative	14,501	11,799
Research and Development Expense	1,065	408
Other Operating Expense, Net	580	217
Total Operating Expenses	16,481	12,424
Operating Income	27,858	16,696
Other Expense		
Interest Expense, Net	8,438	7,661
Other	1	—
Total Other Expense	8,439	7,661
Income Before Income Taxes	19,419	9,035
Income Tax Expense	2,589	1,327
Net Income	16,830	7,708
Net Income Attributable to Noncontrolling Interest	9,207	4,330
Net Income Attributable to Aris Water Solutions, Inc.	\$ 7,623	\$ 3,378
Net Income Per Share of Class A Common Stock		
Basic	\$ 0.23	\$ 0.11
Diluted	\$ 0.23	\$ 0.11
Weighted Average Shares of Class A Common Stock Outstanding		
Basic	30,354,014	29,935,145
Diluted	30,354,014	29,935,145

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

Aris Water Solutions, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)

(in thousands)

	Three Months Ended March 31,	
	2024	2023
Cash Flow from Operating Activities		
Net Income	\$ 16,830	\$ 7,708
Adjustments to reconcile Net Income to Net Cash provided by Operating Activities:		
Deferred Income Tax Expense	2,129	1,300
Depreciation, Amortization and Accretion	19,421	18,606
Stock-Based Compensation	3,521	2,468
Abandoned Well Costs	335	—
Gain on Disposal of Assets, Net	(54)	(13)
Abandoned Projects	729	—
Amortization of Debt Issuance Costs, Net	716	508
Other	323	180
Changes in Operating Assets and Liabilities:		
Accounts Receivable	3,371	7,951
Accounts Receivable from Affiliate	(2,706)	18,790
Other Receivables	1,683	(332)
Prepays and Deposits	2,014	1,262
Accounts Payable	3,382	1,298
Payables to Affiliate	(199)	(410)
Accrued Liabilities and Other	(7,686)	357
Net Cash Provided by Operating Activities	43,809	59,673
Cash Flow from Investing Activities		
Property, Plant and Equipment Expenditures	(19,582)	(35,315)
Proceeds from the Sale of Property, Plant and Equipment	1	—
Net Cash Used in Investing Activities	(19,581)	(35,315)
Cash Flow from Financing Activities		
Dividends and Distributions Paid	(5,449)	(5,373)
Repurchase of Shares	(1,310)	(599)
Repayment of Credit Facility	(15,000)	(9,000)
Proceeds from Credit Facility	15,000	15,000
Payment of Insurance Premium Financing	(1,878)	—
Net Cash (Used in) Provided by Financing Activities	(8,637)	28
Net Increase in Cash	15,591	24,386
Cash, Beginning of Period	5,063	1,122
Cash, End of Period	\$ 20,654	\$ 25,508
Supplementary Cash Flow Data		
Cash Paid for Interest	\$ 986	\$ 633

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

Aris Water Solutions, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(unaudited)

Three Months Ended March 31, 2024

(in thousands, except for share and per share amounts)

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Treasury Stock		Retained Earnings (Accumulated Deficit)	Non- controlling Interest	Total Stockholders' Equity
	Amount	Shares	Amount	Shares		Amount	Shares			
Balance at January 1, 2024	\$ 306	30,669,932	\$ 275	27,543,565	\$ 328,543	\$ (5,133)	418,319	\$ (87)	\$ 363,989	\$ 687,893
Stock-Based Compensation Expense	4	428,044	-	-	4,503	-	-	-	(986)	3,521
Deferred Tax Assets Acquired	-	-	-	-	224	-	-	-	-	224
Dividends and Distributions (\$0.09 per share or unit)	-	-	-	-	-	-	-	(2,884)	(2,601)	(5,485)
Purchase of Treasury Stock	-	-	-	-	(18)	(1,581)	131,921	-	18	(1,581)
Net Income	-	-	-	-	-	-	-	7,623	9,207	16,830
Balance at March 31, 2024	\$ 310	31,097,976	\$ 275	27,543,565	\$ 333,252	\$ (6,714)	550,240	\$ 4,652	\$ 369,627	\$ 701,402

Three Months Ended March 31, 2023

(in thousands, except for share and per share amounts)

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Deficit	Non- controlling Interest	Total Stockholders' Equity
	Amount	Shares	Amount	Shares		Amount	Shares			
Balance at January 1, 2023	\$ 300	30,115,979	\$ 276	27,575,519	\$ 319,546	\$ (2,891)	196,762	\$ (7,722)	\$ 347,579	\$ 657,087
Redemption of Class B Shares for Class A Shares	-	20,953	-	(20,953)	267	-	-	-	(267)	-
Stock-Based Compensation Expense	2	175,717	-	-	2,383	-	-	-	83	2,468
Increase in TRA Liability Related to Share Redemption	-	-	-	-	(110)	-	-	-	-	(110)
Deferred Tax Assets Acquired	-	-	-	-	82	-	-	-	-	82
Dividends and Distributions (\$0.09 per share or unit)	-	-	-	-	-	-	-	(2,826)	(2,588)	(5,414)
Purchase of Treasury Stock	-	-	-	-	-	(599)	42,293	-	-	(599)
Net Income	-	-	-	-	-	-	-	3,378	4,330	7,708
Balance at March 31, 2023	\$ 302	30,312,649	\$ 276	27,554,566	\$ 322,167	\$ (3,490)	239,055	\$ (7,170)	\$ 349,137	\$ 661,222

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

Aris Water Solutions, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements
(unaudited)

1. Organization and Background of Business

Aris Water Solutions, Inc. (“Aris Inc.,” the “Company,” “we,” “our,” or “us”) is an independent, environmentally-focused company headquartered in Houston, Texas, that, through its controlling interest in Solaris Midstream Holdings, LLC, a Delaware limited liability company (“Solaris LLC”), provides sustainability-enhancing services to oil and natural gas operators. We strive to build long-term value through the development, construction and operation of integrated produced water handling and recycling infrastructure that provides high-capacity, comprehensive produced water management, recycling and supply solutions for operators in the Permian Basin.

We are the parent holding company of Solaris LLC. As the sole managing member of Solaris LLC, we operate and control the business and affairs of Solaris LLC, and through Solaris LLC and its subsidiaries, conduct our business. We consolidate the financial results of Solaris LLC and report a noncontrolling interest related to the portion of Solaris LLC units not owned by us.

These unaudited condensed consolidated financial statements reflect the financial statements of the consolidated Company including Aris Inc., Solaris LLC and Solaris LLC’s subsidiaries.

2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

All dollar amounts, except per share/unit amounts, in the condensed consolidated financial statements and tables in the notes are stated in thousands of dollars unless otherwise indicated.

Interim Financial Statements

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). These financial statements have not been audited by our independent registered public accounting firm.

These condensed consolidated financial statements include the adjustments and accruals, all of which are of a normal recurring nature, necessary for a fair presentation of the results for the interim periods. These interim results are not necessarily indicative of results for a full year. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2023.

Consolidation

We have determined that the members with equity at risk in Solaris LLC lack the authority, through voting rights or similar rights, to direct the activities that most significantly impact Solaris LLC’s economic performance; therefore, Solaris LLC is considered a variable interest entity. As the managing member of Solaris LLC, we operate and control all of the business and affairs of Solaris LLC, as well as have the obligation to absorb losses or the right to receive benefits that could be potentially significant to us. Therefore, we are considered the primary beneficiary and consolidate Solaris LLC.

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Noncontrolling Interest

As of March 31, 2024, we own approximately 53% of Solaris LLC. Our condensed consolidated financial statements include a noncontrolling interest representing the percentage of Solaris LLC units not held by us.

Use of Estimates

Management has made certain estimates and assumptions that affect reported amounts in these condensed consolidated financial statements and disclosures of contingencies. These estimates include, among others, determining the fair values of assets acquired, liabilities assumed, and/or contingent consideration paid in acquisitions or nonmonetary exchanges or disposed of through sale, determining the fair value and related impairment of long-lived assets, determining the fair value of performance-based restricted stock units ("PSUs"), useful lives of property, plant and equipment and amortizable intangible assets, goodwill impairment testing, the fair value of asset retirement obligations, accruals for environmental matters, the income tax provision, valuation allowances for deferred tax assets and our Tax Receivable Agreement ("TRA") liability.

Management evaluates estimates and assumptions on an ongoing basis using historical experience and other factors, including current economic and industry conditions. Actual results could differ from management's estimates as additional information or actual results become available in the future, and those differences could be material.

Significant Accounting Policies

See *Note 2. Significant Accounting Policies* to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2023 for the discussion of our significant accounting policies. There were no significant updates or revisions to our accounting policies during the three months ended March 31, 2024.

Fair Value Information

The fair value of our 7.625% Senior Sustainability-Linked Notes (the "Notes"), which are fixed-rate debt, is estimated based on the published market prices for the same or similar issues. Management has designated this measurement as a Level 2 fair value measurement. The fair value of our Credit Facility (as defined below) approximates carrying value as the debt bears interest at a variable rate which is reflective of current rates otherwise available to us. Management has designated this measurement as Level 3. Fair value information regarding our debt is as follows:

<i>(in thousands)</i>	March 31, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Senior Sustainability-Linked Notes	\$ 400,000	\$ 403,864	\$ 400,000	\$ 405,090
Credit Facility	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000

The carrying values of our other financial instruments, consisting of cash, accounts receivable, accounts payable and our insurance premium financing liability, approximate their fair values due to the short maturity of such instruments.

