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 future prospects in conjunction with our unaudited consolidated financial statements as of and for the three and six months ended June 30, 2021 (our "Second Quarter Financial Statements"). 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 as a result of various risk factors, including those that may not be in the control of management. For further information on items that could impact our future operating performance or financial condition, see the "Risk Factors" posted on our website www.solariswater.com under the "Investors" section.

How we evaluate our results of operations

We use a variety of financial and operational metrics to evaluate our performance. These metrics help us identify factors and trends that impact our operating results, cash flows and financial condition. The key metrics we use to evaluate our business are provided below.

Produced Water Handling Volumes

We continually seek to obtain additional volumes of produced water to maintain or increase throughput on our systems. These volumes are a primary revenue driver and serve as a water source for our Water Solutions business. Changes in produced water handling throughput are driven primarily by the level of production and pace of completions activity on our contracted acreage. We define Produced Water Handling Volumes as all produced water barrels received from customers and any barrels that are deficient under minimum volume commitment agreements.

Water Solutions Barrels Sold and Transferred

Our recycled water and groundwater sales are primarily driven by our customers' completion activities. We continually seek to gain market share and expand our customer base for recycled water and groundwater sales in the Permian Basin. Our access to abundant produced water volumes and the scale of our systems allows us to distribute recycled water for our customers' completion activities in an efficient, cost effective, and environmentally conscious manner. We define Water Solutions Barrels Sold and Transferred as the total of all recycled water and groundwater barrels sold plus groundwater barrels transferred on behalf of third parties.

Revenue

We analyze our revenue and assess our performance by comparing actual revenue to our internal projections and across periods. We examine revenue per barrel of water handled or sold to evaluate pricing trends and customer mix impacts. We also assess incremental changes in revenue compared to incremental changes in direct operating costs and selling, general and administrative expenses to identify potential areas for improvement and to determine whether our performance is meeting our expectations.

We currently generate revenue by providing services related to produced water handling and water solutions.

The services related to produced water are fee-based arrangements and are based on the volume of water that flows through our systems and facilities. Revenues from produced water handling consist primarily of per barrel fees charged to our customers for the use of our systems and water handling services. For our produced water handling contracts, revenue is recognized over time utilizing the output method based on the volume of produced water accepted from the customer.

The sale of recycled produced water and groundwater are priced based on negotiated rates with the customer. For contracts that involve recycled produced water and groundwater, revenue is recognized at a point in time when control of the product is transferred to the customer.

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 return capital to equity holders. Adjusted EBITDA is a non-GAAP financial measure. We define Adjusted EBITDA as net income (loss) plus: interest expense; income taxes; depreciation, amortization and accretion expense; asset impairment and abandoned project charges; losses on the sale of assets; loss on debt modification; and non-recurring or unusual expenses or charges (including temporary power costs), less any gains on sale of assets. Please read "Non-GAAP financial measures" for more information regarding this financial measure, including a reconciliation to its most directly comparable GAAP measure.

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. Adjusted Operating Margin and Adjusted Operating Margin per Barrel are non-GAAP financial measures. Please read "Non-GAAP financial measures" for additional information regarding these non-GAAP financial measures and a reconciliation to the most comparable GAAP measures of each.

Temporary Power Costs

In the past, we constructed assets in advance of permanent grid power infrastructure availability to secure long-term produced water handling contracts. As a result, we rented temporary power generation equipment that would not be necessary if grid power connections were available. We estimate that the incremental impact of these temporary power expenses was $1.6 million and $3.9 million for the three months ended June 30, 2021 and 2020, respectively. For the six months ended June 30, 2021 and 2020, we estimate that the incremental impact of these temporary power expenses was $4.3 million and $9.1 million, respectively. These estimates are calculated by taking temporary power and temporary 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 through the first half of 2021, and accordingly, we made significant progress in reducing these expenses. Temporary power costs represented approximately 3% of revenues for the three months ended June 30, 2021 compared to 10% of revenues for the three months ended June 30, 2020. Similarly, temporary power costs represented approximately 4% of revenues for the six months ended June 30, 2021 compared to 11% of revenues for the six months ended June 30, 2020.

