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, 2022

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)	**87-1022110** (I.R.S. Employer Identification No.)
9811 Katy Freeway, Suite 700 **Houston, Texas** **(Address of principal executive offices)**	**77024** **(Zip Code)**

281-501-3070

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

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

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

As of May 6, 2022, the registrant had 21,996,433 shares of Class A common stock, $0.01 par value per share, and 31,568,017 shares of Class B common stock, $0.01 par value per share, outstanding.

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Introductory Note Regarding Definitions

The registrant, Aris Water Solutions, Inc. (“Aris Inc.”), was incorporated on May 26, 2021 as a Delaware corporation. Aris Inc. was formed to serve as the issuer in an initial public offering (“IPO” or the “Offering”) of equity, which was completed on October 26, 2021. Concurrent with the completion of the Offering, Aris Inc. became the new parent holding company of Solaris Midstream Holdings, LLC (“Solaris LLC”), a Delaware limited liability company. Except as otherwise indicated or required by the context, all references to the “Company,” “we,” “our,” and “us” or similar terms refer to (i) Solaris LLC and its consolidated subsidiaries before the completion of the Offering and (ii) Aris Inc. and its consolidated subsidiaries as of the completion of the Offering and thereafter.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (the “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,” “expect,” “continue,” “intend,” “plan,” “believe,” “forecast,” “future,” “potential,” “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, 2021 (the “2021 Annual Report”) found elsewhere in this Quarterly Report, including, but not limited to, the following:

- the impact of the current conflict between Russia and Ukraine on the global economy, including its impacts on financial markets and the energy industry;
- impacts of cost inflation on our operating margins;
- 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 pricing, taxation of emissions, seismic activity, drilling and right-of-way access on federal lands, income taxes and various other matters;
- our reliance on a limited number of customers and a particular region for substantially all of our revenues;
- our ability to renew or replace expiring contracts on acceptable terms;
- 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;
- delays or restrictions in obtaining, utilizing or maintaining permits and/or rights-of-way by us or our customers;
- constraints in supply or availability of equipment used in our business;
- physical, electronic and cybersecurity breaches; and
- the other risks described in our 2021 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 2021 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.

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, 2022**	**December 31, 2021**
Assets		
Cash	$ 67,779	$ 60,055
Accounts Receivable, Net	50,792	41,973
Accounts Receivable from Affiliate	19,584	20,191
Other Receivables	2,730	4,126
Prepaids and Deposits	5,191	6,043
Assets Held for Sale	7,450	—
Total Current Assets	153,526	132,388
Fixed Assets		
Property, Plant and Equipment	696,275	700,756
Accumulated Depreciation	(68,160)	(67,749)
Total Property, Plant and Equipment, Net	628,115	633,007
Intangible Assets, Net	295,746	304,930
Goodwill	34,585	34,585
Deferred Income Tax Assets, Net	22,439	19,933
Right-of-Use Assets	7,002	—
Other Assets	1,708	1,850
Total Assets	$ 1,143,121	$ 1,126,693
Liabilities and Stockholders' Equity		
Accounts Payable	$ 19,281	$ 7,082
Payables to Affiliate	1,740	1,499
Accrued and Other Current Liabilities	46,174	40,464
Total Current Liabilities	67,195	49,045
Long-Term Debt, Net of Debt Issuance Costs	392,518	392,051
Asset Retirement Obligation	7,530	6,158
Tax Receivable Agreement Liability	77,095	75,564
Other Long-Term Liabilities	5,398	1,336
Total Liabilities	549,736	524,154
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, 2022 and December 31, 2021	—	—
Class A Common Stock $0.01 par value, 600,000,000 authorized, 22,006,624 issued and 21,996,433 outstanding as of March 31, 2022, 21,858,022 issued and 21,847,831 outstanding as of December 31, 2021	219	218
Class B Common Stock $0.01 par value, 180,000,000 authorized, 31,568,017 issued and outstanding as of March 31, 2022, 31,716,104 issued and outstanding as of December 31, 2021	316	317
Treasury Stock (at Cost), 10,191 shares	(135)	(135)
Additional Paid-in-Capital	215,805	212,926
Accumulated Deficit	(4,741)	(457)
Total Stockholders' Equity Attributable to Aris Water Solutions, Inc.	211,464	212,869
Noncontrolling Interests	381,921	389,670
Total Stockholders' Equity	593,385	602,539
Total Liabilities and Stockholders' Equity	$ 1,143,121	$ 1,126,693

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

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

(in thousands, except for share and per share amounts)	Three Months Ended March 31, 2022	2021
Revenue		
Produced Water Handling	$ 35,100	$ 21,651
Produced Water Handling—Affiliates	21,081	18,086
Water Solutions	11,644	1,943
Water Solutions—Affiliates	3,144	4,509
Total Revenue	70,969	46,189
Cost of Revenue		
Direct Operating Costs	26,671	20,754
Depreciation, Amortization and Accretion	16,579	14,957
Total Cost of Revenue	43,250	35,711
Operating Costs and Expenses		
General and Administrative	10,730	4,695
Impairment of Long-Lived Assets	15,597	—
Loss on Asset Disposal and Other	1,064	317
Total Operating Expenses	27,391	5,012
Operating Income	328	5,466
Interest Expense, Net	7,785	2,651
(Loss) Income Before Income Taxes	(7,457)	2,815
Income Tax Benefit	(840)	—
Net (Loss) Income	(6,617)	2,815
Equity Accretion and Dividend—Redeemable Preferred Units	—	7
Net (Loss) Income Attributable to Stockholders'/Members' Equity	$ (6,617)	$ 2,822
Net Loss Attributable to Noncontrolling Interest	(4,395)	
Net Loss Attributable to Aris Water Solutions, Inc.	$ (2,222)	
Net Loss Per Share of Class A Common Stock, Basic and Diluted	$ (0.11)	
Weighted Average Shares of Class A Common Stock Outstanding, Basic and Diluted	21,852,966	

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, 2022	2021
Cash Flow from Operating Activities		
Net (Loss) Income	$ (6,617)	$ 2,815
Adjustments to reconcile Net (Loss) Income to Net Cash provided by Operating Activities:		
Deferred Income Tax Benefit	(840)	—
Depreciation, Amortization and Accretion	16,579	14,957
Stock-Based Compensation	2,337	—
Impairment of Long-Lived Assets	15,597	—
Loss on Disposal of Asset, Net	554	44
Abandoned Projects	2	211
Amortization of Deferred Financing Costs, Net	565	214
Other	203	—
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(7,996)	850
Accounts Receivable from Affiliate	608	(768)
Other Receivables	795	896
Prepaids, Deposits and Other Current Assets	852	923
Accounts Payable	1,026	(2,928)
Payables to Affiliate	241	246
Adjustment in Deferred Revenue	14	(149)
Accrued Liabilities and Other	2,470	(737)
Net Cash Provided by Operating Activities	**26,390**	**16,574**
Cash Flow from Investing Activities		
Property, Plant and Equipment Expenditures	(9,810)	(20,326)
Net Cash Used in Investing Activities	**(9,810)**	**(20,326)**
Cash Flow from Financing Activities		
Dividends and Distributions Paid	(8,856)	—
Members' Contributions	—	5
Net Cash (Used In) Provided by Financing Activities	**(8,856)**	**5**
Net Increase (Decrease) in Cash	7,724	(3,747)
Cash, Beginning of Period	60,055	24,932
Cash, End of Period	**$ 67,779**	**$ 21,185**

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

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

(in thousands, except for share and per share amounts)	Three Months Ended March 31, 2022									
	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, 2022	**$ 218**	**21,858,022**	**$ 317**	**31,716,104**	**$ 212,926**	**$ (135)**	**10,191**	**$ (457)**	**$ 389,670**	**$ 602,539**
Redemption of Class B Shares for Class A Shares	1	148,087	(1)	(148,087)	1,786	-	-	-	(1,786)	-
Stock-based Compensation	-	515	-	-	958	-	-	-	1,379	2,337
TRA Liability	-	-	-	-	(1,531)	-	-	-	-	(1,531)
Deferred Tax Assets Acquired	-	-	-	-	1,666	-	-	-	-	1,666
Dividends and Distributions ($0.09 per share)	-	-	-	-	-	-	-	(2,062)	(2,947)	(5,009)
Net Loss	-	-	-	-	-	-	-	(2,222)	(4,395)	(6,617)
Balance at March 31, 2022	**$ 219**	**22,006,624**	**$ 316**	**31,568,017**	**$ 215,805**	**$ (135)**	**10,191**	**$ (4,741)**	**$ 381,921**	**$ 593,385**

	Three Months Ended March 31, 2021
	Members' Equity
Balance at January 1, 2021	**$ 633,915**
Capital Contributions	5
Accretion and Dividend—Redeemable Preferred Units	7
Net Income	2,815
Balance at March 31, 2021	**$ 636,742**

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 were incorporated on May 26, 2021 as a Delaware corporation and were formed to serve as the issuer in an initial public offering of equity (the “IPO” or “Offering”) that occurred on October 26, 2021.

Concurrent with the completion of the IPO, we became the new 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 noncontrolling interest related to the portion of Solaris LLC units not owned by us.

In these condensed consolidated financial statements, periods prior to IPO closing reflect the financial statements of Solaris LLC and its subsidiaries. Periods subsequent to IPO closing on October 26, 2021 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 amounts, in the financial statements and tables in the notes are stated in thousands of dollars unless otherwise indicated.

Interim Financial Statements

Our accompanying 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 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, 2021.

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 (“VIE”). As the managing member of Solaris LLC, we operate and control 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.

Noncontrolling Interests

As of March 31, 2022, we own approximately 41% of Solaris LLC. Our consolidated financial statements include noncontrolling interests 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 financial statements and disclosures of contingencies. These critical estimates include, among others, determining the fair value of assets acquired and liabilities assumed in acquisitions or disposed through sale, determining the fair value and related impairment of assets held for sale, determining the fair value of assets acquired and liabilities assumed in nonmonetary exchanges, useful lives of property, plant and equipment and amortizable intangible assets, the fair value of asset retirement obligations (“ARO”), accruals for environmental matters, the income tax provision, valuation allowances for deferred tax assets, and the liability associated with our Tax Receivable Agreement (the “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, 2021 for the discussion of our significant accounting policies. Other than the updates noted below in *Recently Adopted Accounting Pronouncements*, there were no significant updates or revisions to our accounting policies during the three months ended March 31, 2022.