Intangible Assets

Intangible assets are net of accumulated amortization of \$143.7 million and \$134.4 million at March 31, 2024 and December 31, 2023, respectively.

Related Parties

We and ConocoPhillips, one of our principal owners, are parties to a long-term water gathering and handling agreement, pursuant to which ConocoPhillips dedicates all the produced water generated from its current and future acreage in a defined area of mutual interest in New Mexico and Texas. As of March 31, 2024 and December 31, 2023, we had receivables of \$25.7 million and \$23.0 million, respectively, from ConocoPhillips that were recorded in "Accounts Receivable from Affiliate" on the condensed consolidated balance sheet. As of March 31, 2024 and December 31, 2023, we had payables of \$0.6 million and \$0.9 million, respectively, to ConocoPhillips that were recorded in "Payables to Affiliate" on the condensed consolidated balance sheet. Revenues related to ConocoPhillips were \$32.1 million and \$31.1 million, respectively, for the three months ended March 31, 2024 and 2023.

Collaborative Arrangements

We have a strategic agreement (the "Beneficial Reuse Strategic Agreement") with Chevron U.S.A. Inc., ConocoPhillips and Exxon Mobil Corporation (collectively with us, the "alliance members") to develop and pilot technologies and processes to treat produced water for potential beneficial reuse opportunities. We account for reimbursements of research and development costs under the Beneficial Reuse Strategic Agreement as contra-expenses in the period such expenses are incurred. This reflects the joint risk sharing nature of these activities within the collaborative arrangement. We classify advance billings or receivables recorded as "Accrued and Other Current Liabilities" or "Other Receivables," respectively, on our condensed consolidated balance sheet.

For the three months ended March 31, 2024 and 2023, we incurred \$2.6 million and \$148 thousand, respectively, in total research and development expenses relating to the Beneficial Reuse Strategic Agreement, which was offset by \$2.0 million and \$0.1 million, respectively, in amounts due from the other alliance members for reimbursement of these shared costs.

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, "*Income Taxes (Topic 740): Improvements to Income Tax Disclosures.*" The amendments in this ASU primarily relate to the rate reconciliation and income taxes paid disclosures and improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. This ASU is effective for annual periods beginning after December 15, 2024 and may be applied prospectively or retrospectively. Other than the required disclosures, we do not expect a material impact on our condensed consolidated financial statements and related disclosures upon adoption.

In November 2023, the FASB issued ASU 2023-07, "*Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.*" This ASU improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in this ASU require disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses. This ASU is effective for annual periods beginning after December 15, 2024 and should be applied prospectively. Other than the required disclosures, we do not expect a material impact on our condensed consolidated financial statements and related disclosures upon adoption.

3. Additional Financial Statement Information

Balance Sheet

Other balance sheet information is as follows:

<i>(in thousands)</i>	March 31, 2024	December 31, 2023
Other Receivables		
Insurance and Third Party Receivables for Remediation Expenses	\$ 3,510	\$ 4,064
Reimbursable Research and Development Receivable	227	1,450
Property Insurance Receivable	4,000	4,000
Reimbursable Projects and Other	3,347	3,253
Total Other Receivables	\$ 11,084	\$ 12,767
Prepays and Deposits		
Prepaid Insurance	\$ 3,824	\$ 5,494
Other Prepays and Deposits	2,526	2,870
Total Prepays and Deposits	\$ 6,350	\$ 8,364
Accrued and Other Current Liabilities		
Accrued Operating Expense	\$ 25,335	\$ 33,491
Accrued Capital Costs	14,007	3,812
Accrued Interest	15,677	8,510
Accrued Compensation	4,419	10,118
Lease Liabilities	1,773	1,676
Asset Retirement Obligation	578	763
Contingent Consideration Liability	1,261	1,221
Advance Billings for Reimbursable Research and Development Expense	—	1,120
Other	3,853	3,705
Total Accrued and Other Current Liabilities	\$ 66,903	\$ 64,416
Other Long-Term Liabilities		
Noncurrent Lease Liabilities	\$ 14,579	\$ 14,716
Contingent Consideration Liability	1,844	2,078
Total Other Long-Term Liabilities	\$ 16,423	\$ 16,794

Statement of Operations

Other statement of operations information is as follows:

(in thousands)

	Three Months Ended	
	March 31,	
	2024	2023
Depreciation, Amortization and Accretion Expense		
Depreciation - Property, Plant and Equipment	\$ 9,839	\$ 8,862
Amortization - Intangible Assets	9,263	9,452
Accretion of Asset Retirement Obligations	319	292
Total Depreciation, Amortization and Accretion Expense	\$ 19,421	\$ 18,606
Other Operating Expense, Net		
Gain on Disposal of Assets, Net	\$ (54)	\$ (13)
Transaction Costs	7	45
Abandoned Projects	729	—
Other	(102)	185
Other Operating Expense, Net	\$ 580	\$ 217
Interest Expense		
Interest on Debt Instruments	\$ 8,301	\$ 8,561
Amortization of Debt Issuance Costs	766	610
Total Interest Expense	9,067	9,171
Less: Capitalized Interest	(629)	(1,510)
Total Interest Expense, Net	\$ 8,438	\$ 7,661

4. Property, Plant and Equipment

Property, plant and equipment ("PP&E") is stated at cost, less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful service life of the asset.

PP&E consists of the following:

(in thousands)

	March 31,		December 31,	
	2024		2023	
Wells, Facilities, Water Ponds and Related Equipment	\$ 569,701	\$ 561,059		
Pipelines	434,154	427,528		
Vehicles, Equipment, Computers and Office Furniture	25,019	24,496		
Assets Subject to Depreciation	1,028,874	1,013,083		
Land	463	463		
Projects and Construction in Progress	49,675	28,157		
Total Property, Plant and Equipment	1,079,012	1,041,703		
Accumulated Depreciation	(131,121)	(121,989)		
Total Property, Plant and Equipment, Net	\$ 947,891	\$ 919,714		

Accrued PP&E additions totaled \$31.2 million and \$13.1 million at March 31, 2024 and December 31, 2023, respectively.

Abandoned Assets

In 2023, management determined a stand-alone produced water handling facility was no longer economically beneficial to the operations of the Company, and the well was shut-in and taken out of service. During the three months ended March 31, 2024, we recognized an additional \$0.3 million of plugging and abandonment

expense related to this well, which is included in “Abandoned Well Costs” in the condensed consolidated statements of operations.

Abandoned Projects

During the three months ended March 31, 2024, we recorded \$0.7 million in abandoned project expense related to the write-off of permits for water handling facilities and right-of-way easements that either expired prior to use or that we no longer planned to use for future projects. This is recorded in “Other Operating Expense, Net” in the condensed consolidated statements of operations.

5. Tax Receivable Agreement Liability

Our tax receivable agreement (“TRA”) with the legacy owners of Solaris LLC units (each such person, a “TRA Holder,” and together, the “TRA Holders”) generally provides for the payment by us to each TRA Holder of 85% of the net cash savings, if any, in U.S. federal, state and local income tax and franchise tax that we actually realize (computed by simplifying assumptions to address the impact of state and local taxes) or, are deemed to realize in certain circumstances, in periods after our initial public offering (the “IPO”) as a result of certain increases in tax basis that occur as a result of our acquisition or Solaris LLC’s redemption, respectively, of all or a portion of such TRA Holder’s Solaris LLC units in connection with the IPO or pursuant to the exercise of a redemption right or call right. We retain the remaining 15% of these cash savings. The future benefit of these cash savings is included, alongside other tax attributes, in our total deferred income tax asset balance at March 31, 2024.

As of March 31, 2024 and December 31, 2023, the TRA liability totaled \$98.3 million.

As of March 31, 2024, we estimated that if all the remaining Solaris LLC units were redeemed for shares of our Class A common stock, the TRA liability would be approximately \$240.9 million. If we experience a change of control (as defined under the TRA, which includes certain mergers, asset sales and other forms of business combinations and change of control events) or the TRA terminates early (at our election or as a result of our breach), we could be required to make an immediate lump-sum payment under the terms of the TRA. As of March 31, 2024, we estimated the liability associated with this lump-sum payment (or “early termination payment”) would be approximately \$149.0 million, discounted. These amounts can be significantly impacted by the closing price of our Class A shares on the applicable redemption date. We currently do not anticipate experiencing a change of control or an early termination of the TRA.

6. Debt

Our debt consists of the following:

<i>(in thousands)</i>	March 31,	December 31,
	2024	2023
7.625% Senior Sustainability-Linked Notes	\$ 400,000	\$ 400,000
Credit Facility	26,000	26,000
Total Long-Term Debt	426,000	426,000
Less: Unamortized Debt Issuance Costs	(3,741)	(4,208)
Total Long-Term Debt, Net of Debt Issuance Costs	\$ 422,259	\$ 421,792
Insurance Premium Financing Liability	\$ 3,676	\$ 5,463
Total Debt	\$ 425,935	\$ 427,255

(1) Credit Facility borrowings bore weighted average interest rates of 8.173% and 8.276% at March 31, 2024 and December 31, 2023, respectively.

