

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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 **September 30, 2021**

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: **001-33292**



**CORENERGY INFRASTRUCTURE TRUST, INC.**

(Exact name of registrant as specified in its charter)

**Maryland**

**20-3431375**

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

**1100 Walnut, Ste. 3350 Kansas City, MO 64106**

(Address of Registrant's Principal Executive Offices) (Zip Code)

**(816) 875-3705**

(Registrant's telephone number, including area code)

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

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange On Which Registered</u>
Common Stock, par value \$0.001 per share	CORR	New York Stock Exchange
7.375% Series A Cumulative Redeemable Preferred Stock	CORRPrA	New York Stock Exchange

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

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

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

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

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

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

As of November 2, 2021, the registrant had 14,866,799 common shares outstanding.

# CorEnergy Infrastructure Trust, Inc.

## FORM 10-Q

FOR THE QUARTER ENDED September 30, 2021

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This Report on Form 10-Q ("Report") should be read in its entirety. No one section of the Report deals with all aspects of the subject matter. It should be read in conjunction with the consolidated financial statements, related notes, and with the Management's Discussion & Analysis ("MD&A") included within, as well as provided in the Annual Report on Form 10-K, for the year ended December 31, 2020.

The consolidated unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information, the instructions to Form 10-Q, and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of Management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2021 are not necessarily indicative of the results that may be expected for the year ended December 31, 2021 or for any other interim or annual period. For further information, refer to the consolidated financial statements and footnotes thereto included in the CorEnergy Infrastructure Trust, Inc. Annual Report on Form 10-K, for the year ended December 31, 2020.

Certain of the defined terms used in this Report as set forth below:

**5.875% Convertible Notes:** the Company's 5.875% Convertible Senior Notes due 2025.

**7.00% Convertible Notes:** the Company's 7.00% Convertible Senior Notes due 2020, which matured on June 15, 2020.

**Accretion Expense:** the expense recognized when adjusting the present value of the GIGS ARO for the passage of time.

**Administrative Agreement:** the Administrative Agreement dated December 1, 2011, as amended effective August 7, 2012, between the Company and Corridor InfraTrust Management, LLC. The Internalization transaction closed on July 6, 2021 and the Administrative Agreement was effectively terminated when Corridor was acquired by CorEnergy.

**ARO:** the Asset Retirement Obligation liabilities assumed with the acquisition of GIGS and disposed of with the sale of GIGS effective February 1, 2021.

**ASC:** FASB Accounting Standards Codification.

**ASU:** FASB Accounting Standard Update.

**Bbls:** standard barrel containing 42 U.S. gallons.

**bpd:** Barrels per day.

**CARES Act:** the Coronavirus Aid, Relief, and Economic Security Act.

**Cash Available for Distribution or CAD:** the Company's earnings before interest, taxes, depreciation and amortization, less (i) cash interest expense, (ii) preferred dividends, (iii) regularly scheduled debt amortization, (iv) maintenance capital expenditures, (v) reinvestment allocation and plus or minus other adjustments, but excluding the impact of extraordinary or nonrecurring expenses unrelated to the operations of Crimson Midstream Holdings, LLC and all of its subsidiaries, as defined in the Articles Supplementary for the Class B Common Stock and effective beginning with the quarter ending June 30, 2021.

**Class B Common Stock:** the Company's Class B Common Stock, par value \$0.001 per share.

**Code:** the Internal Revenue Code of 1986, as amended.

**Common Stock:** the Company's Common Stock, par value \$0.001 per share.

**Company or CorEnergy:** CorEnergy Infrastructure Trust, Inc. (NYSE: CORR).

**Compass SWD:** Compass SWD, LLC, the current borrower under the Compass REIT Loan.

**Compass REIT Loan:** the financing notes between Compass SWD and Four Wood Corridor.

**Contributors:** the managers of the Company's former manager Corridor InfraTrust Management, LLC which include: Richard C. Green, Rick Kreul, Rebecca M. Sandring, Sean DeGon, Jeff Teeven, Jeffrey E. Fulmer, David J. Schulte (as Trustee of the DJS Trust under Trust Agreement dated July 18, 2016), and Campbell Hamilton, Inc., which is an entity controlled by David J. Schulte.

**Convertible Notes:** collectively, the Company's 5.875% Convertible Notes and the Company's 7.00% Convertible Notes.

**CorEnergy Credit Facility:** the Company's upsized \$160.0 million CorEnergy Revolver and the \$1.0 million MoGas Revolver with Regions Bank, which was terminated on February 4, 2021 in connection with the Crimson Transaction.

**CorEnergy Revolver:** the Company's \$160.0 million secured revolving line of credit facility with Regions Bank, which was terminated on February 4, 2021 in connection with the Crimson Transaction.

**Corridor:** Corridor InfraTrust Management, LLC, the Company's former external manager pursuant to a Management Agreement. CorEnergy acquired Corridor with the Internalization transaction, as outlined in a Contribution Agreement, as described in this Report.

**Corridor MoGas:** Corridor MoGas, Inc., a wholly-owned taxable REIT subsidiary of CorEnergy, the holding company of MoGas, United Property Systems and CorEnergy Pipeline Company, LLC and a co-borrower under the Crimson Credit Facility.

**Corridor Private:** Corridor Private Holdings, Inc., an indirect wholly-owned taxable REIT subsidiary of CorEnergy.

**COVID-19:** Coronavirus disease of 2019; a pandemic affecting many countries globally.

**Cox Acquiring Entity:** MLCJR LLC, an affiliate of Cox Oil, LLC.

**Cox Oil:** Cox Oil, LLC.

**CPI:** Consumer Price Index.

**CPUC:** California Public Utility Commission.

**Crimson:** Crimson Midstream Holdings, LLC, a CPUC regulated crude oil pipeline owner and operator, of which the Company owns a 49.50 percent interest effective February 1, 2021.

**Crimson Credit Facility:** the Amended and Restated Credit Agreement with Crimson Midstream Operating and Corridor MoGas as co-borrowers, the lenders from time to time party thereto, and Wells Fargo Bank, National Association, as administrative agent, swingline lender and issuing bank, entered into on February 4, 2021, which provides borrowing capacity of up to \$155.0 million, consisting of: a \$50.0 million revolving credit facility, an \$80.0 million term loan and an uncommitted incremental facility of \$25.0 million.

**Crimson Midstream Operating:** Crimson Midstream Operating, LLC, a wholly-owned subsidiary of Crimson and a co-borrower under the Crimson Credit Facility.

**Crimson Revolver:** the \$50.0 million secured revolving line of credit facility with Wells Fargo Bank, National Association entered into on February 4, 2021.

**Crimson Term Loan:** the \$80.0 million secured term loan with Wells Fargo Bank, National Association entered into on February 4, 2021.

**Crimson Transaction:** the Company's acquisition of a 49.50 percent interest in Crimson effective February 1, 2021 with the right to acquire the remaining 50.50 percent interest upon receiving CPUC approval.

**Exchange Act:** the Securities Exchange Act of 1934, as amended.

**EGC:** Energy XXI Ltd, the parent company (and guarantor) of our tenant on the Grand Isle Gathering System lease, emerged from a reorganization under Chapter 11 of the US Bankruptcy Code on December 30, 2016, with the succeeding company named Energy XXI Gulf Coast, Inc. Effective October 18, 2018, EGC became an indirect wholly-owned subsidiary of MLCJR LLC ("Cox Acquiring Entity"), an affiliate of Cox Oil, LLC, as a result of a merger transaction. Throughout this document, references to EGC will refer to both the pre- and post-bankruptcy entities and, for dates on and after October 18, 2018, to EGC as an indirect wholly-owned subsidiary of the Cox Acquiring Entity.

**EGC Tenant:** Energy XXI GIGS Services, LLC, a wholly-owned operating subsidiary of Energy XXI Gulf Coast, Inc. that was the tenant under Grand Isle Corridor's triple-net lease of the Grand Isle Gathering System until the lease was terminated on February 4, 2021.

**FASB:** Financial Accounting Standards Board.

**FERC:** Federal Energy Regulatory Commission.

**Four Wood Corridor:** Four Wood Corridor, LLC, a wholly-owned subsidiary of CorEnergy.

**GAAP:** U.S. generally accepted accounting principles.

**GIGS:** the Grand Isle Gathering System, owned by Grand Isle Corridor LP and triple-net leased to a wholly-owned subsidiary of Energy XXI Gulf Coast, Inc until it was disposed of as partial consideration in connection with the Crimson Transaction effective February 1, 2021.

**Grand Isle Corridor:** Grand Isle Corridor, LP, an indirect wholly-owned subsidiary of the Company.

**Grand Isle Gathering System:** a subsea midstream pipeline gathering system located in the shallow Gulf of Mexico shelf and storage and onshore processing facilities.

- Grand Isle Lease Agreement:** the June 2015 agreement pursuant to which the Grand Isle Gathering System assets were triple-net leased to EGC Tenant, which terminated on February 4, 2021 upon disposal of GIGS.
- Grier Members:** Mr. John D. Grier, Mrs. M. Bridget Grier and certain affiliated trusts of Grier, which collectively own a 50.62 percent equity ownership interest in Crimson, which is reflected as a non-controlling interest in the Company's financial statements.
- Indenture:** that certain Base Indenture, dated August 12, 2019, between the Company and U.S. Bank National Association, as Trustee for the 5.875% Convertible Notes.
- Internalization:** CorEnergy's acquisition of its external manager, Corridor, as outlined in a Contribution Agreement, as described in this Report. The Internalization transaction closed July 6, 2021.
- IRS:** Internal Revenue Service.
- Lightfoot:** collectively, Lightfoot Capital Partners LP and Lightfoot Capital Partners GP LLC.
- Management Agreement:** the current management agreement between the Company and Corridor entered into May 8, 2015, effective as of May 1, 2015, and as amended February 4, 2021. The Internalization transaction closed on July 6, 2021 and the Administrative Agreement was effectively terminated when Corridor was acquired by CorEnergy.
- MoGas:** MoGas Pipeline LLC, an indirect wholly-owned subsidiary of CorEnergy.
- MoGas Pipeline System:** an approximately 263-mile interstate natural gas pipeline system in and around St. Louis and extending into central Missouri, owned and operated by MoGas.
- MoGas Revolver:** a \$1.0 million secured revolving line of credit facility at the MoGas subsidiary level with Regions Bank, which was terminated on February 4, 2021 in connection with the Crimson Transaction.
- Mowood:** Mowood, LLC, an indirect wholly-owned subsidiary of CorEnergy and the holding company of Omega Pipeline Company, LLC.
- Mowood/Omega Revolver:** a \$1.5 million revolving line of credit facility at the Mowood subsidiary level with Regions Bank, which was terminated on February 4, 2021 in connection with the Crimson Transaction.
- NAREIT:** National Association of Real Estate Investment Trusts.
- NYSE:** New York Stock Exchange.
- Omega:** Omega Pipeline Company, LLC, a wholly-owned subsidiary of Mowood, LLC.
- Omega Pipeline:** Omega's natural gas distribution system in south central Missouri.
- OPEC:** the Organization of the Petroleum Exporting Countries.
- Pipeline Loss Allowance (or PLA):** the portion of crude oil provided by or on behalf of each shipper, at no cost to the carrier, (as allowance for losses sustained due to evaporation, measurement and other losses in transit) and retained by the carrier in recognition of loss and shrinkage in carrier's system.
- Pinedale LGS:** the Pinedale Liquids Gathering System, a system consisting of approximately 150 miles of pipelines and four above-ground central gathering facilities located in the Pinedale Anticline in Wyoming, owned by Pinedale LP and triple-net leased to a wholly-owned subsidiary of Ultra Petroleum until it was sold on June 30, 2020.
- Pinedale Lease Agreement:** the December 2012 agreement pursuant to which the Pinedale LGS assets were triple-net leased to a wholly owned subsidiary of Ultra Petroleum, which terminated on June 30, 2020 upon sale of the Pinedale LGS.
- Pinedale LP:** Pinedale Corridor, LP, an indirect wholly-owned subsidiary of CorEnergy.
- Pinedale GP:** the general partner of Pinedale LP and a wholly-owned subsidiary of CorEnergy.
- PLR:** the Private Letter Ruling dated November 16, 2018 (PLR 201907001) issued to CorEnergy by the IRS.
- REIT:** real estate investment trust.

**SEC:** Securities and Exchange Commission.

**Securities Act:** the Securities Act of 1933, as amended.

**Series A Preferred Stock:** the Company's 7.375% Series A Cumulative Redeemable Preferred Stock, par value \$0.001 per share, of which there currently are outstanding approximately 51,810 shares represented by 5,181,027 depository shares, each representing 1/100th of a whole share of Series A Preferred Stock.

**Spire:** Spire, Inc., the corporate parent of Laclede Gas Company.

**STL interconnect project:** a pipeline interconnect constructed pursuant to a Facilities Interconnect Agreement with Spire STL Pipeline LLC ("STL Pipeline") and completed during the fourth quarter of 2020.

**TRS:** taxable REIT subsidiary.

**UPL:** Ultra Petroleum Corp.

**Ultra Wyoming:** Ultra Wyoming LGS LLC, an indirect wholly-owned subsidiary of Ultra Petroleum.

**United Property Systems:** United Property Systems, LLC, an indirect wholly-owned subsidiary of CorEnergy, acquired with the MoGas transaction in November 2014.

**VIE:** variable interest entity.

### CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Quarterly Report on Form 10-Q ("Report") may be deemed "forward-looking statements" within the meaning of the federal securities laws. In many cases, these forward-looking statements may be identified by the use of words such as "will," "may," "should," "could," "believes," "expects," "anticipates," "estimates," "intends," "projects," "goals," "objectives," "targets," "predicts," "plans," "seeks," or similar expressions. Any forward-looking statement speaks only as of the date on which it is made and is qualified in its entirety by reference to the factors discussed throughout this Report.

Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, forward-looking statements are not guarantees of future performance or results and we can give no assurance that these expectations will be attained. Our actual results may differ materially from those indicated by these forward-looking statements due to a variety of known and unknown risks and uncertainties. You should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- changes in economic and business conditions in the energy infrastructure sector where our investments are concentrated, including the financial condition of our customers, tenants or borrowers and general economic conditions in the particular sectors of the energy industry served by each of our infrastructure assets;
- pandemics, epidemics or disease outbreaks, such as the COVID-19 pandemic and the global response to the pandemic, including without limitation potential adverse impacts of complying with governmental COVID-19 vaccine mandates, which may adversely affect local and global economies as well as our or our customers', tenants' or borrowers' business and financial results;
- the inherent risks associated with owning real estate, including real estate market conditions, governing laws and regulations, including potential liabilities related to environmental matters, and the relative illiquidity of real estate investments;
- competitive and regulatory pressures on the revenues of our California intrastate crude oil transportation business and our interstate natural gas transmission business;
- risks associated with the receipt of CPUC approval for the Company to obtain full operational control and majority ownership over Crimson's CPUC regulated pipeline assets;
- the impact of environmental, pipeline safety and other laws and governmental regulations applicable to certain of our infrastructure assets, including additional costs imposed on our business or other adverse impacts as a result of any unfavorable changes in such laws or regulations;
- risks associated with the bankruptcy or default of any of our customers, tenants or borrowers, including the exercise of the rights and remedies of bankrupt entities;
- our continued ability to access the debt and equity markets;
- our ability to comply with covenants in instruments governing our indebtedness;
- the potential impact of greenhouse gas regulation and climate change on our or our tenants' business, financial condition and results of operations;
- Crimson's assets were constructed over many decades, which may increase future inspection, maintenance or repair costs, or result in downtime that could have a material adverse effect on our business and results of operations;
- the loss of any member of our management team;
- the possibility that the anticipated benefits from the Internalization of our former Manager, may not be realized or may take longer to realize than expected, or that unexpected costs or unexpected liabilities may arise from the Internalization;
- our ability to manage the Internalization effectively and efficiently;
- our ability to successfully implement our selective acquisition strategy;
- our ability to obtain suitable tenants for leased properties;
- our ability to refinance amounts outstanding under our credit facilities and our convertible notes at maturity on terms favorable to us;

- changes in interest rates under our current credit facilities and under any additional variable rate debt arrangements that we may enter into in the future;
- dependence by us and our tenants on key customers for significant revenues, and the risk of defaults by any such tenants or customers;
- our customers' or tenants' ability to secure adequate insurance and risk of potential uninsured losses, including from natural disasters;
- the continued availability of third-party pipelines, railroads or other facilities interconnected with certain of our infrastructure assets;
- risks associated with owning, operating or financing properties for which the tenants', mortgagors' or our operations may be impacted by extreme weather patterns and other natural phenomena;
- our ability to sell properties at an attractive price;
- market conditions and related price volatility affecting our debt and equity securities;
- changes in federal or state tax rules or regulations that could have adverse tax consequences;
- our ability to maintain internal controls and processes to ensure all transactions are accounted for properly, all relevant disclosures and filings are timely made in accordance with all rules and regulations, and any potential fraud or embezzlement is thwarted or detected;
- changes in federal income tax regulations (and applicable interpretations thereof), or in the composition or performance of our assets, that could impact our ability to continue to qualify as a real estate investment trust for federal income tax purposes;
- some of our directors and officers may have conflicts of interest with respect to certain other business interests related to the Crimson Transaction; and
- risks related to potential terrorist attacks, acts of cyber-terrorism, or similar disruptions that could disrupt access to our information technology systems or result in other significant damage to our business and properties, some of which may not be covered by insurance and all of which could adversely impact distributions to our stockholders.

Forward-looking statements speak only as of the date on which they are made. While we may update these statements from time to time, we are not required to do so other than pursuant to applicable laws. For a further discussion of these and other factors that could impact our future results and performance, see Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 4, 2021, and Part II, Item 1A, "Risk Factors", in this Report.

**PART I. FINANCIAL INFORMATION**
**ITEM 1. FINANCIAL STATEMENTS**

**CorEnergy Infrastructure Trust, Inc.  
CONSOLIDATED BALANCE SHEETS**

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
<b>Assets</b>	<i>(Unaudited)</i>	
Property and equipment, net of accumulated depreciation of \$32,592,641 and \$22,580,810 (Crimson VIE: \$341,422,699, and \$0, respectively)	\$ 445,250,237	\$ 106,224,598
Leased property, net of accumulated depreciation of \$247,893 and \$6,832,167	1,278,135	64,938,010
Financing notes and related accrued interest receivable, net of reserve of \$600,000 and \$600,000	1,078,072	1,209,736
Cash and cash equivalents (Crimson VIE: \$4,129,699 and \$0, respectively)	15,091,957	99,596,907
Accounts and other receivables (Crimson VIE: \$11,426,137 and \$0, respectively)	14,573,047	3,675,977
Due from affiliated companies (Crimson VIE: \$953,806 and \$0, respectively)	953,806	—
Deferred costs, net of accumulated amortization of \$250,564 and \$2,130,334	891,783	1,077,883
Inventory (Crimson VIE: \$3,229,161 and \$0, respectively)	3,342,111	87,940
Prepaid expenses and other assets (Crimson VIE: \$5,159,383 and \$0, respectively)	10,550,792	2,054,804
Operating right-of-use assets (Crimson VIE: \$5,950,501 and \$0, respectively)	6,433,505	85,879
Deferred tax asset, net	4,060,239	4,282,576
Goodwill	16,210,020	1,718,868
<b>Total Assets</b>	<b>\$ 519,713,704</b>	<b>\$ 284,953,178</b>
<b>Liabilities and Equity</b>		
Secured credit facilities, net of deferred financing costs of \$1,427,667 and \$0	\$ 102,572,333	\$ —
Unsecured convertible senior notes, net of discount and debt issuance costs of \$2,548,595 and \$3,041,870	115,501,404	115,008,130
Asset retirement obligation	—	8,762,579
Accounts payable and other accrued liabilities (Crimson VIE: \$14,416,975 and \$0, respectively)	20,901,358	4,628,847
Management fees payable	—	971,626
Income tax liability	33,027	—
Due to affiliated companies (Crimson VIE: \$765,228 and \$0, respectively)	765,228	—
Operating lease liability (Crimson VIE: \$5,826,885 and \$0, respectively)	6,281,014	56,441
Unearned revenue (Crimson VIE \$315,000 and \$0, respectively)	6,001,622	6,125,728
<b>Total Liabilities</b>	<b>\$ 252,055,986</b>	<b>\$ 135,553,351</b>
Commitments and Contingencies (Note 10)		
<b>Equity</b>		
Series A Cumulative Redeemable Preferred Stock 7.375%, \$129,525,675 and \$125,270,350 liquidation preference (\$2,500 per share, \$0.001 par value), 10,000,000 authorized; 51,810 and 50,108 issued and outstanding at September 30, 2021 and December 31, 2020, respectively	\$ 129,525,675	\$ 125,270,350
Common stock, non-convertible, \$0.001 par value; 14,866,799 and 13,651,521 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively (100,000,000 shares authorized)	14,866	13,652
Class B Common Stock, \$0.001 par value; 683,761 and 0 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively (11,896,100 shares authorized)	684	—
Additional paid-in capital	341,331,070	339,742,380
Retained deficit	(324,749,301)	(315,626,555)
<b>Total CorEnergy Equity</b>	<b>146,122,994</b>	<b>149,399,827</b>
Non-controlling interest (Crimson)	121,534,724	—
<b>Total Equity</b>	<b>267,657,718</b>	<b>149,399,827</b>
<b>Total Liabilities and Equity</b>	<b>\$ 519,713,704</b>	<b>\$ 284,953,178</b>

Variable Interest Entity (VIE) (Note 15)

See accompanying Notes to Consolidated Financial Statements.



**CorEnergy Infrastructure Trust, Inc.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS** *(Unaudited)*

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<b>Revenue</b>				
Transportation and distribution revenue	\$ 34,286,394	\$ 4,573,155	\$ 83,681,876	\$ 14,156,361
Pipeline loss allowance subsequent sales	2,124,581	—	6,115,836	—
Lease revenue	32,915	20,126	1,208,915	21,320,998
Deferred rent receivable write-off	—	—	—	(30,105,820)
Other revenue	584,992	32,099	1,359,331	88,319
<b>Total Revenue</b>	<b>37,028,882</b>	<b>4,625,380</b>	<b>92,365,958</b>	<b>5,459,858</b>
<b>Expenses</b>				
Transportation and distribution expenses	16,089,414	1,438,443	41,795,421	4,035,807
Pipeline loss allowance subsequent sales cost of revenue	2,718,038	—	5,890,540	—
General and administrative	5,156,087	2,793,568	20,374,534	10,195,635
Depreciation, amortization and ARO accretion expense	3,690,856	2,169,806	10,337,639	11,479,799
Loss on impairment of leased property	—	—	—	140,268,379
Loss on impairment and disposal of leased property	—	—	5,811,779	146,537,547
Loss on termination of lease	—	—	165,644	458,297
<b>Total Expenses</b>	<b>27,654,395</b>	<b>6,401,817</b>	<b>84,375,557</b>	<b>312,975,464</b>
<b>Operating Income (loss)</b>	<b>\$ 9,374,487</b>	<b>\$ (1,776,437)</b>	<b>\$ 7,990,401</b>	<b>\$ (307,515,606)</b>
<b>Other Income (expense)</b>				
Other income	\$ 4,040	\$ 29,654	\$ 366,859	\$ 449,512
Interest expense	(3,351,967)	(2,247,643)	(9,578,677)	(8,053,650)
Gain (loss) on extinguishment of debt	—	—	(861,814)	11,549,968
<b>Total Other Income (expense)</b>	<b>(3,347,927)</b>	<b>(2,217,989)</b>	<b>(10,073,632)</b>	<b>3,945,830</b>
<b>Income (Loss) before income taxes</b>	<b>6,026,560</b>	<b>(3,994,426)</b>	<b>(2,083,231)</b>	<b>(303,569,776)</b>
<b>Taxes</b>				
Current tax expense (benefit)	(6,927)	(2,431)	41,313	(399,505)
Deferred tax expense (benefit)	113,516	(72,897)	222,339	225,628
<b>Income tax expense (benefit), net</b>	<b>106,589</b>	<b>(75,328)</b>	<b>263,652</b>	<b>(173,877)</b>
<b>Net Income (loss)</b>	<b>5,919,971</b>	<b>(3,919,098)</b>	<b>(2,346,883)</b>	<b>(303,395,899)</b>
Less: Net income attributable to non-controlling interest	3,155,685	—	6,775,863	—
<b>Net income (loss) attributable to CorEnergy Stockholders</b>	<b>\$ 2,764,286</b>	<b>\$ (3,919,098)</b>	<b>\$ (9,122,746)</b>	<b>\$ (303,395,899)</b>
Preferred dividend requirements	2,388,130	2,309,672	7,007,474	6,880,137
<b>Net income (loss) attributable to Common Stockholders</b>	<b>\$ 376,156</b>	<b>\$ (6,228,770)</b>	<b>\$ (16,130,220)</b>	<b>\$ (310,276,036)</b>
<b>Earnings (loss) Per Common Share:</b>				
Basic	\$ 0.02	\$ (0.46)	\$ (1.13)	\$ (22.73)
Diluted	\$ 0.02	\$ (0.46)	\$ (1.13)	\$ (22.73)
<b>Weighted Average Shares of Common Stock Outstanding:</b>				
Basic	15,426,226	13,651,521	14,252,305	13,650,449
Diluted	15,426,226	13,651,521	14,252,305	13,650,449
Dividends declared per share	\$ 0.050	\$ 0.050	\$ 0.150	\$ 0.850

See accompanying Notes to Consolidated Financial Statements.



**CorEnergy Infrastructure Trust, Inc.**  
**CONSOLIDATED STATEMENTS OF EQUITY**

	Capital Stock		Preferred Stock	Additional Paid-in Capital	Retained Deficit	Total
	Shares	Amount	Amount			
<b>Balance at December 31, 2019</b>	13,638,916	\$ 13,639	\$ 125,493,175	\$ 360,844,497	\$ (9,611,872)	\$ 476,739,439
Net loss	—	—	—	—	(162,042,368)	(162,042,368)
Series A preferred stock dividends	—	—	—	(2,313,780)	—	(2,313,780)
Preferred stock repurchases <sup>(1)</sup>	—	—	(222,825)	7,932	52,896	(161,997)
Common Stock dividends	—	—	—	(10,238,640)	—	(10,238,640)
Common Stock issued upon exchange of convertible notes	12,605	13	—	419,116	—	419,129
<b>Balance at March 31, 2020 (Unaudited)</b>	13,651,521	\$ 13,652	\$ 125,270,350	\$ 348,719,125	\$ (171,601,344)	\$ 302,401,783
Net loss	—	—	—	—	(137,434,433)	(137,434,433)
Series A preferred stock dividends	—	—	—	(2,309,672)	—	(2,309,672)
Common Stock dividends	—	—	—	(682,576)	—	(682,576)
<b>Balance at June 30, 2020 (Unaudited)</b>	13,651,521	\$ 13,652	\$ 125,270,350	\$ 345,726,877	\$ (309,035,777)	\$ 161,975,102
Net loss	—	—	—	—	(3,919,098)	(3,919,098)
Series A preferred stock dividends	—	—	—	(2,309,672)	—	(2,309,672)
Common stock dividends	—	—	—	(682,576)	—	(682,576)
<b>Balance at September 30, 2020 (Unaudited)</b>	13,651,521	\$ 13,652	\$ 125,270,350	\$ 342,734,629	\$ (312,954,875)	\$ 155,063,756

(1) In connection with the repurchase of Series A Preferred Stock during 2020, the deduction from preferred dividends of \$ 52,896 represents the discount in the repurchase price paid compared to the carrying amount derecognized.

See accompanying Notes to Consolidated Financial Statements

**CONSOLIDATED STATEMENTS OF EQUITY (continued)**

	Capital Stock		Class B Common Stock		Preferred Stock	Additional Paid-in Capital	Retained Deficit	Non-controlling Interest	Total
	Shares	Amount	Shares	Amount	Amount				
<b>Balance at December 31, 2020</b>	13,651,521	\$ 13,652	—	\$ —	\$ 125,270,350	\$ 339,742,380	\$ (315,626,555)	\$ —	\$ 149,399,827
Net income (loss)	—	—	—	—	—	—	(12,299,571)	1,605,308	(10,694,263)
Series A preferred stock dividends	—	—	—	—	—	(2,309,672)	—	—	(2,309,672)
Common Stock dividends	—	—	—	—	—	(682,576)	—	—	(682,576)
Equity attributable to non-controlling interest (Note 3)	—	—	—	—	—	—	—	115,323,036	115,323,036
<b>Balance at March 31, 2021 (Unaudited)</b>	13,651,521	\$ 13,652	—	\$ —	\$ 125,270,350	\$ 336,750,132	\$ (327,926,126)	\$ 116,928,344	\$ 251,036,352
Net income	—	—	—	—	—	—	412,539	2,014,870	2,427,409
Series A preferred stock dividends	—	—	—	—	—	(2,309,672)	—	—	(2,309,672)
Common Stock dividends	—	—	—	—	—	(682,576)	—	—	(682,576)
Reinvestment of dividends paid to common stockholders	21,805	21	—	—	—	132,774	—	—	132,795
Crimson cash distribution on A-1 Units	—	—	—	—	—	—	—	(604,951)	(604,951)
Crimson A-2 Units dividends payment in kind	—	—	—	—	—	—	—	(406,000)	(406,000)
Equity attributable to non-controlling interest	—	—	—	—	—	—	—	1,288,726	1,288,726
<b>Balance at June 30, 2021 (Unaudited)</b>	13,673,326	\$ 13,673	—	\$ —	\$ 125,270,350	\$ 333,890,658	\$ (327,513,587)	\$ 119,220,989	\$ 250,882,083
Net income	—	—	—	—	—	—	2,764,286	3,155,685	5,919,971
Series A preferred stock dividends	—	—	—	—	—	(2,388,130)	—	—	(2,388,130)
Common Stock dividends	—	—	—	—	—	(741,530)	—	—	(741,530)
Reinvestment of dividends paid to common stockholders	36,228	36	—	—	—	174,583	—	—	174,619
Common stock issued under director's compensation plan	3,399	3	—	—	—	22,497	—	—	22,500
Crimson cash distribution on A-1 Units	—	—	—	—	—	—	—	(841,950)	(841,950)
Crimson A-2 Units dividends payment in kind	—	—	—	—	—	—	—	(204,353)	(204,353)
Equity attributable to non-controlling interest	—	—	—	—	—	—	—	204,353	204,353
Series A preferred stock issued due to internalization transaction	—	—	—	—	4,255,325	(10,213)	—	—	4,245,112
Common Stock issued due to internalization transaction	1,153,846	1,154	—	—	—	7,094,999	—	—	7,096,153
Class B Common Stock issued due to internalization transaction	—	—	683,761	684	—	3,288,206	—	—	3,288,890
<b>Balance at September 30, 2021 (Unaudited)</b>	14,866,799	\$ 14,866	683,761	\$ 684	\$ 129,525,675	\$ 341,331,070	\$ (324,749,301)	\$ 121,534,724	\$ 267,657,718

See accompanying Notes to Consolidated Financial Statements.