Our temporary power expenses have been substantially eliminated by the end of the second quarter of 2021. Our large and stable customer base now provides us with the lead time to request power loads earlier in the permitting stage of facility construction. Also, in 2020 and the first half of 2021, significantly more operational in-basin power infrastructure was constructed, enhancing overall permanent power availability. As a result, 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 expected long-term projections. 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, repair and maintenance costs, and contract services comprise the most significant portion of our expenses. Our operating expenses are primarily variable and as such, generally fluctuate in correlation with throughput volumes.

Our Adjusted Operating Margin is incrementally benefited from increased Water Solutions recycling 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.

Consolidated Operating Information
(Dollars in thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Statement of Operations Data				
Revenue				
Produced Water Handling	$ 46,074	$ 35,775	$ 85,810	$ 69,031
Water Solutions	10,510	1,870	16,963	15,061
Total Revenue	**56,584**	**37,645**	**102,773**	**84,092**
Cost of Revenues				
Direct Operating Costs	22,452	20,163	43,206	49,433
Depreciation, Amortization and Accretion	15,215	10,289	30,172	19,778
Total Cost of Revenue	**37,667**	**30,452**	**73,378**	**69,211**
Operating Costs and Expenses				
General and Administrative	5,317	4,530	10,012	8,648
Loss on Disposal of Asset, Net	173	67	217	67
Transaction Costs	15	1,352	77	3,099
Abandoned Projects	1,145	498	1,356	1,133
Total Operating Expenses	**6,650**	**6,447**	**11,662**	**12,947**
Operating Income	**12,267**	**746**	**17,733**	**1,934**
Other Expense				
Interest Expense, Net	7,324	1,675	9,975	3,265
Loss on Debt Modification	380	-	380	-
Total Other Expense	**7,704**	**1,675**	**10,355**	**3,265**
Income (Loss) before Taxes	**4,563**	**(929)**	**7,378**	**(1,331)**
Income Taxes	2	2	2	6
Net Income (Loss)	**$ 4,561**	**$ (931)**	**$ 7,376**	**$ (1,337)**
Equity Accretion and Dividend Related to Redeemable Preferred Units	14	(417)	21	(417)
Net Income (Loss) Attributable to Members' Equity	**$ 4,575**	**$ (1,348)**	**$ 7,397**	**$ (1,754)**

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.

Reconciliation of non-GAAP financial measures

Reconciliation of GAAP "Net income" to non-GAAP "Adjusted EBITDA"

We define Adjusted EBITDA as net income (loss) plus: interest expense; income taxes; depreciation, amortization and accretion expense; asset impairment and abandoned project charges; losses on the sale of assets; loss on debt modification; and non-recurring or unusual expenses or charges (including temporary power costs), less any gains on sale of assets.

Reconciliation of GAAP "Gross Margin" to non-GAAP "Adjusted Operating Margin" and "Adjusted Operating Margin per Barrel"

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.

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 (loss) 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 (loss) and other measures prepared in accordance with GAAP, such as gross margin, operating income or cash flows from operating activities.

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

Non-GAAP Financial Measures
(Dollars in thousands, except per barrel data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Net income (loss)	**$ 4,561**	**$ (931)**	**$ 7,376**	**$ (1,337)**
Interest expense, net	7,324	1,675	9,975	3,265
Income tax expense	2	2	2	6
Depreciation, amortization and accretion	15,215	10,289	30,172	19,778
Temporary power costs (1)	1,604	3,898	4,253	9,121
Loss on sales of assets, net	173	67	217	67
Loss on debt modification	380	-	380	-
Transaction costs (2)	15	1,352	77	3,099
Abandoned projects	1,145	498	1,356	1,133
Settled litigation (3)	-	440	-	597
Severance and other	221	190	221	190
Adjusted EBITDA	**$ 30,640**	**$ 17,480**	**$ 54,029**	**$ 35,919**
Total Revenue	$ 56,584	$ 37,645	$102,773	$ 84,092
Cost of Revenue	(37,667)	(30,452)	(73,378)	(69,211)
Gross Margin	**18,917**	**7,193**	**29,395**	**14,881**
Depreciation, amortization and accretion	15,215	10,289	30,172	19,778
Temporary power costs (1)	1,604	3,898	4,253	9,121
Adjusted Operating Margin	**$ 35,736**	**$ 21,380**	**$ 63,820**	**$ 43,780**

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

(2) Transaction Costs are primarily related to certain advisory and legal expenses associated with a recapitalization process that was terminated in first quarter 2020 and acquisition expenses associated with Concho Lea County Acquisition in June 2020.