Senior Sustainability-Linked Notes

Our 7.625% Senior Sustainability-Linked Notes (the “Notes”) are due April 1, 2026. The Notes are unsecured and effectively subordinated to the Credit Facility to the extent of the value of the collateral securing the Credit Facility (see below). The Notes are guaranteed on a senior unsecured basis by our wholly-owned subsidiaries. Interest on the Notes is payable on April 1 and October 1 of each year. We may redeem all or part of the Notes at any time at redemption prices ranging from 103.8125% through March 31, 2025 to 100% on or after April 1, 2025. If we undergo a change of control, we may be required to repurchase all or a portion of the Notes at a price equal to 101% of the principal amount of the Notes, plus accrued interest.

Credit Facility

Our amended and restated credit agreement (as it may be amended and/or restated from time to time, the “Credit Agreement”) provides for, among other things, (i) commitments of \$350.0 million, (ii) a maturity date of October 12, 2027, with a springing maturity of 91 days ahead of the Notes’ due date of April 1, 2026 in the event the Notes are voluntarily redeemed, repurchased, refinanced or otherwise retired in full prior to such springing maturity date, (iii) loans made under our revolving credit facility (the “Credit Facility”) and unused commitment fees to be determined based on a leverage ratio ranging from 3.00:1.00 to 4.50:1.00, (iv) an accordion feature permitting the Company to seek an increase of the Credit Facility of up to \$150.0 million, subject to certain conditions, (v) a leverage ratio covenant which comprises a maximum total funded debt to EBITDA ratio, net of \$40.0 million of unrestricted cash and cash equivalents if the facility is drawn, and net of all unrestricted cash and cash equivalents if the facility is undrawn, (vi) a leverage ratio covenant test level which is currently 4.50 to 1.00 and (vii) a secured leverage covenant of 2.50 to 1.00.

The Credit Facility provides for:

- i. Base rate borrowings that bear interest at the highest of (a) the prime rate, (b) the federal funds effective rate plus 0.50% and (c) Term SOFR for an interest period of one month plus 1.00%; plus a margin that ranges from 175 basis points to 275 basis points, depending upon our leverage ratio; or
- ii. SOFR borrowings that bear interest at Term SOFR plus SOFR Adjustment of 0.10% plus a margin that ranges from 275 basis points to 375 basis points, depending upon our leverage ratio.

In addition, the Credit Facility provides for commitment fee rates that range from 37.5 basis points to 50.0 basis points, depending upon our leverage ratio.

As of March 31, 2024, we had \$150 thousand in letters of credit outstanding and \$323.9 million in revolving commitments available.

The Credit Facility is secured by all the real and material personal property owned by Solaris LLC or any of its subsidiaries, other than certain excluded assets. As of March 31, 2024, we were in compliance with all covenants contained in the Credit Facility.

Insurance Premium Financing

In the fourth quarter of 2023, we entered into a short-term agreement with a third-party to finance certain insurance premiums for an aggregate amount of \$6.6 million. The insurance premium financing is repayable in monthly installments of principal and interest through September 2024. As of March 31, 2024, the remaining balance was \$3.7 million and is included in “Insurance Premium Financing Liability” on the condensed consolidated balance sheet.

7. Leases

In the normal course of business, we enter into operating lease agreements to support our operations. Our leased assets include right-of-way easements for our wells and facilities, office space and other assets. We currently have no finance leases.

Balance Sheet Information

The following table provides supplemental consolidated balance sheet information related to leases:

<i>(in thousands)</i>		March 31,	December 31,
Classification		2024	2023
Assets			
Right-of-Use Assets	Right-of-Use Assets	\$ 16,454	\$ 16,726
Liabilities			
Current Lease Liabilities	Accrued and Other Current Liabilities	\$ 1,773	\$ 1,676
Noncurrent Lease Liabilities	Other Long-Term Liabilities	14,579	14,716

Statement of Operations Information

The following table provides the components of lease cost, excluding lease costs related to short-term leases:

<i>(in thousands)</i>		Three Months Ended March 31,	
		2024	2023
Direct Operating Costs	\$	336	\$ 293
General and Administrative		517	220
Total Lease Cost	\$	853	\$ 513

Short-Term Leases

Our short-term lease costs, which consisted primarily of field equipment rentals, totaled \$3.1 million and \$4.5 million for the three months ended March 31, 2024 and 2023, respectively.

Cash Flow Information

The following table summarizes supplemental cash flow information related to leases:

<i>(in thousands)</i>		Three Months Ended March 31,	
		2024	2023
Cash Paid for Amounts Included in Lease Liabilities	\$	620	\$ 334
Right-of-Use Assets Obtained in Exchange for Operating Lease Liabilities, Net		333	71

Lease Terms and Discount Rates

The following table provides lease terms and discount rates related to leases:

	March 31, 2024	December 31, 2023
Weighted Average Remaining Lease Term (Years)	7.4	7.6
Weighted Average Discount Rate	6.34%	6.30%

Annual Lease Maturities

The following table provides maturities of lease liabilities at March 31, 2024:

<i>(in thousands)</i>		
2024	\$	1,889
2025		2,210
2026		1,941
2027		3,182
2028		2,748
Thereafter		8,941
Total Lease Payments		20,911
Less: Interest		(4,559)
Present Value of Lease Liabilities	\$	16,352

Subleases

During the fourth quarter of 2023, we entered into two subleases related to our previous office space in Houston, Texas. The subtenants are responsible for monthly fixed rent and certain operating expenses associated with the office building, including utilities, which are considered variable lease payments. The sublease income is recorded as a reduction of rent expense under our head lease and is included in "General and Administrative" expense on the consolidated statements of operations. During the three months ended March 31, 2024, we recognized total sublease income of \$0.2 million, including variable lease payments.

8. Income Taxes

Our predecessor, Solaris LLC, is a Delaware limited liability company treated as a partnership for federal income tax purposes and, therefore, has not been subject to U.S. federal income tax at an entity level. As a result, the consolidated net income (loss) in our historical financial statements does not reflect the tax expense (benefit) we would have incurred if we were subject to U.S. federal income tax at an entity level during periods prior to the IPO. Solaris LLC continues to be treated as a partnership for U.S. federal income tax purposes and, as such, is not subject to U.S. federal income tax. Instead, taxable income is allocated to members, including Aris Inc., and except for Texas franchise tax, any taxable income of Solaris LLC is reported in the respective tax returns of its members.

Income Tax Expense

We recorded income tax expense of \$2.6 million for the three months ended March 31, 2024, of which \$0.5 million was current, and the remainder was deferred. For the three months ended March 31, 2023, we recorded income tax expense of \$1.3 million, substantially all of which was deferred.

Effective Tax Rate

We record our income tax expense using an estimated annual effective tax rate ("ETR") and recognize specific events discretely as they occur. The ETR for the three months ended March 31, 2024 and 2023 was 13.3% and 14.7%, respectively. The difference between the federal statutory rate and our estimated annual ETR is primarily due to the impact of the noncontrolling interest.

Deferred Tax Assets

We regularly evaluate the realizable tax benefits of deferred tax assets and record a valuation allowance, if required, based on an estimate of the amount of deferred tax assets that we believe does not meet the more-likely-than-not criteria of being realized. The balance of our "Deferred Income Tax Assets, Net" on the

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condensed consolidated balance sheet decreased \$1.9 million during the three months ended March 31, 2024.

Tax Examinations

Solaris LLC files income tax returns in the U.S. federal jurisdiction and various states. There are currently no federal or state income tax examinations underway for these jurisdictions. Its federal and state returns remain open to examination for tax years 2019 through 2023.

9. Stockholders' Equity

Redemptions

During the three months ended March 31, 2024 and 2023, zero and 20,953 Solaris LLC units, respectively, together with an equal number of shares of our Class B common stock, were redeemed for shares of our Class A common stock on a one-for-one basis.

Dividends and Distributions

On February 23, 2024, our Board of Directors declared a dividend of \$0.09 per share for the first quarter of 2024 on our Class A common stock. In conjunction with the dividend payments, a distribution of \$0.09 per unit was paid to unit holders of Solaris LLC for the first quarter of 2024, subject to the same payment and record dates.

On April 30, 2024, our Board of Directors declared a dividend on our Class A common stock for the second quarter of 2024 of \$0.105 per share. In conjunction with the dividend payment, a distribution of \$0.105 per unit will be paid to unit holders of Solaris LLC. The dividend will be paid on June 20, 2024 to holders of record of our Class A common stock as of the close of business on June 6, 2024. The distribution to unit holders of Solaris LLC will be subject to the same payment and record dates.

Treasury Stock

During the three months ended March 31, 2024 and 2023, 108,814 shares and 42,293 shares, respectively, of our Class A common stock were withheld for the payment of taxes due on shares of common stock issued to employees under our 2021 Equity Incentive Plan.