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. Fair value information regarding our debt is as follows:

(in thousands)	**March 31, 2022**		**December 31, 2021**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Senior Sustainability-Linked Notes	$ 400,000	$ 414,000	$ 400,000	$ 424,000

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

Intangible Assets

Intangible assets are net of accumulated amortization of $69.3 million and $60.1 million at March 31, 2022 and December 31, 2021, respectively.

Related Parties

In 2020, we and ConocoPhillips, one of our principal owners, entered a 13-year water gathering and handling agreement, pursuant to which ConocoPhillips agreed to dedicate 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, 2022 and December 31, 2021, we had accounts receivable from ConocoPhillips of $19.6 million and $20.2 million, respectively, that were recorded in accounts receivable from affiliate. As of March 31, 2022 and December 31, 2021, we had payables to ConocoPhillips of $1.7 million and $1.4 million, respectively, that were recorded in payables to affiliate. Revenues and expenses related to ConocoPhillips were as follows:

(in thousands)	Three Months Ended March 31,	
	2022	2021
Revenues from ConocoPhillips	$ 24,225	$ 22,595
Operating Expense Reimbursed to ConocoPhillips	$ 385	$ 801

Operating expenses reimbursed to ConocoPhillips are related to ConocoPhillips' costs for operating certain assets on our behalf between closing and the transfer of the acquired assets and other ongoing operating expenses.

Recently Adopted Accounting Pronouncements

Leases. Effective January 1, 2022, we adopted Accounting Standards Update ("ASU") No. 2016-02: *Leases* and its subsequent amendments (collectively, "ASC Topic 842"). ASC Topic 842 supersedes prior accounting guidance for leases and requires, among other things, lessees to recognize substantially all right-of-use ("ROU") assets and lease liabilities on the balance sheet. Certain practical expedients are allowed for leases with terms of 12 months or less. ASC Topic 842 also requires disclosures designed to give financial statement users information on the amount, timing, and uncertainty of cash flows arising from leases. Our adoption and implementation of ASC Topic 842 as of January 1, 2022 resulted in the recognition of right-of-use assets of $7.9 million and lease liabilities of $7.3 million.

We made policy elections not to capitalize short-term leases for all asset classes and not to separate non-lease components from lease components for all asset classes, except for real estate leases. We also did not elect the package of practical expedients that allowed for certain considerations under the original "Leases (Topic 840)" accounting standard ("Topic 840") to be carried forward upon adoption of ASU 2016-02.

ASU No. 2018-11, "Targeted Improvements," provides a transition election not to restate comparative periods for the effects of applying the new lease standard. This transition election permits entities to change the date of initial application to the beginning of the year of adoption and to recognize the effects of applying the new standard as a cumulative-effect adjustment to the opening balance of retained earnings. We elected this transition approach; however, the cumulative impact of adoption in the opening balance of retained earnings as of January 1, 2022 was zero.

Our accounting policy for leases is as follows:

We determine whether an arrangement contains a lease based on the conveyed rights and obligations at the inception date. If an agreement contains an operating or financing lease, at the commencement date, we record a right-of-use asset and a corresponding lease liability based on the present value of the minimum lease payments.

As most of our leases do not provide an implicit borrowing rate, to determine the present value of lease payments, we use our hypothetical secured borrowing rate based on information available at lease commencement. Further, we make a number of estimates and judgments regarding the lease term and lease payments.

Lease Term — Leases with an initial term of 12 months or less are not recorded on the balance sheet and we recognize lease expense for these leases on a straight-line basis over the lease term. Most leases include one or more options to renew, with renewal terms that can extend the lease term from one month to one year or more. Additionally, some of our leases include an option for early termination. We include renewal periods and exclude termination periods from our lease term if, at commencement, it is reasonably likely that we will exercise the option.

Lease Payments — Certain of our lease agreements include rental payments that are adjusted periodically for inflation or passage of time. These step payments are included within our present value calculation as they are known adjustments at commencement. Some of our lease agreements include variable payments that are excluded from our present value calculation.

Additionally, we have lease agreements that include lease and non-lease components, such as equipment maintenance, which are generally accounted for as a single lease component. For these leases, lease payments include all fixed payments stated within the contract. For real estate lease agreements, we account for lease and non-lease components separately. Our lease agreements do not contain any material residual value guarantees that would impact our lease payments.

See Note 7. Leases.

Financial Instruments – Credit Losses. Effective January 1, 2022, we adopted ASU 2016-13, *Financial Instruments – Credit Losses* and its subsequent amendments (collectively, “ASC Topic 326”). ASC Topic 326 requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The adoption of ASC Topic 326 did not have a material impact on our financial statements.

3. Additional Financial Statement Information

Balance Sheet

Other balance sheet information is as follows:

(in thousands)	March 31, 2022	December 31, 2021
Other Receivables		
Insurance and Third Party Receivables for Remediation Expenses	$ 2,304	$ 3,099
Reimbursable Projects and Other	426	1,027
Total Other Receivables	$ 2,730	$ 4,126
Prepaids and Deposits		
Prepaid Insurance and Other	$ 5,100	$ 5,953
Deposits	91	90
Total Prepaids and Deposits	$ 5,191	$ 6,043
Accrued and Other Current Liabilities		
Accrued Operating Expense	$ 13,787	$ 17,774
Accrued Capital Costs	10,324	4,603
Accrued Interest	15,439	7,625
Accrued Compensation	1,570	3,955
Dividends and Distributions Payable	—	3,847
Lease Liabilities	1,092	—
Other	3,962	2,660
Total Accrued and Other Current Liabilities	$ 46,174	$ 40,464

Statement of Operations

Other statement of operations information is as follows:

(in thousands)	Three Months Ended March 31,	
	2022	2021
Depreciation, Amortization and Accretion Expense		
Depreciation - Property, Plant and Equipment	$ 7,177	$ 6,739
Amortization - Intangible Assets	9,184	8,151
Accretion of Asset Retirement Obligations	218	67
Total Depreciation, Amortization and Accretion Expense	$ 16,579	$ 14,957
Loss on Asset Disposal and Other		
Loss on Asset Disposal, Net	$ 554	$ 44
Transaction Costs	508	62
Abandoned Projects (1)	2	211
Total Loss on Asset Disposal and Other	$ 1,064	$ 317
Interest Expense		
Interest on Debt Instruments	$ 7,812	$ 2,793
Amortization of Deferred Financing Costs	610	214
Total Interest Expense	8,422	3,007
Less: Amounts Capitalized	(637)	(356)
Interest Expense, Net	$ 7,785	$ 2,651

(1) Abandoned Projects expense is primarily related to expirations of legacy permits and rights-of-way for projects that were not ultimately constructed.

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, 2022	December 31, 2021
Wells, Facilities, Water Ponds, and Related Equipment	$ 310,254	$ 329,935
Pipelines	324,647	327,140
Land	2,063	2,063
Vehicles, Equipment, Computers and Office Furniture	17,147	17,359
Assets Subject to Depreciation	654,111	676,497
Projects and Construction in Progress	42,164	24,259
Total Property, Plant and Equipment	696,275	700,756
Accumulated Depreciation	(68,160)	(67,749)
Total Property, Plant and Equipment, Net	$ 628,115	$ 633,007

Asset Exchanges

During the three months ended March 31, 2022, we completed multiple nonmonetary transactions. The transactions included exchanges of wells, facilities, permits and other assets. The total net book value of the divested assets and liabilities was $3.8 million. The acquired assets were recorded at a total fair value of $3.2 million, which resulted in a total pre-tax loss of $0.6 million.

Assets Held for Sale

Management has committed to a plan to sell certain of our assets located in the Midland Basin and has determined that as of March 31, 2022, these assets met all the criteria for classification as assets held for sale. We anticipate these assets will be sold in 2022. These assets have been re-measured at their fair values less costs to sell, which resulted in the recognition of pre-tax impairment expense of $15.6 million. We estimated the fair value of the assets using indicative bids, which were representative of a Level 2 fair value measurement. The assets have been reclassified as held for sale in the condensed consolidated balance sheet at March 31, 2022, and we have ceased recording depreciation on the assets.

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 or, are deemed to realize in certain circumstances, in periods after 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 tax asset balance at March 31, 2022.

The TRA liability totaled $77.1 million at March 31, 2022. The liability increased $1.5 million during the three months ended March 31, 2022 due to the redemption of Class B shares to Class A shares. See Note 9. Stockholders'/Members' Equity.

As of December 31, 2021, we estimated that if all the remaining Solaris LLC units were redeemed for shares of Class A common stock, the TRA liability would be approximately $221.8 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 December 31, 2021, we estimated the liability associated with this lump-sum payment (or "early termination payment") would be approximately $193.4 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. Long-Term Debt

Our long-term debt consists of the following:

(in thousands)	**March 31, 2022**	**December 31, 2021**
7.625% Senior Sustainability-Linked Notes	$ 400,000	$ 400,000
Revolving Credit Facility	—	—
Total Long-Term Debt	400,000	400,000
Less: Unamortized Deferred Financing Costs	(7,482)	(7,949)
Total Long-Term Debt, Net of Unamortized Financing Costs	$ 392,518	$ 392,051

Senior Sustainability-Linked Notes

Our 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 on or after April 1, 2023 at redemption prices ranging from 103.8125% on or after April 1, 2023 to 100% on or after April 1, 2025. In addition, on or before April 1, 2023, we may redeem up to 40% of the aggregate principal amount of the Notes with the net cash proceeds of certain equity offerings, if certain conditions are met, at a redemption price of 107.625% of the principal amount of the Notes, plus accrued interest. At any time prior to April 1, 2023, we may also redeem the Notes, in whole or in part, at a price equal to 100% of the principal amount of the Notes plus a “make-whole” premium. 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.