(3) Settled Litigation is primarily related to legal expenses associated with a right-of-way dispute that was successfully settled in arbitration.

Operating Metrics

Our operating metrics for the three and six months ended June 30, 2021 and 2020 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
(Thousands barrel water per day)				
Produced Water Handling Volumes	720	568	684	562
Water Solutions Volumes				
Recycled Produced Water Volumes Sold	104	14	88	29
Groundwater Volumes Sold	69	14	51	65
Groundwater Volumes Transferred	32	11	43	11
Total Water Solutions Volumes	205	39	182	105
Total Volumes	**925**	**607**	**866**	**667**
Per Barrel Operating Metrics				
Produced Water Handling Revenue per Barrel	$ 0.70	$ 0.69	$ 0.69	$ 0.67
Water Solutions Revenue per Barrel	$ 0.56	$ 0.53	$ 0.51	$ 0.79
Revenue per Barrel of Total Volumes	$ 0.67	$ 0.68	$ 0.66	$ 0.69
Direct Operating Expense per Barrel	$ 0.27	$ 0.37	$ 0.28	$ 0.41
Adjusted Operating Margin per Barrel of Total Volumes	$ 0.42	$ 0.39	$ 0.41	$ 0.36

Factors Affecting the Comparability of our Results of Operations

Lea County Acquisition

On June 11, 2020, we acquired certain produced water handling and transportation assets in Lea County, New Mexico from a wholly owned subsidiary of Concho Resources, Inc., which was acquired by ConocoPhillips in January 2021 (the "Lea County Acquisition"). The net purchase consideration was $149.6 million, which comprised approximately $72.0 million of preferred equity, which was fully redeemed in April 2021, and $77.6 million of common equity. We processed approximately 126,000 barrels per day of produced water volumes associated with the Lea County Acquisition for the three months ended June 30, 2021 and approximately 119,000 barrels per day of produced water volumes associated with the Lea County Acquisition for the six months ended June 30, 2021.

Winter Storm Uri impact

In February 2021, Texas and New Mexico experienced record-setting cold temperatures from Winter Storm Uri. These cold temperatures required our customers to significantly curtail their production and completion activities which, in turn, negatively impacted our produced water handling and water solutions volumes. In addition to the produced water handling volume reductions, we also experienced elevated prices for field gas generated power for the month of February, 2021.

COVID-19 and Global Economic and Market Conditions

The COVID-19 virus, which was declared a pandemic by the World Health Organization in March 2020, has disrupted economies and industries around the world, including the oil and gas industry. The rapid spread of COVID-19 has led to the implementation of various responses, including federal, state and local government-imposed quarantines, shelter-in-place mandates, sweeping restrictions on travel and other public health and safety measures, nearly all of which have materially reduced global demand for crude oil. As a result of the COVID-19 outbreak and decline in oil prices in the earlier part of 2020, the Company had headcount reductions. The Company has subsequently refilled some of these positions as business started to recover and stabilize.

The extent to which COVID-19 will continue to affect the Company's business, financial condition, results of operations and cash flows and the demand for services and products will depend on future developments, which are highly uncertain and cannot be predicted.

Results of Operations

Three Months Ended June 30, 2021 Compared to the Three Months Ended June 30, 2020

Produced Water Handling revenue. For the three months ended June 30, 2021, revenues from Produced Water Handling were $46.1 million compared to $35.8 million for the three months ended June 30, 2020, an increase of $10.3 million, or 29%. The revenue increase was primarily driven by the full three-month period impact of the Lea County Acquisition which occurred in late 2Q of 2020 and increased activity from our contracted customers. For the three months ended June 30, 2021, Produced Water Handling Revenue per Barrel was $0.70 compared to $0.69 for the three months ended June 30, 2020.

Water Solutions revenue. For the three months ended June 30, 2021, revenue from Water Solutions was $10.5 million compared to $1.9 million for the three months ended June 30, 2020, representing an increase of $8.6 million. The increase in Water Solutions revenue was driven by increased volumes of recycled produced water and groundwater sold as customers increased their completions activities in a stronger commodity price environment in 2021. For the three months ended June 30, 2021, Water Solutions Revenue per Barrel was $0.56 per barrel as compared to $0.53 per barrel for the three months ended June 30, 2020 driven primarily by customer mix.