In connection with an asset acquisition in 2022, certain shares of our Class A common stock issued to the seller were held in escrow and could be released to the Company under certain conditions, including for the reimbursement of certain post-acquisition workover costs pursuant to the terms of the asset purchase agreement. During the three months ended March 31, 2024, 23,107 of these escrow shares were released and returned to the Company for reimbursement of such workover costs and are included in "Treasury Stock" at a value of \$0.3 million, which was their fair market value at the date of receipt. The receipt of these shares was recorded as a non-cash treasury stock transaction, with an allocation of the difference between the contractually ascribed value of the shares per the asset purchase agreement and the cost of the shares at the date of receipt recorded against the workover costs in the amount of \$0.1 million.

10. Commitments and Contingencies

In the normal course of business, we are subject to various claims, legal actions, contract negotiations and disputes. We provide for losses, if any, in the period in which they become probable and can be reasonably estimated. In management's opinion, there are currently no such matters outstanding that would have a material effect on the accompanying consolidated financial statements.

Delivery Commitment

We have an agreement with an unaffiliated water disposal company to dispose of a minimum volume of produced water. As of March 31, 2024, the remaining term of this commitment was 6.2 years with a remaining minimum commitment of \$24.8 million, undiscounted.

Purchase Obligations

In the normal course of business, we enter into short-term purchase obligations for products and services, primarily related to purchases of pipe, pumps and other components. As of March 31, 2024, we had purchase obligations and commitments of approximately \$30.1 million due in the next twelve months.

Environmental

We are also subject to various federal, state and local laws and regulations relating to the protection of the environment. For the three months ended March 31, 2024 and 2023, we recognized \$0.4 million and \$1.4 million of expense, respectively, related to environmental matters that were recorded in "Direct Operating Costs" in the condensed consolidated statements of operations. As of March 31, 2024, we accrued insurance proceeds and third-party receivables of \$5.1 million, of which \$3.5 million are included in "Other Receivables" and \$1.6 million are included in "Other Assets." As of December 31, 2023, we accrued insurance proceeds and third-party receivables of \$5.7 million, of which \$4.1 million are included in "Other Receivables" and \$1.6 million are included in "Other Assets." We believe these proceeds are probable to collect and are reasonably estimable. Although we believe these estimates are reasonable, actual results could differ from these estimates.

11. Earnings Per Share

Net Income Per Share

Basic and diluted net income per share attributable to our Class A common stock is computed by dividing net income attributable to Aris Water Solutions, Inc. by the weighted average number of shares of Class A common stock outstanding for the same period, including shares of restricted stock and restricted stock units ("RSUs"), which receive nonforfeitable dividends. Shares issued during the period are weighted for the portion of the period in which the shares were outstanding.

The following table sets forth the computation of basic and diluted net income per share attributable to our Class A common stock for the periods indicated:

	Three Months Ended March 31,			
	2024		2023	
Net Income Attributable to Stockholders' Equity	\$	16,830	\$	7,708
Less: Net Income Attributable to Noncontrolling Interest		9,207		4,330
Net Income Attributable to Aris Water Solutions, Inc.		7,623		3,378
Participating Basic Earnings ⁽¹⁾		(512)		(209)
Basic Net Income Attributable to Aris Water Solutions, Inc.	\$	7,111	\$	3,169
Reallocation of Participating Net Income		-		-
Diluted Net Income Attributable to Aris Water Solutions, Inc.	\$	7,111	\$	3,169
Basic Weighted Average Shares Outstanding		30,354,014		29,935,145
Dilutive Performance-Based Stock Units		-		-
Dilutive Weighted Average Shares Outstanding		30,354,014		29,935,145
Basic Net Income Per Share of Class A Common Stock	\$	0.23	\$	0.11
Diluted Net Income Per Share of Class A Common Stock	\$	0.23	\$	0.11

⁽¹⁾ Unvested shares of restricted stock and RSUs represent participating securities because they participate in nonforfeitable dividends or distributions with the common equity holders of the Company. Participating earnings

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represent the distributed and undistributed earnings of the Company attributable to participating securities. Unvested RSUs do not participate in undistributed net losses as they are not contractually obligated to do so.

Shares of Class B common stock are considered potentially dilutive shares of Class A common stock because they may be redeemed for shares of Class A common stock on a one-for-one basis. A total of 27,543,565 weighted average shares and 27,568,302 weighted average shares of Class B common stock outstanding for the three months ended March 31, 2024 and 2023, respectively, were determined to be antidilutive and were excluded from the computation of diluted earnings per share of Class A common stock. In addition, all PSUs were determined to be antidilutive for each period and were excluded from the computation of diluted earnings per share for those periods.

12. Stock-Based Compensation

Our 2021 Equity Incentive Plan allows for the grant of, among other types of awards, stock options; restricted stock; RSUs; and PSUs.

Restricted Stock and Restricted Stock Units

RSU activity during the period was as follows:

	RSUs	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2023	1,606,303	\$ 11.72
Granted	1,422,857	12.04
Forfeited	(34,310)	11.90
Vested	(428,044)	11.78
Outstanding at March 31, 2024	2,566,806	\$ 11.88

The RSUs generally vest in the following installments: (i) one-third at the first anniversary of the award date, (ii) one-third at the second anniversary of the award date, and (iii) one-third at the third anniversary of the award date. As of March 31, 2024, approximately \$26.9 million of compensation cost related to unvested shares of restricted stock and RSUs remained to be recognized. The cost is expected to be recognized over a weighted-average period of 1.5 years.

Performance-Based Restricted Stock Units

PSU activity during the period was as follows:

	PSUs	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2023	404,993	\$ 13.06
Granted	-	-
Forfeited	-	-
Outstanding at March 31, 2024	404,993	\$ 13.06

The PSUs have the following performance criteria:

- Relative PSUs: 50% of the PSUs are based on total shareholder return relative to the total shareholder return of a predetermined group of peer companies. This relative total shareholder return is calculated at the end of the performance periods stipulated in the PSU agreement.
- Absolute PSUs: 50% of the PSUs have a performance criteria of absolute total shareholder return calculated at the end of the performance period stipulated in the PSU agreement.

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The vesting and payout of the PSUs occur when the related service condition is completed, which is approximately three years after the grant date regardless of the duration of the stipulated performance period. The PSUs can be paid out in either Class A common stock or cash, at our election. Dividends accrue on PSUs and are paid upon vesting. As of March 31, 2024, approximately \$2.3 million of compensation cost related to unvested PSUs remained to be recognized. The cost is expected to be recognized over a weighted-average period of 1.5 years.

The grant date fair value was determined using the Monte Carlo simulation method and is expensed ratably over the service period. Expected volatilities used in the fair value simulation were estimated using historical periods consistent with the remaining performance periods. The risk-free rate was based on the U.S. Treasury rate for a term commensurate with the expected life of the grant.

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

You should read the following discussion of our historical performance, financial condition and prospects in conjunction with our unaudited condensed consolidated financial statements, and notes thereto, as of and for the three months ended March 31, 2024, included elsewhere in this report, as well as our 2023 Annual Report, which includes disclosures regarding our critical accounting policies as part of "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The information provided below supplements, but does not form part of, our historical financial statements. This discussion includes forward-looking statements that are based on the views and beliefs of our management, as well as assumptions and estimates made by our management. Actual results could differ materially from such forward-looking statements because of various risk factors, including those that may not be in the control of management. See *Cautionary Note Regarding Forward-Looking Statements*.

Business Overview

We are a leading, growth-oriented environmental infrastructure and solutions company that directly helps our customers reduce their water and carbon footprints. We deliver full-cycle water handling and recycling solutions that increase the sustainability of energy company operations. Our integrated pipelines and related infrastructure create long-term value by delivering high-capacity, comprehensive produced water management, recycling and supply solutions to operators in the core areas of the Permian Basin.

First Quarter 2024 Results

Significant financial and operating highlights for the three months ended March 31, 2024 include:

- Total produced water handling volumes sold of 1,159 thousand barrels of water per day ("kbwpd"), an increase of 19% as compared with the first quarter of 2023
- Total water solutions volumes sold of 364 kbwpd, a decrease of 10% as compared with the first quarter of 2023
- Direct operating costs per barrel of \$0.29, a decrease of 17% as compared with the first quarter of 2023
- Gross margin per barrel of \$0.32, an increase of 33% as compared with the first quarter of 2023
- Adjusted Operating Margin per Barrel (non-GAAP financial measure) of \$0.46, an increase of 18% as compared with the first quarter of 2023
- Total revenue of \$103.4 million, an increase of 13% as compared with the first quarter of 2023
- Net income of \$16.8 million, an increase of 118% as compared with the first quarter of 2023
- Adjusted EBITDA (non-GAAP financial measure) of \$53.1 million, an increase of 39% as compared with the first quarter of 2023
- Dividend paid on our Class A common stock for the first quarter of 2024 of \$0.09 per share, along with a distribution of \$0.09 per unit paid to unit holders of Solaris LLC

For additional information regarding our non-GAAP financial measures, see Non-GAAP Financial Measures below.