Certain of these redemption prices are subject to increase if we fail to satisfy the Sustainability Performance Target (as defined in the indenture governing the Notes and referred to herein as “SPT”) and provide notice of such satisfaction to the trustee. From and including the interest period ending on October 1, 2023, the interest rate will be increased by 25 basis points to 7.875% per annum unless we notify the trustee for the Notes at least 30 days prior to April 1, 2023 that, for the year ending December 31, 2022: (i) the SPT has been satisfied and (ii) the satisfaction of the SPT has been confirmed in accordance with customary procedures.

Credit Facility

Our Restated Credit Agreement provides for, among other things, (i) commitments of $200.0 million, (ii) a maturity date of April 1, 2025, (iii) loans made under 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) a $75.0 million incremental revolving facility, which will be on the same terms as under the Credit Facility, (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.

As of March 31, 2022 and December 31, 2021, we had no outstanding borrowings under the Credit Facility, $0.15 million in letters of credit outstanding and $200.0 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. At March 31, 2022, we were in compliance with all covenants contained in the Credit Facility.

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 at March 31, 2022:

(in thousands)	**Classification**	**March 31, 2022**
Assets		
Right-of-Use Assets	Consolidated Balance Sheet	$ 7,002
Liabilities		
Current Lease Liabilities	Other Current Liabilities	1,092
Noncurrent Lease Liabilities	Other Long-Term Liabilities	5,398

Statement of Operations Information

The following table provides the components of lease cost, excluding lease cost related to short-term leases, for the three months ended March 31, 2022:

(in thousands)	**Three Months Ended March 31, 2022**
Direct Operating Costs	$ 220
General and Administrative	167
Total Lease Cost	$ 387

Short-Term Leases

Our short-term lease cost was $1.8 million for the three months ended March 31, 2022, which consisted primarily of field equipment rentals.

Cash Flow Information

The following table summarizes supplemental cash flow information related to leases for the three months ended March 31, 2022:

(in thousands)	**March 31, 2022**
Cash Paid for Amounts Included in Measurement of Lease Liabilities	$ 272
Reduction in Right-of-Use Assets and Lease Liabilities Due to Lease Agreement Modifications	(613)

Lease Terms and Discount Rates

The following table provides lease terms and discount rates related to leases at March 31, 2022:

	March 31, 2022
Weighted Average Remaining Lease Term (Years)	6.5
Weighted Average Discount Rate	2.85%

Annual Lease Maturities

The following table provides maturities of lease liabilities at March 31, 2022:

(in thousands)		
2022	$	949
2023		1,013
2024		924
2025		686
2026		611
Thereafter		3,046
Total Lease Payments		7,229
Less: Interest		(739)
Present Value of Lease Liabilities	$	6,490

Future Minimum Lease Commitments

Future minimum lease commitments under non-cancellable leases at December 31, 2021 were as follows:

(in thousands)		
2022	$	824
2023		638
2024		622
2025		514
2026		438
Thereafter		816
Total	$	3,852

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 (loss) income in our historical financial statements does not reflect the tax (benefit) expense 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 Benefit

We recorded an income tax benefit of $0.8 million for the three months ended March 31, 2022, substantially all of which was deferred.

Effective Tax Rate

We record our income tax (benefit) 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, 2022 was 11%. The difference between the federal statutory rate and our estimated annual ETR is due primarily 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 increased $2.5 million during the first three months of 2022.

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. We are no longer subject to tax examinations for tax years prior to 2018 for federal income taxes and prior to 2017 for state income taxes.

9. Stockholders'/Members' Equity

Redemptions

On February 28, 2022, 148,087 Solaris LLC units, 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 25, 2022, our Board of Directors declared a dividend on our Class A common stock for the first quarter of 2022 of $0.09 per share, which was paid on March 29, 2022 to holders of record of our Class A common stock as of the close of business on March 17, 2022. In conjunction with the dividend payment, a distribution of $0.09 per unit was paid to unit holders of Solaris LLC, subject to the same payment and record dates.

On May 6, 2022, our Board of Directors declared a dividend on our Class A common stock for the second quarter of 2022 of $0.09 per share. The dividend will be paid on May 31, 2022, to holders of record of our Class A common stock as of the close of business on May 19, 2022. In conjunction with the dividend payment, a distribution of $0.09 per unit will be paid to unit holders of Solaris LLC subject to the same payment and record dates.

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 financial statements.

Other Commitments

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, 2022, we have purchase obligations and commitments of approximately $24.5 million due in the next twelve months.

We are a party to various surface use and compensation agreements by which we have committed to make minimum royalty payments in exchange for rights to access and use the land for purposes that are generally limited to conducting our water operations. These agreements do not meet the definition of a lease under ASC Topic 842. Minimum royalty payments associated with these contracts are as follows: $6.1 million for the remainder of 2022, $9.0 million for 2023, $9.8 million for 2024, $10.6 million for 2025, $11.3 million for 2026, and $4.5 million thereafter.

We are party to a fixed price power purchase contract to manage the volatility of the price of power needed for ongoing operations. We have elected the normal purchase and normal sale accounting treatment for this contract and therefore record it at cost. The contract has a term that ends in 2025 and the remaining minimum commitment under the contract is $8.6 million as of March 31, 2022.

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, 2022 and 2021, we recognized $0.7 million and $0.1 million of expense, respectively, related to environmental matters that were recorded in Direct Operating Cost. We also have insurance proceeds receivable of $2.3 million at March 31, 2022 that we believe 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 Loss Per Share

Basic and diluted net loss per share attributable to our Class A common stock is computed by dividing net loss attributable to Aris Water Solutions, Inc. for periods subsequent to the IPO 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, which receive nonforfeitable dividends. Shares issued during the period are weighted for the portion of the period in which the shares were outstanding.

Prior to the IPO, Solaris LLC's capital structure included Class A, Class B, Class C, and Class D units. We determined that the presentation of net income (loss) per unit for the period prior to the IPO would not be meaningful due to the significant nature of the corporate reorganization transactions on the capital structure at IPO date. Therefore, net income (loss) per unit information has not been presented for periods prior to the IPO.

The following table sets forth the computation of basic and diluted net loss per share attributable to our Class A common stock for the three months ended March 31, 2022:

(in thousands, except for share and per share amounts)		Three Months Ended March 31, 2022
Net Loss Attributable to Stockholders' Equity	$	(6,617)
Less: Net Loss Attributable to Noncontrolling Interest		(4,395)
Net Loss Attributable to Aris Water Solutions, Inc.		(2,222)
Dividends for Participating Securities [(1)]		(181)
Basic Net Loss Attributable to Aris Water Solutions, Inc.	$	(2,403)
Basic and Diluted Weighted Average Outstanding Shares		
Class A Common Stock		21,852,966
Basic and Diluted Net Loss Per Share of Class A Common Stock	$	(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 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.

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 31,568,017 shares of Class B common stock outstanding as of March 31, 2022 were determined to be antidilutive and have been excluded from the computation of diluted net loss per share of Class A common stock. In addition, 167,236 performance-based restricted stock units were determined to be antidilutive and have been excluded from the computation of diluted net loss per share.

12. Stock-Based Compensation

Our 2021 Equity Incentive Plan (the "2021 Plan") allows for the grant of, among other types of awards, stock options; restricted stock and restricted stock units (collectively, "RSUs"); and performance-based restricted stock units ("PSUs").

Restricted Stock and Restricted Stock Units

RSU activity during the three months ended March 31, 2022 was as follows:

	RSUs	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2021	1,439,029	$ 12.68
Granted	578,256	14.61
Forfeited	(30,672)	13.00
Vested	(515)	14.61
Outstanding at March 31, 2022	1,986,098	$ 13.24

The RSUs granted during the three months ended March 31, 2022 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, 2022, approximately $23.0 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 2.7 years.

Performance-Based Restricted Stock

During the three months ended March 31, 2022, we granted 167,236 PSUs, with a weighted average grant date fair value of $25.36, to management under the 2021 Plan. The performance criteria for the PSUs are split as follows:

- 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.

The vesting and payout of the PSUs occur when the related service condition is completed, which is generally 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. As of March 31, 2022, approximately $4.1 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 2.8 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. We used the following assumptions to estimate the fair value of PSUs granted during the three months ended March 31, 2022:

	Assumptions
Risk-free Interest Rate	1.44%
Volatility Range	35.95% - 154.23%

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, 2022, included elsewhere in this report, as well as our Annual Report on Form 10-K for the year ended December 31, 2021, 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.*

Our Predecessor and Aris Inc.

Aris Inc. was incorporated on May 26, 2021 and does not have historical financial operating results prior to the closing date of its IPO. For purposes of this Quarterly Report, our accounting predecessor is Solaris LLC. The financial data discussed below reflect the historical results of operations and financial position of Solaris LLC, our predecessor for accounting purposes, prior to the date of our IPO closing on October 26, 2021. See Item 1. Financial Statements ─ Note 1. Organization and Background.

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 2022 Results

Significant financial and operating highlights for the three months ended March 31, 2022 include:

- Total water volumes handled or sold of 1,167 kbwpd, an increase of 45% as compared with the first three months of 2021
- Recycled produced water volumes sold of 273 kbwpd, an increase of 290% as compared with the first three months of 2021
- Total revenue of $71.0 million, an increase of 54% as compared with the first three months of 2021
- Impairment expense of $15.6 million due to the reclassification of certain Midland Basin assets to assets held for sale
- Pre-tax loss of $0.6 million related to asset exchanges
- Net loss of $6.6 million, as compared with net income of $2.8 million for the first three months of 2021
- Adjusted EBITDA (non-GAAP financial measure) of $35.9 million, an increase of 54% as compared with the first three months of 2021

- Expansion of Texas Pacific Land Corporation ("TPL") alliance on Northern Delaware Basin surface acreage
- Dividend declared on our Class A common stock for the first quarter of 2022 of $0.09 per share, along with a distribution of $0.09 per unit paid to unit holders of Solaris LLC

TPL Alliance

On March 17, 2022, we announced an expansion of our alliance with TPL. As part of the expanded relationship, we have access across TPL's Northern Delaware Basin surface acreage to provide a full suite of produced water services, including incremental water recycling for two leading large-cap customers operating on TPL royalty and surface acreage. In addition, we received key additional shallow interval water handling locations with the ability to permit more as needed.