**CorEnergy Infrastructure Trust, Inc.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS** *(Unaudited)*

	For the Nine Months Ended	
	September 30, 2021	September 30, 2020
<b>Operating Activities</b>		
Net loss	\$ (2,346,883)	\$ (303,395,899)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Deferred income tax, net	222,337	225,628
Depreciation, amortization and ARO accretion	11,530,460	12,441,775
Loss on impairment of leased property	—	140,268,379
Loss on impairment and disposal of leased property	5,811,779	146,537,547
Loss on termination of lease	165,644	458,297
Deferred rent receivable write-off, noncash	—	30,105,820
(Gain) loss on extinguishment of debt	861,814	(11,549,968)
Non-cash lease expense	373,847	—
Gain on sale of equipment	(16,508)	(3,542)
Changes in assets and liabilities:		
Deferred rent receivable	—	(247,718)
Accounts and other receivables	702,251	1,040,064
Financing note accrued interest receivable	(8,780)	(11,293)
Inventory	(1,572,534)	—
Prepaid expenses and other assets	(2,409,857)	(1,056,726)
Due from affiliated companies, net	(188,578)	—
Management fee payable	(971,626)	(700,194)
Accounts payable and other accrued liabilities	987,899	(2,551,374)
Income tax liability	33,027	—
Operating lease liability	(496,900)	—
Unearned revenue	(439,106)	(838,422)
Net cash provided by operating activities	\$ 12,238,286	\$ 10,722,374
<b>Investing Activities</b>		
Acquisition of Crimson Midstream Holdings, net of cash acquired	(69,002,053)	—
Acquisition of Corridor InfraTrust Management, net of cash acquired	952,487	—
Purchases of property and equipment, net	(15,024,412)	(885,711)
Proceeds from sale of property and equipment	97,210	7,500
Proceeds from insurance recovery	60,153	—
Principal payment on financing note receivable	113,595	43,333
Decrease in financing note receivable	26,849	—
Net cash used in investing activities	\$ (82,776,171)	\$ (834,878)
<b>Financing Activities</b>		
Debt financing costs	(2,735,922)	—
Repurchases of Series A preferred stock	—	(161,997)
Dividends paid on Series A preferred stock	(7,007,474)	(6,933,124)
Dividends paid on Common Stock	(1,799,268)	(11,603,792)
Common stock issued under director's compensation plan	22,500	—
Cash paid for maturity of convertible notes	—	(1,676,000)
Cash paid for repurchase of convertible notes	—	(1,316,250)
Cash paid for settlement of Pinedale Secured Credit Facility	—	(3,074,572)
Distributions to non-controlling interest	(1,446,901)	—
Advances on revolving line of credit	19,000,000	—
Payments on revolving line of credit	(16,000,000)	—
Principal payments on Crimson secured credit facility	(4,000,000)	—
Principal payments on secured credit facilities	—	(1,764,000)

	For the Nine Months Ended	
	September 30, 2021	September 30, 2020
Net cash used in financing activities	\$ (13,967,065)	\$ (26,529,735)
Net change in Cash and Cash Equivalents	\$ (84,504,950)	\$ (16,642,239)
Cash and Cash Equivalents at beginning of period	99,596,907	120,863,643
Cash and Cash Equivalents at end of period	\$ 15,091,957	\$ 104,221,404
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest paid	\$ 10,206,280	\$ 9,066,335
Income taxes paid (net of refunds)	(635,730)	(466,382)
<b>Non-Cash Investing Activities</b>		
Proceeds from sale of leased property provided directly to secured lender	\$ —	\$ 18,000,000
In-kind consideration for the Grand Isle Gathering System provided as partial consideration for the Crimson Midstream Holdings acquisition	\$ 48,873,169	\$ —
Crimson Credit Facility assumed and refinanced in connection with the Crimson Midstream Holdings acquisition	105,000,000	—
Equity consideration attributable to non-controlling interest holder in connection with the Crimson Midstream Holdings acquisition	116,205,762	—
Purchases of property, plant and equipment in accounts payable and other accrued liabilities	—	313,859
Series A preferred stock issued due to internalization transaction	4,245,112	—
Common Stock issued due to internalization transaction	7,096,153	—
Class B Common Stock issued due to internalization transaction	3,288,890	—
<b>Non-Cash Financing Activities</b>		
Change in accounts payable and accrued expenses related to debt financing costs	\$ 235,198	\$ —
Common Stock issued upon exchange and conversion of convertible notes	—	419,129
Proceeds from sale of leased property used in settlement of Pinedale Secured Credit Facility	—	(18,000,000)
Crimson A-2 Units dividends payment in kind	610,353	—

See accompanying Notes to Consolidated Financial Statements.



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** *(Unaudited)*  
**September 30, 2021**

## **1. INTRODUCTION AND BASIS OF PRESENTATION**

### **Introduction**

CorEnergy Infrastructure Trust, Inc. (referred to as "CorEnergy" or "the Company"), was organized as a Maryland corporation and commenced operations on December 8, 2005. The Company's common shares are listed on the New York Stock Exchange ("NYSE") under the symbol "CORR" and its depositary shares representing Series A Preferred Stock are listed on the NYSE under the symbol "CORR PrA".

The Company owns and operates or leases critical energy midstream infrastructure connecting the upstream and downstream sectors within the industry. The Company currently generates revenue from the transportation, via pipeline, of natural gas and crude oil for its customers in Missouri and California, respectively. The pipelines are located in areas where it would be difficult to replicate rights of way or transport natural gas or crude oil via non-pipeline alternatives resulting in the Company's assets providing utility-like criticality in the midstream supply chain for its customers. Prior to 2021, the Company focused primarily on entering into long-term triple-net participating leases with energy companies, and also has provided other types of capital, including loans secured by energy infrastructure assets. Over the last twelve months, the Company's asset portfolio has undergone significant changes. The Company divested all of its leased assets, including the Grand Isle Gathering System ("GIGS") and Pinedale Liquids Gathering System ("Pinedale LGS"), which are described in this Report.

### **Crimson Acquisition**

On February 4, 2021, the Company acquired a 49.50 percent interest in Crimson Midstream Holdings, LLC ("Crimson"), a California Public Utilities Commission ("CPUC") regulated crude oil pipeline owner and operator. The acquired assets include four critical infrastructure pipeline systems spanning approximately 2,000 miles (including 1,300 active miles) across northern, central and southern California, connecting desirable native California crude production to in-state refineries producing state-mandated specialized fuel blends, among other products. This interest was acquired effective February 1, 2021 and is referred to throughout this Report as the "Crimson Transaction." The repositioning of the Company's asset portfolio from a focus on non-operated leased assets to one of owned and operated assets is enabled by its U.S. Internal Revenue Service ("IRS") Private Letter Ruling ("PLR") related to qualifying income for operated assets. As a result, all of the Company's current assets are owned and operated which provides it with an opportunity to grow the business organically using its footprint in addition to making acquisitions. CorEnergy considers its investments in these energy infrastructure assets to be a single business segment and reports them accordingly in its financial statements.

### **Management Internalization**

On February 4, 2021, the Company entered into a Contribution Agreement with Richard C. Green, Rick Kreul, Rebecca M. Sandring, Sean DeGon, Jeff Teeven, Jeffrey E. Fulmer, David J. Schulte (as Trustee of the DJS Trust under Trust Agreement dated July 18, 2016), and Campbell Hamilton, Inc., which is an entity controlled by David J. Schulte (collectively, the "Contributors"), and Corridor InfraTrust Management, LLC ("Corridor" or the "Manager"), the Company's external manager, pursuant to which the Company agreed to acquire Corridor, its external manager (subject to stockholder approval as required by NYSE rules).

The required stockholder approval was received at the Company's Annual Meeting on June 29, 2021, and the Internalization and all related transactions closed on July 6, 2021 for a total consideration of approximately \$14.6 million in equity of the Company. Pursuant to the Contribution Agreement, the Company issued (i) 1,153,846 shares of Common Stock, (ii) 683,761 shares of Class B Common Stock, and (iii) 170,213 depositary shares representing our Series A Preferred Stock.

Following the Internalization, our senior management team continues to oversee, manage and operate the Company, and the Company is no longer externally managed by our former Manager. As an internally managed company, the Company no longer pay the former Manager any fees or expense reimbursements arising from the Management Agreement but rather incur the former Manager's direct employee compensation and office related expenses.

The principal executive offices of our Company and the former Manager are located at 1100 Walnut, Suite 3350, Kansas City, Missouri 64106. Our telephone number is (816) 875-3705.

## Basis of Presentation and Consolidation

The accompanying consolidated financial statements include CorEnergy accounts and the accounts of its wholly-owned subsidiaries and variable interest entities ("VIEs") for which CorEnergy is the primary beneficiary. The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") set forth in the Accounting Standards Codification ("ASC"), as published by the Financial Accounting Standards Board ("FASB"), and with the Securities and Exchange Commission ("SEC") instructions to Form 10-Q, and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The accompanying consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the Company's financial position, results of operations, and cash flows for the periods presented. There were no adjustments that, in the opinion of management, were not of a normal and recurring nature. All intercompany transactions and balances have been eliminated in consolidation, and the Company's net earnings have been reduced by the portion of net earnings attributable to non-controlling interests, when applicable.

The Company consolidates a VIE when it is the primary beneficiary, which is the party that has both (i) the power to direct the activities that most significantly impact the VIE's economic performance and (ii) through its interests in the VIE, the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. In order to determine whether it owns a variable interest in a VIE, the Company performs a qualitative analysis of the entity's design, primary decision makers, key agreements governing the VIE, voting interests and significant activities impacting the VIE's economic performance. The Company continually monitors consolidated VIEs to determine if any events have occurred that could cause the primary beneficiary to change.

As described above, the Company acquired a 49.50 percent interest in Crimson, which is a legal entity that meets the VIE criteria. As a result of its consolidation analysis more fully described in Note 15 ("Variable Interest Entity"), the Company determined it is the primary beneficiary of Crimson due to its related party relationship with Crimson's 50.50 percent interest holder. Therefore, beginning February 1, 2021, Crimson is consolidated in the Company's consolidated financial statements and the non-controlling interest is presented as a component of equity. Refer to Note 13 ("Stockholders' Equity") for further discussion of the non-controlling interest in Crimson. The consolidated financial statements also include the accounts of any limited partnerships where the Company represents the general partner and, based on all facts and circumstances, controls such limited partnerships, unless the limited partner has substantive participating rights or substantive kick-out rights. Refer to Note 15 ("Variable Interest Entity"), for further discussion of the Company's consolidated VIEs.

Operating results for the three and nine months ended September 30, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021 or any other interim or annual period. These consolidated financial statements and Management's Discussion and Analysis of the Financial Condition and Results of Operations should be read in conjunction with CorEnergy's Annual Report on Form 10-K, for the year ended December 31, 2020, filed with the SEC on March 4, 2021 (the "2020 CorEnergy 10-K").

## 2. RECENT ACCOUNTING PRONOUNCEMENTS

In June of 2016, the FASB issued ASU 2016-13 "*Financial Instruments - Credit Losses*" ("ASU 2016-13"), which introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments. The new model, referred to as the current expected credit losses ("CECL model"), will apply to financial assets subject to credit losses and measured at amortized cost, and certain off-balance sheet credit exposures. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. In November of 2019, the FASB issued ASU 2019-10, "*Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842) Effective Dates*", which deferred the effective dates of these standards for certain entities. Based on the guidance for smaller reporting companies, the effective date of ASU 2016-13 is deferred for the Company until fiscal year 2023 with early adoption permitted, and the Company has elected to defer adoption of this standard.

Although the Company has elected to defer adoption of ASU 2016-13, it will continue to evaluate the potential impact of the standard on its consolidated financial statements. As part of its ongoing assessment work, the Company has completed training on the CECL model and has begun developing policies, processes and internal controls.

In December of 2019, the FASB issued ASU 2019-12, "*Simplifying the Accounting for Income Taxes (Topic 740)*" ("ASU 2019-12"), which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years. The Company adopted ASU 2019-12 as of January 1, 2021, and it did not have a material impact on its consolidated financial statements.

In March of 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848)" ("ASU 2020-04"). In response to concerns about structural risks of interbank offered rates including the risk of cessation of the London Interbank Offered Rate (LIBOR), regulators in several jurisdictions around the world have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable and less susceptible to manipulation. The provisions of ASU 2020-04 are elective and apply to all entities, subject to meeting certain criteria, that have debt or hedging contracts, among other contracts, that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. ASU 2020-04, among other things, provides optional expedients and exceptions for a limited period of time for applying U.S. GAAP to these contracts if certain criteria are met to ease the potential burden in accounting for or recognizing the effects of reference rate reform on financial reporting. ASU 2020-04 is effective for all entities as of March 12, 2020 through December 31, 2022. The Company is currently evaluating its contracts that reference LIBOR and the optional expedients and exceptions provided by the FASB.

In August 2020, the FASB issued ASU 2020-06, "Accounting for Convertible Instruments and Contracts in an Entity's Own Equity" ("ASU 2020-06"). The new guidance (i) simplifies an issuer's accounting for convertible instruments by eliminating the cash conversion and beneficial conversion feature models in ASC 470-20 that require separate accounting for embedded conversion features, (ii) simplifies the settlement assessment that issuers perform to determine whether a contract in its own equity qualifies for equity classification and (iii) requires entities to use the if-converted method for all convertible instruments and generally requires them to include the effect of share settlement for instruments that may be settled in cash or shares. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted for fiscal years beginning after December 15, 2020, but an entity must early adopt the guidance at the beginning of the fiscal year. The Company elected to early adopt ASU 2020-6 on January 1, 2021 and noted that the standard does not have an impact on the Company's consolidated financial statements.

### 3. ACQUISITIONS

#### Crimson Midstream Holdings, LLC

Effective February 1, 2021, the Company completed the acquisition of a 49.50 percent interest in Crimson (which includes a 49.50 percent voting interest and the right to 100.0 percent of the economic benefit of Crimson's business, after satisfying the distribution rights of the remaining equity holders) for total consideration with a fair value of \$343.8 million after giving effect to the initial working capital adjustments and with the right to acquire the remaining 50.50 percent, subject to CPUC approval. After giving effect to the initial working capital adjustments, the consideration consisted of a combination of cash on hand of \$74.6 million, commitments to issue new common and preferred equity valued at \$115.3 million, contribution of the GIGS asset with a fair value of \$48.9 million to the sellers and \$105.0 million in new term loan and revolver borrowings, all as detailed further below. The consideration was subject to a final working capital adjustment. Crimson is a CPUC regulated crude oil pipeline owner and operator, and its assets include four critical infrastructure pipeline systems spanning approximately 2,000 miles (including 1,300 active miles) across northern, central and southern California, connecting California crude production to in-state refineries.

To effect the Crimson Transaction, on February 4, 2021, the Company entered into and consummated a Membership Interest Purchase Agreement (the "MIPA") with CGI Crimson Holdings, L.L.C. ("Carlyle"), Crimson, and John D. Grier and certain affiliated trusts of Grier (the "Grier Members"). Pursuant to the terms of the MIPA, the Company acquired all of the Class C Units of Crimson owned by Carlyle, which represents 49.50 percent of all of the issued and outstanding membership interests of Crimson for approximately \$66.0 million in cash (net of initial working capital adjustments) and the transfer to Carlyle of the Company's interest in GIGS (as further described in Note 5 ("Leased Properties And Leases")). Crimson Midstream Operating and Corridor MoGas also entered into a \$105.0 million Amended and Restated Credit Agreement with Wells Fargo (as further described below and in Note 12 ("Debt")).

Simultaneously, Crimson, the Company, and the Grier Members entered into the Third Amended and Restated Limited Liability Company Agreement ("Third LLC Agreement") of Crimson. Pursuant to the terms of the Third LLC Agreement, the Grier Members' outstanding membership interests in Crimson were exchanged for 1,613,202 Class A-1 Units of Crimson, 2,436,000 Class A-2 Units of Crimson and 2,450,142 Class A-3 Units of Crimson, which, as described in Note 13 ("Stockholders' Equity"), may eventually be exchangeable for shares of the Company's common and preferred stock. The Company received 10,000 Class B-1 Units, which represent the Company's economic interest in Crimson. The Class A-1 Units issued were subject to a final working capital adjustment. Additionally, 495,000 Class C-1 Units (representing 49.50 percent of the voting interests under the Third LLC Agreement) were issued to the Company in exchange for the former Class C Units acquired from Carlyle and 505,000 Class C-1 Units (representing 50.50 percent of the voting interests under the Third LLC Agreement) were issued to the Grier Members, in exchange for the Class C Units held by the Grier Members prior to the Crimson Transaction.

In June 2021, the final working capital adjustment was made for the Crimson Transaction which resulted in an increase in the assets acquired of \$1,790,455. This resulted in an additional 37,043 Class A-1 Units being issued to the Grier Members for their 50.50 percent ownership interest and \$907,728 of additional cash being paid for the 49.50 percent ownership interest CorEnergy purchased. The newly issued units resulted in an increase in the aggregate value of non-controlling interest of \$882,726 and increased the Grier Members' total Class A-1 Units to 1,650,245. After the working capital adjustment and paid-in-kind dividends, the Grier Members' equity ownership interest is 50.62 percent as of September 30, 2021.

The acquisition is being treated as a business combination in accordance with ASC 805, *Business Combinations*, which requires allocation of the purchase price to the estimated fair values of assets and liabilities acquired in the transaction. The allocation of purchase price is based on management's judgment after evaluating several factors, including a preliminary valuation assessment. Because the values assigned to assets acquired and liabilities assumed are based on preliminary estimates of fair value available as of the date of this Quarterly Report on Form 10-Q, amounts may be adjusted during the measurement period of up to twelve months from the date of acquisition as further information becomes available. Any changes in the fair values of assets acquired and liabilities assumed during the measurement period may result in adjustments to goodwill. The allocation of purchase price is preliminary and subject to changes as an appraisal of tangible assets and liabilities are finalized and purchase price adjustments are completed. The following is a summary of a preliminary allocation of the purchase price:

Crimson Midstream Holdings, LLC	As of February 1, 2021	Working Capital Changes	September 30, 2021
<b>Assets Acquired</b>			
Cash and cash equivalents	\$ 6,554,921	\$ —	\$ 6,554,921
Accounts and other receivables	11,394,441	—	11,394,441
Inventory	1,681,637	—	1,681,637
Prepaid expenses and other assets	6,144,932	—	6,144,932
Property and equipment <sup>(1)</sup>	332,174,531	1,790,455	333,964,986
Operating right-of-use asset	6,268,077	—	6,268,077
Total assets acquired:	\$ 364,218,539	\$ 1,790,455	\$ 366,008,994
<b>Liabilities Assumed</b>			
Accounts payable and other accrued liabilities	\$ 13,790,011	\$ —	\$ 13,790,011
Operating lease liability	6,268,077	—	6,268,077
Unearned revenue	315,000	—	315,000
Total liabilities assumed:	\$ 20,373,088	\$ —	\$ 20,373,088
<b>Fair Value of Net Assets Acquired:</b>	<b>\$ 343,845,451</b>	<b>\$ 1,790,455</b>	<b>\$ 345,635,906</b>
<b>Non-controlling interest at fair value<sup>(2)(3)</sup></b>	<b>\$ 115,323,036</b>	<b>\$ 882,726</b>	<b>\$ 116,205,762</b>

(1) Amounts recorded for property and equipment include land, buildings, lease assets, leasehold improvements, furniture, fixtures and equipment. During the three months ended June 30, 2021, the Company recorded measurement period adjustments primarily related to the valuation of land.

(2) Includes a non-controlling interest for Grier Members' equity consideration in the A-1, A-2 and A-3 Units (including the 37,043 newly issued A-1 Units) with a total fair value of \$116.2 million. Refer to "Fair Value of Non-controlling Interest" below and Note 13 ("Stockholders' Equity") for further details.

(3) In addition to the newly issued Class A-1 Units, CorEnergy also paid \$907,728 in cash as a contribution to Crimson Midstream Holdings, LLC.

#### Fair Value of Assets and Liabilities Acquired

The fair value of property and equipment was determined from an external valuation performed by an unrelated third party specialist based on the cost methodology. The preliminary fair value measurement of tangible assets is based on significant inputs not observable in the market and thus represent Level 3 measurements within the fair value measurement hierarchy. The significant unobservable input used includes a discount rate based on an estimated weighted average cost of capital of a theoretical market participant. The Company utilized a weighted average discount rate of 14.0 percent when deriving the fair value of the property and equipment acquired. The weighted average discount rate reflects management's best estimate of inputs a market participant would utilize. In addition, the Company utilized revenue, cost and growth projections in its discounted cash flows to value the assets and liabilities acquired as well as relevant third-party valuation data for the pipeline right of ways. The carrying value of cash and cash equivalents, accounts and other receivables, prepaid expenses and other assets, and accounts

payable and other accrued liabilities, approximate fair value due to their short term, highly liquid nature. Inventory was valued based on average crude oil inventory prices, less an applicable discount to sell, at the acquisition date.

**Fair Value of Non-controlling Interest**

The fair value of the non-controlling interest for each of the A-1, A-2 and A-3 Units was determined from an external valuation performed by an unrelated third party specialist. As described in Note 13 ("Stockholders' Equity"), the A-1, A-2 and A-3 Units have the right to receive any distributions that the Company's Board of Directors determines would be payable as if they held (initially) the shares of Series C Preferred Stock, Series B Preferred Stock and Class B Common Stock, respectively, with all distributions on Class A-1 Units becoming tied to the Company's Series A Preferred Stock as of June 30, 2021 and distributions on the Class A-2 Units becoming tied to the Class B Common Stock as of July 7, 2021, as further described in Note 13 ("Stockholders' Equity"). To determine the fair value of the units on February 1, 2021, the third-party valuation specialists developed a Monte Carlo model to simulate a distribution of future prices underlying the CorEnergy securities associated with the A-1, A-2 and A-3 Units. The fair value measurement is based on observable inputs related to the Company's Common Stock and Series A Preferred Stock, including stock price, historical volatility and dividend yield. The fair value measurement is also based on significant inputs not observable in the market and thus represent Level 3 measurements. The significant unobservable inputs include a discount rate of 11.88 percent for the A-1 Units and 11.75 percent for the A-3 Units. The valuation for the A-2 Units assumed stockholder approval would be received to exchange the A-2 Units to Class B Common Stock instead of Series B Preferred Stock. Therefore, the valuation mirrors the assumptions utilized for the A-3 Units.

During the nine months ended September 30, 2021, the Company incurred transaction costs and financing costs at closing of approximately \$2.0 million and \$2.8 million, respectively. The Company also incurred due diligence costs and other financing costs of \$785 thousand and \$235 thousand, respectively, for nine months ended September 30, 2021. Total transaction, due diligence and financing costs, including \$1.5 million incurred for the year ended December 31, 2020, for the Crimson Transaction were \$7.3 million. Transaction and due diligence costs are recorded in general and administrative expenses in the Consolidated Statements of Operation. Financing costs were capitalized as deferred debt issuance costs in the Consolidated Balance Sheet. For the period from February 1, 2021 (effective date of the acquisition) to September 30, 2021, revenues for Crimson were \$76.1 million and net income was \$13.5 million.

**Pro Forma Results of Operations (Unaudited)**

The following selected comparative unaudited pro forma revenue information for the three and nine months ended September 30, 2021 and 2020 assumes that the Crimson acquisition occurred at the beginning of 2020, and reflects the full results for the period presented. The pro forma results have been prepared for comparative purposes only and do not purport to indicate the results of operations which would actually have occurred had the combination been in effect on the dates indicated, or which may occur in the future. These amounts have been calculated after applying the Company's accounting policies. The Company has excluded pro forma information related to net earnings (loss) as it is impracticable to provide the information as Crimson was part of a larger entity that was separated via a common control transfer at the closing of the Crimson Transaction. As a result, quarterly financial information has not been carved-out for the Crimson entities acquired in prior quarterly periods.

	Pro Forma Three Months Ended		Pro Forma Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenues	\$ 37,028,882	\$ 30,820,236	\$ 101,153,981	\$ 73,128,143

**Corridor InfraTrust Management, LLC**

On July 6, 2021, the Company consummated the internalization of the Company's management company (the "Internalization") pursuant to the previously announced Contribution Agreement, dated as of February 4, 2021 (the Contribution Agreement"), by and among the Company and the Contributors. Pursuant to the Contribution Agreement and following approval by the Company's stockholders, the Company, acquired Corridor, which owns the assets previously used by Corridor in its performance of the management functions previously provided to the Company. Upon closing of the Internalization, the Company became an internally managed real estate investment trust. As an internally managed company, the Company no longer pays the former Manager any fees or expense reimbursements arising from the Management Agreement but rather incur the former Manager's direct employee compensation and office related expenses.

The Internalization was consummated for a purchase price of approximately \$14.6 million, payable in equity. Pursuant to the Contribution Agreement, the Company issued to the Contributors, based on each Contributor's percentage ownership in Corridor, an aggregate of: (i) 1,153,846 shares of Common Stock, (ii) 683,761 shares of Class B Common Stock, and (iii) 170,213 depository shares of Series A Preferred Stock (collectively with the Common Stock and Class B Common Stock, the "REIT Stock"). At closing, the Management Agreement and Administrative Agreement were both effectively terminated.

The acquisition is being treated as a business combination in accordance with ASC 805, *Business Combinations*, which requires allocation of the purchase price to the estimated fair values of assets and liabilities acquired in the transaction. The allocation of purchase price is based on management's judgment after evaluating several factors, including a preliminary valuation assessment. Because the values assigned to assets acquired and liabilities assumed are based on preliminary estimates of fair value available as of the date of this Quarterly Report on Form 10-Q, amounts may be adjusted during the measurement period of up to twelve months from the date of acquisition as further information becomes available. Any changes in the fair values of assets acquired and liabilities assumed during the measurement period may result in adjustments to goodwill. The allocation of purchase price is preliminary and subject to changes as an appraisal of tangible assets and liabilities are finalized and purchase price adjustments are completed. The following is a summary of a preliminary allocation of the purchase price:

<b>Corridor InfraTrust Management, LLC</b>	<b>As of July 6, 2021</b>	
<b>Assets Acquired</b>		
Cash and cash equivalents	\$	952,487
Accounts and other receivables		344,633
Prepaid expenses and other assets		14,184
Property and equipment		87,101
Operating right-of-use asset		453,396
Goodwill		14,491,152
Total assets acquired:	\$	16,342,953
<b>Liabilities Assumed</b>		
Accounts payable and other accrued liabilities	\$	1,259,402
Operating lease liability		453,396
Total liabilities assumed:	\$	1,712,798
<b>Fair Value of Net Assets Acquired:</b>	<b>\$</b>	<b>14,630,155</b>

#### **Fair Value of Assets and Liabilities Acquired**

The carrying value of cash and cash equivalents, accounts and other receivables, prepaid expenses and other assets, and accounts payable and other accrued liabilities, approximate fair value due to their short term, highly liquid nature.

#### **4. TRANSPORTATION AND DISTRIBUTION REVENUE**

The Company's contracts related to transportation and distribution revenue are primarily comprised of a mix of natural gas supply, crude oil and natural gas transportation and distribution performance obligations, as well as limited performance obligations related to system maintenance and improvement.

##### *Crude Oil and Natural Gas Transportation and Distribution*

Under the Company's (i) natural gas supply, (ii) crude oil and natural gas transportation and (iii) natural gas distribution performance obligations, the customer simultaneously receives and consumes the benefit of the services as the commodity is delivered. Therefore, the transaction price is allocated proportionally over the series of identical performance obligations with each contract, and the Company satisfies performance obligations over time as midstream transportation and distribution services are performed. The transaction price is calculated based on (i) index price, plus a contractual markup in the case of natural gas supply agreements (considered variable due to fluctuations in the index), (ii) CPUC and FERC regulated rates or negotiated rates in the case of transportation agreements and (iii) contracted amounts (with annual CPI escalators) in the case of the Company's distribution agreement.

The Company's crude oil transportation revenue also includes amounts earned for pipeline loss allowance ("PLA"). PLA revenue, recorded within transportation revenue, represents the estimated realizable value of the earned loss allowance volumes received by the Company as applicable under the tariff or contract. As is common in the pipeline transportation industry, as crude oil is transported, the Company earns a small percentage of the crude oil volume transported to offset any measurement uncertainty or actual volumes lost in transit. The Company will settle the PLA with its shippers either in-kind or in cash. PLA received by the Company typically exceeds actual pipeline losses in transit and typically results in a benefit to the Company. For PLA volumes received in-kind, the Company records these in inventory.

When PLA is paid in-kind, the barrels are valued at current market price less standard deductions, recorded as inventory and recognized as non-cash consideration revenue, concurrent with related transportation services. PLA paid in cash is treated in the same way as in-kind, but no inventory is created. In accordance with ASC 606, when control of the PLA volumes have been transferred to the purchaser, the Company records this non-cash consideration as revenue at the contractual sales price within PLA revenue and PLA cost of revenues.