Beneficial Reuse Strategic Agreement

We have a strategic agreement (the “Beneficial Reuse Strategic Agreement”) with Chevron U.S.A. Inc., ConocoPhillips and Exxon Mobil Corporation (collectively with us, the “alliance members”) to develop and pilot technologies and processes to treat produced water for potential beneficial reuse opportunities. Our goal under the Beneficial Reuse Strategic Agreement is to develop cost effective and scalable methods of treating produced water to create a potential water source for industrial, commercial and non-consumptive agricultural purposes. Aris is leading the engineering, construction and execution of the testing protocols and pilot projects, while leveraging the combined technical expertise of Chevron U.S.A., ConocoPhillips and ExxonMobil. The treated water will then be reused in a variety of ongoing research projects, including non-consumptive agriculture, low emission hydrogen production and the direct air capture of atmospheric carbon dioxide. Aris and the other alliance members are working with appropriate regulators, with a goal to complete testing and performance evaluation of pilot technologies by the end of 2024.

Research Grant by the Department of Energy

In December 2023, we were selected by the Department of Energy to receive a research grant related to the treatment and desalination of produced water as an irrigation source for non-consumptive agriculture. The terms and conditions of the grant are currently being negotiated and if awarded, would allow us to further expand our ongoing greenhouse study with Texas A&M AgriLife Extension Service, which uses treated and desalinated produced water to grow cotton and grasses. A wide range of partners from academia, agriculture and the oil and gas industry are expected to contribute to this ongoing study, which we will continue to lead. The study is designed to demonstrate and optimize field-scale produced water treatment and desalination which is customized for agricultural irrigation applications.

In addition, the study is expected to be expanded to evaluate the extraction of valuable minerals and constituents contained in the produced water, such as ammonia, with the objective of investigating direct-use products for the agriculture industry. Importantly, the study is expected to support further evaluation of carbon sequestration benefits that are related to specific agricultural applications using treated produced water.

General Trends and Outlook

Market Dynamics

The ongoing Russia-Ukraine conflict has had, and the ongoing Middle Eastern conflict may also have, significant global economic implications and impacts on financial markets and the energy industry. The extent of these impacts will depend on the severity and duration of these conflicts and whether the conflicts spread to other countries or regions.

In addition, commodity prices are being impacted by multiple factors such as supply disruptions and current recessionary concerns. During the three months ended March 31, 2024, the average West Texas Intermediate (“WTI”) crude oil spot price was \$77.50 as compared with \$75.93 for the three months ended March 31, 2023.

Commodity prices will also continue to depend on the responses of the Organization of Petroleum Exporting Countries and other oil exporting nations (“OPEC+”) to supply disruptions and higher prices. In April and July 2023, OPEC+ announced further oil output reductions, which are expected to continue through the end of 2024.

We believe there are several industry trends that continue to provide meaningful support for future growth. Our key customers’ capital allocation to the Permian Basin and New Mexico in particular remains consistent and significant, including on acreage where the water sourcing and production is dedicated to us. Permian Basin oil and associated water production growth continues to outpace production growth in other parts of the United States.

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Many industry trends such as simultaneous multi-well operations and reuse applications of produced water, particularly in the areas of the Permian Basin where we operate, are improving efficiencies and returns and provide us with significant opportunities for both our Produced Water Handling and Water Solutions businesses.

Cost Inflation

Since 2021, the U.S. has experienced increased wage and price inflation, as evidenced by increases in the Consumer Price Index ("CPI"). Although the current rate of consumer inflation has eased, core inflation remains high. The degree of inflation, and length of time it continues, will be impacted by any further steps the U.S. Federal Reserve Bank takes to combat inflationary pressures, such as by continuing to adjust interest rates.

Our long-term, fee-based produced water handling contracts are generally subject to annual CPI-based adjustments. However, many of our contractual CPI-based adjustments are capped at a maximum annual increase and, therefore, our costs may increase more rapidly than the fees that we charge to customers pursuant to our contracts with them. If inflation in the CPI is higher than our contractually allowed fee increases, we could experience negative impacts to our operating margins.

Seismicity

We operate wells located in Seismic Response Areas in New Mexico and Texas, one of which is partially curtailed. Due to the integrated nature of our pipeline network and our system-wide redundancy, we have been able to adapt to regulator responses to seismic activity, while continuing to provide service to our customers without material disruption in our operations. In addition, although we cannot anticipate with any certainty future regulatory actions and the effect such actions could have on our business, our compliance with state regulator seismic response actions to date has not resulted in any material volumetric, revenue or cash flow decreases.

Results of Operations

Results of operations were as follows for the three-month periods ended March 31, 2024 and 2023:

<i>(in thousands)</i>	Three Months Ended March 31,			
	2024	2023	2024 vs. 2023	
Revenue				
Produced Water Handling	\$ 59,106	\$ 46,100	\$ 13,006	28 %
Produced Water Handling—Affiliates	26,827	23,140	3,687	16 %
Water Solutions	11,702	13,882	(2,180)	(16) %
Water Solutions—Affiliates	5,242	7,984	(2,742)	(34) %
Other Revenue	529	465	64	14 %
Total Revenue	103,406	91,571	11,835	13 %
Cost of Revenue				
Direct Operating Costs	39,646	43,845	(4,199)	(10) %
Depreciation, Amortization and Accretion	19,421	18,606	815	4 %
Total Cost of Revenue	59,067	62,451	(3,384)	(5) %
Operating Costs and Expenses				
Abandoned Well Costs	335	—	335	N/M %
General and Administrative	14,501	11,799	2,702	23 %
Research and Development Expense	1,065	408	657	161 %
Other Operating Expense, Net	580	217	363	167 %
Total Operating Expenses	16,481	12,424	4,057	33 %
Operating Income	27,858	16,696	11,162	67 %
Interest Expense, Net	8,438	7,661	777	10 %
Other	1	—	1	N/M %
Income Before Income Taxes	19,419	9,035	10,384	115 %
Income Tax Expense	2,589	1,327	1,262	95 %
Net Income	\$ 16,830	\$ 7,708	\$ 9,122	118 %

N/M Not Meaningful

Operating Metrics

The amount of revenue we generate primarily depends on the volumes of water which we handle for, sell to or transfer for our customers.

Our volumes were as follows for the three-month periods ended March 31, 2024 and 2023:

	Three Months Ended March 31,		2024 vs. 2023	
	2024	2023		
<i>(thousands of barrels of water per day)</i>				
Produced Water Handling Volumes	1,159	971	188	19 %
Water Solutions Volumes				
Recycled Produced Water Volumes Sold	337	258	79	31 %
Groundwater Volumes Sold	27	147	(120)	(82)%
Total Water Solutions Volumes	364	405	(41)	(10)%
Total Volumes	1,523	1,376	147	11 %
<i>Per Barrel Operating Metrics ⁽¹⁾</i>				
Produced Water Handling Revenue/Barrel	\$ 0.81	\$ 0.79	\$ 0.02	3 %
Water Solutions Revenue/Barrel	\$ 0.51	\$ 0.60	\$ (0.09)	(15)%
Revenue/Barrel of Total Volumes ⁽²⁾	\$ 0.74	\$ 0.74	\$ -	- %
Direct Operating Costs/Barrel	\$ 0.29	\$ 0.35	\$ (0.06)	(17)%
Gross Margin/Barrel	\$ 0.32	\$ 0.24	\$ 0.08	33 %
Adjusted Operating Margin/Barrel ⁽³⁾	\$ 0.46	\$ 0.39	\$ 0.07	18 %

(1) Per barrel operating metrics are calculated independently. Therefore, the sum of individual amounts may not equal the total presented.

(2) Does not include Other Revenue.

(3) See *Non-GAAP Financial Measures below*.

Our skim oil volumes recovered were as follows for the three-month periods ended March 31, 2024 and 2023:

	Three Months Ended March 31,		2024 vs. 2023	
	2024	2023		
Skim Oil Volumes (bpd)	1,729	1,348	381	28 %
Skim Oil Volumes/Produced Water Handling Volumes	0.15%	0.14%	0.01%	7 %
Skim Oil Sales Revenue/Barrel of Skim Oil ⁽¹⁾	\$ 68.72	\$ 68.54	\$ 0.18	- %

(1) Skim oil price received from the purchaser is net of certain customary deductions.

Revenues

An analysis of revenues is as follows:

Produced Water Handling Revenues

Total produced water handling revenues and produced water handling revenues per barrel were as follows for the three-month periods ended March 31, 2024 and 2023:

<i>(in thousands, except per unit amounts)</i>	Three Months Ended	
	March 31,	
	2024	2023
Produced Water Handling Fees	\$ 75,123	\$ 60,924
Skim Oil Sales Revenue	10,810	8,316
Total Produced Water Handling Revenue	\$ 85,933	\$ 69,240
Produced Water Handling Fees/Bbl	\$ 0.71	\$ 0.70
Skim Oil Sales Revenue/Bbl	0.10	0.09
Total Produced Water Handling Revenue/Bbl	\$ 0.81	\$ 0.79

Produced water handling revenues increased for the three months ended March 31, 2024 as compared with the three months ended March 31, 2023 primarily due to:

- an increase of \$12.8 million related to a 188 kbwpd volume increase driven by activity associated with our long-term acreage dedication agreements, and
- an increase of \$2.5 million in skim oil sales revenue due to increased volumes on the system and higher skim oil recoveries per barrel of produced water received.