Chevron Alliance

On May 9, 2022, we announced a new long-term full-cycle water management agreement with Chevron U.S.A. Inc. ("Chevron") in the Permian Basin. Under the arrangement, we will provide produced water handling and recycling services in a portion of Chevron's core position in the Delaware Basin, including acreage in Eddy and Lea Counties, New Mexico and Culberson and Reeves Counties, Texas.

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

General Trends and Outlook

Market Dynamics

The current conflict between Russia and Ukraine is having significant global economic implications and may result in higher inflation, weaker real GDP growth and disruption to global financial markets. The extent of these impacts will depend on the length of the conflict and whether the conflict spreads beyond Ukraine's borders. In addition, there are particular impacts on commodity prices due to supply disruptions which are resulting in significantly higher West Texas Intermediate ("WTI") crude oil prices. The continuing impact on commodity prices will also depend on the length of the conflict as well as OPEC's future responses to supply disruptions and higher prices.

As the U.S. economy began recovering from the COVID-19 pandemic in the latter half of 2021, domestic crude oil prices began to increase. During the three months ended March 31, 2022, the average WTI spot price was $95.18 as compared with $77.33 for the three months ended December 31, 2021. With the increase in WTI spot prices, our customers' investment in new production activities has resumed and we believe that the activity levels of our customers will continue to increase.

We believe there are several industry trends that continue to provide meaningful support for future growth. Our key customers are allocating new capital to the Permian Basin including acreage where the water sourcing and production is dedicated to us. Additionally, operators continue to increase horizontal lateral lengths which corresponds to increased water sourcing and produced water handling volumes.

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.

Inflation

During 2021, the U.S. began experiencing increased wage and price inflation, as evidenced by increases in the consumer price index ("CPI"), and inflation is expected to continue through 2022. Through May 2022, the Federal Reserve has approved two interest rate hikes that total a 0.75 percentage point increase, which are the first increases since December 2018. The Federal Reserve has indicated additional rate increases may be approved during the remainder of the year. The members of the Federal Reserve also expressed reduced expectations for economic growth this year and raised their outlook for inflation.

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 were to increase significantly higher than our contractually allowed fee increases, we could experience negative impacts to our operating margins.

Induced Seismicity

In New Mexico, we operate one well which is partially curtailed due to compliance with the New Mexico Oil Conservation Division's Seismicity Response Protocol in the Hat Mesa Seismic Response Area ("SRA"). In Texas, we operate two deep injection wells and hold one deep injection well permit within the Gardendale SRA where the Texas Railroad Commission ("TRC") suspended all active permits to inject oil and gas waste into deep strata. We requested a hearing to continue to operate our wells and the TRC granted approval to recomplete our deep wells to shallow injection intervals. We also operate within the Stanton SRA and participate in the operator-led response plan, that, if accepted as presented, would not result in any impacts to our current wells in the Stanton SRA.

Due to the integrated nature of our pipeline network and our system-wide redundancy, we have been able to comply with regulator responses to seismic activity, while continuing to provide service to our customers without significant disruption in our operations. In addition, our compliance with state regulator seismic response actions has not resulted in any material volumetric, revenue or cash flow decreases.

Factors Affecting the Comparability of our Results of Operations

Temporary Power Costs

In the past, we constructed assets in advance of permanent grid power infrastructure availability in order to secure long-term produced water handling contracts. As a result, we rented temporary power generation equipment that would not have been necessary if grid power connections had been available. We estimate temporary power costs by taking temporary power and rental expenses incurred during the period and subtracting estimated expenses that would have been incurred during such period had permanent grid power been available. Power infrastructure and permanent power availability rapidly expanded in the Permian Basin in 2020 and the first half of 2021, and, accordingly, we were able to make significant progress in reducing these expenses over that period. By the end of June 2021, all our significant facilities were being supported by permanent power. Beginning in the third quarter of 2021, we were no longer adjusting for temporary power costs.

We remove temporary power costs when calculating Adjusted Operating Margin to accurately assess long-term profitability and cash flow on a basis consistent with our long-term projections and current operating cost profile.

Results of Operations

Results of operations were as follows:

(in thousands)	Three Months Ended March 31, 2022	2021	2022 vs. 2021	
Revenue				
Produced Water Handling	$ 35,100	$ 21,651	$ 13,449	62%
Produced Water Handling—Affiliates	21,081	18,086	2,995	17%
Water Solutions	11,644	1,943	9,701	499%
Water Solutions—Affiliates	3,144	4,509	(1,365)	(30)%
Total Revenue	70,969	46,189	24,780	54%
Cost of Revenue				
Direct Operating Costs	26,671	20,754	5,917	29%
Depreciation, Amortization and Accretion	16,579	14,957	1,622	11%
Total Cost of Revenue	43,250	35,711	7,539	21%
Operating Costs and Expenses				
General and Administrative	10,730	4,695	6,035	129%
Impairment of Long-Lived Assets	15,597	—	15,597	N/M
Loss on Asset Disposal and Other	1,064	317	747	236%
Total Operating Expenses	27,391	5,012	22,379	447%
Operating Income	328	5,466	(5,138)	(94)%
Interest Expense, Net	7,785	2,651	5,134	194%
(Loss) Income Before Income Taxes	(7,457)	2,815	(10,272)	(365)%
Income Tax Benefit	(840)	—	(840)	N/M
Net (Loss) Income	$ (6,617)	$ 2,815	$ (9,432)	(335)%

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 for the periods indicated were as follows:

	Three Months Ended March 31, 2022	2021	2022 vs. 2021	
Thousand barrels water per day				
Produced Water Handling Volumes	803	648	155	24%
Water Solutions Volumes:				
Recycled Produced Water Volumes Sold	273	70	203	290%
Groundwater Volumes Sold	66	33	33	100%
Groundwater Volumes Transferred	25	55	(30)	(55)%
Total Water Solutions Volumes	364	158	206	130%
Total Volumes	1,167	806	361	45%
Per Barrel Operating Metrics				
Produced Water Handling Revenue/Barrel	$ 0.78	$ 0.68	$ 0.10	14%
Water Solutions Revenue/Barrel	$ 0.45	$ 0.45	$ (0.00)	(1)%
Revenue/Barrel of Total Volumes	$ 0.68	$ 0.64	$ 0.04	6%
Direct Operating Costs/Barrel	$ 0.25	$ 0.29	$ (0.03)	(12)%
Adjusted Operating Margin/Barrel (1)	$ 0.42	$ 0.39	$ 0.04	10%

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

Revenues

An analysis of revenues for the three months ended March 31, 2022 as compared with the three months ended March 31, 2021 is as follows:

Produced Water Handling Revenues

Produced water handling revenues increased primarily due to:

- An increase of $9.2 million due to a 155 kbwpd volume increase driven by activity associated with our long-term acreage dedication agreements,
- an increase of $4.9 million in skim oil sales primarily due to higher crude oil prices and increased volumes on the system, and
- an increase of $2.3 million due to contractual price adjustments.

Water Solutions Revenue

Water solutions revenues increased primarily due to:

- an increase of $8.4 million due to a 206 kbwpd volume increase driven by higher recycling volumes on higher completion activities across the Permian Basin in response to recovering commodity prices.

Expenses

An analysis of expenses for the three months ended March 31, 2022 as compared with the three months ended March 31, 2021 is as follows:

Direct Operating Costs

Direct operating costs increased primarily due to increased volumes, offset by the absence of temporary power generation expenses.

On a per barrel basis, direct operating costs decreased primarily due to reduced temporary power generation expenses as well as improved labor productivity and increased recycling activities, which have a lower direct operating cost per barrel sold.

All our significant facilities have been on permanent power since the end of June 2021. For the three months ended March 31, 2021, the estimated incremental impact of temporary power expenses was $2.7 million or approximately $0.03 per barrel.

See *Factors Affecting the Comparability of our Results of Operations — Temporary Power Costs* for additional information.

Depreciation, Amortization and Accretion Expenses

Depreciation, amortization and accretion expense increased primarily due to higher amortization expense related to a previously acquired customer contract, as well as depreciation expense related to new assets placed in service.

General and Administrative Expenses

General and administrative ("G&A") expenses increased primarily due to increased compensation and benefits expenses, travel, and insurance costs corresponding with the increased head count required for our larger asset footprint, as well as incremental expenses that we now incur related to our becoming a public company. G&A expenses for the three months ended March 31, 2022 and 2021 included stock-based compensation expense of $2.2 million and none, respectively.

Impairment Expense

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

Loss on Asset Disposal and Other

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

Interest Expense, Net

Components of interest expense, net are as follows:

(in thousands)	Three Months Ended March 31,	
	2022	**2021**
Interest on Debt Instruments	$ 7,812	$ 2,793
Amortization of Deferred Financing Costs	610	214
Total Interest Expense	8,422	3,007
Less: Amounts Capitalized	(637)	(356)
Interest Expense, Net	$ 7,785	$ 2,651

Interest expense, net increased primarily due to an increase in the total debt outstanding and an increase in the interest rate related to our debt instruments. For the first three months of 2022, our average outstanding debt balance was $400 million, all of which is attributable to our Notes, compared with $297 million for the first three months of 2021 related to our Credit Facility. The interest rate on our Notes is 7.625%, whereas the interest rate on the Credit Facility was 3.75% for the first three months of 2021. Net interest expense also increased due to higher amortization of financing costs. The increase in net interest expense is partially offset by an increase in capitalized interest as a result of a higher average interest rate and an increase in the amount of asset construction in progress.