Based on the nature of the agreements, revenue for all but one of the Company's natural gas supply, transportation and distribution performance obligations is recognized on a right to invoice basis as the performance obligations are met, which represents what the Company expects to receive in consideration and is representative of value delivered to the customer. The Company has a contract with Spire that has fixed pricing which varies over the contract term. For this specific contract, the transaction price has been allocated ratably over the contractual performance obligation. Based on a downward revision of the rate during the Company's long-term natural gas transportation contract with Spire, ASC 606 requires the Company to record the contractual transaction price, and therefore aggregate revenue, from the contract ratably over the term of the contract.

During the fourth quarter of 2020, MoGas entered into a new long-term firm transportation services agreement with Spire, its largest customer. Upon completion of the STL interconnect project, the agreement increased Spire's firm capacity from 62,800 dekatherms per day to 145,600 dekatherms per day through October 2030 and replaced the previous firm transportation agreement. In accordance with ASC 606, the Company accounted for the contract modification in the fourth quarter of 2020 as a termination of the existing transportation contract and a creation of a new transportation contract with Spire that was accounted for prospectively. The remaining contract liability will decline at a rate of approximately \$146 thousand per quarter through the end of the contract in October 2030. As of September 30, 2021, the revenue allocated to the remaining performance obligation under this contract is approximately \$63.5 million.

#### *System Maintenance & Improvement*

System maintenance and improvement contracts are specific and tailored to the customer's needs, have no alternative use and have an enforceable right to payment as the services are provided. Revenue is recognized on an input method, based on the actual cost of service as a measure of the performance obligation satisfaction. Differences between amounts invoiced and revenue recognized under the input method are reflected as an asset or liability on the Consolidated Balance Sheets. The costs of system improvement projects are recognized as a financing arrangement in accordance with guidance in the lease standard while the margin is recognized in accordance with the revenue standard as discussed above.

The table below summarizes the Company's contract liability balance related to its transportation and distribution revenue contracts as of September 30, 2021:

	<b>Contract Liability<sup>(1)</sup></b>	
	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Beginning Balance January 1	\$ 6,104,979	\$ 6,850,790
Unrecognized Performance Obligations	315,000	347,811
Recognized Performance Obligations	(439,106)	(1,093,622)
Ending Balance	<u>\$ 5,980,873</u>	<u>\$ 6,104,979</u>

*(1) The contract liability balance is included in unearned revenue in the Consolidated Balance Sheets.*

The Company's contract asset balance was \$105 thousand and \$363 thousand as of September 30, 2021 and December 31, 2020, respectively. The Company also recognized deferred contract costs related to incremental costs to obtain a transportation performance obligation contract, which are amortized on a straight-line basis over the remaining term of the contract. As of September 30, 2021, the remaining unamortized deferred contract costs balance was approximately \$877 thousand. The contract asset and deferred contract costs balances are included in prepaid expenses and other assets in the Consolidated Balance Sheets.

The following is a breakout of the Company's transportation and distribution revenue for the three and nine months ended September 30, 2021 and 2020:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Crude oil transportation revenue	84.6 %	— %	80.7 %	— %
Natural gas transportation revenue	11.4 %	64.6 %	13.5 %	67.2 %
Natural gas distribution revenue	3.5 %	26.0 %	4.3 %	25.3 %

## 5. LEASED PROPERTIES AND LEASES

### LESSOR - LEASED PROPERTIES

Prior to 2021, the Company primarily acquired midstream and downstream assets in the U.S. energy sector such as pipelines, storage terminals, and gas and electric distribution systems and, historically, leased many of these assets to operators under triple-net leases. The Company's leased property was classified as an operating lease and was recorded as leased property in the Consolidated Balance Sheets. Base rent related to the Company's leased property was recognized on a straight-line basis over the term of the lease when collectability was probable. Participating rent was recognized when it was earned, based on the achievement of specified performance criteria. Base and participating rent were recorded as lease revenue in the Consolidated Statements of Operations. The Company regularly evaluated the collectability of any deferred rent receivable on a lease by lease basis. The evaluation primarily included assessing the financial condition and credit quality of the Company's tenants, changes in tenants' payment history and current economic factors. When the collectability of the deferred rent receivable or future lease payments were no longer probable, the Company recognized a write-off of the deferred rent receivable as a reduction of revenue in the Consolidated Statements of Operations.

The Company divested all of its leased assets including (i) GIGS on February 4, 2021 as described further below and (ii) the Pinedale LGS on June 30, 2020 in a sale to its tenant, Ultra Wyoming, LLC ("Ultra Wyoming") pursuant to the terms of the sale agreement approved by the U.S. Bankruptcy Court overseeing the bankruptcy proceedings of Ultra Wyoming and its parent company, Ultra Petroleum Corp ("UPL").

### Sale and Impairment of the Grand Isle Gathering System

During 2020, the EGC Tenant's nonpayment of rent along with the significant decline in the global oil market triggered indicators of impairment for the GIGS asset. As a result, the Company recognized a \$140.3 million loss on impairment of leased property related to the GIGS asset in the Consolidated Statements of Operations for the nine months ended September 30, 2020. The Company also previously recognized a deferred rent receivable for the Grand Isle Gathering Lease, which primarily represented timing differences between the straight-line revenue recognition and contractual lease receipts over the lease term. Given the EGC's Tenant's nonpayment of rent and the Company's expectations surrounding the collectability of the contractual lease payments under the lease, the Company recognized a non-cash write-off of the deferred rent receivable of \$30.1 million. The non-cash write-off was recognized as a reduction of revenue in the Consolidated Statements of Operations for the nine months ended September 30, 2020.

As discussed in Note 3 ("Acquisitions"), on February 4, 2021, the Company contributed the GIGS asset as partial consideration for the acquisition of its interest in Crimson resulting in its disposal, along with the asset retirement obligation (collectively, the "GIGS Disposal Group"), which was assumed by the sellers. Upon meeting the held for sale criteria in mid-January 2021, the Company ceased recording depreciation on the GIGS asset. The GIGS asset had a carrying value of \$63.5 million and the asset retirement obligation had a carrying value of \$8.8 million, or a net carrying value of \$54.7 million for the GIGS Disposal Group. The GIGS asset had a fair value of approximately \$48.9 million at the time of disposal, which was determined by a discounted cash flow model and utilized the forecast of a market participant and their expected operation of the asset. The fair value measurement is also based on significant inputs not observable in the market and thus represent Level 3 measurements. The significant unobservable inputs include a discount rate of 11.75 percent. The contribution of the GIGS Disposal Group resulted in a loss on impairment and disposal of leased property of \$5.8 million in the Consolidated Statements of Operations in the first quarter of 2021.

### Termination of the Grand Isle Lease Agreement

As described in Note 10 ("Commitments and Contingencies"), in connection with the GIGS disposition, the Company and Grand Isle Corridor entered into a Settlement and Mutual Release Agreement (the "Settlement Agreement") with the EGC Tenant, EGC, and CEXXI, LLC (the "EXXI Entities") related to the previously reported litigation between them and terminated the Grand Isle Lease Agreement. The termination of the Grand Isle Lease Agreement resulted in the write-off of deferred lease

costs of \$166 thousand, which is recorded as a loss on termination of lease in the Consolidated Statements of Operations for the nine months ended September 30, 2021.

#### **Sale and Impairment of the Pinedale Liquids Gathering System**

On April 14, 2020, UPL, the parent and guarantor of the lease obligations of the tenant and operator of the Company's Pinedale LGS, announced that its significant indebtedness and extremely challenging current market conditions raised a substantial doubt about its ability to continue as a going concern. The going concern qualification in UPL's financial statements filed in its 2019 10-K resulted in defaults under UPL's credit and term loan agreement. UPL also disclosed that it elected not to make interest payments on certain outstanding indebtedness, triggering a 30-day grace period. If such interest payments were not made by the end of the grace period, an event of default would occur, potentially causing its outstanding indebtedness to become immediately due and payable. UPL further disclosed that if it was unable to obtain sufficient additional capital to repay the outstanding indebtedness and sufficient liquidity to meet its operating needs, it might be necessary for UPL to seek protection from creditors under Chapter 11 of the U.S. Bankruptcy Code.

On May 14, 2020, UPL filed a voluntary petition to reorganize under Chapter 11 of the U.S. Bankruptcy Code. The filing included Ultra Wyoming, the operator of the Pinedale LGS and tenant under the Pinedale Lease Agreement with the Company's indirect wholly owned subsidiary Pinedale LP. The bankruptcy filing of both the guarantor, UPL, and the tenant constituted defaults under the terms of the Pinedale Lease Agreement. The bankruptcy filing imposed a stay of CorEnergy's ability to exercise remedies for the foregoing defaults. Ultra Wyoming also filed a motion to reject the Pinedale Lease Agreement, with a request that such motion be effective June 30, 2020. Pending the effective date of the rejection, Section 365 of the Bankruptcy Code generally requires Ultra Wyoming to comply on a timely basis with the provisions of the Pinedale Lease Agreement, including the payment provisions. Accordingly, the Company received the rent payments due on the first day of April, May and June 2020.

Pinedale LP, along with Prudential, the lender under the Amended Pinedale Term Credit Facility discussed in Note 12 ("Debt"), commenced discussions with UPL which resulted in UPL presenting an initial offer to purchase the Pinedale LGS. The Amended Pinedale Term Credit Facility was secured by the Pinedale LGS and was not secured by any assets of CorEnergy or its other subsidiaries.

On June 5, 2020, Pinedale LP filed a motion with the U.S. Bankruptcy Court objecting to Ultra Wyoming's motion to reject the Pinedale Lease Agreement while continuing its negotiations with UPL. Pinedale LP and the Company agreed in principle to terms with Ultra Wyoming to sell the Pinedale LGS for \$18.0 million cash as set forth in a non-binding term sheet that was filed with the U.S. Bankruptcy Court in UPL's Chapter 11 case along with a motion for approval of the transaction on June 22, 2020.

On June 26, 2020, the U.S. Bankruptcy Court in UPL's Chapter 11 case approved the sale of the Pinedale LGS. Following such approval, on June 29, 2020, Pinedale LP entered into the purchase and sale agreement (the "Sale Agreement") with Ultra Wyoming. On June 30, 2020, Pinedale LP closed on the sale of the Pinedale LGS to its tenant, Ultra Wyoming, for total cash consideration of \$18.0 million, and the Pinedale Lease Agreement was terminated. The sale was completed pursuant to the terms of the Sale Agreement previously approved by the bankruptcy court as discussed above. In connection with the closing of the sale, the Company and Pinedale LP entered into a mutual release of all claims related to the Pinedale LGS and the Pinedale Lease Agreement with UPL and Ultra Wyoming, including a release by Pinedale LP of all claims against UPL and Ultra Wyoming arising from the rejection or termination of the Pinedale Lease Agreement.

In conjunction with the sale of the Pinedale LGS described above, Pinedale LP and the Company entered into a compromise and release agreement (the "Release Agreement") with Prudential related to the Amended Pinedale Term Credit Facility, which had an outstanding balance of approximately \$32.0 million, net of \$132 thousand of deferred debt issuance costs. Pursuant to the Release Agreement, the \$18.0 million sale proceeds from the Sale Agreement were provided by Ultra Wyoming directly to Prudential. The Company also provided the remaining cash available at Pinedale LP of approximately \$3.3 million (including \$198 thousand for accrued interest) to Prudential in exchange for (i) the release of all liens on the Pinedale LGS and the other assets of Pinedale LP, (ii) the termination of the Company's pledge of equity interests of the general partner of Pinedale LP, (iii) the termination and satisfaction in full of the obligations of Pinedale LP under the Amended Pinedale Term Credit Facility and (iv) a general release of any other obligations of Pinedale LP and/or the Company and their respective directors, officers, employees or agents pertaining to the Amended Pinedale Term Credit Facility.

During the negotiation and closing of the sale of the Pinedale LGS to Ultra Wyoming, the Company determined impairment indicators existed as the value to be received from the sale was less than the carrying value of the asset. As a result of these indicators and the sale of the Pinedale LGS, the Company recognized a loss on impairment and disposal of leased property in the Consolidated Statement of Operations of approximately \$146.5 million for the nine months ended September 30, 2020.

Further, the sale of the Pinedale LGS resulted in the termination of the Pinedale Lease Agreement, and the Company recognized a loss on termination of lease of approximately \$458 thousand for the nine months ended September 30, 2020. These losses were partially offset by the settlement of the Amended Pinedale Term Credit Facility with Prudential (as discussed above and in Note 12 ("Debt")), which resulted in a gain on extinguishment of debt of \$11.0 million for the three and nine months ended September 30, 2020.

The following table reflects the depreciation and amortization included in the accompanying Consolidated Statements of Operations associated with the Company's leases and leased properties:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<b>Depreciation Expense</b>				
GIGS	\$ —	\$ 1,190,911	\$ 140,860	\$ 4,822,410
Pinedale	—	—	—	3,695,599
United Property Systems	10,314	9,837	30,942	29,499
<b>Total Depreciation Expense</b>	<b>\$ 10,314</b>	<b>\$ 1,200,748</b>	<b>\$ 171,802</b>	<b>\$ 8,547,508</b>
<b>Amortization Expense - Deferred Lease Costs</b>				
GIGS	\$ —	\$ 7,641	\$ 2,547	\$ 22,923
Pinedale	—	—	—	30,684
<b>Total Amortization Expense - Deferred Lease Costs</b>	<b>\$ —</b>	<b>\$ 7,641</b>	<b>\$ 2,547</b>	<b>\$ 53,607</b>
<b>ARO Accretion Expense</b>				
GIGS	\$ —	\$ 116,514	\$ 40,546	\$ 345,199
<b>Total ARO Accretion Expense</b>	<b>\$ —</b>	<b>\$ 116,514</b>	<b>\$ 40,546</b>	<b>\$ 345,199</b>

The following table reflects the deferred costs that are included in the accompanying Consolidated Balance Sheets associated with the Company's leased properties:

	September 30, 2021	December 31, 2020
<b>Net Deferred Lease Costs</b>		
GIGS	\$ —	\$ 168,191
<b>Total Deferred Lease Costs, net</b>	<b>\$ —</b>	<b>\$ 168,191</b>

#### LESSEE - LEASED PROPERTIES

The Company and its subsidiaries currently lease land, corporate office space and single-use office space. During the nine months ended September 30, 2021, the Company acquired additional right-of-use assets and lease liabilities in connection with the Crimson Transaction, in connection with the Internalization, and the Company signed a new lease for the Denver corporate office. The Company's leases are classified as operating leases and presented as operating right-of-use asset and operating lease liability on the Consolidated Balance Sheet. The Company recognizes lease expense in the Consolidated Statements of Operations on a straight-line basis over the remaining lease term. The Company noted the following information regarding its operating leases for the three and nine months ended September 30, 2021 and 2020:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<b>Lease cost:</b>				
Operating lease cost	\$ 416,887	\$ 8,625	\$ 1,015,530	\$ 32,801
Short term lease cost	25,382	—	229,166	—
<b>Other Information:</b>				
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	\$ 293,195	\$ 8,625	\$ 1,126,483	\$ 32,801

The following table reflects the weighted average lease term and discount rate for leases in which the Company is a lessee:

	September 30, 2021	December 31, 2020
Weighted-average remaining lease term - operating leases (in years)	9.7	1.8
Weighted-average discount rate - operating leases	6.95 %	7.45 %

The following table reflects the undiscounted cash flows for future minimum lease payments under noncancellable operating leases reconciled to the Company's lease liabilities on our Consolidated Balance Sheet as of September 30, 2021:

For the Years Ending December 31,	Operating Leases
2021	\$ 336,244
2022	1,774,495
2023	1,179,989
2024	446,458
2025	419,068
Thereafter	4,902,398
<b>Total</b>	<b>9,058,652</b>
Less: Present Value Discount	2,777,638
<b>Operating Lease Liabilities</b>	<b>\$ 6,281,014</b>

## 6. FINANCING NOTES RECEIVABLE

Financing notes receivable are presented at face value plus accrued interest receivable and deferred loan origination costs, and net of related direct loan origination income. Each quarter the Company reviews its financing notes receivable to determine if the balances are realizable based on factors affecting the collectability of those balances. Factors may include credit quality, timeliness of required periodic payments, past due status, and management discussions with obligors. The Company evaluates the collectability of both interest and principal of each of its loans to determine if an allowance is needed. An allowance will be recorded when, based on current information and events, the Company determines it is probable that it will be unable to collect all amounts due according to the existing contractual terms.

### Four Wood Financing Note Receivable

On December 12, 2018, Four Wood Corridor granted SWD Enterprises, LLC, the previous debtor, approval to sell the assets securing the SWD loans to Compass SWD, LLC ("Compass SWD") in exchange for Compass SWD executing a new loan agreement with Four Wood Corridor for \$1.3 million (the "Compass REIT Loan"). On June 12, 2019, Four Wood Corridor entered into an amended and restated Compass REIT Loan. The amended note had a two-year term maturing on June 30, 2021 with monthly principal payments of approximately \$11 thousand and interest accruing on the outstanding principal at an annual rate of 8.5 percent. The amended and restated Compass REIT Loan is secured by real and personal property that provides saltwater disposal services for the oil and natural gas industry and pledged ownership interests of Compass SWD members.

On May 22, 2020, the terms of the Compass REIT Loan were amended (i) to extend the maturity date from June 30, 2021 to November 30, 2024 and (ii) to reduce payments to interest only through December 31, 2020. Additionally, the amended Compass REIT Loan will continue to accrue interest at an annual rate of 8.5 percent through May 31, 2021. Subsequent to May 31, 2021 interest will accrue at an annual rate of 12.0 percent. Monthly principal payments of approximately \$11 thousand resumed on January 1, 2021 and will increase annually beginning on June 30, 2021 through the maturity date.

On August 10, 2021, the terms of the Compass REIT Loan were amended (i) to extend the maturity date from November 30, 2024 to July 31, 2026 and (ii) to reduce payments to \$24 thousand per month through the maturity date beginning as of August 31, 2021. Additionally, the amended Compass REIT Loan will continue to accrue interest at an annual rate of 12.0 percent. As of September 30, 2021 and December 31, 2020, the Compass REIT Loan was valued at \$1.1 million, and \$1.2 million, respectively.

**7. INCOME TAXES**

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting and tax purposes. Components of the Company's deferred tax assets and liabilities as of September 30, 2021 and December 31, 2020, are as follows:

<b>Deferred Tax Assets and Liabilities</b>		
	<b>September 30, 2021</b>	<b>December 31, 2020</b>
<b>Deferred Tax Assets:</b>		
Deferred contract revenue	\$ 1,368,875	\$ 1,474,962
Net operating loss carryforwards	6,806,350	6,438,628
Capital loss carryforward	92,418	92,418
Other	420	420
Sub-total	\$ 8,268,063	\$ 8,006,428
<b>Valuation allowance</b>	<b>(92,418)</b>	<b>(92,418)</b>
Sub-total	\$ 8,175,645	\$ 7,914,010
<b>Deferred Tax Liabilities:</b>		
Cost recovery of leased and fixed assets	\$ (4,048,968)	\$ (3,578,283)
Other	(66,438)	(53,151)
Sub-total	\$ (4,115,406)	\$ (3,631,434)
<b>Total net deferred tax asset</b>	<b>\$ 4,060,239</b>	<b>\$ 4,282,576</b>

As of September 30, 2021, the total deferred tax assets and liabilities presented above relate to the Company's TRSs. The Company recognizes the tax benefits of uncertain tax positions only when the position is "more likely than not" to be sustained upon examination by the tax authorities based on the technical merits of the tax position. The Company's policy is to record interest and penalties on uncertain tax positions as part of tax expense. Tax years beginning with the year ended December 31, 2017 remain open to examination by federal and state tax authorities.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted in response to the COVID-19 pandemic. The CARES Act, among other things, permits net operating loss ("NOL") carryovers and carrybacks to offset 100 percent of taxable income for taxable years beginning before 2021. In addition, the CARES Act allows NOLs originating in 2018, 2019 and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. Certain of the Company's TRSs have NOLs totaling approximately \$1.2 million that are eligible for carryback under the CARES Act. The benefit of these carrybacks has been recorded as an increase to income taxes receivable and a reduction to deferred tax assets as of December 31, 2020. Certain NOLs which were initially measured at the current corporate income tax rate of 21 percent are being carried back to offset taxable income that was taxed at a pre-Tax Cuts and Jobs Act of 2017 rate of 34 percent. The benefit received from the rate differential was reflected in the income tax provision for the year ended December 31, 2020.

For the year ended December 31, 2019, the Company generated a capital loss carryforward resulting from the liquidation of Lightfoot. The capital loss decreased upon receipt of the final 2019 K-1's in the first quarter of 2020. The amount of the carryforward for tax purposes was approximately \$440 thousand as of both September 30, 2021 and December 31, 2020, respectively, and if not utilized, this carryforward will expire as of December 31, 2024. Management assessed the available evidence and determined that it is more likely than not that the capital loss carryforward will not be utilized prior to expiration. Due to the uncertainty of realizing this deferred tax asset, a valuation allowance of \$92 thousand was recorded equal to the amount of the tax benefit of this carryforward at both September 30, 2021 and December 31, 2020, respectively. In the future, if the Company concludes, based on existence of sufficient evidence, that it should realize more or less of its deferred tax assets, the valuation allowance will be adjusted accordingly in the period such conclusion is made.

Total income tax expense (benefit) differs from the amount computed by applying the federal statutory income tax rate of 21 percent for the three and nine months ended September 30, 2021 and 2020 to income (loss) from operations and other income and expense for the periods presented, as follows:

	<b>Income Tax Expense (Benefit)</b>			
	<b>For the Three Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>September 30, 2021</b>	<b>September 30, 2020</b>	<b>September 30, 2021</b>	<b>September 30, 2020</b>
Application of federal statutory income tax rate	\$ 620,788	\$ (838,829)	\$ (1,908,472)	\$ (63,749,653)
State income taxes, net of federal tax expense	18,817	(9,494)	47,398	15,717
Federal Tax Attributable to Income of Real Estate Investment Trust	(524,193)	773,927	2,144,846	63,720,129
Other	(8,823)	(932)	(20,120)	(160,070)
<b>Total income tax expense (benefit)</b>	<b>\$ 106,589</b>	<b>\$ (75,328)</b>	<b>\$ 263,652</b>	<b>\$ (173,877)</b>

The components of income tax expense (benefit) include the following for the periods presented:

	<b>Components of Income Tax Expense (Benefit)</b>			
	<b>For the Three Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>September 30, 2021</b>	<b>September 30, 2020</b>	<b>September 30, 2021</b>	<b>September 30, 2020</b>
<b>Current tax expense (benefit)</b>				
Federal	\$ (6,927)	\$ (2,431)	\$ 31,470	\$ (414,505)
State (net of federal tax expense (benefit))	—	—	9,843	15,000
Total current tax expense (benefit)	\$ (6,927)	\$ (2,431)	\$ 41,313	\$ (399,505)
<b>Deferred tax expense (benefit)</b>				
Federal	\$ 94,699	\$ (63,403)	\$ 184,784	\$ 224,911
State (net of federal tax expense (benefit))	18,817	(9,494)	37,555	717
Total deferred tax expense (benefit)	\$ 113,516	\$ (72,897)	\$ 222,339	\$ 225,628
<b>Total income tax expense (benefit), net</b>	<b>\$ 106,589</b>	<b>\$ (75,328)</b>	<b>\$ 263,652</b>	<b>\$ (173,877)</b>

## 8. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<b>Property and Equipment</b>	
	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Land	\$ 24,989,784	\$ 686,330
Crude oil pipelines	158,673,147	—
Natural gas pipeline	104,847,405	104,869,418
Right-of-way agreements	104,466,374	22,041,047
Tanks	30,628,985	—
Station and pumping equipment	24,728,257	—
Other pipeline accessories and property	12,404,042	—
Construction work in progress	11,635,215	220,157
Vehicles, trailers and other equipment	1,840,609	719,897
Communication systems	1,809,161	—
Office equipment and computers	1,180,308	268,559
Leasehold improvements	518,354	—
Buildings	121,237	—
<b>Gross property and equipment</b>	<b>\$ 477,842,878</b>	<b>\$ 128,805,408</b>
Less: accumulated depreciation	(32,592,641)	(22,580,810)
<b>Net property and equipment</b>	<b>\$ 445,250,237</b>	<b>\$ 106,224,598</b>

Depreciation expense was \$3.6 million and \$10.0 million for the three and nine months ended September 30, 2021, respectively, and \$845 thousand and \$2.5 million for the three and nine months ended September 30, 2020, respectively.

## 9. MANAGEMENT AGREEMENT

On June 29, 2021, the CorEnergy stockholders approved the internalization of the manager, Corridor InfraTrust Management, LLC. The Internalization transaction was completed on July 6, 2021. Pursuant to the Contribution Agreement, the Company

issued to the Contributors, based on each Contributor's percentage ownership in Corridor, an aggregate of: (i) 1,153,846 shares of Common Stock, (ii) 683,761 shares of the newly created Class B Common Stock, and (iii) 170,213 depository shares of the Company's 7.375% Series A Cumulative Redeemable Preferred Stock (collectively, the "Internalization Consideration").

As a result of the Internalization transaction, the Company now (i) owns all material assets of Corridor used in the conduct of the business, and (ii) is managed by officers and employees who previously worked for Corridor, and have become employees of the Company. Both the Management Agreement and the Administrative Agreement are no longer in effect upon the closing of the Internalization Transaction. Additional information on the Internalization Transaction can be found on our Current Report in Form 8-K filed with the SEC on July 12, 2021.

Contemporaneously with the execution of the Contribution Agreement, the Company and Corridor entered into the First Amendment (the "First Amendment") to the Management Agreement dated as of May 8, 2015 (as amended, the "Management Agreement") that had the effect, beginning February 1, 2021, of (i) eliminating the management fee, (ii) providing a one-time, \$1.0 million advance to Corridor to fund bonus payments to its employees in connection with the Internalization and (iii) providing payments to Corridor for actual employee compensation and office related expenses. Further, the First Amendment provided that, beginning April 1, 2021, the Company paid Corridor additional cash fees equivalent to the aggregate amount of all distributions that would accrue, if declared, on and after such date with respect to the securities to be issued as the Internalization Consideration pursuant to the Contribution Agreement (an amount, assuming payment on a cash basis equal to approximately \$172 thousand per quarter). This agreement was in effect until the closing of the Internalization on July 6, 2021.

Fees incurred under the Management Agreement for the three and nine months ended September 30, 2021 were \$0.0 million and \$2.9 million, respectively, compared to \$932 thousand and \$4.1 million for the three and nine months ended September 30, 2020. For the three months ended September 30, 2021, the fees all related to reimbursement of Corridor employee compensation and office related expenses under the First Amendment. For the nine months ended September 30, 2021, the fees incurred include \$1.0 million related to a transaction bonus outlined in the Contribution Agreement, \$321 thousand for January 2021 management fees under the Management Agreement and \$2.6 million for reimbursement of Corridor employee compensation and office related expenses under the First Amendment. The Company also reimbursed Corridor for approximately \$50 thousand in legal fees incurred in connection with the Internalization and paid investment advisors \$0.9 million in connection with the execution of the Contribution Agreement. Fees incurred under the Management Agreement are reported in the general and administrative line item on the Consolidated Statements of Operations.

Prior to the closing of the Internalization, the Company paid its administrator, Corridor, pursuant to an Administrative Agreement. Fees incurred under the Administrative Agreement for the three and nine months ended September 30, 2021 were \$0 and \$13 thousand, respectively, compared to \$37 thousand and \$166 thousand for the three and nine months ended September 30, 2020. Fees incurred under the Administrative Agreement are reported in the general and administrative line item on the Consolidated Statements of Operations.

## 10. COMMITMENTS AND CONTINGENCIES

### **CorEnergy Legal Proceedings**

The Company initiated litigation on March 26, 2019 to enforce the terms of the Grand Isle Lease Agreement requiring that the Company be provided with copies of certain financial statement information that it was required to file pursuant to SEC Regulation S-X, as described in Section 2340 of the SEC Financial Reporting Manual, in the case *CorEnergy Infrastructure Trust, Inc. and Grand Isle Corridor, LP v. Energy XXI Gulf Coast, Inc. and Energy XXI GIGS Services, LLC*, Case No. 01-19-0228-CV in the 11th District Court of Harris County, Texas. The Company sought and obtained a temporary restraining order mandating that our tenant deliver the required financial statements. On April 1, 2019, that order was stayed pending an appeal by the tenant to the Texas First District Court of Appeals in Houston. On January 6, 2020, that appellate court rejected the tenant's appeal and remanded the case for further proceedings in the 11th District Court of Harris County, Texas. While the appeal was pending, the original temporary restraining order lapsed by its own terms. In May 2020, the trial court granted the Company's motion for partial summary judgment mandating the tenant deliver the required financial statements. The parties agreed to stay this case in order to facilitate settlement discussions (see below).

In addition to the foregoing lawsuit, the Company's subsidiary, Grand Isle Corridor, filed a separate lawsuit against EGC and EGC Tenant to recover unpaid rent due and owed under the Grand Isle Lease Agreement. The lawsuit was filed in the 129th District Court of Harris County, Texas and was styled as *Grand Isle Corridor, LP v. Energy XXI Gulf Coast, Inc. and Energy XXI GIGS Services, LLC*, Case No. 202027212. Grand Isle Corridor filed a motion for summary judgment against the EGC Tenant in this action. Grand Isle Corridor filed two identical lawsuits in Harris County seeking unpaid rent for June and July (Case Nos. 202036038 and 202039219, respectively). These cases were stayed pending negotiation of a business resolution with EGC and EGC Tenant (see below).