Water Solutions Revenue

Water solutions revenues had a net decrease for the three months ended March 31, 2024 as compared with the three months ended March 31, 2023 primarily due to a \$9.0 million decrease related to a 120 kbwpd groundwater volume decrease as a result of a shift towards providing more recycled produced water as a proportion of total water solutions volumes, partially offset by a \$3.6 million increase related to a 79 kbwpd volume increase in recycled volumes sold.

Expenses

An analysis of expenses is as follows:

Direct Operating Costs

Direct operating costs decreased \$4.2 million for the three months ended March 31, 2024 as compared with the three months ended March 31, 2023 primarily due to a \$4.9 million decrease in groundwater purchases related to lower groundwater volumes for water solutions. The decrease in direct operating costs during the three months ended March 31, 2024 also included lower electricity and fuel costs due to continued electrification of facilities and lower chemical costs, partially offset by higher reuse facility repairs and maintenance expenses.

Direct operating costs decreased \$0.06 on a per barrel basis, quarter over quarter, primarily due to a decrease in groundwater purchases and lower electricity and fuel costs at produced water handling and recycling facilities.

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Depreciation, Amortization and Accretion Expenses

Depreciation, amortization and accretion expense for the three months ended March 31, 2024 as compared with the three months ended March 31, 2023 increased primarily due to higher depreciation expense related to new assets placed in service.

Abandoned Well Costs

See *Item 1. Financial Statements – Note 4. Property, Plant and Equipment*.

General and Administrative Expenses

General and administrative (“G&A”) expenses increased \$2.7 million for the three months ended March 31, 2024 as compared with the three months ended March 31, 2023 primarily due to a \$0.9 million increase in stock-based compensation expense, which was \$3.2 million and \$2.3 million for the three months ended March 31, 2024 and 2023, respectively. The increase in G&A expenses during the three months ended March 31, 2024 also included higher compensation and benefits expenses related to higher headcount, higher professional legal fees, higher insurance expense and higher office rent expense primarily related to our new corporate office lease.

Research and Development Expense

Research and development expense is related to the development of technologies for the beneficial reuse of produced water. Research and development expense increased for the three months ended March 31, 2024 as compared with the three months ended March 31, 2023 due to internal beneficial reuse research and development, as well as the Beneficial Reuse Strategic Agreement, as described above. For the three months ended March 31, 2024 and 2023, we incurred \$2.6 million and \$148 thousand, respectively, in total research and development expenses relating to the Beneficial Reuse Strategic Agreement. The Company’s share of expense associated with the Beneficial Reuse Strategic Agreement was \$0.6 million for the three months ended March 31, 2024, as compared to \$37 thousand of related research and development expense for the three months ended March 31, 2023.

Other Operating Expense, Net

Other operating expense, net includes net gains and losses on asset sales, transaction costs, abandoned projects and other expenses. See *Item 1. Financial Statements – Note 3. Additional Financial Statement Information*.

Interest Expense, Net

Components of interest expense, net are as follows for the periods indicated:

<i>(in thousands)</i>	Three Months Ended	
	March 31,	
	2024	2023
Interest on Debt Instruments	\$ 8,301	\$ 8,561
Amortization of Debt Issuance Costs	766	610
Total Interest Expense	9,067	9,171
Less: Amounts Capitalized	(629)	(1,510)
Interest Expense, Net	\$ 8,438	\$ 7,661

Total interest expense for the three months ended March 31, 2024 remained relatively flat as compared with the three months ended March 31, 2023. The average outstanding debt balance for the three months ended March 31, 2024 was \$426 million compared with \$446 million for the three months ended March 31, 2023.

Interest expense, net for the three months ended March 31, 2024 increased as compared with the three months ended March 31, 2023 due to a decrease in offsetting capitalized interest as a result of a decrease in assets under construction.

Non-GAAP Financial Measures

Adjusted EBITDA, Adjusted Operating Margin and Adjusted Operating Margin Per Barrel are supplemental non-GAAP measures that we use to evaluate current, past and expected future performance. Although these non-GAAP financial measures are important factors in assessing our operating results and cash flows, they should not be considered in isolation or as a substitute for net income or gross margin or any other measures prepared under GAAP.

We believe this presentation is used by investors and professional research analysts for the valuation, comparison, rating, and investment recommendations of companies within our industry. Additionally, we use this information for comparative purposes within our industry. Adjusted EBITDA, Adjusted Operating Margin and Adjusted Operating Margin per Barrel are not measures of financial performance under GAAP and should not be considered as measures of liquidity or as alternatives to net income or gross margin. Adjusted EBITDA, Adjusted Operating Margin and Adjusted Operating Margin per Barrel as defined by us may not be comparable to similarly titled measures used by other companies and should be considered in conjunction with net income and other measures prepared in accordance with GAAP, such as gross margin, operating income or cash flows from operating activities.

Adjusted EBITDA

We use Adjusted EBITDA as a performance measure to assess the ability of our assets to generate sufficient cash to pay interest costs, support indebtedness and, at the discretion of our Board of Directors, return capital to equity holders. We also use Adjusted EBITDA as a performance measure under our short-term incentive plan. We define Adjusted EBITDA as net income (loss) plus: interest expense; income taxes; depreciation, amortization and accretion expense; abandoned well costs, asset impairment and abandoned project charges; losses on the sale of assets; transaction costs; research and development expense; change in payables related to the Tax Receivable Agreement liability as a result of state tax rate changes; loss on debt modification; stock-based compensation expense; and other non-recurring or unusual expenses or charges (such as temporary power costs, litigation expenses and severance costs), less any gains on the sale of assets.

Adjusted Operating Margin and Adjusted Operating Margin per Barrel

Our Adjusted Operating Margin and Adjusted Operating Margin per Barrel are dependent upon the volume of produced water we gather and handle, the volume of recycled water and groundwater we sell and transfer, the fees we charge for such services and the recurring operating expenses we incur to perform such services. We define Adjusted Operating Margin as Gross Margin plus depreciation, amortization and accretion and temporary power costs. We define Adjusted Operating Margin per Barrel as Adjusted Operating Margin divided by total volumes handled, sold or transferred. Adjusted Operating Margin and Adjusted Operating Margin per Barrel are non-GAAP financial measures.

We seek to maximize our Adjusted Operating Margin in part by minimizing, to the extent appropriate, expenses directly tied to operating our assets. Landowner royalties, utilities, direct labor costs, chemical costs, workover, repair and maintenance costs and contract services comprise the most significant portion of our expenses. Our operating expenses are largely variable and as such, generally fluctuate in correlation with throughput volumes.

Our Adjusted Operating Margin is incrementally benefited from increased Water Solutions recycled water sales. When produced water is recycled, we recognize cost savings from reduced landowner royalties, reduced pumping costs, lower chemical treatment and filtration costs and reduced power consumption.

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The following table sets forth a reconciliation of net income as determined in accordance with GAAP to Adjusted EBITDA and Gross Margin as determined in accordance with GAAP to Adjusted Operating Margin for the periods indicated:

<i>(in thousands)</i>	Three Months Ended	
	March 31,	
	2024	2023
Net Income	\$ 16,830	\$ 7,708
Interest Expense, Net	8,438	7,661
Income Tax Expense	2,589	1,327
Depreciation, Amortization and Accretion	19,421	18,606
Abandoned Well Costs	335	—
Stock-Based Compensation	3,521	2,468
Abandoned Projects	729	—
Gain on Disposal of Assets, Net	(54)	(13)
Transaction Costs	7	45
Research and Development Expense	1,065	408
Other	227	(104)
Adjusted EBITDA	\$ 53,108	\$ 38,106
Total Revenue	\$ 103,406	\$ 91,571
Cost of Revenue	(59,067)	(62,451)
Gross Margin	44,339	29,120
Depreciation, Amortization and Accretion	19,421	18,606
Adjusted Operating Margin	\$ 63,760	\$ 47,726
Total Volumes (<i>thousands of barrels</i>)	138,603	123,815
Adjusted Operating Margin/BBL	\$ 0.46	\$ 0.39

Liquidity and Capital Resources

Overview

Our primary needs for cash are permitting, development and construction of water handling and recycling assets to meet customers' needs, payment of contractual obligations including debt and working capital obligations. When appropriate, we enhance shareholder returns by returning capital to shareholders, such as through dividend payments and share buybacks (to the extent determined by our Board of Directors).

Funding for these cash needs may be provided by any combination of internally generated cash flow, borrowings under our Credit Facility or accessing the capital markets. We believe that our cash flows, availability under our Credit Facility and leverage profile provide us with the financial flexibility to fund attractive growth opportunities in the future.

As of March 31, 2024, we had a cash balance of \$20.7 million and working capital, defined as current assets less current liabilities, of \$10.1 million. We had \$400.0 million face value of Notes outstanding and \$26.0 million outstanding under our Credit Facility, with \$323.9 million of availability under our Credit Facility. As of March 31, 2024, we were in compliance with all the covenants under our Credit Facility and the indenture governing the Notes.