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 related to the vesting and payout of PSUs granted 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; loss on debt modification; stock-based compensation expense; and non-recurring or unusual expenses or charges (including temporary power costs, discussed above), less any gains on 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 and 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.

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

(in thousands)	Three Months Ended March 31, 2022	2021
Net (Loss) Income	$ (6,617)	$ 2,815
Interest Expense, Net	7,785	2,651
Income Tax Benefit	(840)	—
Depreciation, Amortization and Accretion	16,579	14,957
Impairment of Long-Lived Assets	15,597	—
Stock-Based Compensation	2,337	—
Abandoned Projects	2	211
Temporary Power Costs [(1)]	—	2,650
Loss on Disposal of Asset, Net	554	44
Transaction Costs	508	62
Adjusted EBITDA	$ 35,905	$ 23,390
Total Revenue	$ 70,969	$ 46,189
Cost of Revenue	(43,250)	(35,711)
Gross Margin	27,719	10,478
Depreciation, Amortization and Accretion	16,579	14,957
Temporary Power Costs [(1)]	—	2,650
Adjusted Operating Margin	$ 44,298	$ 28,085
Total Volumes *(Thousands of BBLs)*	105,006	72,555
Adjusted Operating Margin/BBL	$ 0.42	$ 0.39

(1) See discussion above under "Temporary Power Costs".

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).

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

As of March 31, 2022, we had a cash balance of $67.8 million and working capital, defined as current assets less current liabilities, of $86.3 million. We had a long-term debt balance of $400.0 million, with $200.0 million of availability under the Credit Facility. As of March 31, 2022, we were in compliance with all the covenants under our Credit Facility and the indenture governing the Notes. On April 1, 2022, we made a cash payment of $15.3 million for interest on our Notes. *See Item 1. Financial Statements — Note 6. Long-Term Debt for descriptions of the Credit Facility and Notes.*

In addition, we are on track to achieve our SPT, as defined in the indenture governing the Notes, which is to increase our annual Recycling Key Performance Indicator ("KPI") to 60% by 2022 from a 2020 baseline of 42.1%, with an observation date of December 31, 2022. The KPI is designed to reduce groundwater withdrawal for water intensive industrial operations in the Permian Basin by increasing our sales of recycled produced water.

Dividends and Distributions

On February 25, 2022, our Board of Directors declared a dividend on our Class A common stock for the first quarter of 2022 of $0.09 per share. The dividend was paid on March 29, 2022 to holders of record of our Class A common stock as of the close of business on March 17, 2022. In conjunction with the dividend payment, a distribution of $0.09 per unit was paid to unit holders of Solaris LLC, subject to the same payment and record dates. Dividends are also paid on unvested shares of restricted stock and RSUs. Dividends accrue on PSUs and are paid upon vesting. The total amount paid on such dividend and distribution was $5.0 million.

On May 6, 2022, our Board of Directors declared a dividend on our Class A common stock for the second quarter of 2022 of $0.09 per share. The dividend will be paid on May 31, 2022, to holders of record of our Class A common stock as of the close of business on May 19, 2022. In conjunction with the dividend payment, a distribution of $0.09 per unit will be paid to unit holders of Solaris LLC subject to the same payment and record dates.

Cash Flows from Operating Activities

For the three months ended March 31, 2022, Net Cash Provided by Operating Activities totaled $26.4 million as compared with $16.6 million for the three months ended March 31, 2021. The net increase is primarily due to the $24.8 million increase in total revenues offset by increases in direct operating costs and general and administrative expenses. Net Cash Provided by Operating Activities also included reductions of $2.0 million and $1.7 million for the three months ended March 31, 2022 and 2021, respectively, associated with changes in working capital items. Changes in working capital items adjust for the timing of receipts and payment of actual cash.

Cash Flows from Investing Activities

For the three months ended March 31, 2022, Net Cash Used in Investing Activities totaled $9.8 million as compared with $20.3 million for the three months ended March 31, 2021. Expenditures for property, plant and equipment were lower in 2022 as compared with 2021 due primarily to timing of invoice payments.

Cash Flows from Financing Activities

For the three months ended March 31, 2022, Net Cash Used in Financing Activities totaled $8.9 million as compared with $5 thousand for the three months ended March 31, 2021. Cash used in financing activities for the first three months of 2022 related to dividends and distributions paid.

Capital Requirements

For the year of 2022, we have revised our estimate of capital expenditures to be between $140.0 and $150.0 million. Our updated capital expenditure forecast is to support the recently signed full-cycle water management agreement with Chevron as well as incremental projected growth from our other long-term contracted customers. 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 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 $1.07 billion in annual revenue, we have more than $700.0 million in market value of our stock held by non-affiliates (and we have been a public company for at least 12 months and have filed one annual report on Form 10-K) 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.

Commodity Price Risk

The market for our services is 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 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.

We do not currently intend to 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. We do not currently have any borrowings under our Credit Facility.

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, 2022. 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, 2022, 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, 2022, 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.

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 Annual Report on Form 10-K for the year ended December 31, 2021.

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

(a) None.

(b) None.

(c) None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

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	Amended and Restated Certificate of Incorporation of Aris Water Solutions, Inc. (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 filed on October 26, 2021, File No. 333-260499).

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).
4.1*	Amendment No. 1 to Registration Rights Agreement, dated March 18, 2022, by and among Aris Water Solutions, Inc., Solaris Midstream Holdings, LLC and the other parties thereto.
10.1*†	Form of Director Restricted Stock Award Agreement.
10.2*†	Form of Performance Unit Award Agreement.
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.
31.2*	Certification of Brenda R. Schroer 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 Brenda R. Schroer 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.

† Management contract or compensatory plan or arrangement.

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 10, 2022	Aris Water Solutions, Inc.	
	By:	/s/ Amanda M. Brock
		Amanda M. Brock
		President and Chief Executive Officer
		/s/ Brenda R. Schroer
		Brenda R. Schroer
		Chief Financial Officer
		/s/ Dustin A. Hatley
		Dustin A. Hatley
		Chief Accounting Officer

AMENDMENT NO. 1
TO
REGISTRATION RIGHTS AGREEMENT

This AMENDMENT NO. 1 TO REGISTRATION RIGHTS AGREEMENT (this "Amendment") is made as of March 18, 2022 by Aris Water Solutions, Inc., a Delaware corporation (the "Company"), Solaris Midstream Holdings, LLC, a Delaware limited liability company ("Solaris") and the holders party hereto (the "Aris Holders"). Capitalized terms used but not otherwise defined in this Amendment shall have the meanings given to such terms in that certain Registration Rights Agreement (the "Agreement") dated as of October 26, 2021, by and among the Company, Solaris, and the other parties thereto.

RECITALS

WHEREAS, pursuant to Section 8(c) of the Agreement, the Agreement may be amended by a written instrument signed by the Company and Holders that hold a majority of the Registrable Securities as of the date of such amendment;

WHEREAS, the Aris Holders are the record owners of a majority of the Registrable Securities; and

WHEREAS, the Company and the Aris Holders now desire to amend the Agreement as set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Aris Holders hereby agrees as follows:

1. Section 2(a)(i) is hereby amended and restated to read as follows:

"(i) As soon as reasonably practicable after the Company is eligible to use Form S-3 for the Resale Shelf Registration Statement, the Company shall use its commercially reasonable efforts to prepare and submit or cause to be prepared and submitted with the Commission a DRS Submission of a Shelf Registration Statement on Form S-3 for an offering to be made on a delayed or continuous basis pursuant to Rule 415 of the Securities Act registering the resale from time to time by the Holders of all of the Registrable Securities held by the Holders through any method legally available to the Holders (the "**Resale Shelf Registration Statement**"). The Company shall use commercially reasonable efforts to cause the Resale Shelf Registration Statement to be declared effective as soon as possible after filing, but in no event later than five (5) Business Days after the Commission notifies the Company that it will not review the Resale Shelf Registration Statement, if applicable; provided that the Company will not be required to cause the initial Resale Shelf Registration Statement to be declared effective any earlier than 48 hours after it is publicly filed with the Commission and such five Business Day requirement shall be extended by a reasonable amount if a Holder provides a withdrawal notice during such period pursuant to section 2(b)(iv) hereunder. Once effective, subject to Section 3(o), the Company shall use commercially reasonable efforts to keep the Resale Shelf Registration Statement continuously effective and to be supplemented and amended to the extent necessary to ensure that such Registration Statement is available, including, if the Company becomes a WSKI, to cause the Resale Shelf Registration Statement to be in the form of an Automatic Shelf Registration Statement for such purpose on Form S-3, or, if not available, to ensure that another Registration Statement is available, under the Securities Act at all times for the public resale of all of the Registrable Securities until the end of the Effectiveness Period. The Resale Shelf Registration Statement shall contain a Prospectus in such form as to permit any Holder to sell such Registrable Securities pursuant to Rule 415 under the Securities Act (or any successor or similar provision adopted by the Commission then in effect) at any time beginning on the effective date for such Registration Statement, and the Company shall file with the Commission the final form of such Prospectus pursuant to Rule 424 (or successor thereto) under the Securities Act no later than the second Business Day after the Resale Shelf Registration Statement becomes effective. The Resale Shelf Registration Statement shall provide that the Registrable Securities may be sold pursuant to any method or combination of methods legally available to, and requested by, the Holders. Without limiting the foregoing, subject to any comments from the Commission, each Registration Statement filed pursuant to this Section 2(a) shall include a "plan of distribution" approved by the Initial Holders or to which the Initial Holders have not objected after reasonable advance notice."

2. The Agreement is hereby amended to the fullest extent necessary to effect all of the matters contemplated by this Amendment and such amendments are binding on all Holders. Except as specifically provided for in this Amendment, the provisions of the Agreement shall remain in full force and effect.

3. The execution, delivery and effectiveness of this Amendment shall not operate (a) as an amendment or modification of any provision, right or obligation of any Holder under the Agreement except as specifically set forth in this Amendment or (b) as a waiver or consent to any subsequent action or transaction.

4. This Amendment shall be construed and enforced in accordance with and governed by the laws of the State of New York, without regard to the principles of conflicts of laws thereof.