On April 20, 2020, EGC and its parent company, CEXXI, LLC, filed an adversary proceeding against the Company and Grand Isle Corridor, *Energy XXI Gulf Coast, LLC and CEXXI, LLC v. Grand Isle Corridor, LP and CorEnergy Infrastructure Trust, Inc.*, Adv. No. 20-03084, in the United States Bankruptcy Court for the Southern District of Texas. In this suit, EGC was asking the bankruptcy court in which EGC filed for bankruptcy in 2016 to declare that the assignment and assumption of the guarantee of the Grand Isle Lease Agreement, which was a part of that earlier bankruptcy proceeding, is null and void. The Company believes this claim was meritless. The parties agreed to stay this case (see below).

During the third quarter of 2020, the Company and Grand Isle Corridor reached an agreement with EGC, EGC Tenant, and CEXXI, LLC to stay each of the above-referenced lawsuits indefinitely while seeking a business resolution for their various disputes. During the agreed stay, all deadlines in the pending actions were suspended, and the parties may not engage in discovery, file pleadings, or initiate any new lawsuits against each other. Any party may terminate the agreed stay and resume litigation upon five days' written notice.

On February 4, 2021, the Company contributed the GIGS asset as partial consideration for the acquisition of its interest in Crimson. In connection with the disposition, the Company and Grand Isle Corridor entered into Settlement Agreement with the EXXI Entities. The EGC Tenant is the tenant under the Grand Isle Lease Agreement, dated June 30, 2015 with Grand Isle Corridor. Grand Isle Corridor initially received a Guaranty dated June 22, 2015 from Energy XXI Ltd. in connection with the original purchase of the GIGS, which was assumed by EGC, as guarantor of the obligations of the EGC Tenant pursuant to the terms of the Assignment and Assumption of Guaranty and Release dated December 30, 2016 (as assigned and assumed, the "Tenant Guaranty").

Pursuant to the terms of the Settlement Agreement, the Company and Grand Isle Corridor released the EXXI Entities from any and all claims, except for the Environmental Indemnity under the Grand Isle Lease Agreement, which shall survive, and the EXXI Entities released the Company and Grand Isle Corridor from any and all claims. The parties have also agreed to jointly dismiss the litigation described above in connection with the Settlement Agreement. Additionally, the Grand Isle Lease Agreement and Tenant Guaranty were cancelled and terminated.

### **Crimson Legal Proceedings**

On October 30, 2014, the owner of a property on which Crimson built a valve access vault filed an action against Crimson, claiming that Crimson's pre-existing pipeline easement did not authorize the construction of the vault. Crimson responded by filing a condemnation action on October 26, 2015 to acquire new easements for the vault and related pipeline, and the cases were consolidated into one action, *Crimson California Pipeline L.P. v. Noarus Properties, Inc.; and Does 1 through 99*, Case No. BC598951, in the Los Angeles Superior Court-Central District. The property owner has claimed damages/compensation in the approximate amount of \$11.7 million. The judge currently presiding over this case has rescheduled a jury trial to determine the amount of damages, if any, for May 9, 2022, pending the determination of procedural issues in the case on which the judge has requested further briefing. Crimson is vigorously defending itself against the claims asserted by the property owner in this matter and, while the outcome cannot be predicted, management believes the ultimate resolution of this matter will not have a material adverse impact on the Company's results of operations, financial position or cash flows.

In June 2016, Crimson discovered a leak on its Ventura pipeline located in Ventura County, California, at which time Crimson began remediation of the observed release and concurrently took the pipeline out of service. The pipeline was properly repaired and returned to service in June 2016. The remediation efforts are complete, the affected area has been restored, and Crimson has implemented a monitoring program for the area. In November 2018, Crimson was notified by the California State Water Resources Board of a Forthcoming Assessment of Administrative Civil Liability concerning alleged violations of the California Water Code related to this incident. Through pre-enforcement settlement discussion, Crimson and the California State Water Board reached a settlement requiring Crimson to pay a penalty which, in connection with final approval from the State of California, was set at \$330 thousand, (including incidental charges) and was paid during the three months ended September 30, 2021. Pursuant to that settlement, annually Crimson also must perform certain ongoing monitoring obligations related to the condition of the affected barranca. Additionally, in July 2020 Crimson entered into a Stipulation of Final Judgment related to the same incident with the Ventura County, California Department of Fish and Wildlife, Office of Oil Spill Response, pursuant to which Crimson agreed to pay penalties of \$900 thousand plus reimbursement of certain investigative costs. Half of this settlement was paid during 2020 prior to the Crimson Transaction, and the remainder was paid during the three months ended September 30, 2021.

As a transporter of crude oil, Crimson is subject to various environmental regulations that could subject the Company to future monetary obligations. Crimson has received notices of violations and potential fines under various federal, state and local provisions relating to the discharge of materials into the environment or protection of the environment. Management believes that even if any one or more of these environmental proceedings were decided against Crimson, it would not be material to the

Company's financial position, results of operations or cash flows, and the Company maintains insurance coverage for environmental liabilities in amounts that management believes to be appropriate and customary for the Company's business.

The Company also is subject to various other claims and legal proceedings covering a wide range of matters that arose in the ordinary course of business. In the opinion of management, all such matters are adequately covered by insurance or by established reserves, and, if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a material adverse effect on the financial position, results of operations or cash flows of the Company.

#### **California Bonds Indemnification**

On March 31, 2021, the Company executed a General Agreement of Indemnity for the benefit of Federal Insurance Company, Westchester Fire Insurance Company and each of their respective direct and indirect subsidiaries, parent companies and affiliates related to the surety bonds at Crimson. On April 26, 2021, the Company executed a General Agreement of Indemnity for the benefit of Argonaut Insurance Company, itself, its subsidiaries, affiliates, parents, co-sureties, fronting companies and/or reinsurers and their successors and assigns, whether now in existence or formed hereafter, individually and collectively, as "Surety" related to the surety bonds of Crimson. On May 17, 2021, the Company executed a General Agreement of Indemnity for the benefit of Arch Insurance Company, itself, its subsidiaries, affiliates, parents, co-sureties, fronting companies, reinsurers and their successors and assigns, whether now in existence or hereafter formed, individually and collectively, as "Surety" related to the surety bonds of Crimson. The Company, jointly and severally, agrees to pay the Surety the agreed premium for the bonds and upon written request of the Surety at any time, collateral security for its suretyship until such time evidence is provided of the termination of any past, present and future liability under any bonds. The Indemnity Agreement may be terminated by the Company upon thirty days written notice. The total annual premium paid for the bonds currently outstanding is approximately \$173 thousand.

#### **11. FAIR VALUE**

The following section describes the valuation methodologies used by the Company for estimating fair value for financial instruments not recorded at fair value, but fair value is included for disclosure purposes only, as required under disclosure guidance related to the fair value of financial instruments.

*Cash and Cash Equivalents* — The carrying value of cash, amounts due from banks, federal funds sold and securities purchased under resale agreements approximates fair value.

*Financing Notes Receivable* — The financing notes receivable are valued on a non-recurring basis. The financing notes receivable are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Financing notes with carrying values that are not expected to be recovered through future cash flows are written-down to their estimated net realizable value. Estimates of realizable value are determined based on unobservable inputs, including estimates of future cash flow generation and value of collateral underlying the notes.

*Inventory* - Inventory primarily consists of crude oil earned as in-kind PLA payments and is valued using an average costing method at the lower of cost and net realizable value.

*Secured Credit Facilities* — The fair value of the Company's long-term variable-rate and fixed-rate debt under its secured credit facilities approximates carrying value.

*Unsecured Convertible Senior Notes* — The fair value of the unsecured convertible senior notes is estimated using quoted market prices from either active (Level 1) or generally active (Level 2) markets.

Carrying and Fair Value Amounts

	Level within fair value hierarchy	September 30, 2021		December 31, 2020	
		Carrying Amount <sup>(1)</sup>	Fair Value	Carrying Amount <sup>(1)</sup>	Fair Value
<b>Financial Assets:</b>					
Cash and cash equivalents	Level 1	\$ 15,091,957	\$ 15,091,957	\$ 99,596,907	\$ 99,596,907
Financing notes receivable (Note 6)	Level 3	1,078,072	1,078,072	1,209,736	1,209,736
Inventory	Level 1	3,342,111	3,342,111	87,940	87,940
<b>Financial Liabilities:</b>					
Crimson secured credit facility - Term Loan	Level 2	\$ 74,572,333	\$ 74,572,333	\$ —	\$ —
Crimson secured credit facility - Revolver <sup>(2)</sup>	Level 2	27,108,218	27,108,218	—	—
5.875% Unsecured Convertible Senior Notes	Level 2	115,501,404	110,167,802	115,008,130	84,409,292

(1) The carrying value of debt balances are presented net of unamortized original issuance discount and debt issuance costs.

(2) The carrying value of the Crimson Revolver is presented net of unamortized debt issuance costs classified as an asset in deferred costs.

**12. DEBT**

The following is a summary of the Company's debt facilities and balances as of September 30, 2021 and December 31, 2020:

	Total Commitment or Original Principal	Quarterly Principal Payments	Maturity Date	September 30, 2021		December 31, 2020	
				Amount Outstanding	Interest Rate	Amount Outstanding	Interest Rate
<b>Crimson Secured Credit Facility:</b>							
Crimson Revolver	\$ 50,000,000	\$ —	2/4/2024	\$ 28,000,000	4.08 %	\$ —	— %
Crimson Term Loan	80,000,000	2,000,000	2/4/2024	76,000,000	4.08 %	—	— %
Crimson Uncommitted Incremental Credit Facility	25,000,000	—	2/4/2024	—	— %	—	— %
<b>CorEnergy Secured Credit Facility <sup>(1)</sup>:</b>							
CorEnergy Revolver	160,000,000	—	7/28/2022	—	— %	—	2.89 %
MoGas Revolver	1,000,000	—	7/28/2022	—	— %	—	2.89 %
Omega Line of Credit <sup>(2)</sup>	1,500,000	—	4/30/2021	—	— %	—	4.14 %
5.875% Unsecured Convertible Senior Notes	120,000,000	—	8/15/2025	118,050,000	5.875 %	118,050,000	5.875 %
<b>Total Debt</b>				<b>\$ 222,050,000</b>		<b>\$ 118,050,000</b>	
<b>Less:</b>							
Unamortized deferred financing costs on 5.875% Convertible Senior Notes				\$ 322,678		\$ 385,131	
Unamortized discount on 5.875% Convertible Senior Notes				2,225,918		2,656,739	
Unamortized deferred financing costs on Crimson Secured Credit Facility <sup>(3)</sup>				1,427,667		—	
<b>Total Debt, net of deferred financing costs</b>				<b>\$ 218,073,737</b>		<b>\$ 115,008,130</b>	
<b>Debt due within one year</b>				<b>\$ 8,000,000</b>		<b>\$ —</b>	

(1) The CorEnergy Secured Credit Facility was terminated on February 4, 2021 in connection with the Crimson Transaction described in Note 3 ("Acquisitions").

(2) The Omega Line of Credit was terminated on February 4, 2021 in connection with the Crimson Transaction described in Note 3 ("Acquisitions").

(3) Unamortized deferred financing costs related to the Company's revolving credit facilities are included in Deferred Costs in the Assets section of the Consolidated Balance Sheets. Refer to the "Deferred Financing Costs" paragraph below.

### **Crimson Credit Facility**

On February 4, 2021, in connection with the Crimson Transaction, Crimson Midstream Operating and Corridor MoGas, (collectively, the "Borrowers"), together with Crimson, MoGas Debt Holdco LLC, MoGas, CorEnergy Pipeline Company, LLC, United Property Systems, Crimson Pipeline, LLC and Cardinal Pipeline, L.P. (collectively, the "Guarantors") entered into the Crimson Credit Facility with the lenders from time to time party thereto and Wells Fargo Bank, as administrative agent for other participating lenders. The Crimson Credit Facility provides borrowing capacity of up to \$155.0 million, consisting of: a \$50.0 million revolving credit facility ("Crimson Revolver"), an \$80.0 million term loan ("Crimson Term Loan") and an uncommitted incremental credit facility of \$25.0 million. Upon closing of the Crimson Transaction described in Note 3 ("Acquisitions"), the Borrowers drew the \$80.0 million Crimson Term Loan and \$25.0 million on the Crimson Revolver. Subsequent to the initial closing, on March 25, 2021, Crimson contributed all of its equity interests in Crimson Midstream Services, LLC and Crimson Midstream I Corporation to Crimson Midstream Operating, and, effective as of May 4, 2021, such subsidiaries have become additional Guarantors pursuant to the Amended and Restated Guaranty Agreement and parties to the Amended and Restated Security Agreement and (in the case of Crimson Midstream I Corporation) the Amended and Restated Pledge Agreement.

The loans under the Crimson Credit Facility mature on February 4, 2024. The Crimson Term Loan requires quarterly payments of \$2.0 million in arrears on the last business day of March, June, September and December, commencing on June 30, 2021. Subject to certain conditions, all loans made under the Crimson Credit Facility shall, at the option of the Borrowers, bear interest at either (a) LIBOR plus a spread of 325 to 450 basis points, or (b) a rate equal to the highest of (i) the prime rate established by the Administrative Agent, (ii) the federal funds rate plus 0.5%, or (iii) the one-month LIBOR rate plus 1.0%, plus a spread of 225 to 350 basis points. The applicable spread for each interest rate is based on the Total Leverage Ratio (as defined in the Crimson Credit Facility); however, the initial interest rate is set at the top level of the pricing grid until the first compliance reporting event for the period ended June 30, 2021.

Outstanding balances under the facility are guaranteed by the Guarantors pursuant to the Amended and Restated Guaranty Agreement and secured by all assets of the Borrowers and Guarantors (including the equity in such parties), other than any assets regulated by the CPUC and other customary excluded assets, pursuant to an Amended and Restated Pledge Agreement and an Amended and Restated Security Agreement. Under the terms of the Crimson Credit Facility, the Borrowers and their restricted subsidiaries will be subject to certain financial covenants commencing with the fiscal quarter ended June 30, 2021 as follows (i): the total leverage ratio shall not be greater than: (a) 3.00 to 1.00 commencing with the fiscal quarter ended June 30, 2021 through and including the fiscal quarter ending December 31, 2021; (b) 2.75 to 1.00 commencing with the fiscal quarter ending March 31, 2022 through and including the fiscal quarter ending December 31, 2022; and (c) 2.50 to 1.00 commencing with the fiscal quarter ending March 31, 2023 and for each fiscal quarter thereafter and (ii) the debt service coverage ratio, shall not be less than 2.00 to 1.00.

Cash distributions to the Company from the Borrowers are subject to certain restrictions, including without limitation, no default or event of default, compliance with financial covenants, minimum undrawn availability and available free cash flow. The Borrowers and their restricted subsidiaries are also subject to certain additional affirmative and negative covenants customary for credit transactions of this type. The Crimson Credit Facility contains default and cross-default provisions (with applicable customary grace or cure periods) customary for transactions of this type. Upon the occurrence of an event of default, payment of all amounts outstanding under the Crimson Credit Facility may become immediately due and payable at the election of the Required Lenders (as defined in the Crimson Credit Facility).

## Contractual Payments

The remaining contractual principal payments as of September 30, 2021 under the Crimson Credit Facility are as follows:

Year	Crimson Term Loan	Crimson Revolver	Total
2021	\$ 2,000,000	\$ —	\$ 2,000,000
2022	8,000,000	—	8,000,000
2023	8,000,000	—	8,000,000
2024	58,000,000	28,000,000	86,000,000
2025	—	—	—
Thereafter	—	—	—
<b>Total Remaining Contractual Payments</b>	<b>\$ 76,000,000</b>	<b>\$ 28,000,000</b>	<b>\$ 104,000,000</b>

Subsequent to September 30, 2021, Crimson Midstream Operating and Corridor MoGas, Inc. borrowed an additional \$3.0 million under the Crimson Revolver on October 14, 2021, then on October 22, 2021 made a prepayment of the \$3.0 million Base Rate Advance on the Crimson Revolver so there is no change in outstanding borrowings under the Crimson Revolver.

## CorEnergy Credit Facility

On July 28, 2017, the Company entered into an amendment and restatement of the CorEnergy Credit Facility with Regions Bank, as lender and administrative agent for other participating lenders (collectively, with the Agent, the "Lenders"). The amended facility provided for borrowing commitments of up to \$161.0 million, consisting of (i) \$160.0 million on the CorEnergy Revolver, subject to borrowing base limitations, and (ii) \$1.0 million on the MoGas Revolver.

On February 4, 2021, in connection with the acquisition of Crimson, the Company terminated the CorEnergy Credit Facility. On the date of termination, there was no indebtedness outstanding under this facility, and the loan documents providing for the facility, and the security interests securing it, were terminated and released. The termination of the CorEnergy Credit Facility resulted in the write-off of the remaining deferred financing costs of \$862 thousand, which is recorded as a loss on extinguishment of debt in the Consolidated Statement of Operations for the nine months ended September 30, 2021.

## Deferred Financing Costs

A summary of deferred financing cost amortization expenses for the three and nine months ended September 30, 2021 and 2020 is as follows:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Crimson Credit Facility	\$ 247,635	\$ —	\$ 651,669	\$ —
CorEnergy Credit Facility	—	143,636	\$ 47,879	\$ 430,906
Amended Pinedale Term Credit Facility	—	—	—	26,410
<b>Total Deferred Debt Cost Amortization Expense<sup>(1)(2)</sup></b>	<b>\$ 247,635</b>	<b>\$ 143,636</b>	<b>\$ 699,548</b>	<b>\$ 457,316</b>

(1) Amortization of deferred debt issuance costs is included in interest expense in the Consolidated Statements of Operations.

(2) For the amount of deferred debt cost amortization relating to the convertible notes included in the Consolidated Statements of Operations, refer to the Convertible Note Interest Expense table below.

## Convertible Debt

### 5.875% Convertible Notes

On August 12, 2019, the Company completed a private placement offering of \$120.0 million aggregate principal amount of 5.875% Convertible Senior Notes due 2025 (the "5.875% Convertible Notes") to the initial purchasers of such notes for cash in reliance on an exemption from registration provided by Section 4(a)(2) of the Securities Act. The initial purchasers then resold the 5.875% Convertible Notes for cash equal to 100 percent of the aggregate principal amount thereof to qualified institutional buyers, as defined in Rule 144A under the Securities Act, in reliance on an exemption from registration provided by Rule 144A. The 5.875% Convertible Notes mature on August 15, 2025 and bear interest at a rate of 5.875 percent per annum, payable semi-annually in arrears on February 15 and August 15 of each year, beginning on February 15, 2020.

The 5.875% Convertible Notes were issued with an initial purchasers' discount of \$5.5 million, which is being amortized over the life of the notes. The Company also incurred approximately \$508 thousand of deferred debt costs in issuing the 5.875% Convertible Notes, which are also being amortized over the life of the notes.

Holders may convert all or any portion of their 5.875% Convertible Notes into shares of the Company's Common Stock at their option at any time prior to the close of business on the business day immediately preceding the maturity date. The initial conversion rate for the 5.875% Convertible Notes is 20.0 shares of Common Stock per \$1,000 principal amount of the 5.875% Convertible Notes, equivalent to an initial conversion price of \$50.00 per share of the Company's Common Stock. Such conversion rate will be subject to adjustment in certain events as specified in the Indenture.

The Indenture for the 5.875% Convertible Notes specifies events of default, including default by the Company or any of its subsidiaries with respect to any debt agreements under which there may be outstanding, or by which there may be secured or evidenced, any debt in excess of \$25.0 million in the aggregate of the Company and/or any such subsidiary, resulting in such indebtedness becoming or being declared due and payable prior to its stated maturity.

On April 29, 2020, the Company repurchased approximately \$2.0 million face amount of its 5.875% Convertible Notes. As of September 30, 2021, the Company has \$118.1 million aggregate principal amount of 5.875% Convertible Notes outstanding.

### Convertible Note Interest Expense

The following is a summary of the impact of convertible notes on interest expense for the three and nine months ended September 30, 2021 and 2020:

	Convertible Note Interest Expense			
	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<b>7.00% Convertible Notes:</b>				
Interest Expense	\$ —	\$ —	\$ —	\$ 55,331
Discount Amortization	—	—	—	6,681
Deferred Debt Issuance Amortization	—	—	—	1,141
<b>Total 7.00% Convertible Notes</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 63,153</b>
<b>5.875% Convertible Notes:</b>				
Interest Expense	\$ 1,733,859	\$ 1,733,859	\$ 5,201,577	\$ 5,239,129
Discount Amortization	143,607	143,607	430,821	433,932
Deferred Debt Issuance Amortization	20,818	20,818	62,454	62,905
<b>Total 5.875% Convertible Notes</b>	<b>\$ 1,898,284</b>	<b>\$ 1,898,284</b>	<b>\$ 5,694,852</b>	<b>\$ 5,735,966</b>
<b>Total Convertible Note Interest Expense</b>	<b>\$ 1,898,284</b>	<b>\$ 1,898,284</b>	<b>\$ 5,694,852</b>	<b>\$ 5,799,119</b>

Including the impact of the convertible debt discount and related deferred debt issuance costs, the effective interest rate on the 5.875% Convertible Notes is approximately 6.4 percent for each of the three and nine months ended September 30, 2021 and 2020, respectively.

## 13. STOCKHOLDERS' EQUITY

### PREFERRED STOCK

As of September 30, 2021, the Company has a total of 5,181,027 depositary shares outstanding, or approximately 51,810 whole shares of its 7.375% Series A Preferred Stock. See Note 17 ("Subsequent Events") for further information regarding the declaration of a dividend on the 7.375% Series A Preferred Stock.

### COMMON STOCK

As of September 30, 2021, the Company had 14,866,799 of common shares issued and outstanding. See Note 17 ("Subsequent Events") for further information regarding the declaration of a dividend on the Common Stock.

### CLASS B COMMON STOCK

On June 29, 2021, the stockholders approved (i) the issuance of Class B Common Stock upon conversion of the Series B Preferred Stock issuable pursuant to the terms of the Crimson Transaction, which effectively will make the Crimson Class A-2 Units exchangeable directly for Class B Common Stock following receipt of CPUC approval, and (ii) the issuance of Class B

Common Stock pursuant to the terms of the Internalization. On July 6, 2021, the Company issued 683,761 Class B common shares to the contributors of Corridor InfraTrust Management, LLC as partial consideration for the Internalization transaction.

#### NON-CONTROLLING INTEREST

As disclosed in Note 3 ("Acquisitions") as part of the Crimson Transaction, the Company and the Grier Members entered into the Third LLC Agreement of Crimson. Pursuant to the terms of the Third LLC Agreement, the Grier Members and the Company's interests in Crimson are summarized in the table below:

	Grier Members			As of September 30, 2021	CorEnergy
	As of February 1, 2021	Final Working Capital	Paid in Kind Distribution		
Adjustments					
(in units, except as noted)					
<b>Economic ownership interests in Crimson Midstream Holdings, LLC</b>					
Class A-1 Units	1,613,202	37,043	—	1,650,245	—
Class A-2 Units	2,436,000	—	24,414	2,460,414	—
Class A-3 Units	2,450,142	—	—	2,450,142	—
Class B-1 Units	—	—	—	—	10,000
<b>Voting ownership interests in Crimson Midstream Holdings, LLC</b>					
Class C-1 Units	505,000	—	—	505,000	495,000
Voting Interests of C-1 Units (%)	50.50 %	—	—	50.62 %	49.38 %

In June 2021, the final working capital adjustment was made for the Crimson Transaction which resulted in an increase in the assets acquired of \$1,790,455 (as further described above in Note 3 ("Acquisition")). This resulted in 37,043 Class A-1 Units being issued to the Grier Members for their 50.50% ownership interest. The newly issued units resulted in an increase in non-controlling interest of \$882,726. After the working capital adjustment and paid-in-kind dividends, the Grier Members' equity ownership interest is 50.62 percent as of September 30, 2021.

After working capital adjustments, the fair value of the Grier Members' noncontrolling interest, which is represented by the A-1, A-2 and A-3 Units listed above, was \$116.2 million. As described further below, the A-1, A-2 and A-3 Units may eventually be exchanged for shares of the Company's common and preferred stock subject to the approval of the CPUC ("CPUC Approval"), which is expected to occur in the first quarter of 2022. The A-1, A-2 and A-3 Units held by the Grier Members and the B-1 Units held by the Company represent economic interests in Crimson while the Class C-1 Units represent voting interests.

Upon CPUC Approval, the parties will enter into a Fourth Amended and Restated LLC Agreement of Crimson ("Fourth LLC Agreement"), which will, among other things, (i) give the Company control of Crimson and its assets, in connection with an anticipated further restructuring of the Company's asset ownership structure and (ii) provide the Grier Members and Management Members (as defined below) the right to exchange their entire interest in Crimson for securities of the Company as follows:

- Class A-1 Units will become exchangeable for up to 1,755,579, (which includes the addition of 37,043 shares as a result of the working capital adjustment) of the Company's depository shares, each representing 1/100th of a share of the Company's 7.375% Series A Cumulative Redeemable Preferred Stock ("Series A Preferred") (prior to the changes made, effective June 30, 2021, pursuant to the Stock Exchange Agreement described in the Company's Current Report Form 8-K filed July 12, 2021, the Class A-1 Units would have become exchangeable into the Company's 9.0% Series C Preferred Stock);
- Class A-2 units will become exchangeable for up to 2,460,414 shares of a newly created 4.00% Series B Redeemable Convertible Preferred Stock of the Company ("Series B Preferred"), which, following the favorable vote of the Company's stockholders at the 2021 Annual Meeting to comply with New York Stock Exchange ("NYSE") rules,

from and after July 7, 2021 will be automatically converted into up to 8,762,158 additional shares of a new non-listed Class B Common Stock of the Company, and

- Class A-3 Units will become exchangeable for up to 2,450,142 shares of the newly created Class B Common Stock.

Class B Common Stock will eventually be converted into the Common Stock of the Company ("Common Stock") on the occurrence of the earlier of the following: (i) the occurrence of the third anniversary of the closing date of the Crimson Transaction or (ii) the satisfaction of certain conditions related to an increase in the relative dividend rate of the Common Stock.

Prior to exchange of the Crimson Class A-1, A-2 and A-3 Units into corresponding CORR securities (and after giving effect to the changes to the CORR securities into which the Class A-1 and A-2 Units may be exchanged, as described above), the Grier Members only have the right to receive distributions to the extent that the Company's Board of Directors determines dividends would be payable if they held the shares of Series A Preferred (for the Class A-1 Units), Series B Preferred (for the Class A-2 Units prior to July 7, 2021), and Class B Common Stock (for the Class A-2 Units (on and after July 7, 2021) and Class A-3 Units), respectively, regardless of whether the securities are outstanding. If the respective shares of Series A Preferred, Series B Preferred and Class B Common Stock are not outstanding, the Company's Board of Directors must consider that they would be outstanding when declaring dividends on the Common Stock. Following CPUC Approval, the terms of the Fourth LLC Agreement provide that such rights will continue until the Grier Members elect to exchange the A-1, A-2 and A-3 Units for the related securities of the Company. In addition, after CPUC Approval, certain Crimson Units held by the Grier Members are expected to be transferred to other individuals currently managing Crimson (the "Management Members"). The following table summarizes the distributions payable under the A-1, A-2 and A-3 Units as if the Grier Members held the respective underlying Company securities. The A-1, A-2 and A-3 Units are entitled to the distribution regardless of whether the corresponding Company security is outstanding.

Units	Distribution Rights of CorEnergy Securities	Liquidation Preference	Annual Distribution per Share
A-1 Units	7.375% Series A Cumulative Redeemable Preferred Stock <sup>(1)</sup>	\$ 25.00	\$ 1.84
A-2 Units	4.00% Series B Redeemable Preferred Stock <sup>(2)</sup>	25.00	1.00
A-3 Units	Class B Common Stock <sup>(3) (4)</sup>	N/A	Varies <sup>(2)(3)</sup>

(1) On June 29, 2021, the Board of the Company authorized management to enter into an agreement to convert the right to receive the Company's 9.00% Series C Preferred Stock into 7.375% Series A Cumulative Redeemable Preferred Stock.

(2) On July 7, 2021, the Company converted the right that holders of Class A-2 Units would have had to exchange such units for shares of the Company's 4.00% Series B Preferred Stock into a right to exchange such units for shares of the Company's Class B Common Stock with the effective date, for dividend purposes, of June 30, 2021.

(3) (A) For the fiscal quarters of the Company ending June 30, 2021, September 30, 2021, December 31, 2021 and March 30, 2022, the Common Stock Base Dividend Per Share shall equal \$0.05 per share per quarter; (B) for the fiscal quarters of the Company ending June 30, 2022, September 30, 2022, December 31, 2022 and March 30, 2023, the Common Stock Base Dividend Per Share shall equal \$0.055 per share per quarter; and (C) for the fiscal quarters of the Company ending June 30, 2023, September 30, 2023, December 31, 2023 and March 30, 2024, the Common Stock Base Dividend Per Share shall equal \$0.06 per share per quarter. The Class B Common Stock dividend is subordinated based on a distribution formula described in footnote (4) below.

(4) For each fiscal quarter ending June 30, 2021 through and including the fiscal quarter ending March 30, 2024, each share of Class B Common Stock will be entitled to receive dividends (the "Class B Common Stock Dividends"), subject to Board approval, equal to the quotient of (i) difference of (A) CAFD of the most recently completed quarter and (B) 1.25 multiplied by the Common Stock Base Dividend, divided by (ii) shares of Class B Common Stock issued and outstanding multiplied by 1.25.

For the three months ended June 30, 2021, distributions were paid to the Grier Members for the Class A-1 Units (\$04,951), Class A-2 Units (based on distributions that would have been payable on Series B Preferred, but authorized by the Board of Directors to be paid as 16,240 additional Class A-2 units paid-in-kind), as distributions for the Series C Preferred and the Series B Preferred began accruing April 1, 2021. No distributions were paid to the Class A-3 Units as no distributions were declared on the Class B Common Stock.