On April 1, 2024, we made an interest payment of \$15.3 million on the Notes. As of May 6, 2024, we had an outstanding balance of \$36 million under our Credit Facility at a weighted average interest rate of 8.15%. The borrowings are primarily being used to fund our capital program.

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We have an agreement with an unaffiliated water disposal company to dispose of a minimum volume of produced water. As of March 31, 2024, the remaining minimum commitment under this agreement was \$24.8 million, undiscounted. As of March 31, 2024, we had short-term purchase obligations for products and services of approximately \$30.1 million due in the next twelve months. See *Item 1. Financial Statements – Note 10. Commitments and Contingencies*.

Dividends and Distributions

On February 23, 2024, our Board of Directors declared a dividend of \$0.09 per share for the first quarter of 2024 on our Class A common stock. In conjunction with the dividend payments, a distribution of \$0.09 per unit was paid to unit holders of Solaris LLC for the first quarter of 2024, subject to the same payment and record dates.

On April 30, 2024, our Board of Directors declared a dividend on our Class A common stock for the second quarter of 2024 of \$0.105 per share. In conjunction with the dividend payment, a distribution of \$0.105 per unit will be paid to unit holders of Solaris LLC. The dividend will be paid on June 20, 2024 to holders of record of our Class A common stock as of the close of business on June 6, 2024. The distribution to unit holders of Solaris LLC will be subject to the same payment and record dates.

Cash Flows from Operating Activities

For the three months ended March 31, 2024, net cash provided by operating activities totaled \$43.8 million as compared with \$59.7 million for the three months ended March 31, 2023. The net decrease is primarily related to changes in working capital items, which were de minimis for the first quarter of 2024 compared to a net increase of \$28.9 million for the first quarter of 2023. The three months ended March 31, 2024 includes a decrease in working capital items primarily related to accrued liabilities for capital expenditures, as less capital-related work was performed in the first quarter of 2024 as compared with the first quarter of 2023. The three months ended March 31, 2023 includes a decrease in accounts receivable balances associated with improved collections timing.

Cash Flows from Investing Activities

For the three months ended March 31, 2024, net cash used in investing activities totaled \$19.6 million as compared with \$35.3 million for the three months ended March 31, 2023 and was primarily related to expenditures for property, plant and equipment. The decrease in expenditures during the three months ended March 31, 2024 was a result of lower capital spending required to accommodate our long-term contracted customers.

Cash Flows from Financing Activities

For the three months ended March 31, 2024, net cash used in financing activities totaled \$8.6 million and consisted of net Credit Facility repayments and borrowings of zero, \$5.4 million of dividends and distributions payments and \$1.3 million treasury stock repurchases related to tax withholding on stock awards that vested. For the three months ended March 31, 2023, net cash provided by financing activities totaled \$28 thousand and consisted of \$6.0 million net Credit Facility borrowings, partially offset by \$5.4 million of dividends and distributions payments and \$0.6 million treasury stock repurchases related to tax withholding on stock awards that vested.

Capital Requirements

We expect our capital expenditures will be between approximately \$85.0 million to \$105.0 million for 2024, which is based on our currently contracted customers' latest outlooks on our dedicated acreage. Factors that could result in an increase in our capital expenditures include an increase in expected drilling activity due to the sale or exchange of dedicated acreage to customers with more active drilling practices and other changes

in drilling programs. We intend to fund capital requirements through our primary sources of liquidity, which include cash on hand and cash flows from operations and, if needed, our borrowing capacity under the Credit Facility.

Emerging Growth Company Status

We are an “emerging growth company,” as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies.” We may take advantage of these exemptions until we are no longer an “emerging growth company.” Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards. We have elected to use the extended transition period for complying with new or revised accounting standards and as a result of this election, our condensed consolidated financial statements may not be comparable to companies that comply with public company effective dates. We may take advantage of these exemptions up until the last day of the fiscal year following the fifth anniversary of our initial public offering or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than \$1.235 billion in annual revenue, we have more than \$700.0 million in market value of our common stock held by non-affiliates or we issue more than \$1.0 billion of non-convertible debt securities over a three-year period.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices. Currently, our market risks relate to potential changes in the fair value of our long-term debt due to fluctuations in applicable market interest rates. Going forward, our market risk exposure generally will be limited to those risks that arise in the normal course of business, as we do not engage in speculative, non-operating transactions, nor do we utilize financial instruments or derivative instruments for trading purposes. We believe that our exposures to market risk have not changed materially since those reported under Item 7A, “Quantitative and Qualitative Disclosures About Market Risk,” included in our 2023 Annual Report.

Commodity Price Risk

The market for our services is indirectly exposed to fluctuations in the prices of crude oil and natural gas to the extent such fluctuations impact drilling and completion activity levels and thus impact the activity levels and timing of activity of our customers in the exploration and production and oilfield services industries.

A portion of our revenue is directly exposed to fluctuations in the price of crude oil because one of our largest customer contracts provides for rates that periodically fluctuate within a defined range in response to changes in WTI. According to the terms of the contract, the per barrel fee increases when WTI exceeds a certain base price. In addition, skim oil sales revenue is directly exposed to fluctuations in the price of crude oil.

We do not currently hedge our exposure to commodity price risk.

Interest Rate Risk

We are subject to interest rate risk on a portion of our long-term debt under the Credit Facility. As of March 31, 2024, we had \$26.0 million of outstanding borrowings under our Credit Facility at a weighted-average interest rate of 8.173%. The outstanding borrowings under our Credit Facility generally bear a rate of interest at the Secured Overnight Financing Rate (“SOFR”) plus 0.1% plus an alternative base rate spread and are therefore susceptible to interest rate fluctuations. A hypothetical one percentage point increase in interest rates on our borrowings outstanding under our Credit Facility at March 31, 2024 would increase our annual interest expense by approximately \$0.3 million.

Item 4. Controls and Procedures

In accordance with Exchange Act Rules 13a-15 and 15d-15, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2024. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based on the evaluation of our disclosure controls and procedures as of March 31, 2024, our principal executive officer and principal financial officer have concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in internal control over financial reporting identified in the evaluation for the quarter ended March 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Due to the nature of our business, we may become, from time to time, involved in routine litigation or subject to disputes or claims related to our business activities. In the opinion of our management, there are no pending litigation, disputes or claims against us which, if decided adversely, will have a material adverse effect on our financial condition, cash flows or results of operations, other than the following:

Stateline Operating, LLC and Stateline Royalties, LP vs. Devon Energy Corporation, Stateline Water, LLC, Solaris Water Midstream, LLC and Aris Water Solutions, Inc., Cause No. 23-05-1085, 143rd District Court, Loving County, Texas

On May 4, 2023, Stateline Operating, LLC and Stateline Royalties, LP (collectively “Stateline”) filed suit against Solaris Water Midstream, LLC and affiliates (collectively “Aris”) in Loving County, Texas, District Court. Stateline also brought claims against Devon Energy Corporation and its affiliate (collectively “Devon”). Stateline has asserted claims against Aris and Devon (collectively “Defendants”) for various kinds of negligence, waste, trespass, and nuisance based on Stateline’s allegations that Defendants’ operations have harmed Stateline’s oil and gas lease through the injection of disposed saltwater. Stateline is seeking monetary damages from the Defendants. The trial is scheduled for October 15, 2024.

Item 1A. Risk Factors

There have been no material changes or updates to our risk factors that were previously disclosed in Part I, Item 1A of our 2023 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table summarizes the repurchases of our common stock occurring in the first quarter of 2024.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
1/1/2024 - 1/31/2024	-	\$ -	-	-
2/1/2024 - 2/29/2024	-	-	-	-
3/1/2024 - 3/31/2024 ⁽¹⁾⁽²⁾	131,921	13.16	-	-
Total	131,921	\$ 13.16	-	-

(1) Includes 23,107 shares of our Class A common stock released from escrow for the non-cash reimbursement of certain post-acquisition workover costs pursuant to an asset purchase agreement. The price of such shares under the terms of the asset purchase agreement was \$18.42 per share. The cost at the date of receipt of such shares by the Company was \$11.73.

(2) Includes 108,814 shares of our Class A common stock received by us from employees for the payment of withholding taxes due on shares of common stock issued under our 2021 Equity Incentive Plan at an average price paid per share of \$12.04.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

Trading Arrangements for Directors and Officers

During the quarter ended March 31, 2024, no director or Section 16 officer adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

Item 6. Exhibits

The exhibits listed are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

- 3.1 [Second Amended and Restated Certificate of Incorporation of Aris Water Solutions, Inc. \(incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on June 9, 2023, File No. 001-40955\).](#)
- 3.2 [Amended and Restated Bylaws of Aris Water Solutions, Inc. \(incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-8 filed on October 26, 2021, File No. 333-260499\).](#)
- 10.1*# [Amendment No. 1 to Amended and Restated Water Gathering and Disposal Agreement, dated February 15, 2024, by and among Solaris Midstream DB-NM, LLC, COG Operating LLC, COG Production LLC, Concho Oil & Gas LLC and COG Acreage LP.](#)
- 31.1* [Certification of Amanda M. Brock pursuant to Rule 13a-14\(a\) or 15d-14\(a\) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

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31.2*	Certification of Stephan E. Tompsett pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Amanda M. Brock pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Stephan E. Tompsett pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Schema Document.
101.CAL*	Inline XBRL Calculation Linkbase Document.
101.DEF*	Inline XBRL Definition Linkbase Document.
101.LAB*	Inline XBRL Label Linkbase Document.
101.PRE*	Inline XBRL Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith and not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

Certain confidential information contained in this agreement has been omitted because it is both (i) not material and (ii) the type of information that the Company treats as private or confidential.