[*Signature page follows*]

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the date and year first above written.

ARIS WATER SOLUTIONS, INC.

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

SOLARIS MIDSTREAM HOLDINGS, LLC

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

<u>ARIS HOLDERS</u>:

COG OPERATING LLC

By: /s/ Andy O'Brien
Name: Andy O'Brien
Title: Vice President Treasury

Signature Page to Amendment No. 1 to Registration Rights Agreement

YORKTOWN ENERGY PARTNERS XI, L.P.

BY: YORKTOWN XI COMPANY, LP, ITS GENERAL PARTNER

BY: YORKTOWN XI ASSOCIATES LLC, ITS GENERAL PARTNER

By: /s/ Howard Keenan, Jr.
Name: Howard Keenan, Jr.
Title: Member

Signature Page to Amendment No. 1 to Registration Rights Agreement

HBC WATER RESOURCES LP

BY: HBC WATER RESOURCES GP LP, ITS GENERAL PARTNER

By: /s/ Joseph Colonnetta
Name: Joseph Colonnetta
Title: Member

HBC WATER RESOURCES II LP

BY: HBC WATER RESOURCES II GP LP, ITS GENERAL PARTNER

By: /s/ Joseph Colonnetta
Name: Joseph Colonnetta
Title: Member

Signature Page to Amendment No. 1 to Registration Rights Agreement

Exhibit 10.1

ARIS WATER SOLUTIONS, INC.
2021 EQUITY INCENTIVE PLAN
NOTICE OF GRANT OF AWARD OF RESTRICTED STOCK

Notice of Grant

Aris Water Solutions, Inc. (the "Company") hereby grants to the Participant named below the number of shares of Restricted Stock specified below (the "Award"). Each share of Restricted Stock reflects one share of the Company's Class A common stock, par value $0.01 per share (the "Common Stock"), granted subject to the terms and conditions set forth in this Grant Notice, the Aris Water Solutions, Inc. 2021 Equity Incentive Plan (the "Plan"), and the Restricted Stock Award Agreement (the "Award Agreement") promulgated under such Plan, each as amended from time to time. This Award is granted pursuant to the Plan and is subject to and qualified in its entirety by the Award Agreement.

Participant Name: ______________________________

Grant Date: ______________________________

Vesting Commencement Date: ______________________________

Number of shares of Restricted Stock: ______________________________

Vesting Schedule:

The Restricted Stock shall become vested on the following basis:

- [100% of the Restricted Stock will vest on XXXX];

provided that the Participant shall not have experienced a Termination of Employment from the Grant Date through such vesting date. If the Participant experiences a Termination of Employment for any or no reason before the Participant vests in any portion of the Restricted Stock, the unvested portion of the Restricted Stock will immediately terminate. However, notwithstanding anything herein to the contrary, the vesting of the Restricted Stock shall be subject to any vesting acceleration provisions applicable to the Restricted Stock contained in the Plan, the Award Agreement and/or any employment or service agreement, offer letter, severance agreement, or any other agreement between the Participant and the Company or any Affiliate or Subsidiary (such agreement, a "Separate Agreement").

Agreements

By your signature and the Company's signature below, you and the Company agree that this Award is granted under and governed by the terms of the Plan and the Award Agreement, all of which are attached hereto and incorporated herein by this reference, and shall be subject to the terms thereof. Capitalized terms used but not defined herein shall have the meanings given to them in the Plan or the Award Agreement, as the case may be. In the event you do not execute or specifically decline this Award Agreement in writing, you will be deemed to have accepted the terms herein.

You further acknowledge that your rights to any Restricted Stock will be earned and become vested only as you provide services to the Company over time and that nothing herein or in the attached documents confers upon you any right to continue your employment or other service relationship with the Company or any Affiliate or Subsidiary for any period of time, nor does it interfere in any way with your right or the Company's (or any Affiliate's or Subsidiary's) right to terminate that relationship at any time, for any reason or no reason, with or without Cause, and with or without advance notice, except as may be required by the terms of a Separate Agreement or in compliance with applicable law.

"COMPANY"

Aris Water Solutions, Inc.

____

Name:
Title:

"PARTICIPANT"

____
Name

____
Signature

____
Address

____
Address

ARIS WATER SOLUTIONS, INC.
2021 EQUITY INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT

This Award Agreement is made and entered into by and between Aris Water Solutions, Inc., a Delaware corporation ("Company"), and the Participant identified in the Notice of Grant of Award of Restricted Stock ("Grant Notice") which is attached hereto (the "Participant").

1. Grant of Restricted Stock. The Company hereby grants to the Participant named in the Grant Notice an award of Restricted Stock, subject to all of the terms and conditions in this Award Agreement and the Plan, which are incorporated herein by reference.

2. Vesting of Award. The Award shall not be vested as of the Grant Date set forth in the Grant Notice and shall be non-transferable and forfeitable unless and until otherwise vested pursuant to the terms of the Grant Notice and this Award Agreement. After the Grant Date, subject to termination or acceleration as provided in this Award Agreement or any Separate Agreement, the Award shall become vested as described in the Grant Notice. Restricted Stock that has not vested and is no longer subject to forfeiture is referred to herein as a "Vested Share." Restricted Stock that has not not vested and remains subject to forfeiture is referred to herein as an "Unvested Share" (the Unvested Shares and Vested Shares are collectively referred to herein as the "Shares"). Except as set forth in Section 4 below, upon the Participant's Termination of Employment, any then Unvested Shares held by the Participant shall be forfeited and canceled as of the date of such termination.

3. Certificate Legend. Each certificate representing shares of Common Stock underlying the Award shall bear the following legend:

> "The sale or other transfer of the shares of stock represented by this certificate, whether voluntary, involuntary, or by operation of law, is subject to certain restrictions on transfer as set forth in the Aris Water Solutions, Inc. 2021 Equity Incentive Plan and in the associated Restricted Stock Award Agreement. A copy of the Aris Water Solutions, Inc. 2021 Equity Incentive Plan and such Restricted Stock Award Agreement may be obtained from Aris Water Solutions, Inc."

4. Removal of Restrictions. Except as may otherwise be provided herein and in the Plan, the shares of Common Stock underlying the Award shall become freely transferable by the Participant on the date such shares become Vested Shares, subject to applicable federal and state securities laws. Once shares of Restricted Stock are no longer subject to any restrictions, the Participant shall be entitled to have the legend required by Section 3 of this Agreement removed from the applicable stock certificates.

5. Terminations of Employment; Change in Control.

(a) *Change in Control*. Unless otherwise provided in a Separate Agreement, upon the occurrence of a Change in Control, all then Unvested Shares shall become Vested Shares effective as of immediately prior to the consummation of such Change in Control.

(b) *Death; Disability.* Except as otherwise provided under Section 4(a), if the Participant's Termination of Employment is as a result of the Participant's death or Disability all then Unvested Shares shall become Vested Shares effective as of the date of such Termination of Employment.

(c) *Other Termination*. Upon the Participant's Termination of Employment for any other reason not set forth in Section 4(b), any then Unvested Shares held by Participant shall be forfeited and canceled, for no consideration, as of the Termination Date.

6. **Restrictions on Resales**. The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any Shares, including without limitation (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant and other holders and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

7. **Rights as a Stockholder**. The Participant may exercise full voting rights and shall accrue all dividends and other distributions as and when paid with respect to the shares of Restricted Stock while they are held. If any such dividends or distributions are paid in shares of Common Stock, such shares of Common Stock shall be subject to the same restrictions on transferability as are the shares of Common Stock underlying the Restricted Stock with respect to which they were paid.

8. **Withholding Taxes**. To the extent required by applicable federal, state, local or foreign law, the Participant shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise by reason of the grant or vesting of the Restricted Stock. The Company shall not be required to recognize the disposition of such Shares until such obligations are satisfied. The Participant acknowledges that the Company shall have the right to deduct any taxes required to be withheld by law in connection with the vesting of Shares from any amounts payable by it to the Participant (including, without limitation, future cash wages).

9. **Non-Transferability of Award**. The Participant understands, acknowledges and agrees that, except as otherwise provided in the Plan or as permitted by the Committee, the Award may not be sold, assigned, transferred, pledged or otherwise directly or indirectly encumbered or disposed of other than by will or the laws of descent and distribution.

10. **Other Agreements Superseded**. The Grant Notice, this Award Agreement, the Plan, and any Separate Agreement, if applicable, constitute the entire understanding between the Participant and the Company regarding the Award. Any prior agreements, commitments or negotiations concerning the Award are superseded.

11. **Continued Service**. Nothing in the Plan, in the Grant Notice, this Award Agreement or any other instrument executed pursuant to the Plan shall confer upon the Participant any right to continue in the Company's employ or service nor limit in any way the Company's (or any Affiliate's or Subsidiary's) right to terminate the Participant's employment or other service at any time for any reason.

12. No Liability of Company. The Company and any Affiliate or Subsidiary which is in existence or hereafter comes into existence shall not be liable to the Participant or any other person as to any tax consequence expected, but not realized, by the Participant or other person due to the receipt of any Restricted Stock granted hereunder.

13. General.

(a) Governing Plan Document. The Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of the Award, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan.

(b) Governing Law. This Award Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to principles of conflicts of law.

(c) Electronic Delivery. By executing the Grant Notice, the Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and its Affiliates or Subsidiaries, the Plan, the Award and the Common Stock via Company web site or other electronic delivery.

(d) Notices. Any notice required or permitted to be delivered under this Award Agreement shall be in writing (which shall include electronic transmission) and shall be deemed received (i) the business day following electronic verification of receipt if sent electronically, (ii) upon personal delivery to the party to whom the notice is directed, or (iii) the business day following deposit with a reputable overnight courier (or the second business day following deposit in the case of an international delivery). Notice shall be addressed to the Company at its principal executive office and to the Participant at the address that he or she most recently provided to the Company. The recipient may acknowledge actual receipt at a time earlier than the deemed receipt set forth herein or by a means other than that set forth herein.