For the three months ended September 30, 2021, distributions were paid to the Grier Members for the Class A-1 Units (\$41,950) and Class A-2 Units (8,174 units paid-in-kind, for distributions that would have accrued on underlying Series B Preferred shares through the date Class A-2 Units became exchangeable directly into Class B Common Stock following stockholder approval). No distributions were paid to the Class A-3 Units as no distributions were declared on the Class B Common Stock. See Note 17 ("Subsequent Events") for further information regarding the declaration of distributions related to the Class A-1 and A-2 Units.

## SHELF REGISTRATION STATEMENTS

On October 30, 2018, the Company filed a shelf registration statement with the SEC, pursuant to which it registered 1,000,000 shares of Common Stock for issuance under its dividend reinvestment plan ("DRIP"). As of September 30, 2021, the Company has issued 80,036 shares of Common Stock under its DRIP pursuant to the shelf, resulting in remaining availability of approximately 919,964 shares of Common Stock.

On November 9, 2018, the Company had a shelf registration statement (the "Current Shelf Registration Statement") declared effective by the SEC replacing the Company's previously filed shelf registration statement, pursuant to which it may publicly offer additional debt or equity securities with an aggregate offering price of up to \$600.0 million. As previously disclosed in the Company's Annual Report on Form 10-K filed on March 4, 2021, the Company did not expect to be able to use this shelf registration statement or the shelf registration statement filed for its DRIP, at least until it was able to file certain financial statement information as required by SEC Regulation S-X. On April 29, 2021, the Company announced that its Board of Directors has authorized the reinstatement of the operation of the Company's DRIP. The Board of Directors made this determination in light of the fact that the staff of the SEC has advised the Company that it can resume the use of its previously filed and effective shelf registration statements. On November 3, 2021, the Company filed a new shelf registration statement, which will replace the Current Shelf Registration Statement once it is declared effective by the SEC, pursuant to which the Company also would be able to publicly offer additional debt or equity securities with an aggregate offering price of up to \$600 million.

On September 16, 2021, the Company had a resale shelf registration statement declared effective by the SEC, pursuant to which it registered the following securities that were issued in connection with the Internalization for resale by the Contributors: 1,837,607 shares of Common Stock (including both (i) 1,153,846 shares of Common Stock issued at the closing of the Internalization and (ii) up to 683,761 additional shares of Common Stock which may be acquired by the Contributors upon the conversion of outstanding shares of our unlisted Class B Common Stock issued at the closing of the Internalization) and 170,213 depository shares each representing 1/100th fractional interest of a share of 7.375% Series A Cumulative Redeemable Preferred Stock, par value \$0.001 per share issued at the closing of the Internalization.

## 14. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share data is computed based on the weighted-average number of shares of Common Stock and Class B Common Stock outstanding during the periods. Diluted earnings (loss) per share data is computed based on the weighted-average number of shares of Common Stock and Class B Common Stock outstanding, including all potentially issuable shares of Common Stock. Diluted earnings (loss) per share for the three and nine months ended September 30, 2021 and 2020 excludes the impact to income and the number of shares outstanding from the conversion of the 7.00% Convertible Notes and the 5.875% Convertible Notes, as applicable, because such impact is antidilutive. The 7.00% Convertible Notes matured on June 15, 2020.

Under the if converted method, the 5.875% Convertible Notes would result in an additional 2,361,000, common shares outstanding for the three and nine months ended September 30, 2021, respectively.

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Net income (loss) attributable to CorEnergy Stockholders	\$ 2,764,286	\$ (3,919,098)	\$ (9,122,746)	\$ (303,395,899)
Less: preferred dividend requirements	2,388,130	2,309,672	7,007,474	6,880,137
Net income (loss) attributable to Common Stockholders	\$ 376,156	\$ (6,228,770)	\$ (16,130,220)	\$ (310,276,036)
Weighted average shares - basic	15,426,226	13,651,521	14,252,305	13,650,449
<b>Basic loss per share</b>	<b>\$ 0.02</b>	<b>\$ (0.46)</b>	<b>\$ (1.13)</b>	<b>\$ (22.73)</b>
Net income (loss) attributable to Common Stockholders (from above)	\$ 376,156	\$ (6,228,770)	\$ (16,130,220)	\$ (310,276,036)
Income (loss) attributable for dilutive securities	\$ 376,156	\$ (6,228,770)	\$ (16,130,220)	\$ (310,276,036)
Weighted average shares - diluted	15,426,226	13,651,521	14,252,305	13,650,449
<b>Diluted loss per share</b>	<b>\$ 0.02</b>	<b>\$ (0.46)</b>	<b>\$ (1.13)</b>	<b>\$ (22.73)</b>

## 15. VARIABLE INTEREST ENTITY

### Crimson Midstream Holdings

As of February 1, 2021, CorEnergy holds a 49.50 percent interest in Crimson and the Grier Members hold the remaining 50.50 percent interest. Crimson is a VIE as the legal entity is structured with non-substantive voting rights resulting from (i) the disproportionality between the voting interests of its members and certain economics of the distribution waterfall in the Third LLC Agreement and (ii) the *de facto* agent relationship between CorEnergy and Grier, who was appointed to CorEnergy's Board of Directors upon closing of the Crimson Transaction. As a result of this related party relationship, substantially all of Crimson's activities either involve or are conducted on behalf of CorEnergy that has disproportionately few voting rights, including Grier as a *de facto* agent. After the working capital adjustment and paid-in-kind dividends, the Grier Members' equity ownership interest is 50.62 percent as of September 30, 2021.

Crimson is managed by the Crimson Board, which is made up of four managers of which the Company and the Grier Members are each represented by two managers. The Crimson Board is responsible for governing the significant activities that impact Crimson's economic performance, including a number of activities which are managed by an approved budget that requires super-majority approval or joint approval. In assessing the primary beneficiary, the Company determined that power is shared; however, the Company and the Grier Members as a related party group have characteristics of a primary beneficiary. The Company performed the "most closely associated" test and determined that CorEnergy is the entity in the related party group most closely associated with the VIE. In performing this assessment, the Company considered (i) its influence over the tax structure of Crimson so its operations could be included in the Company's REIT structure under its PLR, which allows fees received for the usage of storage and pipeline capacity to qualify as rents from real property; (ii) the activities of the Company are substantially similar in nature to the activities of Crimson as the Company owns existing transportation and distribution assets at MoGas and Omega; (iii) Crimson's assets represent a substantial portion of the Company's total assets; and (iv) the Grier Members' interest in Crimson in Class A-1, Class A-2 and Class A-3 Units will earn distributions if the CorEnergy Board of Directors declares a common or preferred dividend for Series C Preferred, Series B Preferred and Class B Common Stock; among other factors. Therefore, CorEnergy is the primary beneficiary and consolidates the Crimson VIE and the Grier Members' equity ownership interest 50.62 percent (after the working capital adjustment and paid-in-kind dividends) is reflected as a non-controlling interest in the consolidated financial statements.

The Company noted that Crimson's assets cannot be used to settle CorEnergy's liabilities with the exception of quarterly distributions, if declared by the Crimson Board. The quarterly distributions are used to fund current obligations, projected working capital requirements, debt service payments and dividend payments. As discussed in Note 12 ("Debt"), cash distributions to the Company from the borrowers under the Crimson Credit Facility are subject to certain restrictions, including without limitation, no default or event of default, compliance with financial covenants, minimum undrawn availability and available free cash flow. Further, the Crimson Credit Facility is secured by assets at both Crimson Midstream Operating and Corridor MoGas, Inc. For the three and nine months ended September 30, 2021, the Company received \$07 thousand and \$7.5 million, respectively, in cash distributions from Crimson, which were in accordance with the terms of the Crimson Credit Facility.

The Company's interest in Crimson is significant to its financial position, financial performance and cash flows. A significant decline in Crimson's ability to fund quarterly distributions to the Company could have a significant impact on the Company's financial performance, including its ability to fund the obligations described above.

### Limited Partnerships

Under the consolidation guidance, limited partnerships and other similar entities are considered VIEs unless the limited partners hold substantive kick-out rights or participating rights. Management determined that Pinedale LP and Grand Isle Corridor LP are VIEs because the limited partners of both partnerships lack both substantive kick-out rights and participating rights. However, based on the general partners' roles and rights as afforded by the partnership agreements and its exposure to losses and benefits of each of the partnerships through its significant limited partner interests, management determined that CorEnergy is the primary beneficiary of both Pinedale LP and Grand Isle Corridor LP. Based upon this evaluation and the Company's 100 percent ownership of the limited partnership interest in both Pinedale LP and Grand Isle Corridor LP, the consolidated financial statements presented include full consolidation with respect to both partnerships.

## 16. RELATED PARTY TRANSACTIONS

### Transition Services Agreements

The subsidiaries of Crescent Midstream Holdings, LLC ("Crescent Midstream Holdings") were formerly a part of Crimson prior to the Crimson Transaction. Prior to Crescent Midstream Holdings' spin-off from Crimson, Crimson, or certain of its subsidiaries, provided various business services for Crescent Midstream Holdings and its subsidiaries. Effective February 4, 2021, Crimson, certain of Crimson's subsidiaries or a combination thereof, entered into several transition services agreements (collectively, the "Transition Services Agreements" or "TSAs") with Crescent Midstream Holdings to facilitate its transition to operating independently. Each of the TSAs are described in more detail below. Also effective February 4, 2021, Crimson and certain of its subsidiaries entered into an Assignment and Assumption Agreement to assign all of the TSAs to Crimson's direct, wholly-owned TRS, Crimson Midstream I Corporation ("Crimson Midstream I"). Crimson and/or certain of its subsidiaries expect to be reimbursed at a fixed fee of approximately \$156 thousand per month for services provided under the TSAs, for which the billed amount is allocated 50.0 percent to Crescent Midstream, LLC ("Crescent Midstream"), a wholly-owned subsidiary of Crescent Midstream Holdings, and 50.0 percent to Crescent Louisiana Midstream, LLC ("CLM"), a 70.0 percent owned subsidiary of Crescent Midstream. The amounts billed to Crescent Midstream will reduce a prepaid TSA liability on the Company's books until such time as the TSA liability is reduced to zero. As of September 30, 2021, the prepaid TSA liability related to Crescent Midstream was \$765 thousand and recorded in due to affiliated companies in the Consolidated Balance Sheets. For the three and nine months ended September 30, 2021, Crimson billed both Crescent Midstream and CLM \$467 thousand and \$1.2 million for services provided under the TSAs.

As previously disclosed, John D. Grier, a director and Chief Operating Officer of the Company, together with the Grier Members, own an aggregate 50.62 percent equity interest in Crimson, which the Company has a right to acquire in the future, pursuant to the terms of the MIPA, following receipt of CPUC approval for a change of control of Crimson's CPUC regulated assets. The Grier Members also retain an aggregate 50.62 percent equity interest in Crescent Midstream Holdings, which they held prior to the Crimson Transaction.

Crimson Midstream Operating entered into a transition services agreement (the "Administrative TSA") to provide administrative-related services to Crescent Midstream Holdings through February 3, 2022 or upon receipt of Crescent Midstream Holdings' written notice to terminate the Administrative TSA prior to February 3, 2022. As discussed above, the Assignment and Assumption Agreement assigned the Administrative TSA from Crimson Midstream Operating to Crimson Midstream I.

Crimson Midstream Operating also entered into a transition services agreement (the "Control Center TSA") with Crescent Midstream Holdings to provide certain customary control center services and field transition support services necessary to operate a pipeline system. Unless terminated in writing by Crescent Midstream Holdings earlier, the Control Center TSA shall expire on February 3, 2022. The Control Center TSA has been assigned from Crimson Midstream Operating to Crimson Midstream I by the Assignment and Assumption Agreement discussed above.

Similarly, Crimson and Crescent Midstream Holdings entered into a transition services agreement (the "Employee TSA") whereby an indirect, wholly-owned subsidiary of Crimson shall continue to provide payroll, employee benefits and other related employment services to Crescent Midstream Holdings and its subsidiaries. Under the Employee TSA, Crimson's indirect, wholly-owned subsidiary shall make available and assign to Crescent Midstream Holdings and its subsidiaries certain employees to provide services primarily to Crescent Midstream Holdings and its subsidiaries. While the Employee TSA is in effect, Crescent Midstream Holdings shall be responsible for the daily supervision of and assignment of work to the employees providing services to Crescent Midstream Holdings and its subsidiaries. The Employee TSA will conclude on February 3, 2022 if not previously terminated in writing by Crescent Midstream Holdings. Additionally, Crimson's indirect, wholly-owned subsidiary entered into an Employee Sharing Agreement with Crimson Midstream I to make available all employees performing services under the Employee TSA to Crimson Midstream I. The Employee Sharing Agreement was effective beginning February 1, 2021. The Employee Sharing Agreement together with the Assignment and Assumption Agreement described above, effectively binds Crimson Midstream I to the terms of the Employee TSA in the same manner as Crimson's indirect, wholly-owned subsidiary. For the three and eight months ended September 30, 2021, Crimson billed employee-related costs and benefits to Crescent Midstream and CLM totaling \$1.9 million, and \$5.1 million, respectively.

Likewise, a transition services agreement (the "Insurance Coverage TSA") was entered into between Crimson Midstream Operating, a wholly-owned subsidiary of Crimson, and Crescent Midstream Operating, LLC ("Crescent Midstream Operating") (collectively, the "Insurance TSA Parties"). The Insurance Coverage TSA related to the remaining term of coverage on certain insurance policies which were shared by Crimson, certain of its subsidiaries (including Crimson Midstream Operating), Crescent Midstream Operating and certain other entities related to Crescent Midstream Operating (collectively, the "Insureds"). Under the Insurance Coverage TSA, the Insurance TSA Parties agreed to retain and maintain the certain insurance policies, and continue to split the premium payments among the Insureds in line with the historical practices prior to Crescent Midstream Holdings' spin-off from Crimson. By entering into the Insurance Coverage TSA, the Insurance TSA Parties acknowledged that any claims made which result in a loss by one of the Insureds will erode and may exhaust the shared limits and/or aggregates stated in any of the certain insurance policies. Additionally, under the terms of the Insurance Coverage TSA, it was agreed that

the Insurance TSA Party which was directly responsible for any incident that results in any loss of coverage under any of the certain shared insurance policies may be primarily financially responsible for such self-insurance and/or covering any increase in costs of the certain insurance policy that occurred as a result of such incident. The Insurance Coverage TSA expired on May 31, 2021, and simultaneously, the Company, Crimson, and certain other subsidiaries of the Company obtained alternative insurance coverage effective through May 31, 2022. As of September 30, 2021, there is no relationship between the insurance coverage of the Company and its subsidiaries and Crescent Midstream Operating and its subsidiaries.

Total transition services reimbursements for the TSAs discussed above are presented on a net basis in the Consolidated Statements of Operations within transportation and distribution expense and general and administrative expense.

#### **Other Related Party Transactions**

As of September 30, 2021, certain entities affiliated with the Grier Members (Crescent Midstream, CLM, Crimson Renewable Energy, L.P. and Delta Trading, L.P.) owe Crimson and certain subsidiaries \$954 thousand, which is reflected in due from affiliated companies in the Consolidated Balance Sheets. Grier directly or indirectly owns a 35.35 percent interest in CLM and owns 100.0 percent of both Crimson Renewable Energy, L.P. and Delta Trading, L.P. These balances primarily represent receivables related to payroll, employee benefits and other related employment services that are provided by certain subsidiaries of Crimson. As of September 30, 2021, Crimson and certain subsidiaries owe Crescent Midstream \$765 thousand, which is reflected in due to affiliated companies in the Consolidated Balance Sheet. This balance represents amounts owed to Crescent Midstream as part of the common control transfer completed prior to the Crimson Transaction, partially offset by receivables related to payroll, employee benefits and other related employment services.

The Company incurred \$416 thousand of asset acquisition expenses from Crescent Midstream for costs related to accounting and consulting services for the Crimson Transaction that it agreed to reimburse subsequent to the transaction closing, which reimbursement was paid during the three months ended June 30, 2021.

#### **17. SUBSEQUENT EVENTS**

The Company performed an evaluation of subsequent events through the date of the issuance of these financial statements.

##### **Common Stock Dividend Declaration**

On October 27, 2021, the Company's Board of Directors declared a third quarter 2021 dividend of \$0.05 per share for CorEnergy Common Stock, payable in cash or via the Company's DRIP. The dividend is payable on November 30, 2021 to stockholders of record on November 16, 2021.

##### **Preferred Stock Dividend Declaration**

On October 27, 2021, the Company's Board of Directors also declared a dividend of \$0.4609375 per depositary share for its 7.375% Series A Preferred Stock, payable in cash. The preferred stock dividend is payable on November 30, 2021 to stockholders of record on November 16, 2021.

##### **Class A-1 Units Distribution**

On October 27, 2021, the Company's Board of Directors authorized the declaration of dividends of \$0.4609375 per depositary share for its 7.375% Series A Preferred Stock payable in cash. Pursuant to the terms of Crimson's Third LLC Agreement, this determination by the Company's Board of Directors will entitle the holders of Crimson's Class A-1 Units to receive, from Crimson, a cash distribution of \$0.4609375 per unit.

##### **Class A-2 Units Distribution**

On October 27, 2021, the Board decided not to declare a dividend on Class B Common Stock. Pursuant to the terms of Crimson's Third LLC Agreement, this determination by the Company's Board of Directors will result in no distribution to the holders of Crimson's Class A-2 Units.

##### **Class A-3 Units Distribution**

On October 27, 2021, the Board decided not to declare a dividend on Class B Common Stock. Pursuant to the terms of Crimson's Third LLC Agreement, this determination by the Company's Board of Directors will result in no distribution to the holders of Crimson's Class A-3 Units.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements and Notes thereto in this Report on Form 10-Q ("Report") of CorEnergy Infrastructure, Inc. ("the Company," "CorEnergy," "we" or "us"). The forward-looking statements included in this discussion and elsewhere in this Report involve risks and uncertainties, including anticipated financial performance, business prospects, industry trends, stockholder returns, performance by our customers and tenants, performance on loans to customers, and other matters, which reflect management's best judgment based on factors currently known. See "Cautionary Statement Concerning Forward-Looking Statements" which is incorporated herein by reference. Actual results and experience could differ materially from the anticipated results and other expectations expressed in our forward-looking statements as a result of a number of factors, including but not limited to those discussed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 4, 2021, and in Part II, Item 1A, "Risk Factors", in this Report.

### RECENT DEVELOPMENTS

The COVID-19 pandemic-related reduction in energy demand and the uncertainty of production from OPEC members, US producers and other international suppliers caused significant disruptions and volatility in the global oil marketplace since March 2020, which have adversely affected our customers and tenants. In response to COVID-19, governments around the world have implemented stringent measures to help reduce the spread of the virus, including stay-at-home and shelter-in-place orders, travel restrictions and other measures. These measures have adversely affected the economies and financial markets of the U.S. and many other countries, resulting in an economic downturn that has negatively impacted global demand and prices for the products handled by our pipelines and other facilities. As various vaccines are administered across the globe, there continues to be significant uncertainty regarding how long these conditions will persist and the impact of the virus on the energy industry and potential impacts to our business.

### OVERVIEW

We are a publicly traded real estate investment trust ("REIT") focused on energy infrastructure. Our business strategy is to own and operate or lease critical energy midstream infrastructure connecting the upstream and downstream sectors within the industry. We currently generate revenue from the transportation, via pipeline, of crude oil and natural gas for our customers.

Our pipelines are located in areas where it would be difficult to replicate rights of way or transport crude oil or natural gas via non-pipeline alternatives, resulting in our assets providing utility-like criticality in the midstream supply chain for our customers. As primarily regulated assets, the near to medium term value of our regulated pipelines is supported by revenue derived from cost-of-service methodology. The cost-of-service methodology is used to establish appropriate transportation rates based on several factors including expected volumes, expenses, debt and return on equity. The regulated nature of the majority of our assets provides a degree of support for our profitability over the long-term, where the majority of our customers own the products shipped on, or stored in, our facilities. We believe these characteristics provide CorEnergy with the attractive attributes of other globally listed infrastructure companies, including high barriers to entry and predictable revenue streams, while mitigating risks and volatility experienced by other companies engaged in the midstream energy sector.

For a description of our assets, see Part I, Item 2 of our 2020 Form 10-K Annual Report.

Current Year 2021 Developments:

- Effective February 1, 2021, we acquired a 49.50 percent interest in Crimson, with the right to acquire the remaining 50.50 percent interest, in exchange for a combination of cash on hand of \$74.6 million (after giving effect to initial working capital adjustments), commitments to issue new common and preferred equity with a fair value of \$115.3 million (also after giving effect to the initial working capital adjustments), contribution of the GIGS to the sellers with a fair value of \$48.9 million and \$105.0 million in new term loan and revolver borrowings (the "Crimson Credit Facility"), all as detailed further below (the "Crimson Transaction"). The preliminary fair value of the aggregate consideration is \$343.8 million, subject to certain post-closing purchase price adjustments, including a non-controlling interest of \$115.3 million.
- Effective February 1, 2021, in order to transfer GIGS to the sellers of Crimson, we terminated the lease of GIGS, and agreed to forgo collection efforts on past rents and to dismiss other claims against the tenant of GIGS.
- On May 28, 2021, Crimson's subsidiary San Pablo Bay Pipeline Company, LLC applied for authority to increase rates by 10% for its crude oil pipeline services with the CPUC. The rate increase became effective July 1, 2021 after completing a 30-day review period.

- On June 29, 2021, the Board of the Company authorized management to enter into an agreement to convert the right that the holders of Crimson Class A-1 Units would have had to exchange such units for shares of the Company's 9.0% Series C Preferred Stock, into a right to exchange Class A-1 Units (following CPUC approval) for depositary shares representing the Company's 7.375% Series A Cumulative Redeemable Preferred Stock. As of June 30, 2021, the Class A-1 Units receive distributions based on dividends declared by the Company's Board of Directors on the Series A Preferred Stock.
- On June 30, 2021, Crimson California Pipeline L.P., which manages both Crimson's Southern California and KLM pipelines, applied for authority to increase rates by 10% for its crude oil pipeline services with the CPUC. The rate increase became effective August 1, 2021 after completing a 30-day review period.
- In June 2021, the final working capital adjustment was made for the Crimson Transaction which resulted in an increase in the assets acquired of \$1,790,455. This resulted in 37,043 Class A-1 Units being issued to Grier Members for their 50.50 percent ownership interest and \$907,728 of cash paid for the 49.50 percent ownership interest CorEnergy purchased. The newly issued units resulted in an increase in non-controlling interest of \$882,726. After the working capital adjustment and paid-in-kind dividends, the Grier Members equity ownership interest is 50.62 percent as of September 30, 2021.
- On July 6, 2021, following receipt of stockholder approval at the 2021 Annual Meeting, the Company completed the Internalization transaction whereby it acquired its manager Corridor InfraTrust Management, LLC. Pursuant to a Contribution Agreement, the Company issued to the Contributors, based on each Contributor's percentage ownership in Corridor, an aggregate of: (i) 1,153,846 shares of Common Stock, (ii) 683,761 shares of the newly created Class B Common Stock, and (iii) 170,213 depositary shares of the Company's 7.375% Series A Cumulative Redeemable Preferred Stock.
- Effective July 7, 2021, following stockholder approval at the 2021 Annual Meeting and in accordance with the terms of the Company's Series B Preferred Stock, the Company converted the right that the holders of Crimson Class A-2 Units would have had to exchange such units for shares of Series B Preferred Stock, into a right to exchange Class A-2 Units (following CPUC approval) for shares of the Company's Class B Common Stock.

## HOW WE GENERATE REVENUE

We earn revenue from transporting or storing crude oil and natural gas for our customers. Our revenue is generated based on a:

- Fixed-fee per unit of commodity transported during the period or
- Fixed fee for reserved capacity.

### Crimson Pipeline

Crimson Pipeline is an approximately 2,000-mile crude oil transportation pipeline system, which includes nearly 1,300 active miles, with associated storage facilities located in southern California and the San Joaquin Valley. The pipeline network provides a critical link between California crude oil production and California refineries. Revenue is primarily generated based on a fixed-fee tariff paid on each barrel of crude oil transported on our pipeline system. Our tariffs are regulated by the CPUC under a cost-of-service methodology. While the majority of our Crimson pipeline volumes are not contractually obligated to be transported on our pipelines, our pipelines have provided transportation services to the same refineries for decades. Our pipeline system provides a safe, reliable, environmentally sustainable and economical method of transporting crude oil from the California crude oil producers to the California refineries. Furthermore, we are generally the only pipeline providing a connection between the producers and our customers, which are the refineries we serve.

### MoGas and Omega Pipelines

MoGas pipeline ("MoGas") is a 263-mile interstate natural gas pipeline regulated by the Federal Energy Regulatory Commission ("FERC"). Omega pipeline ("Omega") is a 75-mile natural gas distribution system providing unregulated service primarily to the U.S. Army's Fort Leonard Wood military post. MoGas and Omega are part of a system that provides the critical link between natural gas producing regions and local customers in Missouri. MoGas sources natural gas from three major interstate pipelines, Panhandle Eastern pipeline ("EPL"), Rockies Express pipeline ("REX") and Mississippi River Transmission pipeline ("MRT"). MoGas connects to these three pipelines around the St. Louis area and transports the natural gas to south-central Missouri where it connects to the Omega pipeline. MoGas supplies several local natural gas distribution networks along its path. The Omega pipeline system primarily serves as a local natural gas delivery system for Fort Leonard Wood.

MoGas generates approximately 94 percent of its revenue from take-or-pay transportation contracts with investment-grade customers. The majority of MoGas' revenue is under a long-term contract with a remaining term of approximately 9 years. Omega's revenues are unregulated and are generated under a firm capacity contract for which lease treatment has been applied. The remaining life of the contract is approximately 4 years. Given the nature of the MoGas and Omega contracts, the revenue generated by these assets is marginally dependent on the actual volume transported.

## **HOW WE EVALUATE OUR OPERATIONS**

Our management uses a variety of financial and operating metrics to analyze our performance. These metrics, which are significant factors in assessing our operating results and profitability, include: (i) volumes; (ii) revenue (including pipeline loss allowance ("PLA")); (iii) total operating and maintenance expenses (including maintenance capital expenses); (iv) Adjusted Net Income; (v) Cash Available for Distribution ("CAD"); and (vi) Adjusted EBITDA.

### **Volumes and Revenue**

Our revenue is primarily generated by transporting either crude oil or natural gas from a supply source to an end customer. Our assets have provided this service for the same customers for many decades.

#### ***Crimson Pipeline***

The amount of revenue Crimson pipeline generates depends on the volume of crude oil transported through our pipelines multiplied by the fixed-fee tariff applicable for the specific movement. These volumes are dependent on crude oil production in California since our assets are not directly connected to crude oil import facilities. Our volumes can also be impacted by individual refinery decisions around their specific crude oil sourcing. The fixed-fee tariff, or transportation rate, is the other major determinate of our revenue. The majority of our tariffs are regulated by the CPUC under a cost-of-service methodology which provides long term support for our revenue.

In addition to the fixed-fee tariff, we also earn PLA for the majority of the volume we transport. As is common in the pipeline transportation industry, as crude oil is transported, Crimson receives between 0.1% and 0.25% of the majority of crude oil volume transported as PLA to offset any measurement uncertainty or actual volumes lost in transit. We receive either payment in kind or cash, at market value for the crude oil, with the majority of the payments being in kind. For in-kind payments, we record the revenue as Transportation and Distribution revenue at a net realizable market price for the crude oil and place those volumes into inventory. The inventory is subsequently sold, typically within 1 to 2 months, and recognized as PLA subsequent sales revenue with an offsetting expense of PLA subsequent sales cost of revenue.

#### ***MoGas and Omega Pipelines***

The amount of revenue generated by MoGas and Omega relies on fixed-payment contracts with our customers. These contracts are reservation charges with little dependence on actual volumes transported.

### **Operations and Maintenance Expenses**

Our pipelines have similar fixed and variable operating, maintenance, and regulatory requirements. Our major operations and maintenance expenses consist of:

- labor expenses;
- repairs and maintenance expenses;
- insurance costs (including liability and property coverage); and
- utility costs (including electricity and natural gas).

The majority of our costs remain stable across broad ranges of throughput volumes, but can vary depending upon the level of both planned and unplanned maintenance activity in particular reporting periods. Utility cost is the primary expense which fluctuates based on throughput volumes.

### **MoGas STL Interconnect**

MoGas continues to monitor the regulatory activities relative to the Spire STL Pipeline. On June 22, 2021, the U.S. Court of Appeals for the District of Columbia Circuit issued an order vacating the Spire STL Pipeline's certificate, stating the problem with the 2018 certificate was that FERC found a market need for the pipeline despite only one shipper, an affiliate of Spire STL Pipeline, committing to use it; and remanding the proceeding back to the FERC. On September 14, 2021, FERC issued a temporary certificate authorizing the continued operation of Spire STL Pipeline for 90 days, a first step in keeping the STL

Pipeline in service ahead of this winter. There have been filings with FERC from several impacted parties expressing concern of the adverse effect to the area should the court's order to vacate the certificate remain. While there is no impairment at this time, if the STL Pipeline is taken out of service, CorEnergy's financial condition and results of operations may be adversely impacted by impairment of our interconnect assets, currently carried at approximately \$3.5 million.

#### **FACTORS AFFECTING THE COMPARABILITY OF OUR FINANCIAL RESULTS**

The comparability of our current financial results, in relation to prior periods, are affected by the recent transactions described below. As a result, the usefulness of the year over year comparisons between the quarter and year-to-date periods ended September 30, 2021 and the quarter and year-to-date periods ended September 30, 2020 are limited. The financial results should be read in connection with the financial information in Form 8-K filed February 10, 2021, Form 8-K/A filed April 22, 2021, and Form 8-K/A filed September 3, 2021.

#### **Disposal of Grand Isle Gathering System**

Effective February 1, 2021, the Grand Isle Gathering System was provided as partial consideration for the purchase of the 49.50 percent interest in Crimson.