Direct operating costs. For the three months ended June 30, 2021, direct operating costs were $22.5 million compared to $20.2 million for the three months ended June 30, 2020, an increase of $2.3 million, or 11%. Direct operating costs increased due to increased Produced Water Handling and Water Solutions volumes.

For the three months ended June 30, 2021, direct operating costs per barrel was $0.27 per barrel compared to $0.37 per barrel for the three months ended June 30, 2020. Direct operating costs per barrel improved primarily due to reduced temporary power generation expenses and increased recycled volumes sold, which have a lower operating cost per barrel.

The estimated incremental impact of temporary power expenses was $1.6 million and $3.9 million for the three months ended June 30, 2021 and 2020, respectively. These estimates are calculated by taking temporary power and temporary rental expenses incurred during the period and subtracting estimated expenses that would have been incurred during such period had permanent grid power been available. (See discussion above Temporary Power Costs).

Depreciation, amortization and accretion expenses. For the three months ended June 30, 2021, depreciation, amortization and accretion expenses were $15.2 million compared to $10.3 million for the three months ended June 30, 2020, an increase of $4.9 million, or 48%. Depreciation, amortization and accretion expenses increased primarily due to the amortization of customer contracts related to the Lea County Acquisition, incremental assets from the Lea County Acquisition, and continued asset construction.

General and administrative expenses. For the three months ended June 30, 2021, general and administrative expenses were $5.3 million compared to $4.5 million for the three months ended June 30, 2020, an increase of $0.8 million, or 17%. General and administrative expenses increased primarily due to increased compensation and benefits expenses, travel, and insurance costs corresponding with a larger asset footprint.

Transaction costs. For the three months ended June 30, 2021, transaction costs were $0.02 million compared to $1.4 million for the three months ended June 30, 2020, a decrease of $1.3 million, or 99%. The transaction costs incurred in 2020 were primarily related to advisory and legal expenses associated with the Lea County Acquisition.

Abandoned projects. For the three months ended June 30, 2021, abandoned projects charges were $1.1 million compared to $0.5 million for the three months ended June 30, 2020, an increase of $0.6 million, or 130%. Abandoned projects charges increased primarily due to increased expirations of legacy permits and rights-of-way that were not ultimately constructed. On a quarterly basis, we review the status of projects to ensure our commitment and ability to complete the project as planned. If we identify a project where completion is no longer probable, we recognize a charge to earnings for the amount of the total costs incurred for that project.

Interest expense. For the three months ended June 30, 2021, interest expense was $7.3 million on average debt outstanding of $400.0 million and for an annual interest rate of 7.625%. For the three months ended June 30, 2020, interest expense was $1.7 million on average debt outstanding of $272.1 million and average interest rate of 3.66%. Interest expense increased $5.6 million primarily due to the issuance of our $400.0 million aggregate principal amount of our 7.625% Senior Sustainability-Linked Notes on April 1, 2021. Total interest cost capitalized during the three months ended June 30, 2021 and June 30, 2020 were $0.8 million and $1.1 million, respectively. See Liquidity – Cash Flows Provided by Financing Activities.

Six Months Ended June 30, 2021 Compared to the Six Months Ended June 30, 2020

Produced Water Handling revenue. For the six months ended June 30, 2021, revenues from Produced Water Handling were $85.8 million compared to $69.0 million for the six months ended June 30, 2020, an increase of $16.8 million, or 24%. The revenue increase was primarily driven by a full six-month period impact of the Lea County Acquisition and increased activity from our contracted customers. For the six months ended June 30, 2021, Produced Water Handling Revenue per Barrel was $0.69 compared to $0.67 for the six months ended June 30, 2020.