(e) Successors/Assigns. This Award Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective permitted heirs, beneficiaries, successors and assigns.

(f) Severability. If one or more provisions of this Award Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Award Agreement, and the balance of the Award Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms. The parties agree to replace such illegal, void, invalid or unenforceable provision of this Award Agreement with a legal, valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such illegal, void, invalid or unenforceable provision.

Exhibit 10.2

ARIS WATER SOLUTIONS, INC.
2021 EQUITY INCENTIVE PLAN
NOTICE OF GRANT OF AWARD OF PERFORMANCE-BASED RESTRICTED STOCK UNITS

Notice of Grant

Aris Water Solutions, Inc. (the "Company") hereby grants to the Participant named below the target number of Performance-Based Restricted Stock Units specified below (the "PSUs"). Each Performance-Based Restricted Stock Unit represents the right to receive one share of the Company's Class A common stock, par value $0.01 per share (the "Common Stock"), upon the terms and subject to the conditions set forth in this Grant Notice, the Aris Water Solutions, Inc. 2021 Equity Incentive Plan (the "Plan"), the Performance-Based Restricted Stock Unit Award Agreement (the "Award Agreement") promulgated under such Plan and the Restrictive Covenants attached hereto as Exhibit A (the "Restrictive Covenants"), each as amended from time to time. This Award is granted pursuant to the Plan and is subject to and qualified in its entirety by the Award Agreement.

Participant Name: ______________________________

Grant Date: ______________________________

Performance Period: January 1, 2022 through December 31, 2024

Target Number of PSUs: ______________________________.

A number of PSUs greater than or less than the Target Number of PSUs may actually vest and be settled in shares of Common Stock depending upon the level of attainment of the performance-vesting requirements.

Vesting Schedule: Between 0% and 200% of the target number of PSUs granted hereunder will become earned based on the achievement of the performance objectives set forth in Appendix 1 attached hereto, and, subject to the Participant's continuous service as an employee of the Company, shall become vested on the date following the end of the Performance Period that the Committee certifies the final number of PSUs actually earned hereunder (the "Vesting Date").

Agreements

By your signature and the Company's signature below, you and the Company agree that this Award is granted under and governed by the terms of the Plan and the Award Agreement, all of which are attached hereto and incorporated herein by this reference, and that your receipt of the Award and retention of the shares subject to the Award shall be subject to the terms of the Restrictive Covenants. Capitalized terms used but not defined herein shall have the meanings given to them in the Plan or the Award Agreement, as the case may be.

You further acknowledge that your rights to any Performance-Based Restricted Stock Units will be earned and become vested only as you provide services to the Company over time and that nothing herein or in the attached documents confers upon you any right to continue your employment or other service relationship with the Company or any Affiliate or Subsidiary for any period of time, nor does it interfere in any way with your right or the Company's (or any Affiliate's or Subsidiary's) right to terminate that relationship at any time, for any reason or no reason, with or without Cause, and with or without advance notice, except as may be required by the terms of any employment or service agreement, offer letter, severance agreement, or any other agreement between the Participant and the Company or any Affiliate or Subsidiary (such agreement, a "Separate Agreement") or in compliance with applicable law.

"COMPANY"

Aris Water Solutions, Inc.

____
Name:
Title:

"PARTICIPANT"

____
Name

____
Signature

____
Address

____
Address

ARIS WATER SOLUTIONS, INC.
2021 EQUITY INCENTIVE PLAN
PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT

This Award Agreement is made and entered into by and between Aris Water Solutions, Inc., a Delaware corporation ("Company"), and the Participant identified in the Notice of Grant of Award of Performance-Based Restricted Stock Units ("Grant Notice") which is attached hereto (the "Participant").

1. Grant of Performance-Based Restricted Stock Units. The Company hereby grants to the Participant named in the Grant Notice an award of Performance-Based Restricted Stock Units, subject to all of the terms and conditions in this Award Agreement and the Plan, which are incorporated herein by reference. Performance-Based Restricted Stock Units issued pursuant to a Grant Notice and this Award Agreement are referred to in this Agreement as "Performance-Based Restricted Stock Units" or "PSUs."

2. Company's Obligation to Pay; Settlement. Each Performance-Based Restricted Stock Unit represents the right to receive payment as soon as practicable following, and in all events within sixty (60) days following, the date it vests in the form of one share of the Company's Common Stock (each, a "Share" and collectively, the "Shares"). The Participant will have no right to payment of any Shares on any Performance-Based Restricted Stock Units unless and until the Restricted Stock Units have vested in the manner set forth in the Grant Notice and this Award Agreement. Prior to actual payment of a Share on any vested Performance-Based Restricted Stock Unit, such Performance-Based Restricted Stock Unit will represent an unsecured obligation of the Company, for which there is no trust and no obligation other than to issue Shares as contemplated by this Award Agreement and the Plan. Notwithstanding the foregoing, the Committee may elect to settle any Performance-Based Restricted Stock Units in cash.

3. Vesting of Award. The Award shall not be vested as of the Grant Date set forth in the Grant Notice and shall be forfeitable unless and until otherwise vested pursuant to the terms of the Grant Notice and this Award Agreement. After the Grant Date, subject to termination or acceleration as provided in this Award Agreement or any Separate Agreement, the Award shall become vested as described in the Grant Notice with respect to that number of Performance-Based Restricted Stock Units as set forth in the Grant Notice. Performance-Based Restricted Stock Units that have vested and are no longer subject to forfeiture are referred to as herein as "Vested PSUs." Performance-Based Restricted Stock Units awarded hereunder that are not vested and remain subject to forfeiture are referred to herein as "Unvested PSUs." Except as set forth in Section 4 below or as otherwise provided in a Separate Agreement, upon the Participant's Termination of Employment, any then Unvested PSUs held by the Participant shall be forfeited and canceled as of the date of such termination.

4. Terminations of Employment; Change in Control.

(a) *Change in Control*. Unless otherwise provided in a Separate Agreement, upon the occurrence of a Change in Control, the provisions of Section 16(c) of the Plan shall control.

(b) *Death; Disability; Termination without Cause.* Except as otherwise provided under Section 4(a), if the Participant's Termination of Employment is as a result of the Participant's death or Disability or a termination by the Company without Cause, subject to the Participant's (or the Participant's personal representative's) execution and nonrevocation of a general release of claims in a form provided by the Company, the Pro-Rata Amount (as defined below) shall become Vested PSUs effective as of the date of such Termination of Employment. As used herein, "Pro-Rata Amount" means a number of Unvested PSUs equal to (i)(A) the total number of PSUs granted hereunder, multiplied by (B) a fraction, the numerator of which is the number of whole months between the Vesting Commencement Date and the Termination Date and the denominator of which is the number of whole months during the Performance Period, minus (ii) the number of PSUs that became Vested PSUs prior to the Termination Date.

(c) *Other Terminations*. Upon the Participant's Termination of Employment for any other reason not set forth in Section 4(a) or 4(b), any then Unvested PSUs held by the Participant shall be forfeited and canceled, for no consideration, as of the Termination Date.

(d) *Restrictive Covenants*. Notwithstanding anything else herein to the contrary, in the event of the Participant's breach of the Restrictive Covenants during the Restricted Period (as defined in the Restrictive Covenants), (i) all then Unvested PSUs held by the Participant shall be forfeited and canceled, for no consideration, as of the date of such breach and (ii) the Participant shall immediately return to the Company the shares of Common Stock or an amount equal to the pre-tax income derived from any disposition of the shares of Common Stock issued in settlement of any Vested PSUs.

5. Restrictions on Resales. The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares of Common Stock issued pursuant to Vested PSUs, including without limitation (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant and other holders and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

6. Rights as a Stockholder. The Participant shall not be, nor have any of the rights or privileges of, a stockholder of the Company in respect of any PSUs unless and until shares of Common Stock settled for such PSUs shall have been issued by the Company to the Participant (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). Notwithstanding the foregoing, from and after the Grant Date and until the earlier of (a) the time when the PSUs are settled in accordance with the terms hereof or (b) the time when the Participant's right to receive Common Stock upon payment of PSUs is forfeited, on the date that the Company pays any cash dividend to holders of Common Stock generally, the Participant shall be credited with an amount equal to the dollar amount of the cash dividend paid per share of Common Stock on such date multiplied by the total number of shares of Common

Stock that could be issued upon vesting of this Award, which amounts shall be (i) subject to the same vesting criteria as the underlying PSUs as to which such dividends relate and (ii) payable in cash upon vesting of such underlying PSUs and to the extent thereof.

7. Withholding Taxes. To the extent required by applicable federal, state, local or foreign law, the Participant shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise by reason of the grant or vesting of the PSUs. The Company shall not be required to issue shares or to recognize the disposition of such shares until such obligations are satisfied. The Participant acknowledges that the Company shall have the right to deduct any taxes required to be withheld by law in connection with the settlement of Vested PSUs from any amounts payable by it to the Participant (including, without limitation, future cash wages).

8. Non-Transferability of Award. The Participant understands, acknowledges and agrees that, except as otherwise provided in the Plan or as permitted by the Committee, the Award may not be sold, assigned, transferred, pledged or otherwise directly or indirectly encumbered or disposed of other than by will or the laws of descent and distribution.

9. Other Agreements Superseded. The Grant Notice, this Award Agreement, the Plan, the Restrictive Covenants and any Separate Agreement, if applicable, constitute the entire understanding between the Participant and the Company regarding the Award. Any prior agreements, commitments or negotiations concerning the Award are superseded.

10. Limitation in Interest in Shares Subject to Performance-Based Restricted Stock Units. Neither the Participant (individually or as a member of a group) nor any beneficiary or other person claiming under or through the Participant shall have any right, title, interest, or privilege in or to any shares of Common Stock allocated or reserved for the purpose of the Plan or subject to the Grant Notice or this Award Agreement except as to such shares of Common Stock, if any, as shall have been issued to such person in connection with the Award. Nothing in the Plan, in the Grant Notice, this Award Agreement or any other instrument executed pursuant to the Plan shall confer upon the Participant any right to continue in the Company's employ or service nor limit in any way the Company's (or any Affiliate's or Subsidiary's) right to terminate the Participant's employment or other service at any time for any reason.