#### **Sale of Pinedale LGS**

On June 30, 2020, the Pinedale LGS was sold to Ultra Wyoming, the former tenant under the Pinedale Lease Agreement and a wholly-owned subsidiary of Ultra Petroleum Corp, and consequently is not included in our current results.

#### **Crimson Transaction**

Effective February 1, 2021, the Company acquired a 49.50 percent interest in Crimson as described elsewhere in this Report.

#### **California Market Update**

On October 4, 2021, a pipeline ruptured off the coast of California which caused the oil spill offshore near Huntington Beach, California. The pipeline is not owned by the CorEnergy. The Company does not own or operate any offshore platforms or pipelines.

The Company has historically received barrels transported by the affected pipeline, at an average of approximately 4,600 bpd over the past four months, equating to average monthly revenue of approximately \$98 thousand during that time (including the associated pipeline loss allowance). Currently, this production has been shut in and the timing of its return is uncertain. Regardless of the outcome, we do not expect this event to affect our common dividend outlook, which is subject to board approval.

On October 6, 2021, the Kern County Superior Court ordered Kern county to stop issuing new oil and gas drilling permits pending review of a new environmental impact report process.

On October 29, 2021, Phillips 66 confirmed plans to convert its 140,000 barrel per day San Francisco refinery in Rodeo, California to renewable diesel in early 2024. As a result, the refinery will no longer process crude oil. Currently, the refinery sources a significant portion of their crude oil, via a dedicated Phillips 66 pipeline, from the San Joaquin valley which is the same source of volumes for the Company's pipelines. After closure of the refinery, the crude oil being consumed from the San Joaquin valley, by Phillips 66, will need to be transported to another refinery since the Phillips 66 pipeline is only connected to their refinery.

#### **Internalization of the Manager**

On July 6, 2021, following stockholder approval at the Company's 2021 Annual Meeting, we completed the Internalization transaction whereby we acquired our manager Corridor InfraTrust Management, LLC. Pursuant to a Contribution Agreement, we issued to the Contributors, based on each Contributor's percentage ownership in Corridor, an aggregate of: (i) 1,153,846 shares of Common Stock, (ii) 683,761 shares of the newly created Class B Common Stock, and (iii) 170,213 depository shares of the Company's 7.375% Series A Cumulative Redeemable Preferred Stock.

As a result of the Internalization Transaction, we now (i) own all material assets of Corridor used in the conduct of the business, and (ii) are managed by officers and employees who previously worked for Corridor. Additional information on the Internalization Transaction can be found on our Current Report in Form 8-K filed with the SEC on July 12, 2021.

**BASIS OF PRESENTATION**

The consolidated financial statements include CorEnergy Infrastructure Trust, Inc., as of September 30, 2021, and its direct and indirect wholly-owned subsidiaries. Effective February 1, 2021, CorEnergy's subsidiaries include a 49.50 percent interest in Crimson with John D. Grier and certain affiliated trusts of Grier (collectively with Grier, the "Grier Members") holding the remaining 50.50 percent interest. Crimson is a VIE as the legal entity is structured with non-substantive voting rights. CorEnergy was determined to be the entity "most closely associated" with the VIE. Therefore, CorEnergy is the primary beneficiary and will consolidate Crimson. After the working capital adjustment and paid-in-kind dividends, the Grier Members' equity ownership interest is 50.62 percent as of September 30, 2021. The Grier Member's 50.62 percent equity ownership interest is reflected as a non-controlling interest in the consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in consolidation.

**RESULTS OF OPERATIONS**

The following table summarizes the financial data and key operating statistics for CorEnergy for the three and nine months ended September 30, 2021 and 2020. We believe the Operating Results detail presented below provides investors with information that will assist them in analyzing our operating performance. The following data should be read in conjunction with our consolidated financial statements and the notes thereto included in Part I, Item 1 of this Report. All information in Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations," except for balance sheet data as of December 31, 2020, is unaudited.

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<b>Revenue</b>				
Transportation and distribution revenue	\$ 34,286,394	\$ 4,573,155	\$ 83,681,876	\$ 14,156,361
Pipeline loss allowance subsequent sales	2,124,581	—	6,115,836	—
Lease revenue	32,915	20,126	1,208,915	21,320,998
Deferred rent receivable write-off	—	—	—	(30,105,820)
Other revenue	584,992	32,099	1,359,331	88,319
<b>Total Revenue</b>	<b>37,028,882</b>	<b>4,625,380</b>	<b>92,365,958</b>	<b>5,459,858</b>
<b>Expenses</b>				
Transportation and distribution expenses	16,089,414	1,438,443	41,795,421	4,035,807
Pipeline loss allowance subsequent sales cost of revenue	2,718,038	—	5,890,540	—
General and administrative	5,156,087	2,793,568	20,374,534	10,195,635
Depreciation, amortization and ARO accretion expense	3,690,856	2,169,806	10,337,639	11,479,799
Loss on impairment of leased property	—	—	—	140,268,379
Loss on impairment and disposal of leased property	—	—	5,811,779	146,537,547
Loss on termination of lease	—	—	165,644	458,297
<b>Total Expenses</b>	<b>27,654,395</b>	<b>6,401,817</b>	<b>84,375,557</b>	<b>312,975,464</b>
<b>Operating Income (loss)</b>	<b>\$ 9,374,487</b>	<b>\$ (1,776,437)</b>	<b>\$ 7,990,401</b>	<b>\$ (307,515,606)</b>
<b>Other Income (expense)</b>				
Other income	\$ 4,040	\$ 29,654	\$ 366,859	\$ 449,512
Interest expense	(3,351,967)	(2,247,643)	(9,578,677)	(8,053,650)
Gain (loss) on extinguishment of debt	—	—	(861,814)	11,549,968
<b>Total Other Income (expense)</b>	<b>(3,347,927)</b>	<b>(2,217,989)</b>	<b>(10,073,632)</b>	<b>3,945,830</b>
<b>Income (Loss) before income taxes</b>	<b>6,026,560</b>	<b>(3,994,426)</b>	<b>(2,083,231)</b>	<b>(303,569,776)</b>
<b>Income tax expense (benefit), net</b>	<b>106,589</b>	<b>(75,328)</b>	<b>263,652</b>	<b>(173,877)</b>
<b>Net Income (loss)</b>	<b>5,919,971</b>	<b>(3,919,098)</b>	<b>(2,346,883)</b>	<b>(303,395,899)</b>
Less: Net income attributable to non-controlling interest	3,155,685	—	6,775,863	—
<b>Net income (loss) attributable to CorEnergy Stockholders</b>	<b>\$ 2,764,286</b>	<b>\$ (3,919,098)</b>	<b>\$ (9,122,746)</b>	<b>\$ (303,395,899)</b>
Preferred dividend requirements	2,388,130	2,309,672	7,007,474	6,880,137
<b>Net income (loss) attributable to Common Stockholders</b>	<b>\$ 376,156</b>	<b>\$ (6,228,770)</b>	<b>\$ (16,130,220)</b>	<b>\$ (310,276,036)</b>
<b>Other Financial Data <sup>(1)</sup></b>				
Adjusted Net Income (loss)	\$ 6,116,491	\$ (2,972,281)	\$ 11,138,110	\$ 3,566,441
Cash Available for Distribution	3,165,203	(3,823,800)	(2,513,681)	8,159,021
Adjusted EBITDA	13,265,903	1,369,840	31,318,078	22,926,013
<b>Capital Expenditures:</b>				
Maintenance Capital	\$ 1,757,350	\$ —	\$ 5,381,708	\$ —
Growth Capital	638,830	—	5,510,019	—
<b>Volume:</b>				
Average quarterly volume (bpd) - Crude oil	191,621	207,609	NA	NA

(1) Refer to the "Non-GAAP Financial Measures" section that follows for additional details.

### Three Months Ended September 30, 2021 Compared to the Three Months Ended September 30, 2020

The financial impacts of the Crimson assets only represent the period from February 1, 2021 to September 30, 2021.

*Revenue.* Consolidated revenue was \$37.0 million for the three months ended September 30, 2021 compared to \$4.6 million for the three months ended September 30, 2020, representing an increase of \$32.4 million. Transportation and distribution revenue increased \$29.7 million primarily due to the acquisition of Crimson, which provided transportation revenue of \$29.0 million that included a \$2.2 million gain on PLA revenue which should not be considered recurring. Transportation and distribution

revenue for MoGas and Omega increased \$0.7 million driven by increased transportation revenue due to new contracts that became effective in the fourth quarter of 2020 and an increase in commodity fees. We also recognized \$2.1 million in PLA subsequent sales revenue due to the Crimson acquisition. This represents the revenue on sale of crude oil inventory, which is offset by the PLA subsequent sales cost of revenue of \$2.7 million for a net margin of \$(0.6) million. The negative margin was due to a reclassification of PLA revenue between revenue line items with no impact to total revenue.

Lease revenue was \$33 thousand for the three months ended September 30, 2021 compared to \$20 thousand for the three months ended September 30, 2020, resulting in an increase of \$13 thousand from the prior-year period.

*Transportation and Distribution Expense.* Transportation and distribution expenses were \$16.1 million and \$1.4 million for the three months ended September 30, 2021 and 2020, respectively, representing an increase of \$14.7 million which was due to the acquisition of Crimson.

*General and Administrative Expense.* General and administrative expenses were \$5.2 million for the three months ended September 30, 2021 compared to \$2.8 million for the three months ended September 30, 2020. The most significant components of the variance from the prior-year period are outlined in the following table and explained below:

	For the Three Months Ended	
	September 30, 2021	September 30, 2020
Management fees and employee-related costs	\$ 2,494,443	\$ 932,457
Acquisition and professional fees	1,980,931	1,589,673
Other expenses	680,713	271,438
<b>Total</b>	<b>\$ 5,156,087</b>	<b>\$ 2,793,568</b>

Management fees and employee-related costs for the three months ended September 30, 2021 were comprised of \$1.4 million in Crimson employee-related costs and \$1.1 million in Corridor employee compensation and office related expenses as a result of the Internalization which ended the payment of the management fee after January 2021. See Part I, Item 1, Note 9 ("Management Agreement") for additional information.

Acquisition and professional fees for the three months ended September 30, 2021 increased \$0.4 million compared to the three months ended September 30, 2020, primarily as a result of (i) a \$1.2 million increase in general professional fees, partially offset by (ii) a \$0.8 million decrease in acquisition related expenses. Generally, we expect asset acquisition expenses to be repaid over time from income generated by acquisitions.

Other expenses for the three months ended September 30, 2021 increased \$0.4 million compared to the three months ended September 30, 2020. The increase in other expenses is primarily due to the Crimson acquisition.

*Depreciation, Amortization and ARO Accretion Expense.* Depreciation, amortization and ARO accretion expense was \$3.7 million and \$2.2 million for the three months ended September 30, 2021 and 2020, respectively. This \$1.5 million increase was primarily related to depreciation expense, which increased approximately \$1.6 million for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. The increase in depreciation expense was driven by (i) a full quarter reduction in depreciation for the GIGS asset, which was provided as partial consideration in connection with the Crimson Transaction during the first quarter of 2021, partially offset by (ii) depreciation expense for the Crimson acquired assets.

*Other Income.* Other income was \$4 thousand for the three months ended September 30, 2021 compared to \$30 thousand for the three months ended September 30, 2020. This decrease was primarily related to the addition of Crimson.

*Interest Expense.* Interest expense was \$3.4 million for the three months ended September 30, 2021, compared to \$2.2 million for the three months ended September 30, 2020, primarily due to increased borrowings.

*Income Tax Expense (Benefit).* Income tax expense was \$107 thousand for the three months ended September 30, 2021, as compared to an income tax benefit of \$75 thousand for the three months ended September 30, 2020. The income tax expense in the current year period is primarily the result of an increase in income tax expense related to Crimson, partially offset by the generation of net operating loss carryforwards and certain fixed asset activities at the other TRS entities. The income tax benefit recorded in the prior-year period was primarily the result of net operating loss carrybacks allowed under the CARES Act enacted in March of 2020, partially offset by certain fixed asset, deferred contract revenue and refund liability settlement activities.

*Net Income (loss).* Net income was \$5.9 million and net loss was \$3.9 million for the three months ended September 30, 2021 and 2020, respectively. For the three months ended September 30, 2021 and 2020, net income (loss) attributable to CorEnergy

stockholders was \$2.8 million and \$(3.9) million, respectively. After deducting preferred dividend requirements of \$2.4 million and \$2.3 million for the three months ended September 30, 2021 and 2020, respectively, net income attributable to common stockholders was \$0.4 million, or \$0.02 per basic and diluted common share as compared to \$(6.2) million, or \$(0.46) per basic and diluted common share for the prior-year period.

#### Nine Months Ended September 30, 2021 Compared to the Nine Months Ended September 30, 2020

The financial impacts of the Crimson assets only represent the period from February 1, 2021 to September 30, 2021.

**Revenue.** Consolidated revenue was \$92.4 million for the nine months ended September 30, 2021 compared to \$5.5 million for the nine months ended September 30, 2020, representing an increase of \$86.9 million. Transportation and distribution revenue increased \$69.5 million primarily due to the acquisition of Crimson, which provided transportation revenue of \$67.6 million. The \$2.2 million gain on PLA in third quarter of 2021 was largely offset with losses on PLA in the first half of 2021. Transportation and distribution revenue for MoGas and Omega increased \$2.0 million primarily driven by increased transportation revenue due to new contracts that became effective in the fourth quarter of 2020 and an increase in commodity fees. We also recognized \$6.1 million in PLA subsequent sales revenue due to the Crimson acquisition. This represents the revenue on sale of crude oil inventory, which is offset by the PLA subsequent sales cost of revenue of \$5.9 million for a net margin of \$0.2 million.

Lease revenue was \$1.2 million for the nine months ended September 30, 2021 compared to \$21.3 million for the nine months ended September 30, 2020, resulting in a decrease of approximately \$20.1 million. The decrease in lease revenue was a result of the sale Grand Isle Gathering System during the first quarter of 2021 and Pinedale LGS in second quarter 2020. Lease revenue in the current period is primarily related to a Crimson storage lease; however, the storage contract expired June 30, 2021 and was not renewed. The revenue from that contract from February 1 to June 30 of 2021 was \$1.1 million. During the nine months ended September 30, 2020, we recorded a non-cash deferred rent receivable write-off of \$30.1 million for the Grand Isle Lease Agreement as the receivable was no longer probable of collection.

**Transportation and Distribution Expense.** Transportation and distribution expenses were \$41.8 million and \$4.0 million for the nine months ended September 30, 2021 and 2020, respectively, representing an increase of \$37.8 million. The Crimson Transaction resulted in an \$37.3 million increase for the period.

**General and Administrative Expense.** General and administrative expenses were \$20.4 million for the nine months ended September 30, 2021 compared to \$10.2 million for the nine months ended September 30, 2020. The most significant components of the variance from the prior-year period are outlined in the following table and explained below:

	For the Nine Months Ended	
	September 30, 2021	September 30, 2020
Management fees and employee-related costs	\$ 7,528,705	\$ 4,139,721
Acquisition and professional fees	10,823,995	5,076,904
Other expenses	2,021,834	979,010
<b>Total</b>	<b>\$ 20,374,534</b>	<b>\$ 10,195,635</b>

Management fees and employee-related costs for the nine months ended September 30, 2021 is comprised of i) \$1.0 million transaction bonus outlined in the Contribution Agreement related to the Internalization, (ii) \$3.6 million in Crimson employee-related costs, (iii) \$2.6 million in Corridor employee compensation and office related expenses incurred since February 1, 2021, and (iv) \$0.3 million in management fees for January. Due to stockholder approval at the Annual Meeting on June 29, 2021, we will no longer be subject to the management fee after February 1, 2021 but will incur, on a go-forward basis, the employee compensation and office related costs. See Part I, Item 1, Note 9 ("Management Agreement") for additional information. The transaction bonus discussed above is reflected as an addback to Adjusted Net Income and Adjusted EBITDA for the nine months ended September 30, 2021. Refer to the "Non-GAAP Financial Measures" section for a reconciliation of Net loss to Adjusted Net Income and Net loss to Adjusted EBITDA.

Acquisition and professional fees for the nine months ended September 30, 2021 increased \$5.7 million compared to the nine months ended September 30, 2020, primarily as a result of (i) a \$4.5 million increase in asset acquisition expenses primarily related to the Crimson and Internalization transactions and (ii) a \$1.3 million increase in accounting, legal and consulting services. Generally, we expect asset acquisition expenses to be repaid over time from income generated by acquisitions. As a result, asset acquisition expenses of \$5.6 million for the nine months ended September 30, 2021 are reflected as an addback to Adjusted Net Income and Adjusted EBITDA. Refer to the "Non-GAAP Financial Measures" section for a reconciliation of Net loss to Adjusted Net Income and Net loss to Adjusted EBITDA.

Other expenses for the nine months ended September 30, 2021 increased \$1.0 million from the prior-year period. The increase in other expenses is primarily due to the Crimson acquisition.

*Depreciation, Amortization and ARO Accretion Expense.* Depreciation, amortization and ARO accretion expense was \$10.3 million and \$11.5 million for the nine months ended September 30, 2021 and 2020, respectively, a decrease of \$1.2 million. This decrease was primarily related to depreciation expense, which decreased approximately \$0.9 million for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. The decrease in depreciation expense was driven by (i) a two quarter reduction in depreciation for the Pinedale LGS as a result of the sale of the asset to Ultra Wyoming at the end of the second quarter of 2020 and (ii) a reduction in depreciation for the GIGS asset which was sold February 4, 2021, partially offset by (iii) depreciation expense for the Crimson acquired assets. Accretion expense decreased \$305 thousand as a result of the sales of the GIGS asset.

*Loss on Impairment of Leased Property.* For the nine months ended September 30, 2020, we recognized a \$140.3 million loss on impairment of leased property related to our GIGS asset. The impairment analysis was triggered by the impacts of the COVID-19 pandemic and significant decline in the global energy markets, which adversely impacted the tenant under the Grand Isle Lease Agreement.

*Loss on Impairment and Disposal of Leased Property.* In connection with the Crimson Transaction, we contributed the GIGS asset as partial consideration to acquire our 49.50 percent interest in Crimson. The net book value of the GIGS asset was \$63.5 million and the carrying value of the asset retirement obligation was \$8.8 million or a net carrying value of \$54.7 million for the GIGS Disposal Group. The GIGS asset had a fair value of \$48.9 million upon closing of the Crimson Transaction resulting in a loss on impairment and disposal of leased property of approximately \$5.8 million for the nine months ended September 30, 2021. Refer to Part I, Item 1, Note 5 ("Leased Properties And Leases") for further details.

*Loss on Termination of Lease.* In connection with the contribution of the GIGS asset as partial consideration to acquire our 49.50 percent interest in Crimson, we reached a settlement agreement with the tenant under the Grand Isle Lease Agreement and terminated the lease. For the nine months ended September 30, 2021, the Company recorded a write-off of the remaining deferred lease costs of \$166 thousand associated with the termination of the lease.

*Other Income.* Other income was \$367 thousand for the nine months ended September 30, 2021 compared to \$450 thousand for the nine months ended September 30, 2020. This decrease was primarily related to interest income, which decreased approximately \$445 thousand from the prior-year period due to a reduction in cash nine months ended September 30, 2021, partially offset by other income for an insurance recovery of \$58 thousand and \$288 thousand for the addition of Crimson for the nine months ended September 30, 2021.

*Interest Expense.* For the nine months ended September 30, 2021 and 2020, interest expense was \$9.6 million and \$8.1 million, respectively, the increase is primarily due to increased borrowings.

*Loss on Extinguishment of Debt.* During the nine months ended September 30, 2021, in connection with the Crimson acquisition, the Company terminated the CorEnergy Credit Facility with Regions Bank and eliminated the associated deferred debt issuance costs of \$862 thousand. For additional information, see Part I, Item 1, Note 12 ("Debt"). For the nine months ended September 30, 2020, a gain on extinguishment of debt of \$11.5 million was recognized for the (i) release agreement entered into with Prudential for the Amended Pinedale Term Credit Facility in connection with the sale of the Pinedale LGS on June 30, 2020 (\$11.0 million) and (ii) the repurchase of the 5.875% Convertible Notes completed in April of 2020 (\$576 thousand). For additional information, see Part I, Item 1, Note 12 ("Debt").

*Income Tax Expense (Benefit).* Income tax expense was \$264 thousand for the nine months ended September 30, 2021, as compared to an income tax benefit of \$174 thousand for the nine months ended September 30, 2020. The income tax expense in the current year period is primarily the result of an increase in income tax expense related to Crimson, partially offset by the generation of net operating loss carryforwards and certain fixed asset activities at the TRS entities. The income tax benefit recorded in the prior-year period was primarily the result of net operating loss carrybacks allowed under the CARES Act enacted in March of 2020, partially offset by certain fixed asset, deferred contract revenue and refund liability settlement activities.

*Net Loss.* Net loss was \$2.3 million and \$303.4 million for the nine months ended September 30, 2021 and 2020, respectively. For the nine months ended September 30, 2021 and 2020, net loss attributable to CorEnergy stockholders was \$9.1 million and \$303.4 million, respectively. After deducting \$7.0 million and \$6.9 million for the portion of preferred dividends that are allocable to the nine months ended September 30, 2021 and 2020, respectively, net loss attributable to common stockholders for the nine months ended September 30, 2021 was \$16.1 million or \$(1.13) per basic and diluted common share as compared to \$310.3 million, or \$(22.73) per basic and diluted common share for the prior-year period.

## **NON-GAAP FINANCIAL MEASURES**

We use certain financial measures that are not recognized under GAAP. The non-GAAP financial measures used in this Report include Adjusted Net Income, CAD, and Adjusted EBITDA. These supplemental measures are used by our management team and are presented because we believe they help investors understand our business, performance and ability to earn and distribute cash to our stockholders, provide for debt repayments, provide for future capital expenditures and provide for repurchases or redemptions of any series of our preferred stock by providing perspectives not immediately apparent from net income (loss).

We offer these measures to assist the users of our financial statements in assessing our operating performance under U.S. GAAP, but these measures are non-GAAP measures and should not be considered measures of liquidity, alternatives to net income (loss) or indicators of any other performance measure determined in accordance with GAAP. Our method of calculating these measures may be different from methods used by other companies and, accordingly, may not be comparable to similar measures as calculated by other companies. Investors should not rely on these measures as a substitute for any GAAP measure, including net income (loss), cash flows from operating activities or revenues. Management compensates for the limitations of Adjusted Net Income, CAD, and Adjusted EBITDA as analytical tools by reviewing the comparable GAAP measures, understanding the differences between non-GAAP measures compared to (as applicable) operating income (loss), net income (loss) and net cash provided by operating activities, and incorporating this knowledge into its decision-making processes. We believe that investors benefit from having access to the same financial measures that our management considers in evaluating our operating results. The financial impacts of the Crimson assets are only included for the period from February 1, 2021 to September 30, 2021 for the non-GAAP measurements outlined below.

### **Adjusted Net Income and Cash Available for Distribution**

We believe Adjusted Net Income is an important performance measure of our profitability as compared to other midstream infrastructure owners and operators. Our presentation of Adjusted Net Income represents net income (loss) adjusted for loss on impairment of leased property; loss on impairment and disposal of leased property; loss on termination of lease; deferred rent receivable write-off; loss (gain) on extinguishment of debt; gain on sale of equipment and transaction-related costs. Adjusted Net Income presented by other companies may not be comparable to our presentation, since each company may define these terms differently.

Management considers CAD an appropriate metric for assessing capital discipline, cost efficiency and balance sheet strength. Although CAD is the metric used to assess our ability to make dividends to stockholders and distributions to non-controlling interest holders, this measure should not be viewed as indicative of the actual amount of cash that is available for distributions or planned for distributions for a given period. Instead, CAD should be considered indicative of the amount of cash that is available for distributions after mandatory debt repayments and other general corporate purposes. Our presentation of CAD represents Adjusted Net Income adjusted for depreciation, amortization and ARO accretion (cash flows) and deferred tax expense (benefit) less transaction-related costs; maintenance capital expenditures; preferred dividend requirements and mandatory debt amortization.

Adjusted Net Income and CAD should not be considered a measure of liquidity and should not be considered as an alternative to operating income (loss), net income (loss), cash flows from operations or other indicators of performance determined in accordance with GAAP. The following table presents a reconciliation of Net Income (Loss), as reported in the Consolidated Statements of Operations, to Adjusted Net Income and CAD:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<b>Net Income (loss)</b>	\$ 5,919,971	\$ (3,919,098)	\$ (2,346,883)	\$ (303,395,899)
Add:				
Loss on impairment of leased property	—	—	—	140,268,379
Loss on impairment and disposal of leased property	—	—	5,811,779	146,537,547
Loss on termination of lease	—	—	165,644	458,297
Deferred rent receivable write-off	—	—	—	30,105,820
Loss (gain) on extinguishment of debt	—	—	861,814	(11,549,968)
Gain on the sale of equipment	(16,508)	—	(16,508)	(3,542)
Transaction costs	213,028	946,817	5,625,772	1,145,807
Transaction bonus	—	—	1,036,492	—
<b>Adjusted Net Income (Loss), excluding special items</b>	\$ 6,116,491	\$ (2,972,281)	\$ 11,138,110	\$ 3,566,441
Add:				
Depreciation, amortization and ARO accretion (Cash Flows)	4,102,916	2,477,867	11,530,460	12,441,775
Deferred tax expense (benefit)	113,516	(72,897)	222,339	225,628
Less:				
Transaction costs	213,028	946,817	5,625,772	1,145,807
Transaction bonus	—	—	1,036,492	—
Maintenance capital expenditures	1,757,350	—	5,381,708	—
Preferred dividend requirements - Series A	2,388,130	2,309,672	7,033,626	6,929,016
Preferred dividend requirements - Non-controlling interest	809,212	—	2,326,992	—
Mandatory debt amortization	2,000,000	—	4,000,000	—
<b>Cash Available for Distribution (CAD)</b>	\$ 3,165,203	\$ (3,823,800)	\$ (2,513,681)	\$ 8,159,021

The financial impacts of the Crimson assets only represent the period from February 1, 2021 to September 30, 2021.

The following table reconciles net cash provided by (used in) operating activities, as reported in the Consolidated Statements of Cash Flow to CAD:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<b>Net cash provided by (used in) operating activities</b>	\$ 7,879,944	\$ (5,699,427)	\$ 12,238,286	\$ 10,722,374
Changes in working capital	2,174,551	4,185,299	4,364,204	4,365,663
Non-cash lease expense	65,400	—	(373,846)	—
Maintenance capital expenditures	(1,757,350)	—	(5,381,708)	—
Preferred dividend requirements	(2,388,130)	(2,309,672)	(7,033,626)	(6,929,016)
Preferred dividend requirements - non-controlling interest	(809,212)	—	(2,326,991)	—
Mandatory debt amortization included in financing activities	(2,000,000)	—	(4,000,000)	—
<b>Cash Available for Distribution (CAD)</b>	<b>\$ 3,165,203</b>	<b>\$ (3,823,800)</b>	<b>\$ (2,513,681)</b>	<b>\$ 8,159,021</b>
<b>Other Special Items:</b>				
Transaction costs	\$ 213,028	\$ 946,817	\$ 5,625,772	\$ 1,145,807
Transaction bonus	—	—	1,036,492	—
<b>Other Cash Flow Information:</b>				
Net cash used in investing activities	\$ (4,708,954)	\$ (800,567)	\$ (82,776,171)	\$ (834,878)
Net cash used in financing activities	(5,774,491)	(2,992,248)	(13,967,065)	(26,529,735)

The financial impacts of the Crimson assets only represent the period from February 1, 2021 to September 30, 2021.

## Adjusted EBITDA

We believe the presentation of Adjusted EBITDA provides information useful to investors in assessing our financial condition and results of operations and that Adjusted EBITDA is a widely accepted financial indicator of a company's ability to incur and service debt, fund capital expenditures, and make dividends and distributions. Adjusted EBITDA is a supplemental financial measure that management and external users of our consolidated financial statements, such as industry analysts, investors, and commercial banks use, among other measures, to assess the following:

- our operating performance as compared to other midstream infrastructure owners and operators, without regard to financing methods, capital structure, or historical cost basis;
- the ability of our assets to generate cash flow to make distributions; and
- the viability of acquisitions and capital expenditures and the returns on investment of various investment opportunities.

Our presentation of Adjusted EBITDA represents net income (loss) adjusted for items such as loss on impairment of leased property; loss on impairment and disposal of leased property; loss on termination of lease; deferred rent receivable write-off; loss (gain) on extinguishment of debt; gain on sale of equipment and transaction-related costs. Adjusted EBITDA is further adjusted for depreciation, amortization and ARO accretion expense; income tax expense (benefit) and interest expense. Adjusted EBITDA presented by other companies may not be comparable to our presentation, since each company may define these terms differently. Adjusted EBITDA should not be considered a measure of liquidity and should not be considered as an alternative to operating income (loss), net income (loss) or other indicators of performance determined in accordance with GAAP. The following table presents a reconciliation of Net Income (loss), as reported in the Consolidated Statements of Operations, to Adjusted EBITDA:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<b>Net Income (loss)</b>	\$ 5,919,971	\$ (3,919,098)	\$ (2,346,883)	\$ (303,395,899)
Add:				
Loss on impairment of leased property	—	—	—	140,268,379
Loss on impairment and disposal of leased property	—	—	5,811,779	146,537,547
Loss on termination of lease	—	—	165,644	458,297
Deferred rent receivable write-off	—	—	—	30,105,820
Loss (gain) on extinguishment of debt	—	—	861,814	(11,549,968)
Gain on the sale of equipment	(16,508)	—	(16,508)	(3,542)
Transaction costs	213,028	946,817	5,625,772	1,145,807
Transaction bonus	—	—	1,036,492	—
Depreciation, amortization and ARO accretion expense	3,690,856	2,169,806	10,337,639	11,479,799
Income tax expense (benefit), net	106,589	(75,328)	263,652	(173,877)
Interest expense, net	3,351,967	2,247,643	9,578,677	8,053,650
<b>Adjusted EBITDA</b>	<b>\$ 13,265,903</b>	<b>\$ 1,369,840</b>	<b>\$ 31,318,078</b>	<b>\$ 22,926,013</b>

The financial impacts of the Crimson assets only represent the period from February 1, 2021 to September 30, 2021.