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 thereunto duly authorized.

May 8, 2024

Aris Water Solutions, Inc.

By: /s/ Amanda M. Brock
Amanda M. Brock
President and Chief Executive Officer

/s/ Stephan E. Tompsett
Stephan E. Tompsett
Chief Financial Officer

/s/ Jeffrey K. Hunt
Jeffrey K. Hunt
Chief Accounting Officer

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED AND REPLACED WITH “[***]”. SUCH IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) THE TYPE OF INFORMATION THAT THE COMPANY TREATS AS PRIVATE OR CONFIDENTIAL.

**AMENDMENT NO. 1 TO
AMENDED AND RESTATED WATER GATHERING AND DISPOSAL AGREEMENT**

This Amendment No. 1 (“*Amendment*”) dated effective as of February 15, 2024 (the “*Effective Date*”), is by and between Solaris Midstream DB-NM, LLC, a Delaware limited liability company (“*Gatherer*”), COG Operating LLC, a Delaware limited liability company (“*COG*”), COG Production LLC, a Texas limited liability company (“*COGP*”), Concho Oil & Gas LLC, a Delaware limited liability company (“*CO&G*”), and COG Acreage LP, a Texas limited partnership (“*COGA*”, and with COG, COGP and CO&G collectively herein referred to in the singular as “*Producer*”). Gatherer and Producer are sometimes referred to in this Amendment individually as a “*Party*” and collectively as the “*Parties*”.

RECITALS

WHEREAS effective June 11, 2020, Producer and Gatherer entered into an Amended and Restated Water Gathering and Disposal Agreement (the “*WGDA*”);

WHEREAS, the WGDA identifies several Delivery Points in the WGDA;

WHEREAS, COG is trading certain interests in a transaction whereby one Delivery Point identified in the WGDA will no longer be required by the Parties and a New Delivery Point is desired to be added to the WGDA; and

WHEREAS, the Parties desire to amend the WGDA as set forth herein to, among other things, remove the unneeded Delivery Point from the WGDA and add a New Delivery Point to the WGDA.

NOW THEREFORE, in consideration of the premises and of the covenants in this Amendment, together with other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and agreed by each Party, the Parties agree as follows:

AGREEMENT

1. Recitals; Defined Terms. The Recitals and defined terms above are incorporated herein by reference. Capitalized terms used and not otherwise defined herein shall have the meanings given in the WGDA.
2. Amendments. The Parties agree to the following amendments to the WGDA:
 - a. The Parties hereby amend Section 4.1(b) of the WGDA to add the following new sentence at the end thereof:

“All New Delivery Points and all other Delivery Points in effect and being utilized hereunder by the Parties as of a specified date shall be summarized and set forth on Exhibit D-6, which exhibit shall be updated from time to time by mutual agreement of the Parties to delete, revise and/or add Delivery Points, in which event Exhibit D-6 shall be amended to reflect such deletion(s), revision(s) and/or addition(s).”

b. The Parties hereby add Exhibit D-6 to the WGDA, which is attached to this Amendment.

3. Limited Effect. Producer and Gatherer agree that, except as expressly provided in this Amendment, all of the terms and provisions of the WGDA are and will remain in full force and effect and are hereby ratified and confirmed. In the event of conflict between the provisions of this Amendment and the provisions of the WGDA, this Amendment shall control. On and after the Effective Date, each reference in the WGDA to “this Agreement,” “the Agreement,” “hereunder,” “hereof,” “herein,” or words of like import will mean and be a reference to the WGDA as amended by this Amendment.

4. Representations and Warranties. Each Party hereby represents and warrants for itself that: (i) it has the full right, power and authority to enter into this Amendment and to perform its obligations hereunder; (ii) the execution of this Amendment by the individual whose signature is set forth at the end of this Amendment on behalf of such Party, and the delivery of this Amendment by such Party, have been duly authorized by all necessary action on the part of such Party; and (iii) this Amendment has been executed and delivered by such Party and constitutes the legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms.

5. Miscellaneous.

a. Governing Law and Dispute Resolution. This Amendment and any dispute involving this Amendment shall be governed by and construed in accordance with the law of the State of Texas without regard to principles of conflicts of law otherwise applicable to such determinations. The Dispute Resolution and Arbitration provisions of GTC Section XIII(b) to the WGDA shall apply to this Amendment and are hereby incorporated into this Amendment *mutatis mutandis*.

b. Successors and Assigns. This Amendment shall inure to the benefit of and be binding upon each of the Parties and each of their respective permitted successors and permitted assigns.

c. Headings. The topical headings used herein are inserted for convenience only and shall not be construed as having any substantive significance or meaning whatsoever, or as indicating that all of the provisions of this Amendment relating to any particular topic are to be found in any particular article or section.

d. Counterparts. This Amendment may be executed in one or more counterparts (including by facsimile transmission or other customary means of electronic transmission (e.g., pdf)), each of which will be deemed to be an original copy of this Amendment and all of which, when taken together, will be deemed to constitute one and the same agreement. Delivery of an executed counterpart of this Amendment electronically or by facsimile shall be effective as delivery of an original executed counterpart of this Amendment.

e. Entire Agreement; Modification. The WGDA and this Agreement constitute the sole and entire agreement between the Parties with respect to the subject matter contained herein, and there are no agreements, modifications, conditions or understandings, written or oral, expressed or implied, pertaining to the subject matter of this Amendment which are not contained in this Amendment. Modifications of this Amendment will be or become effective only upon the due and mutual execution of appropriate supplemental agreements or amendments hereto by duly authorized representatives of the respective Parties.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the Parties have executed this Amendment as of the Effective Date recited above.

PRODUCER:

COG OPERATING LLC

By: /s/ David J. Sakolosky

_____ Name: David

J. Sakolosky

Title: Attorney-in-Fact

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on this 15th day of February 2024 by David J. Sakolosky, Attorney-in-Fact of COG Operating LLC, a Delaware limited liability company, on behalf of said company.

/s/ Erica Adkins
Notary Public, State of Texas

[SEAL]
My commission expires: Erica Adkins
Notary Public, State of Texas
Comm. Expires 01-18-2027
Notary ID 131861163

January 18, 2027

SIGNATURE PAGE TO AMENDMENT



CONCHO OIL & GAS LLC

By: /s/ David J. Sakolosky

_____ Name: David

J. Sakolosky

Title: Attorney-in-Fact

ACKNOWLEDGMENT

STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on this 15th day of February 2024 by David J. Sakolosky, Attorney-in-Fact of Concho Oil & Gas LLC, a Delaware limited liability company, on behalf of said company.

/s/ Erica Adkins
Notary Public, State of Texas

[SEAL]

My commission expires:

Erica Adkins
Notary Public, State of Texas
Comm. Expires 01-18-2027
Notary ID 131861163

January 18, 2027

SIGNATURE PAGE TO AMENDMENT



GATHERER:

SOLARIS MIDSTREAM DB-NM, LLC

By: /s/ Amanda Brock

_____ Name:

Amanda Brock

_____ Title: Chief

Executive Officer & President

ACKNOWLEDGMENT

STATE OF TEXAS §

§

COUNTY OF HARRIS §

§

This instrument was acknowledged before me on this 13th day of February 2024 by Amanda Brock, Chief Executive Officer & President of Solaris Midstream DB-NM, LLC, a Delaware limited liability company, on behalf of said company.

/s/ Amanda Ann LeBlanc

Notary Public, State of Texas

[SEAL]

Amanda Ann LeBlanc
Notary Public, State of Texas
Comm. Expires 04-22-2026
Notary ID 7556370

My commission expires:

April 22, 2026

SIGNATURE PAGE TO AMENDMENT



[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

EXHIBIT D-6

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A) OF THE
SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Amanda M. Brock, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Aris Water Solutions, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024

/s/ Amanda M. Brock

Amanda M. Brock
President and Chief Executive Officer (Principal Executive
Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A) OF THE
SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Stephan E. Tompsett, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Aris Water Solutions, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024

/s/ Stephan E. Tompsett

Stephan E. Tompsett
Chief Financial Officer (Principal Financial Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (SUBSECTIONS (a) AND (b) OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Amanda M. Brock, President and Chief Executive Officer of Aris Water Solutions, Inc., (the "Company"), hereby certify, to my knowledge, that:

- (1) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2024

/s/ Amanda M. Brock

Amanda M. Brock
President and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (SUBSECTIONS (a) AND (b) OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Stephan E. Tompsett, Chief Financial Officer of Aris Water Solutions, Inc., (the "Company"), hereby certify, to my knowledge, that:

- (1) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2024

/s/ Stephan E. Tompsett

Stephan E. Tompsett
Chief Financial Officer