11. No Liability of Company. The Company and any Affiliate or Subsidiary which is in existence or hereafter comes into existence shall not be liable to the Participant or any other person as to: (a) the non-issuance or sale of shares of Common Stock as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any shares hereunder; and (b) any tax consequence expected, but not realized, by the Participant or other person due to the receipt or settlement of any Restricted Stock Units granted hereunder.

12. Clawback. The Performance-Based Restricted Stock Units and any shares of Common Stock issued pursuant to the Vested PSUs will be subject to recoupment in accordance with any clawback policy adopted by the Company. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for "good reason" or "constructive termination" (or similar term) under any agreement with the Company. By accepting the Award, the Participant is agreeing to be bound by any such clawback policy, as in effect or as may be adopted and/or modified from time to time by the Company in its discretion.

13. General.

(a) Governing Plan Document. The Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of the Award, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan.

(b) Governing Law. This Award Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to principles of conflicts of law.

(c) Electronic Delivery. By executing the Grant Notice, the Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and its Affiliates or Subsidiaries, the Plan, the Award and the Common Stock via Company web site or other electronic delivery.

(d) Notices. Any notice required or permitted to be delivered under this Award Agreement shall be in writing (which shall include electronic transmission) and shall be deemed received (i) the business day following electronic verification of receipt if sent electronically, (ii) upon personal delivery to the party to whom the notice is directed, or (iii) the business day following deposit with a reputable overnight courier (or the second business day following deposit in the case of an international delivery). Notice shall be addressed to the Company at its principal executive office and to the Participant at the address that he or she most recently provided to the Company. The recipient may acknowledge actual receipt at a time earlier than the deemed receipt set forth herein or by a means other than that set forth herein.

(e) Successors/Assigns. This Award Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective permitted heirs, beneficiaries, successors and assigns.

(f) Severability. If one or more provisions of this Award Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Award Agreement, and the balance of the Award Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms. The parties agree to replace such illegal, void, invalid or unenforceable provision of this Award Agreement with a legal, valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such illegal, void, invalid or unenforceable provision.

<u>EXHIBIT A</u>
RESTRICTIVE COVENANTS

In partial consideration for the Award granted pursuant to the Grant Notice to which these restrictive covenants (these "***Restrictive Covenants***") are attached, the Participant hereby confirms the Participant's agreement as follows:

1. GENERAL

The Participant's employment by the Company is in a capacity in which he or she may have access to, or contribute to the production of, Confidential Information. The Participant's employment creates a relationship of confidence and trust between the Company and the Participant with respect to the Confidential Information. These Restrictive Covenants are subject to the terms of the Performance-Based Restricted Stock Unit Award Agreement to which these Restrictive Covenants are attached; provided however, that in the event of any conflict between the Performance-Based Restricted Stock Unit Award Agreement and these Restrictive Covenants, these Restrictive Covenants shall control.

2. DEFINITIONS

Capitalized terms not otherwise defined herein shall have the meaning set forth in the Aris Water Solutions, Inc. 2021 Equity Incentive Plan, as amended from time to time. For purposes of these Restrictive Covenants:

(a) "***Business***" means (a) the gathering, transportation, treatment and disposal of flow back and produced water from oil and gas wells, (b) the transportation and sale of water used in oil and gas exploration, completion and production operations and (c) any activity reasonably related to those described in clauses (a) or (b).

(b) "***Company***" means Aris Water Solutions, Inc. or any of its Affiliates.

(c) "***Confidential Information***" means confidential information of the Company and its Affiliates, which is defined as secrets, customer lists and credit records, employee data, sales representatives and their territories, mailing lists, consultant arrangements, pricing policies, unique or proprietary operational methods, marketing plans or strategies, product development techniques or plans, research and development programs or plans, business acquisition plans, new personnel acquisition plans, designs and design projects, any proprietary rights (unless previously publicly disclosed in a manner which would not and does not constitute a breach of these Restrictive Covenants or any relevant agreement) and any other research or business information of the Company which the Company treat as confidential (whether or not a trade secret under applicable law); provided, however, that Confidential Information shall not extend to (i) information now generally known or available to the public or which becomes known or available other than as a result of the breach of an agreement by the Participant or (ii) information known by or in the possession of the Participant prior to being disclosed by the Company and which was known or possessed by the Participant as a result of activities unrelated to the Participant's services to the Company.

(d) "***Market Area***" means any state where the Company is engaged in, previously engaged in or has reasonably contemplated engaging in the Business as of the Participant's Termination of Employment.

(e) "***Restricted Period***" means the period beginning on the Grant Date (as defined in the Notice of Grant) and ending on the twelve (12) month anniversary of the Participant's Termination of Employment.

3. NON-COMPETITION; NON-SOLICITATION

(a) During the Restricted Period, the Participant shall not, directly or indirectly (including as an employee, officer, director, owner, consultant, manager, or independent contractor), other than in connection with his employment by the Company, engage in the Business anywhere within the Market Area.

(b) During the Restricted Period, the Participant shall not, directly or indirectly, solicit, recruit or hire any person who is, or was during the Restricted Period, an employee of the Company; provided, however, that the foregoing provision shall not prohibit solicitations made by the Participant to the general public, including through a general public posting site or forum.

(c) During the Restricted Period, the Participant shall not, directly or indirectly, (i) solicit or encourage any client, customer, bona fide prospective client or customer, supplier, licensee, licensor, landlord or other business relation of the Company with whom the Participant had material personal dealings during the Restricted Period (each a "***Business Contact***") to terminate or diminish its relationship with the Company; or (ii) seek to persuade any such Business Contact to conduct with anyone else any business or activity conducted or, to the Participant's knowledge, under consideration by the Company during the Restricted Period that such Business Contact conducts or could conduct with the Company.

(d) Nothing contained in this Section 3 shall be construed to prevent the Participant from (i) investing in the equity of any competing entity listed on a national securities exchange or traded in the over-the-counter market, but only if the Participant is not involved directly or indirectly in the management of said entity and if the Participant and the Participant's associates (as such term is defined in Regulation 14(A) promulgated under the Act), collectively, do not own more than an aggregate of 5% of the equity of such entity, or (ii) indirectly owning securities through ownership of shares of a registered investment company or mutual fund.

4. NON-DISPARAGEMENT

At all times during the Participant's employment with the Company and its Affiliates and after the Participant's Termination of Employment, the Participant agrees that the Participant shall not make any disparaging comments about the Company, the Affiliates of the Company or any of their respective members, managers or employees, which may tend to impugn or injure their respective reputation, goodwill, and relationships with their past, present and future customers, employees, vendors and with the business community generally; provided, however, that nothing in these Restrictive Covenants shall prohibit either party from providing accurate information to any court, governmental entity.

5. CONFIDENTIALITY.

The Participant agrees that, unless otherwise required by law or in the performance of the Participant's duties to the Company and its Affiliates, the Participant will forever keep confidential all trade secrets and Confidential Information, and will not use such for the Participant's own private benefit, or directly or indirectly for the benefit of others, and the Participant will not disclose Company trade secrets or other Confidential Information to any other person, directly or indirectly.

If the Participant is legally compelled (by subpoena, interrogatory, request for documents, investigative demand or similar process) to disclose Confidential Information, the Participant shall give the Company prompt, prior written notice so the Company can seek an appropriate remedy or waive compliance. If legally compelled to disclose Confidential Information, the Participant shall furnish only that portion of the Confidential Information required on advice of legal counsel and shall exercise the Participant's best efforts to obtain an order or assurance that any Confidential Information disclosed will be treated by all others in a confidential manner.

Notwithstanding the foregoing, in accordance with the Defend Trade Secrets Act of 2016, the Participant acknowledges that he or she will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (x) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (y) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, nothing in this Agreement shall limit the Participant's ability to communicate with any government agency or otherwise participate in any investigation or proceeding that may be conducted by any government agency, including providing documents or other information to the extent that such limitation is a violation of law.

6. DISCLOSURE OF OBLIGATIONS

The Participant is hereby permitted and the Participant authorizes the Company to provide a copy of these Restrictive Covenants and any exhibits hereto to any of the Participant's future employers, and to notify any such future employers of the Participant's obligations and the Company's rights hereunder, provided that neither party is under any obligation to do so.

7. ASSIGNMENT; INUREMENT

Neither these Restrictive Covenants nor any duties or obligations under these Restrictive Covenants may be assigned by the Participant. The Participant understands and agrees that the Company may freely assign Restrictive Covenants. This Agreement shall inure to the benefit of, and shall be binding upon, the permitted assigns, successors in interest, personal representatives, estates, heirs, and legatees of each of the parties hereto. Any assignment in violation of this Section 7 shall be null and void.

8. SURVIVORSHIP

The rights and obligations of the parties to these Restrictive Covenants will survive the Participant's Termination of Employment.

9. ACKNOWLEDGMENT

THE PARTICIPANT ACKNOWLEDGES THAT, IN EXECUTING THE NOTICE OF GRANT TO WHICH THESE RESTRICTIVE COVENANTS ARE ATTACHED, THE PARTICIPANT HAS HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT LEGAL COUNSEL, AND THE PARTICIPANT HAS READ AND UNDERSTOOD ALL OF THE TERMS AND PROVISIONS OF THESE RESTRICTIVE COVENANTS. THESE RESTRICTIVE COVENANTS SHALL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION HEREOF.

EXHIBIT 31.1

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 10, 2022

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

EXHIBIT 31.2

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, Brenda R. Schroer, 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 10, 2022

/s/ Brenda R. Schroer
Brenda R. Schroer
Chief Financial Officer (Principal Financial Officer)

EXHIBIT 32.1

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, 2022, (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 10, 2022

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

EXHIBIT 32.2

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, Brenda R. Schroer, 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, 2022, (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 10, 2022

/s/ Brenda R. Schroer
Brenda R. Schroer
Chief Financial Officer