## NON-GAAP FINANCIAL MEASURES APPLICABLE TO REITS

We also present earnings before interest, taxes, depreciation and amortization as defined by the National Association of Real Estate Investment Trusts ("EBITDAre") and NAREIT funds from operations ("NAREIT FFO"). The presentation of EBITDAre and NAREIT FFO are not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP nor are they indicative of funds available to fund our cash needs, including capital expenditures, to make payments on our indebtedness or to make distributions.

### EBITDAre

EBITDAre is a non-GAAP financial measure that management and external users of our consolidated financial statements, such as industry analysts, investors and lenders may use to evaluate our ongoing operating results, including (i) the performance of our assets without regard to the impact of financing methods, capital structure or historical cost basis of our assets and (ii) the overall rates of return on alternative investment opportunities. EBITDAre, as established by NAREIT, is defined as net income (loss) (calculated in accordance with GAAP) excluding interest expense, income tax, depreciation and amortization, gains or losses on disposition of depreciated property (including gains or losses on change of control), impairment write-downs of depreciated property and of investments in unconsolidated affiliates caused by a decrease in value of depreciated property in the affiliate, and adjustments to reflect the entity's pro rata share of EBITDAre of unconsolidated affiliates.

We believe that the presentation of EBITDAre provides useful information to investors in assessing our financial condition and results of operations. Our presentation of EBITDAre is calculated in accordance with standards established by NAREIT, which may not be comparable to measures calculated by other companies that do not use the NAREIT definition of EBITDAre. In addition, although EBITDAre is a useful measure when comparing our results to other REITs, it may not be helpful to investors when comparing to non-REITs. EBITDAre should not be considered a measure of liquidity and should not be considered as an alternative to operating income (loss), net income (loss) or other indicators of performance determined in accordance with GAAP.

The following table presents a reconciliation of Net Income (Loss) Attributable to Common Stockholders, as reported in the Consolidated Statements of Operations, to EBITDAre:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<b>Net Income (Loss) Attributable to Common Stockholders</b>	\$ 376,156	\$ (6,228,770)	\$ (16,130,220)	\$ (310,276,036)
Add:				
Interest expense, net	3,351,967	2,247,643	9,578,677	8,053,650
Depreciation, amortization, and ARO accretion	3,690,856	2,169,806	10,337,639	11,479,799
Loss on impairment of leased property	—	—	—	140,268,379
Loss on impairment and disposal of leased property	—	—	5,811,779	146,537,547
Loss on termination of lease	—	—	165,644	458,297
Less:				
Income tax (expense) benefit	(106,589)	75,328	(263,652)	173,877
Less: Net income attributable to non-controlling interest	3,155,685	—	6,775,863	—
<b>EBITDAre</b>	<b>\$ 4,369,883</b>	<b>\$ (1,886,649)</b>	<b>\$ 3,251,308</b>	<b>\$ (3,652,241)</b>

The financial impacts of the Crimson assets only represent the period from February 1, 2021 to September 30, 2021.

### NAREIT FFO

FFO is a widely used measure of the operating performance of real estate companies that supplements net income (loss) determined in accordance with GAAP. As defined by NAREIT, NAREIT FFO represents net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales of depreciable operating property, impairment losses of depreciable properties, real estate-related depreciation and amortization (excluding amortization of deferred financing costs or loan origination costs) and other adjustments for unconsolidated partnerships and non-controlling interests. Adjustments for non-controlling interests are calculated on the same basis. We define FFO attributable to common stockholders as defined above by NAREIT less dividends on preferred stock. Our method of calculating FFO attributable to common stockholders may differ from methods used by other REITs and, as such, may not be comparable.

We present NAREIT FFO because we consider it an important supplemental measure of our operating performance and believe that it is frequently used by securities analysts, investors, and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. FFO is a key measure we use in assessing performance and in making resource allocation decisions.

NAREIT FFO is intended to exclude GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions, and that may also be the case with certain of the energy infrastructure assets in which we invest. NAREIT FFO excludes depreciation and amortization unique to real estate and gains and losses from property dispositions and extraordinary items. As such, these performance measures provide a perspective not immediately apparent from net income (loss) when compared to prior-year periods. These metrics reflect the impact to operations from trends in company revenues, operating costs, development activities, and interest costs.

We calculate NAREIT FFO in accordance with standards established over time by the Board of Governors of the National Association of Real Estate Investment Trusts, as restated and approved in a December 2018 White Paper. NAREIT FFO does not represent amounts available for management's discretionary use because of needed capital for replacement or expansion, debt service obligations, or other commitments and uncertainties. NAREIT FFO should not be considered as an alternative to net income (loss) (computed in accordance with GAAP), as an indicator of our financial performance, or to cash flow from operating activities (computed in accordance with GAAP), as an indicator of our liquidity, or as an indicator of funds available for our cash needs, including our ability to make distributions or to service our indebtedness.

For completeness, the following table sets forth a reconciliation of our net income (loss) attributable to CorEnergy stockholders as determined in accordance with GAAP and our calculations of NAREIT FFO for the three and nine months ended September 30, 2021 and 2020. Also presented is information regarding the weighted-average number of shares of our Common Stock outstanding used for the computation of per share data:

	<b>NAREIT FFO</b>			
	<b>For the Three Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>September 30, 2021</b>	<b>September 30, 2020</b>	<b>September 30, 2021</b>	<b>September 30, 2020</b>
<b>Net Income (loss) attributable to CorEnergy Stockholders</b>	\$ 2,764,286	\$ (3,919,098)	\$ (9,122,746)	\$ (303,395,899)
Less:				
Preferred Dividend Requirements	2,388,130	2,309,672	7,007,474	6,880,137
<b>Net Income (loss) attributable to Common Stockholders</b>	<b>\$ 376,156</b>	<b>\$ (6,228,770)</b>	<b>\$ (16,130,220)</b>	<b>\$ (310,276,036)</b>
Add:				
Depreciation	3,690,856	2,169,806	10,337,639	11,479,799
Amortization of deferred lease costs	—	7,641	2,547	53,607
Loss on impairment of leased property	—	—	—	140,268,379
Loss on impairment and disposal of leased property	—	—	5,811,779	146,537,547
Loss on termination of lease	—	—	165,644	458,297
Less:				
Non-controlling interests attributable to NAREIT FFO reconciling items	2,026,838	—	5,388,590	—
<b>NAREIT funds from operations (NAREIT FFO)</b>	<b>\$ 2,040,174</b>	<b>\$ (4,051,323)</b>	<b>\$ (5,201,201)</b>	<b>\$ (11,478,407)</b>
<b>Weighted Average Shares of Common Stock Outstanding:</b>				
Basic	15,426,226	13,651,521	14,252,305	13,650,449
Diluted	15,426,226	13,651,521	14,252,305	13,650,449
<b>NAREIT FFO attributable to Common Stockholders</b>				
Basic	\$ 0.13	\$ (0.30)	\$ (0.36)	\$ (0.84)
Diluted <sup>(1)</sup>	\$ 0.13	\$ (0.30)	\$ (0.36)	\$ (0.84)

(1) For the three and nine months ended September 30, 2021 and 2020 diluted per share calculations exclude dilutive adjustments for convertible note interest expense, discount amortization and deferred debt issuance amortization because such impact is antidilutive. For periods presented without per share dilution, the number of weighted average diluted shares is equal to the number of weighted average basic shares presented. Refer to the Convertible Note Interest Expense table in Part I, Item 1, Note 12 ("Debt") for additional details.

The financial impacts of the Crimson assets only represent the period from February 1, 2021 to September 30, 2021.

## DIVIDENDS

Our portfolio of energy infrastructure real property assets generates cash flow from which we pay distributions to stockholders. We pay dividends based on what we believe is the median to long-term cash generating ability of our assets adjusted for special items. Quarterly, we plan on distributing our CAD less appropriate reserves established at the discretion of our Board of Directors which could include, but are not limited to:

- providing for the proper conduct of our business including reserves for future capital expenditures;
- providing for additional debt repayment beyond mandatory amortization;
- providing for repurchases or redemptions of any series of our preferred stock or securities convertible into preferred stock;
- compliance with applicable law or any loan agreement, security agreement, debt instrument or other agreement or obligation; or
- providing additional reserves as determined appropriate by the Board.

A REIT is generally required to distribute during the taxable year an amount equal to at least 90 percent of the REIT taxable income (determined under Internal Revenue Code section 857(b)(2), without regard to the deduction for dividends paid). We intend to adhere to this requirement in order to maintain our REIT status. The Board of Directors will continue to determine the amount of any distribution that we expect to pay our stockholders. Dividend payouts may be affected by cash flow requirements and remain subject to other risks and uncertainties.

The Grier Members hold an economic interest in Crimson via the issuance, at the closing of the Crimson Transaction, of Class A-1, Class A-2 and Class A-3 Units. Upon CPUC approval the Grier Members have the right to convert their A-1, A-2 and A-3 Units into our unregistered securities. As of September 30, 2021, each of these securities are convertible as follows: Class A-1 Units into depository shares representing the Company's 7.375% Series A Cumulative Redeemable Preferred Stock, rather than shares of the Company's 9.00% Series C Preferred Stock as originally provided (due to the Stock Exchange Agreement that was effective as of June 30, 2021), the Class A-2 Units into the Company's Class B Common Stock rather than shares of the Company's 4.00% Series B Redeemable Preferred Stock as originally provided (due to shareholder approval on June 29, 2021) and the Class A-3 Units into the Company's Class B Common Stock. However, prior to conversion, the A-1, A-2 and A-3 Units pay distributions as if they were the corresponding Company securities. The Class A-1, Class A-2 and Class A-3 Units dividend rights, redemption rights, voting rights, exchange rights and conversion rights are provided below.

### 9.00% Series C Exchangeable Preferred Stock

*Dividends.* Under the Series C Preferred Articles Supplementary, holders of the Series C Preferred are entitled to receive cumulative dividends before any dividends are paid to the holders of Common Stock or Class B Common Stock at the rate per share of 9.0% of the stated liquidation preference of \$25.00 per annum, or \$2.25 per annum, payable quarterly in arrears. Upon any liquidation, dissolution or winding-up of the affairs of the Company, whether voluntary or involuntary, the holders of the Series C Preferred shall be entitled to receive out of the assets of the Company legally available for distribution to stockholders a liquidation preference of \$25.00 per share, plus an amount equal to accrued and unpaid dividends thereon, whether or not declared, to the date of payment, before any distribution or payment shall be made to the holders of any junior securities, including the Common Stock or Class B Common Stock.

*Redemption.* The Company may, at its option, redeem the Series C Preferred at any time in whole, or from time to time in part, for cash at a price per share equal to the liquidation preference of \$25.00 per share, plus any accrued and unpaid dividends thereon to, but not including, the date of redemption. In addition, to the extent the Series C Preferred has not previously been redeemed, the Company will redeem the Series C Preferred on the seventh anniversary of the date that the Series C Preferred is first issued and sold. If the Company exercises any of its redemption rights relating to the Series C Preferred, the holders of such redeemed shares will have the exchange rights described below.

*Voting Rights.* Holders of shares of the Series C Preferred generally do not have any voting rights, except for limited matters directly impacting the Series C Preferred.

*Exchange.* Each holder of Series C Preferred may exchange, at such holder's option, any or all of such holder's shares of Series C Preferred into an equal number of depository shares representing the Company's Series A Preferred. If at any time the volume weighted average price per depository share representing Series A Preferred is greater than \$23.50 for at least thirty (30) consecutive trading days, then the Company may elect to exchange all outstanding shares of the Series C Preferred into a number of depository shares representing Series A Preferred equal to the number of shares of Series C Preferred to be

exchanged multiplied by \$25.00 and then dividing that product by \$23.50. The Company will pay all accrued and unpaid dividends to, but not including, the date of the exchange in cash or additional depositary shares representing Series A Preferred.

#### **Conversion of Right to Receive Series C Preferred Stock**

On June 29, 2021, the Board of the Company authorized management to enter into an agreement to convert the right that the holders of Crimson Class A-1 Units would have had to exchange such units for shares of the Company's 9.0% Series C Preferred Stock into a right to exchange Class A-1 Units (following CPUC approval) for depositary shares representing the Company's 7.375% Series A Cumulative Redeemable Preferred Stock.

CorEnergy had the right to convert the Series C Preferred to depositary shares representing Series A Preferred, based on valuing the Series A Preferred at \$23.50 per depositary shares as opposed to the \$25.00 per share stated value, at any time when the depositary shares' volume weighted daily average trading price exceeded \$23.50 for 30 consecutive trading days. The depositary shares traded above that threshold from June 4, 2021 through the conversion date. This action resulted in the early conversion of the exchange right for the Crimson Class A-1 Units as described above. The Board of the Company believed the early conversion was beneficial since it lowered the dividend rate and also simplified the capital structure.

#### **4.00% Series B Redeemable Preferred Stock**

*Dividends.* Under the Series B Preferred Articles Supplementary, holders of Series B Preferred Stock are entitled to receive cumulative dividends before any dividends are paid to the holders of Common Stock or Class B Common Stock at the rate per share of 4.0% of the stated liquidation preference of \$25.00 per annum, or \$1.00 per annum, payable quarterly in arrears. The Company may elect to pay such dividend by issuing additional shares of Series B Preferred. Upon any liquidation, dissolution or winding-up of the affairs of the Company, whether voluntary or involuntary, the holders of the Series B Preferred Stock shall be entitled to receive out of the assets of the Company legally available for distribution to stockholders a liquidation preference of \$25.00 per share, plus an amount equal to accrued and unpaid dividends thereon, whether or not declared, to the date of payment, before any distribution or payment shall be made to the holders of any junior securities, including the Common Stock or Class B Common Stock. If existing stockholders of the Company had not approved the convertibility of the Series B Preferred to Class B Common Stock by February 3, 2022, then the dividend rate would have increased to 11.00% per annum.

*Redemption.* The Company may, at its option, redeem the Series B Preferred at any time in whole, or from time to time in part, for cash at a price per share equal to the liquidation preference of \$25.00 per share, plus any accrued and unpaid dividends thereon to, but not including, the date of redemption. In addition, to the extent the Series B Preferred has not previously been redeemed, the Company will redeem the Series B Preferred on the seventh anniversary of the date that the Series B Preferred is first issued and sold. If the Company exercises any of its redemption rights relating to the Series B Preferred, the holders of such redeemed shares will have the conversion rights described below.

*Voting Rights.* Holders of shares of the Series B Preferred generally do not have any voting rights, except for limited matters directly impacting the Series B Preferred.

#### **Conversion of Right to Receive Series B Redeemable Preferred Stock**

At the Company's Annual Meeting on June 29, 2021, the existing holders of the Company's Common Stock approved the conversion of the Series B Preferred into Class B Common Stock in accordance with the NYSE rules. On July 7, 2021 pursuant to the terms of the Series B Preferred, the securities converted into a number of shares of the Company's Class B Common Stock, per share of Series B Preferred, equal to the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference plus the amount of any accrued and unpaid dividends to, but not including, the date fixed for conversion by (ii) the product of (A) 90% times (B) \$7.80, provided that if the conversion would cause the Company's status as a REIT to be materially and adversely affected, the Company may elect to settle the conversion in cash. As a result, effective July 7, 2021, the right that the holders of Crimson Class A-2 Units would have had to exchange such units for shares of Series B Preferred Stock became converted into a right to exchange Class A-2 Units (following CPUC approval) for up to 8,762,158 shares of the Company's Class B Common Stock.

#### **Class B Common Stock**

The Class B Common Stock Articles Supplementary establish the terms of the Class B Common Stock, which are substantially similar to the Company's Common Stock, including voting rights, except that the Class B Common Stock will be subordinated

to the Common Stock with respect to dividends and liquidation and will automatically convert into Common Stock under certain circumstances. The Company does not intend to list the Class B Common Stock on any exchange.

*Voting Rights.* Class B Common Stock will vote together with the holders of Common Stock, voting as a single class, with respect to all matters on which holders of the Common Stock are entitled to vote. The Company may not authorize or issue any additional shares of Class B Common Stock beyond the number authorized in the Class B Common Stock Articles Supplementary without the affirmative vote of at least 66-2/3% of the outstanding shares of Class B Common Stock. Any amendment to the Company's charter that would alter the rights of the Class B Common Stock must be approved by the affirmative vote of the majority of the outstanding Class B Common Stock.

*Dividends.* Subject to preferences that may apply to any shares of preferred stock outstanding at the time, holders of the Class B Common Stock will be entitled to receive dividends to the extent authorized by the Company's Board of Directors and declared by the Company pursuant to a formula based on the amount of dividends declared on the Company's Common Stock. For each fiscal quarter ending June 30, 2021 through and including the fiscal quarter ending March 30, 2024, each share of Class B Common Stock will be entitled to receive dividends (the "Class B Common Stock Dividends"), subject to Board approval, equal to the quotient of (i) difference of (A) CAFD of the most recently completed quarter and (B) 1.25 multiplied by the Common Stock Base Dividend, divided by (ii) shares of Class B Common Stock issued and outstanding multiplied by 1.25. In no event will the Class B Common Stock Dividend per share be greater than any dividends per share authorized by the Board of Directors and declared with respect to the Common Stock during the same quarter and no Class B Common Stock Dividend will accrue until after April 1, 2021. As is the case for Common Stock, Class B Common Stock Dividends will not be cumulative.

For the fiscal quarters of the Company ending June 30, 2021, September 30, 2021, December 31, 2021 and March 30, 2022, the Common Stock Base Dividend Per Share shall equal \$0.05 per share per quarter. For the fiscal quarters of the Company ending June 30, 2022, September 30, 2022, December 31, 2022 and March 30, 2023, the Common Stock Base Dividend Per Share shall equal \$0.055 per share per quarter. For fiscal quarters of the Company ending June 30, 2023, September 30, 2023, December 31, 2023 and March 30, 2024, the Common Stock Base Dividend Per Share shall equal \$0.06 per share per quarter. The Class B Common Stock dividend is subordinated based on a distribution formula.

*Conversion.* The shares of Class B Common Stock will convert to Common Stock on a one-for-one basis upon the first to occur of the following:

- the Board of Directors authorizes and the Company declares a quarterly dividend per share of outstanding Common Stock in excess of the then-applicable Common Base Dividend;
- the issuance of additional shares of Common Stock other than in connection with: (i) any director or management compensation plan or equity award, (ii) the Company's Dividend Reinvestment Plan, (iii) any conversion rights of the Company's existing 5.875% Convertible Senior Notes due 2025 or Series A Preferred, (iv) any exchange for fair value for the issuance of Common Stock (as determined by the Company's Board of Directors), or (v) any stock split, reverse stock split, stock dividend or similar transaction in which the shares of Class B Common Stock share equally; or
- the Board of Directors authorizes and the Company declares a quarterly dividend per share to the Class B Common Stock equal to the then-applicable Common Base Dividend for any four consecutive fiscal quarters beginning with the fiscal quarter ending June 30, 2022 through the fiscal quarter ending March 31, 2024.

To the extent no conversion occurs as described above, then the Class B Common Stock will convert to Common Stock on February 4, 2024 at a ratio equal to the quotient obtained by dividing (i) (A) the quotient of the then-applicable last twelve months CAFD divided by the product of (x) 1.25 and (y) four (4) times the then-applicable Common Base Dividend per share, less (B) the number of then-outstanding shares of Common Stock by (ii) the number of then-outstanding shares of Class B Common Stock; provided, however, that the ratio shall not be less than 0.6800 shares of Common Stock per share of Class B Common Stock or greater than 1.000 shares of Common Stock per share of Class B Common Stock.

#### **Dividend Declarations**

On February 26, 2021, we paid dividends of \$0.05 per share of Common Stock and \$0.4609375 per depositary share for our 7.375% Series A Preferred Stock.

On April 28, 2021, the Company's Board of Directors also authorized the reinstatement of the operation of the Company's DRIP.

On May 28, 2021, we paid dividends of \$0.05 per share of Common Stock and \$0.4609375 per depositary share for our 7.375% Series A Preferred Stock.

On April 28, 2021, the Company's Board of Directors authorized the declaration of dividends on the Company's Series B Preferred of \$0.25 per share (paid in kind) and on the Company's Series C Preferred Securities of \$0.5625 per share (paid in cash), as if such securities had been outstanding, in accordance with the terms of the Crimson Third LLC Agreement.

On July 28, 2021, the Company's Board of Directors authorized the declaration of dividends of \$0.05 per share of Common Stock and \$0.4609375 per depositary share for our 7.375% Series A Preferred Stock. Additionally, the Company's Board of Directors authorized the declaration of dividends on the Company's Series B Preferred of \$0.25 per share and Series C Preferred of \$0.5625 per share, as if such securities had been outstanding, in accordance with the terms of the Crimson Third LLC Agreement. Both dividends will be prorated for the period May 31, 2021 to June 30, 2021. For dividend purposes, June 30, 2021 was the final day each security earned dividends before conversion. The prorated dividend on the Series C Preferred will be paid in cash while the Series B Preferred prorated dividend will be paid in kind.

- the Board of Directors' authorization of deemed dividends on the Series B Preferred will entitle the holders of Crimson's outstanding Class A-2 Units to receive, from Crimson, a distribution of \$0.25 per unit (prorated through the June 30, 2021 conversion date), which will be paid in kind as described in the Article Supplementary. An aggregate of 24,414 additional Class A-2 Units to such holders, based on a stated value of \$25.00 per unit, for all declared dividends through the conversion date; and
- the Board of Directors' authorization of deemed dividends on the Series C Preferred will entitle the holders of Crimson's outstanding Class A-1 Units to receive, from Crimson, a cash distribution of \$0.5625 per unit (prorated through the June 30, 2021 conversion date).

On October 27, 2021, the Company's Board of Directors authorized the declaration of dividends of \$0.05 per share of Common Stock and \$0.4609375 per depositary share for our 7.375% Series A Preferred Stock.

#### **Class A-1 Units**

On October 27, 2021, the Company's Board of Directors authorized the declaration of dividends of \$0.4609375 per depositary share for its 7.375% Series A Preferred Stock payable in cash. Pursuant to the terms of Crimson's Third LLC Agreement, this determination by the Company's Board of Directors will entitle the holders of Crimson's Class A-1 Units to receive, from Crimson, a cash distribution of \$0.4609375 per unit.

#### **Class A-2 Units Distribution**

On October 27, 2021, the Board decided not to declare a dividend on Class B Common Stock. Pursuant to the terms of Crimson's Third LLC Agreement, this determination by the Company's Board of Directors will result in no distribution to the holders of Crimson's Class A-2 Units.

#### **Class A-3 Units Distribution**

On October 27, 2021, the Board decided not to declare a dividend on Class B Common Stock. Pursuant to the terms of Crimson's Third LLC Agreement, this determination by the Company's Board of Directors will result in no distribution to the holders of Crimson's Class A-3 Units.

The Company anticipates that all dividends paid in 2021 will be a return of capital.

#### **ASSET PORTFOLIO AND RELATED DEVELOPMENTS**

For detailed descriptions of our asset portfolio and related operations, please refer to Part I, Item 2 "Properties" in our Annual Report on Form 10-K for the year ended December 31, 2020, and to Part I, Item 1, Note 3 ("Acquisitions"), Note 4 ("Transportation And Distribution Revenue"), Note 5 ("Leased Properties And Leases") and Note 6 ("Financing Notes Receivable") included in this Report. This section provides additional information concerning material developments related to our asset portfolio that occurred during and subsequent to the period ended September 30, 2021.

## Crimson Midstream Holdings

Effective February 1, 2021, the Company completed the acquisition of a 49.50 percent interest in Crimson (which includes a 49.50 percent voting interest and the right to 100.0 percent of the economic benefit of Crimson's business, after satisfying the distribution rights of the remaining equity holders) for total consideration with a fair value of \$343.8 million after giving effect to the final working capital adjustments and with the right to acquire the remaining 50.50 percent, subject to CPUC approval. After giving effect to the initial working capital adjustments, the consideration consisted of a combination of cash on hand of \$74.6 million, commitments to issue new common and preferred equity valued at \$115.3 million, contribution of the GIGS asset with a fair value of \$48.9 million to the sellers and \$105.0 million in new term loan and revolver borrowings, all as detailed further below. The consideration was subject to a final working capital adjustment. Crimson is a CPUC regulated crude oil pipeline owner and operator, and its assets include four critical infrastructure pipeline systems spanning approximately 2,000 miles (including 1,300 active miles) across northern, central and southern California, connecting California crude production to in-state refineries. The acquired assets qualify for REIT treatment under established IRS regulations and the Company's Private Letter Ruling ("PLR").

The assets acquired in the Crimson Transaction include the following:

Asset	Location	Asset Description
Sol Cal Pipeline	Southern California	~760 miles of pipe (including ~610 active miles); 7 separate pipeline systems; 8 tanks and 6 pump stations. Transports crude oil from Los Angeles and Ventura basins to Los Angeles refineries.
KLM Pipeline	San Joaquin Valley to Northern California	~620 miles of pipe (including ~290 active miles); 5 tanks and 7 pump stations. Transports crude oil from San Joaquin Valley to Bay Area refineries.
San Pablo Bay Pipeline	San Joaquin Valley to Northern California	~540 miles of heated pipe from San Joaquin Valley to Northern California (including ~380 active miles); ~2.3Mbbbls tank capacity. Transports crude oil from San Joaquin Valley to Bay Area refineries.
Proprietary Pipeline	South of Bakersfield	~100 miles of pipe (including ~45 active miles); Connects Crimson system to rail volumes and supports other in-basin crude oil movements.

In June 2021, the final working capital adjustment was made for the Crimson Transaction, which resulted in an increase in the assets acquired of \$1.8 million. This resulted in 37,043 additional Class A-1 Units being issued to Grier Members for their 50.50 percent ownership interest and \$908 thousand of additional cash paid for the 49.50 percent ownership interest CorEnergy purchased. The newly issued units resulted in an increase in the aggregate value of non-controlling interest of \$883 thousand and increased the total number of Class A-1 Units issued to the Grier Members to 1,650,245. See Note 3 ("Acquisition") for additional details. After the working capital adjustment and paid-in-kind dividends, the Grier Members' equity ownership interest is 50.62 percent as of September 30, 2021.

## MoGas Pipeline

During the fourth quarter of 2020, MoGas entered into a new long-term firm transportation services agreement with Spire, its largest customer. Upon completion of the STL Interconnect project in mid-December 2020, the agreement increased Spire's firm capacity from 62,800 dekatherms per day to 145,600 dekatherms per day through October 2030 and replaced the previous firm transportation agreement. MoGas has also entered into an additional ten-year firm transportation services agreement with Ameren Energy, an existing customer. The new agreements started providing incremental revenue for MoGas in the fourth quarter of 2020.

MoGas has also entered into an additional 5 month transportation services agreement with Spire, an existing customer. The new agreement will provide incremental revenue for MoGas beginning in the fourth quarter of 2021 and is expected to generate approximately \$400 thousand of incremental revenue over the 5 month period.

## CONTRACTUAL OBLIGATIONS

The following table summarizes our significant contractual payment obligations as of September 30, 2021:

	Notional Value	Contractual Obligations			
		Less than 1 year	2-3 years	4-5 years	More than 5 years
5.875% Convertible Debt	\$ 118,050,000	\$ —	\$ —	\$ 118,050,000	\$ —
5.875% Convertible Interest	—	6,935,438	13,870,875	6,954,703	—
Crimson Term Loan	76,000,000	8,000,000	68,000,000	—	—
Crimson Term Loan Interest	—	3,580,833	6,183,750	—	—
Crimson Revolver	28,000,000	—	28,000,000	—	—
Crimson Revolver Interest <sup>(1)</sup>	—	1,273,706	2,024,701	—	—
Operating Leases	9,058,653	1,776,760	2,379,495	2,324,244	2,578,154
Total		\$ 21,566,737	\$ 120,458,821	\$ 127,328,947	\$ 2,578,154

<sup>(1)</sup> The interest payments under the Crimson Revolver assume the borrowings will be outstanding until maturity on February 4, 2024. Actual borrowings and repayments will fluctuate based on the Company's working capital requirements.

## SEASONALITY

MoGas and Omega generally have stable revenues throughout the year and will complete necessary pipeline maintenance during the "non-heating" season, or quarters two and three. Therefore, operating results for the interim periods are not necessarily indicative of the results that may be expected for the full year.

We expect Crimson Pipeline will have stable revenues throughout the year. Maintenance activities can be performed at any time during the year and are planned to avoid large quarterly fluctuations. Our San Pablo Bay pipeline has a seasonal minimum volume required to be operated as a batched system delivering heavy crude oil to its customers. The minimum volume is required as heavy crude oil must be heated to be transported via the pipeline. The lowest allowed minimum volume typically occurs in the months from July to September. The highest allowed minimum volume typically occurs from December to March. The actual effective periods are dependent on the ground temperature. The historical average quarterly crude oil volumes for Crimson are provided in the table below.

	Crimson Average Crude Oil Volume for Quarter Ended (bpd):				
	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021
Crude oil volume	207,609	201,732	197,764	188,634	191,621

## OFF-BALANCE SHEET ARRANGEMENTS

We do not have, and are not expected to have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

## IMPACT OF INFLATION AND DEFLATION

Higher inflation will likely result in higher expenses including interest expense. However, as a primarily regulated asset operator, these higher costs should translate into our ability to increase revenue to offset the higher expenses.

## LIQUIDITY AND CAPITAL RESOURCES

### Overview

At September 30, 2021, we had liquidity of approximately \$37.1 million comprised of cash of \$15.1 million plus revolver availability of \$22.0 million. We use cash flows generated from our operations to fund current obligations, projected working capital requirements, debt service payments and dividend payments. We believe that cash generated from these sources will be sufficient to meet our ongoing working capital, operational expenditure requirements and to make quarterly cash distributions at current levels for the next 12 months.