Water Solutions revenue. For the six months ended June 30, 2021, revenue from Water Solutions was $17.0 million compared to $15.1 million for the six months ended June 30, 2020, an increase of $1.9 million, or 13%. The increase in Water Solutions revenue was driven primarily by increased sales volumes of recycled produced water. For the six months ended June 30, 2021, Water Solutions Revenue per Barrel was $0.51 per barrel as compared to $0.79 per barrel for the six months ended June 30, 2020. Water Solutions Revenue per Barrel decreased primarily due to the impact of a greater proportion of recycled produced water volumes sold versus groundwater sales volumes. Groundwater is typically sold to producers at a price significantly above that of recycled produced water; however, recycled produced water sales improve our overall margins as we are able to recognize significant cost savings from avoided produced water handling costs. While Water Solutions Revenue per Barrel decreased, we recognized margin improvement primarily due to increased Recycled Produced Water Volumes Sold as shown in our Adjusted Operating Margin and Adjusted Operating Margin per Barrel.

Direct operating costs. For the six months ended June 30, 2021, direct operating costs were $43.2 million compared to $49.4 million for the six months ended June 30, 2020, a decrease of $6.2 million, or 13%. The decrease in direct operating costs is primarily due to reduced temporary power generation and environmental remediation expenses. As a result, for the six months ended June 30, 2021, direct operating costs was $0.28 per barrel for the six months ended June 30, 2021 compared to $0.41 per barrel for the six months ended June 30, 2020.

Estimated incremental impacts of temporary power expenses was $4.3 million and $9.1 million for the six months ended June 30, 2021 and 2020, respectively. (See discussion above Temporary Power Costs).

Depreciation, amortization and accretion expenses. For the six months ended June 30, 2021, depreciation, amortization and accretion expenses were $30.2 million compared to $19.8 million for the six months ended June 30, 2020, an increase of $10.4 million, or 53%. Depreciation, amortization and accretion expenses increased primarily due to the amortization of customer contracts related to the Lea County Acquisition, incremental assets from the Lea County Acquisition, and continued asset construction.

General and administrative expenses. For the six months ended June 30, 2021, general and administrative expenses were $10.0 million compared to $8.6 million for the six months ended June 30, 2020, an increase of $1.4 million, or 16%. General and administrative expenses increased primarily due to increased compensation and benefits expenses, travel, and insurance costs corresponding with a larger asset footprint.

Transaction costs. For the six months ended June 30, 2021, transaction costs were $0.1 million compared to $3.1 million for the six months ended June 30, 2020, a decrease of $3.0 million, or 98%. Transaction costs decreased primarily due to non-recurrence of advisory and legal expenses associated with the Lea County Acquisition and non-recurrence of advisory and legal expenses associated with an uncompleted transaction that was terminated in first quarter 2020.

Abandoned projects. For the six months ended June 30, 2021, abandoned projects charges were $1.4 million compared to $1.1 million for the six months ended June 30, 2020, an increase of $0.3 million, or 20%. Abandoned projects charges increased primarily due to increased expirations of legacy permits and rights-of-way that were not ultimately constructed. On a quarterly basis, we review the status of projects to ensure our commitment and ability to complete the project as planned. If we identity a project where completion is no longer probable, we recognize a charge to earnings for the amount of the total costs incurred for that project.

Interest expense. For the six months ended June 30, 2021, interest expense was $10.0 million on average debt outstanding of $348.8 million and for an annual average interest rate of 5.70%. For the six months ended June 30, 2020, interest expense was $3.3 million on average debt outstanding of $257.2 million and average interest rate of 4.01%. Interest expense increased $6.7 million. The increase is primarily due to the issuance of our $400.0 million aggregate principal amount of our 7.625% Senior Sustainability-Linked Notes on April 1, 2021. Total interest cost capitalized during the six months ended June 30, 2021 and June 30, 2020 were $1.2 million and $2.3 million, respectively. See Liquidity – Cash Flows Provided by Financing Activities.

Liquidity and Capital Resources

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. Funding for these cash needs may be provided by any combination of internally generated cash flow, borrowings under the Credit Facility, or additional capital investment from our equity sponsors. We intend to continue to fund growth with both cash on the balance sheet and through positive free cash flow generation. The amount and timing of capital expenditure is largely within our control.

On April 1, 2021, we repaid $297.0 million of total outstanding borrowings under our Credit Facility with a portion of the proceeds from our issuance of $400.0 million Senior Sustainability-Linked Notes due 2026. We also amended and restated our Credit Facility to provide $200.0 million of committed funds that were undrawn as of June 30, 2021.

As of June 30, 2021, we had working capital, defined as current assets less current liabilities, of $31.4 million and $200.0 million of availability under the Credit Facility. We also had $23.6 million in available committed equity from our equity sponsors as of June 30, 2021.