**Cash Flows - Operating, Investing, and Financing Activities**

The following table presents our consolidated cash flows for the periods indicated below:

	For the Nine Months Ended	
	September 30, 2021	September 30, 2020
	(Unaudited)	
Net cash provided by (used in):		
Operating activities	\$ 12,238,286	\$ 10,722,374
Investing activities	(82,776,171)	(834,878)
Financing activities	(13,967,065)	(26,529,735)
Net change in cash and cash equivalents	<u>\$ (84,504,950)</u>	<u>\$ (16,642,239)</u>

**Cash Flows from Operating Activities**

Net cash provided by operating activities for the nine months ended September 30, 2021 was driven by (i) \$41.5 million in net contributions from our operating subsidiaries, including Crimson, MoGas and Omega, (ii) \$6.1 million in PLA subsequent sales revenue, partially offset by (iii) \$20.4 million in general and administrative expenses, (iv) cash paid for interest of \$10.2 million, and (v) PLA subsequent sales of \$5.9 million.

Net cash flows provided by operating activities for the nine months ended September 30, 2020 were primarily attributable to (i) lease receipts of \$21.1 million (\$21.3 million lease revenue, plus \$245 thousand of variable rent recognized in the prior year and collected in the current year period, offset by \$493 thousand of straight-line rent accrued during the current year period, which was written-off at the end of the first quarter of 2020 in conjunction with the impairment of the deferred rent receivable), (ii) \$9.7 million in net contributions from our operating subsidiaries MoGas and Omega and (iii) \$466 thousand of income tax refunds, net, partially offset by (iv) \$10.2 million in general and administrative expenses, (v) \$9.1 million in cash paid for interest, (vi) a \$1.0 million cash payment accounted for as an incremental cost to obtain a transportation contract.

**Cash Flows from Investing Activities**

Net cash used in investing activities for the nine months ended September 30, 2021 was primarily attributable to (i) \$69.0 million of cash utilized to acquire our 49.50 percent interest in Crimson, net of cash acquired and (ii) purchases of property and equipment of \$15.0 million.

Net cash flows used in investing activities for the nine months ended September 30, 2020 were primarily attributed to approximately \$886 thousand of property and equipment purchases related to the STL interconnect construction project at MoGas.

**Cash Flows from Financing Activities**

Net cash used in financing activities for the nine months ended September 30, 2021 was primarily attributed to (i) common and preferred dividends paid of \$1.8 million and \$7.0 million, respectively, (ii) cash paid for debt financing costs of \$2.7 million for the Crimson Credit Facility, (iii) advances on the Crimson Revolver of \$19.0 million, offset by payments on the Crimson Revolver of \$16.0 million, and (iv) principal payments of \$4.0 million on the Crimson secured credit facility.

Net cash flows used in financing activities for the nine months ended September 30, 2020 were primarily attributable to (i) common and preferred dividends paid of \$11.6 million and \$6.9 million, respectively, (ii) cash paid for the settlement of the Amended Pinedale Term Credit Facility of \$3.1 million, (iii) principal payments of \$1.8 million on our secured credit facilities, (iv) cash paid for the maturity of the 7.00% Convertible Notes of \$1.7 million and (v) cash paid for the extinguishment of the 5.875% Convertible Notes of \$1.3 million.

**Capital Expenditures**

Crimson's operations can be capital intensive, requiring investments to maintain, expand, upgrade or enhance existing operations and to meet environmental and operational regulations. Crimson's capital requirements consist of maintenance capital expenditures and growth capital expenditures. Examples of maintenance capital expenditures are those made to replace partially or fully depreciated assets, to maintain the existing operating capacity of Crimson's assets and to extend their useful lives, or other capital expenditures that are incurred in maintaining existing system volumes and related cash flows. In contrast, growth capital expenditures are those made to acquire additional assets to grow Crimson's business, to expand and upgrade Crimson's systems and facilities and to construct or acquire new systems or facilities. Crimson may incur substantial amounts of capital expenditures in certain periods in connection with large maintenance projects that are intended to only maintain its

assets. For the nine months ended September 30, 2021, the Company incurred \$5.4 million in maintenance capital expenditures. Crimson expects to incur maintenance capital expenditures in a range of \$9.0 million to \$10.0 million in 2021.

#### **Crimson Credit Facility**

On February 4, 2021, in connection with the Crimson Transaction, Crimson Midstream Operating and Corridor MoGas, (collectively, the "Borrowers"), together with Crimson, MoGas Debt Holdco LLC, MoGas, CorEnergy Pipeline Company, LLC, United Property Systems, Crimson Pipeline, LLC and Cardinal Pipeline, L.P. (collectively, the "Guarantors") entered into the Crimson Credit Facility with the lenders from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent for such lenders, Swingline Lender and Issuing Bank. The Crimson Credit Facility provides borrowing capacity of up to \$155.0 million, consisting of: a \$50.0 million revolving credit facility (the "Crimson Revolver"), an \$80.0 million term loan (the "Crimson Term Loan") and an uncommitted incremental facility of \$25.0 million. Upon closing of the Crimson Transaction, the Borrowers drew the \$80.0 million Crimson Term Loan and \$25.0 million on the Crimson Revolver. Subsequent to the initial closing, on March 25, 2021, Crimson contributed all of its equity interests in Crimson Midstream Services, LLC and Crimson Midstream I Corporation to Crimson Midstream Operating, and, effective as of May 4, 2021, such subsidiaries have become additional Guarantors pursuant to the Amended and Restated Guaranty Agreement and parties to the Amended and Restated Security Agreement and (in the case of Crimson Midstream I Corporation) the Amended and Restated Pledge Agreement.

The loans under the Crimson Credit Facility mature on February 4, 2024. The Crimson Term Loan requires quarterly payments of \$2.0 million in arrears on the last business day of March, June, September and December, commencing on June 30, 2021. Subject to certain conditions, all loans made under the Credit Agreement shall, at the option of the Borrowers, bear interest at either (a) LIBOR plus a spread of 325 to 450 basis points, or (b) a rate equal to the highest of (i) the prime rate established by the Administrative Agent, (ii) the federal funds rate plus 0.5%, or (iii) the one-month LIBOR rate plus 1.0%, plus a spread of 225 to 350 basis points. The applicable spread for each interest rate is based on the Total Leverage Ratio (as defined in the Crimson Credit Facility).

Outstanding balances under the facility are guaranteed by the Guarantors pursuant to the Amended and Restated Guaranty Agreement and secured by all assets of the Borrowers and Guarantors (including the equity in such parties), other than any assets regulated by the CPUC and other customary excluded assets, pursuant to an Amended and Restated Pledge Agreement and an Amended and Restated Security Agreement. Under the terms of the Crimson Credit Facility, we are subject to certain financial covenants for the Borrowers and their restricted subsidiaries as follows (i): the total leverage ratio shall not be greater than: (a) 3.00 to 1.00 commencing with the fiscal quarter ending June 30, 2021 through and including the fiscal quarter ending December 31, 2021; (b) 2.75 to 1.00 commencing with the fiscal quarter ending March 31, 2022 through and including the fiscal quarter ending December 31, 2022; and (c) 2.50 to 1.00 commencing with the fiscal quarter ending March 31, 2023 and for each fiscal quarter thereafter and (ii) the debt service coverage ratio, shall not be less than 2.00 to 1.00.

Cash distributions to us from the Borrowers are subject to certain restrictions, including without limitation, no default or event of default, compliance with financial covenants, minimum undrawn availability and available free cash flow. The Borrowers and their restricted subsidiaries are also subject to certain additional affirmative and negative covenants customary for credit transactions of this type. The Crimson Credit Facility contains default and cross-default provisions (with applicable customary grace or cure periods) customary for transactions of this type. Upon the occurrence of an event of default, payment of all amounts outstanding under the Crimson Credit Facility may become immediately due and payable at the election of the Required Lenders (as defined in the Crimson Credit Facility).

We also had approximately \$22.0 million of available borrowing capacity on the Crimson Revolver at September 30, 2021. For a summary of the additional material terms of the Crimson Credit Facility, please refer to Part IV, Item 15, Note 11 ("Debt") included in our Annual Report on Form 10-K for the year ended December 31, 2020, and Part I, Item 1, Note 12 ("Debt") included in this Report.

#### **5.875% Convertible Notes**

On August 12, 2019, we completed a private placement offering of \$120.0 million aggregate principal amount of 5.875% Convertible Senior Notes due 2025 to the initial purchasers of such notes for cash in reliance on an exemption from registration provided by Section 4(a)(2) of the Securities Act. The initial purchasers then resold the 5.875% Convertible Notes for cash equal to 100% of the aggregate principal amount thereof to qualified institutional buyers, as defined in Rule 144A under the Securities Act, in reliance on an exemption from registration provided by Rule 144A. The 5.875% Convertible Notes mature on August 15, 2025 and bear interest at a rate of 5.875 percent per annum, payable semi-annually in arrears on February 15 and August 15 of each year, beginning on February 15, 2020.

Holders may convert all or any portion of their 5.875% Convertible Notes into shares of our Common Stock at their option at any time prior to the close of business on the business day immediately preceding the maturity date. The initial conversion rate for the 5.875% Convertible Notes is 20.0 shares of Common Stock per \$1,000 principal amount of the 5.875% Convertible Notes, equivalent to an initial conversion price of \$50.00 per share of our Common Stock. Such conversion rate will be subject to adjustment in certain events as specified in the Indenture.

The Indenture for the 5.875% Convertible Notes specifies events of default, including default by the Company or any of its subsidiaries with respect to any debt agreements under which there may be outstanding, or by which there may be secured or evidenced, any debt in excess of \$25.0 million in the aggregate of the Company and/or any such subsidiary, resulting in such indebtedness becoming or being declared due and payable prior to its stated maturity.

Refer to Part IV, Item 15, Note 11 ("Debt") included in our Annual Report on Form 10-K for the year ended December 31, 2020 and Part I, Item 1, Note 12 ("Debt") included in this Report for additional information concerning the 5.875% Convertible Notes.

#### **Shelf Registration Statements**

On October 30, 2018, we filed a shelf registration statement with the SEC, pursuant to which we registered 1,000,000 shares of Common Stock for issuance under our dividend reinvestment plan. As of September 30, 2021, we have issued 80,036 shares of Common Stock under our dividend reinvestment plan ("DRIP") pursuant to the shelf resulting in remaining availability of approximately 919,964 shares of Common Stock.

On November 9, 2018, we had a new shelf registration statement declared effective by the SEC replacing our previously filed shelf registration statement, pursuant to which we may publicly offer additional debt or equity securities with an aggregate offering price of up to \$600.0 million. As previously disclosed in our Annual Report on Form 10-K filed on March 4, 2021, we did not expect to be able to use this shelf registration statement or the shelf registration statement filed for our DRIP, at least until we were able to file certain financial statement information as required by SEC Regulation S-X. On April 29, 2021, we announced that our Board of Directors has authorized the reinstatement of the operation of the DRIP. The Board of Directors made this determination in light of the fact that the staff of the SEC has advised us that we can resume the use of our previously filed and effective shelf registration statements. On November 3, 2021, we filed a new shelf registration statement, which will replace the Current Shelf Registration Statement once it is declared effective by the SEC, pursuant to which the Company also would be able to publicly offer additional debt or equity securities with an aggregate offering price of up to \$600 million.

On September 16, 2021, the Company had a resale shelf registration statement declared effective by the SEC, pursuant to which it registered the following securities that were issued in connection with the Internalization for resale by the Contributors: 1,837,607 shares of Common Stock (including both (i) 1,153,846 shares of Common Stock issued at the closing of the Internalization and (ii) up to 683,761 additional shares of Common Stock which may be acquired by the Contributors upon the conversion of outstanding shares of our unlisted Class B Common Stock issued at the closing of the Internalization) and 170,213 depository shares each representing 1/100th fractional interest of a share of 7.375% Series A Cumulative Redeemable Preferred Stock, par value \$0.001 per share issued at the closing of the Internalization.

#### **Liquidity and Capitalization**

Our principal investing activities are acquiring and financing assets within the U.S. energy infrastructure sector. These investing activities have often been financed from the proceeds of our public equity and debt offerings as well as our credit facilities mentioned above. We are also expanding our business development efforts to include other REIT qualifying revenue sources. Continued growth of our asset portfolio will depend in part on our continued ability to access funds through additional borrowings and securities offerings. Additionally, our liquidity and capitalization may be impacted by the optional redemption of the Series A Preferred Stock. The depository shares are currently eligible to be redeemed, at our option, in whole or in part, at the \$25.00 liquidation preference plus all accrued and unpaid dividends to, but not including, the date of redemption.

The following is our liquidity and capitalization as of September 30, 2021 and December 31, 2020:

<b>Liquidity and Capitalization</b>		
	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Cash and cash equivalents	\$ 15,091,957	\$ 99,596,907
Revolver availability	\$ 22,000,000	\$ —
Revolving credit facility	\$ 28,000,000	\$ —
Long-term debt (including current maturities) <sup>(1)</sup>	190,073,737	115,008,130
Stockholders' equity:		
Series A Preferred Stock 7.375%, \$0.001 par value	129,525,675	125,270,350
Common Stock, non-convertible, \$0.001 par value	14,866	13,652
Class B Common Stock, \$0.001 par value	684	—
Additional paid-in capital	341,331,070	339,742,380
Retained deficit	(324,749,301)	(315,626,555)
Total CorEnergy Equity	146,122,994	149,399,827
Non-controlling interest (Crimson)	121,534,724	—
Total equity	267,657,718	149,399,827
Total capitalization	\$ 485,731,455	\$ 264,407,957

(1) Long-term debt is presented net of discount and deferred financing costs.

The above table does not give effect to the conversion of the non-controlling interest into our securities, which are subject to CPUC approval and will be elective by the holder(s) of the non-controlling interest. It is our intent to treat distributions with respect to the non-controlling interest, representing the A-1, A-2 and A-3 Units at Crimson, with the same relative priority and amount as our underlying securities that they may be converted into. Below is a prospective forward-looking capitalization table that adjusts for conversion of the non-controlling interest into our securities that they are expected to ultimately convert into at the election of the holder(s).

**Prospective Forward-Looking Capitalization Table**

	September 30, 2021 Actual <sup>(1)</sup>	Adjustments Non-Controlling Interest Reorganization <sup>(2)</sup>	Prospective for Non- Controlling Interest Reorganization
Cash and Cash Equivalents	\$ 15,091,957	\$ —	\$ 15,091,957
<b>Debt</b>			
Revolving Credit Facility	28,000,000	—	28,000,000
Long-Term Debt (including current maturities) <sup>(3)</sup>	190,073,737	—	190,073,737
<b>Total Debt</b>	<b>218,073,737</b>	<b>—</b>	<b>218,073,737</b>
<b>Stockholders' Equity</b>			
<b>Preferred Stock</b>			
Series A Preferred Stock	\$ 129,525,675	43,889,475	173,415,150
<b>Total</b>	<b>129,525,675</b>	<b>43,889,475</b>	<b>173,415,150</b>
<b>Common Stock<sup>(4)</sup></b>			
Common Stock	14,866	—	14,866
Class B Common Stock	684	11,212	11,896
Additional Paid-In Capital	341,331,070	54,816,935	396,148,005
Retained Deficit	(324,749,301)	—	(324,749,301)
<b>Total</b>	<b>16,597,319</b>	<b>54,828,147</b>	<b>71,425,466</b>
Non-controlling interest	121,534,724	(121,534,724)	—
<b>Total Stockholders' Equity</b>	<b>\$ 267,657,718</b>	<b>\$ (22,817,102)</b>	<b>\$ 244,840,616</b>
<b>Total Capitalization</b>	<b>\$ 485,731,455</b>		<b>\$ 462,914,353</b>
<b>Shares Outstanding</b>			
Common Stock	14,866,799	—	14,866,799
Class B Common Stock	683,761	11,212,300	11,896,061
<b>Total Shares Outstanding</b>	<b>15,550,560</b>	<b>11,212,300</b>	<b>26,762,860</b>

(1) The non-controlling interest reflects the Grier Members' equity consideration for the A-1, A-2 and A-3 Units representing a 50.62% interest in Crimson. Subject to CPUC regulatory approval, these units are convertible into certain CorEnergy securities as illustrated in the prospective adjustments above.

(2) The prospective adjustments reflect the Grier Members' exchange of the non-controlling interest presently represented by their A-1, A-2 and A-3 Units into depositary shares representing Series A Preferred Stock for the A-1 Units and Class B Common Stock both A-2 and A-3 Units. On June 29, 2021, shareholders approved the conversion of the Series B Preferred into Class B Common Stock. Such exchanges are subject to receiving CPUC approval. Further, we do not expect the holders to exercise their exchange rights all at once due to the income tax consequences arising from such exchanges. We cannot predict when the holders will elect to exchange or if they will elect to exchange at all. Refer to Part I, Item 1, Note 13 ("Stockholders' Equity") for further details on the non-controlling interest.

(3) Long-term debt is presented net of discount and deferred financing costs.

(4) Common Stock and Class B Common Stock valued at \$4.89/share (November 1, 2021 closing price for the publicly traded Common Stock on the NYSE) for the NCI Reorganization.

## CRITICAL ACCOUNTING ESTIMATES

The financial statements included in this Report are based on the selection and application of critical accounting policies, which require management to make significant estimates and assumptions. Critical accounting policies are those that are both important to the presentation of our financial condition and results of operations and require management's most difficult, complex, or subjective judgments. The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, recognition of income, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Actual results could differ from those estimates.

A discussion of our critical accounting estimates is presented under the heading "Critical Accounting Estimates" in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2020, as previously filed with the SEC. No material modifications have been made to our critical accounting estimates except as noted below.

### *Business Combinations*

We recognize and measure the assets acquired and liabilities assumed in a business combination based on their estimated fair values at the acquisition date, with any remaining difference recorded as goodwill or gain from a bargain purchase. For all material acquisitions, we engage an independent valuation specialist to assist with the determination of the fair value of the assets acquired, liabilities assumed, non-controlling interests, if any, and goodwill based on recognized valuation methodologies. If the initial accounting for the business combination is incomplete by the end of the reporting period in which the acquisition occurs, an estimate will be recorded. Subsequent to the acquisition, and not later than one year from the acquisition date, we will record any material adjustments to the initial estimate in the reporting period in which the adjustment amounts are determined based on facts and circumstances that existed as of the acquisition date, as applicable. An income, market or cost valuation method may be utilized to estimate the fair value of the assets acquired or liabilities assumed in a business combination. The income valuation method represents the present value of future cash flows over the life of the asset using: (i) discrete financial forecasts, which rely on management's estimates of revenue and operating expenses; (ii) long-term growth rates; and (iii) appropriate discount rates. The market valuation method uses prices paid for a reasonably similar asset by other purchasers in the market, with adjustments relating to any differences between the assets. The cost valuation method is based on the replacement cost of a comparable asset at prices at the time of the acquisition reduced for depreciation of the asset. We expense acquisition-related costs as incurred in connection with each business combination.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our business activities contain elements of market risk. Long-term debt used to finance our acquisitions may be based on floating or fixed rates.

Effective February 1, 2021, as a result of the Crimson Transaction described in Part I, Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations, borrowings under the Crimson Credit Facility are variable-rate based on either (a) LIBOR pricing spread or (b) a rate equal to the highest of (i) the prime rate, (ii) the federal funds rate plus 0.5%, or (iii) the one-month LIBOR rate plus 1.0%, plus a pricing spread. As of September 30, 2021, the interest rate for the Crimson Credit Facility was set at LIBOR plus the top level of the spread of 400 basis points resulting in an interest rate of 4.08%. The pricing spread will not be redetermined until the first compliance reporting event for the period ending September 30, 2021. Changes in interest rates can cause interest charges to fluctuate on our variable rate debt. A 100 basis point increase or decrease in current LIBOR rates would have resulted in an initial interest rate of 5.08% or 3.08%, respectively, for the Crimson Credit Facility. Assuming the Crimson Credit Facility was in place beginning January 1, 2021, a 100 basis point increase or decrease in the current LIBOR rate would have resulted in an approximately \$775 thousand increase or decrease in interest expense for the nine months ended September 30, 2021.

Further, as a result of the Crimson Transaction, we will be exposed to limited market risk associated with fluctuating commodity prices. With the exception of buy/sell arrangements on some of Crimson's pipelines and the PLA oil retained, Crimson does not take ownership of the crude oil that it transports or stores for its customers, and it does not engage in the trading of any commodities. We therefore have limited direct exposure to risks associated with fluctuating commodity prices.

Certain of Crimson's transportation agreements and tariffs for crude oil shipments also include a PLA. As is common in the pipeline transportation industry, as crude oil is transported Crimson earns a very small percentage of the crude oil transported, earned PLA oil inventory, which it can then sell. The realized PLA volume earned and available for sale is net of differences in measurement and actual volumes gained or lost. This allowance oil revenue is subject to more volatility than transportation revenue, as it is directly dependent on Crimson's measurement capability and commodity prices. As a result, the income Crimson realizes under its loss allowance provisions will increase or decrease as a result of changes in the mix of product

transported, measurement accuracy and underlying commodity prices. As of September 30, 2021, Crimson did not have any open hedging agreements to mitigate its exposure to decreases in commodity prices through its loss allowances; however, it has previously entered into such agreements and may do so in the future.

We consider the management of risk essential to conducting our businesses. Accordingly, our risk management systems and procedures are designed to identify and analyze our risks, to set appropriate policies and limits and to continually monitor these risks and limits by means of reliable administrative and information systems and other policies and programs.

#### **ITEM 4. CONTROLS AND PROCEDURES**

##### **Crimson Transaction**

We are in the process of integrating Crimson, which we acquired effective February 1, 2021. Management's assessment and conclusion on the effectiveness of the Company's disclosure controls and procedures as of September 30, 2021 excludes an assessment of the internal control over financial reporting related to Crimson. Crimson represented 71.5% of our consolidated total assets and 85.7% of our consolidated revenue included in our consolidated financial statements as of and for the three months ended September 30, 2021.

##### **Conclusion Regarding Effectiveness of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer (our principal executive and principal financial officers, respectively), we have evaluated the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this Report. Based on that evaluation, these officers concluded that our disclosure controls and procedures were effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

##### **Changes in Internal Control over Financial Reporting**

We have completed two acquisitions in the past 12 months. As part of our ongoing integration activities, we are beginning to implement our controls and procedures at the business's we acquired and to augment our company-wide controls to reflect the risks inherent in our acquisitions. Throughout the integration process, we monitor these efforts and take corrective action as needed to reinforce the application of our controls and procedures. Other than the foregoing, during the quarterly period ended September 30, 2021, there were no changes in our internal control over financial reporting 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

The information set forth under the heading "CorEnergy Legal Proceedings" and "Crimson Legal Proceedings" [Note 10 \("Commitments & Contingencies"\)](#) in our consolidated financial statements included in Part I of this Report is incorporated by reference into this Item 1.

### ITEM 1A. RISK FACTORS

Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020, sets forth information relating to important risks and uncertainties that could materially adversely affect our business, financial condition, or operating results. Those risk factors continue to be relevant to an understanding of our business, financial condition, and operating results for the quarter ended September 30, 2021. There have been no material changes to the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2020.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

#### Dividends

A REIT is generally required to distribute during the taxable year an amount equal to at least 90 percent of the REIT taxable income (determined under Internal Revenue Code section 857(b)(2), without regard to the deduction for dividends paid). We intend to adhere to this requirement in order to maintain our REIT status. The Board of Directors will continue to determine the amount of any distribution that we expect to pay our stockholders. Dividend payouts may be affected by cash flow requirements, including cash used to make distributions to outstanding Class A-1, Class A-2, and Class A-3 Units of Crimson, and remain subject to other risks and uncertainties, as discussed under the heading "Dividends" in Part I, Item 2 of this Report. Further, the terms of our Crimson Credit Facility provide that cash distributions to us from the Borrowers are subject to certain restrictions, including without limitation, no default or event of default, compliance with financial covenants, minimum undrawn availability and available free cash flow.

The Internalization and all related transactions closed on July 6, 2021. Pursuant to the Contribution Agreement, on July 6, 2021, the Company issued (i) 1,153,846 shares of Common Stock, (ii) 683,761 shares of Class B Common Stock, and (iii) 170,213 depository shares representing our Series A Preferred Stock. These shares (or, in the case of the Class B Common Stock, shares of Common Stock which the holders may eventually acquire upon conversion) became registered for resale by the Contributors in the Internalization pursuant to a Form S-3 registration statement, effective September 16, 2021.

As a part of the final working capital adjustment pursuant to the acquisition of the Company's interest in Crimson Midstream Holdings, LLC, the Company's consolidated subsidiary issued 37,043 Class A-1 Units to the Grier Members effective June 30, 2021, increasing their percent ownership interest. Crimson issued a paid in kind distribution for the period covering April 1, 2021 through May 31, 2021 in the amount of 16,240 Class A-2 Units to the Grier Members effective May 31, 2021. Crimson also issued a paid in kind distribution for the period covering June 1, 2021 through June 30, 2021 in the amount of 8,174 Class A-2 Units to the Grier Members effective July 7, 2021. These securities were issued in reliance on Section 4(a)(2) of the Securities Act. Refer to Part I, Item 1, Note 13 ("Stockholders' Equity") for additional information concerning certain exchange rights of Class A-1 Units and Class A-2 Units, following receipt of CPUC approval pursuant to the terms of the Crimson Transaction.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION

None.

**ITEM 6. EXHIBITS**

<b>Exhibit No.</b>	<b>Description of Document</b>
<a href="#">3.1</a>	<a href="#">Article Supplementary for Series A Preferred Stock (incorporated by reference to the Registrants Form 8-K filed July 12, 2021).</a>
<a href="#">3.2</a>	<a href="#">Article Supplementary for Series A Preferred Stock filed July 13, 2021 (incorporated by reference to the Registrants Form 8-K filed July 16, 2021).</a>
<a href="#">3.3</a>	<a href="#">Articles Supplementary for Class B Common Stock filed August 19, 2021 (incorporated by reference to the Registrants Form 8-K filed August 25, 2021)</a>
<a href="#">3.4</a>	<a href="#">Articles of Amendment for Class B Common Stock filed August 19, 2021 (incorporated by reference to the Registrants Form 8-K filed August 25, 2021)</a>
<a href="#">10.1</a>	<a href="#">Registration Rights Agreement dated July 6, 2021, by and among CorEnergy Infrastructure Trust, Inc. and the Contributors (incorporated by reference to the Registrants Form 8-K, filed July 12, 2021).</a>
<a href="#">10.2</a>	<a href="#">Stock Exchange Agreement dated July 12, 2021, by and among CorEnergy Infrastructure Trust, Inc., John D. Grier, M. Bridget Grier, John D. Grier, as Trustee of the Bridget Grier Spousal Support Trust dated December 18, 2012; Robert G. Lewis, as Trustee of the Hugh David Grier Trust dated October 15, 2012; and Robert G. Lewis, as Trustee of the Samuel Joseph Grier Trust dated October 15, 2012, (incorporated by reference to the Registrant Form 8-K filed July 16, 2021).</a>
<a href="#">10.3</a>	<a href="#">Agreement of Understanding (Post-Closing Adjustment) dated July 12, 2021, by and among CorEnergy Infrastructure Trust, Inc., CGI Crimson Holdings, L.L.C., John D. Grier, John D. Grier, as Trustee of the Bridget Grier Spousal Support Trust dated December 18, 2012; Robert G. Lewis, as Trustee of the Hugh David Grier Trust dated October 15, 2012; and Robert G. Lewis, as Trustee of the Samuel Joseph Grier Trust dated October 15, 2012, (incorporated by reference to the Registrant Form 8-K filed July 16, 2021).</a>
<a href="#">10.4</a>	<a href="#">Revised Third Amended and Restated Limited Liability Company Agreement of Crimson Midstream Holdings, LLC dated as of July 16, 2021, (incorporated by reference to the Registrant Form 8-K filed July 16, 2021).</a>
<a href="#">31.1*</a>	<a href="#">Certification by Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">31.2*</a>	<a href="#">Certification by Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">32.1**</a>	<a href="#">Certification by Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101**	The following materials from CorEnergy Infrastructure Trust, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Equity, (iv) the Consolidated Statements of Cash Flows and (v) the Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

\* Filed herewith.

\*\* Furnished herewith.

**COREENERGY INFRASTRUCTURE TRUST, INC.**

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

**COREENERGY INFRASTRUCTURE TRUST, INC.**

(Registrant)

By: /s/ Robert L Waldron

**Robert L Waldron**  
**Chief Financial Officer**  
**(Principal Financial Officer)**  
**November 9, 2021**

By: /s/ David J. Schulte

**David J. Schulte**  
**Chairman and Chief Executive Officer**  
**(Principal Executive Officer)**  
**November 9, 2021**

## CERTIFICATIONS

I, David J. Schulte, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CorEnergy Infrastructure Trust, Inc.;
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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) 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
  - (d) 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: November 9, 2021

/s/ David J. Schulte

David J. Schulte

Chief Executive Officer (Principal Executive Officer)

## CERTIFICATIONS

I, Robert L. Waldron, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CorEnergy Infrastructure Trust, Inc.;
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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) 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
  - (d) 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: November 9, 2021

/s/ Robert L Waldron

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Robert L Waldron  
Chief Financial Officer (Principal Financial Officer)

## SECTION 906 CERTIFICATION

Pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2001, the undersigned officers of CorEnergy Infrastructure Trust, Inc. (the "Company"), hereby certify that the Quarterly Report on Form 10-Q for the period ended September 30, 2021, filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David J. Schulte

\_\_\_\_\_  
David J. Schulte

Chief Executive Officer (Principal Executive Officer)

Date: November 9, 2021

/s/ Robert L Waldron

\_\_\_\_\_  
Robert L Waldron

Chief Financial Officer (Principal Financial Officer)

Date: November 9, 2021

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this report. **A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.**