Cash Flows

Our cash flows for the six months ended June 30 2021 and 2020 are presented below:

	Six Months Ended June 30,	
(Dollars in thousands)	**2021**	**2020**
Net Cash Provided by Operating Activities	$ 30,690	$ 40,911
Net Cash Used in Investing Activities	(42,353)	(92,581)
Net Cash Provided by Financing Activities	17,854	59,572
Net Increase in Cash and Cash Equivalents	**$ 6,191**	**$ 7,902**

Cash Flows Provided by Operating Activities

For the six months ended June 30, 2021, we had Cash Flow Provided by Operating Activities of $30.7 million compared to $40.9 million for the six months ended June 30, 2020. The decreases are primarily due to changes in working capital driven by timing of collections of accounts receivable and payments of trade accounts payable.

Cash Flows Used in Investing Activities

For the six months ended June 30, 2021, we had Cash Flow Used in Investing Activities of $42.4 million compared to $92.6 million for the six months ended June 30, 2020. We reinvested less cash flow in the second quarter and first half of 2021 compared to corresponding periods in 2020 due to lower capital expenditure requirements to meet produced water handling capacity needs.

Cash Flows Provided by Financing Activities

For the six months ended June 30, 2021, we had Cash Flow Provided by Financing Activities of $17.9 million compared to $59.6 million for the six months ended June 30, 2020. Cash Flow Provided by Financing Activities for the six months ended June 30, 2021 of $17.8 million was primarily due to the issuance of our $400.0 million aggregate principal amount of our 7.625% Senior Sustainability-Linked Notes on April 1, 2021 that was used to pay down the Credit facility of $297.0 million and redeem the Redeemable Preferred Units of $74.4 million. We required less external financing for the six months ended June 30, 2021 versus the six months ended June 30, 2020 due to lower capital buildout requirements.

Long-Term Debt

Senior Sustainability-Linked Notes

On April 1, 2021, we issued $400.0 million aggregate principal amount of our 7.625% Senior Sustainability-Linked Notes due 2026 (the "notes"). The notes are unsecured and effectively subordinated to the Credit Facility to the extent of the value of the collateral securing the Credit Facility. The notes are guaranteed on a senior unsecured basis by all of 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. 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 provide notice of such satisfaction to the trustee. 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.

We used the proceeds from the issuances of the notes to repay all borrowings outstanding under our Credit Facility, to redeem our preferred units in full and for general corporate purposes.

The indenture that governs the notes contains covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to:

- incur or guarantee additional indebtedness or issue certain preferred stock;
- pay dividends on capital stock or redeem, repurchase or retire our capital stock or subordinated indebtedness;
- transfer or sell assets;
- make investments;
- create certain liens;
- enter into agreements that restrict dividends or other payments from our restricted subsidiaries to us;
- consolidate, merge or transfer all or substantially all of our assets;
- engage in transactions with affiliates; and
- create unrestricted subsidiaries.

We were in compliance with such covenants as of June 30, 2021.

Credit facility

In connection with the notes offering, we entered into an amendment and restatement (the "Restated Credit Agreement") to the Credit Facility on April 1, 2021 to, among other things, (i) decrease the commitments under the Credit Facility to $200.0 million, (ii) extend the maturity date to April 1, 2025, (iii) reprice the 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) provide for a $75.0 million incremental revolving facility, which shall be on the same terms as under the Credit Facility, (v) annualize EBITDA for 2021 for the purpose of covenant calculations, (vi) amend the leverage ratio covenant to comprise of 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, (vii) increase the leverage ratio covenant test level for the first two fiscal quarters of 2021 to 5.00 to 1.00, for the third quarter of 2021 to 4.75 to 1.00, and thereafter to 4.50 to 1.00 and (viii) add a secured leverage covenant of 2.50 to 1.00. In April 2021, we repaid all borrowings under the prior Credit Facility upon entering into the Restated Credit Agreement. As of June 30, 2021, we were in compliance with all of our covenants under our Credit Facility.

As of June 30, 2021, there were no borrowings under our credit facility.

Off-balance sheet arrangements

We have not entered into any transactions, agreements or other contractual arrangements that would result in off-balance sheet liabilities.

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