



**Part II** Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attached statement

Blank lined area for listing Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ See attached statement

Blank lined area for loss recognition information.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attached statement

Blank lined area for other information.

<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.			
	Signature ▶ <i>Michael Muscoso</i>	Date ▶ 3/10/2021		
<b>Paid Preparer Use Only</b>	Print your name ▶ MICHAEL MUSCOSO	Title ▶ VP - FINANCE		
	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
	Firm's name ▶	Firm's EIN ▶		
	Firm's address ▶	Phone no.		

CSI Compressco LP

(FEIN: 94-3450907)

Attachment to Form 8937

Date of the Exchange (as defined below): June 12, 2020

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "Code"), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Exchange (as defined below). The information contained herein does not constitute tax advice, nor does it purport to be complete or describe any noteholder's specific circumstances. Holders are urged to consult their own tax advisors regarding the Issuers' determinations set forth herein and any tax considerations related to the Exchange and their ownership of the New First Lien Notes and the New Second Lien Notes (each as defined below).

**Line 14**

CSI Compressco LP, a Delaware limited partnership (the "Partnership"), and CSI Compressco Finance Inc., a Delaware corporation and wholly-owned subsidiary of the Partnership (together with the Partnership, the "Issuers"), consummated a transaction (the "Exchange") on June 12, 2020, pursuant to which the Issuers accepted for exchange \$215,208,000, or approximately 72.7%, of their outstanding 7.250% Senior Unsecured Notes due 2022 (CUSIP: 20467BAB5) (the "Old Notes") for (i) \$50,000,000 aggregate principal amount of the Issuers' 7.500% Senior Secured First Lien Notes due 2025 (CUSIP (144A): 12652HAC2; CUSIP (Reg S): U1289BAD4) (the "New First Lien Notes") and (ii) \$155,529,000 aggregate principal amount of new 10.000%/10.750% Senior Secured Second Lien Notes due 2026 (CUSIP (144A): 12652HAE8; CUSIP (Reg S): U1289BAE2) (the "New Second Lien Notes" and, together with the New First Lien Notes, the "New Notes"), pursuant to the Issuers' previously announced exchange offer and consent solicitation.

**Line 15**

The Issuers have determined that the exchange of an Old Note for the New Notes is a "significant modification," within the meaning of Treasury Regulation § 1.1001-3, of such Old Note for U.S. federal income tax purposes, and therefore the exchange of an Old Note for New Notes is a fully taxable transaction as described in Section 1001 of the Code.

The tax basis of the New First Lien Notes and New Second Lien Notes issued should be equal to the issue price of such notes, as described under Treasury Regulation § 1.1012-1(g)(1). The Old Notes and New Second Lien Notes were "traded on an established market" within the meaning of Treasury Regulations § 1.1273-2(f). The New First Lien Notes were not "traded on an established market" within the meaning of Treasury Regulations § 1.1273-2(f).

The Issuers are taking the position that the issue price for the New First Lien Notes is determined under Treasury Regulation § 1.1273-2(c)(1) and, therefore, the issue price of the New First Lien Notes is equal

to the fair market value of the Old Notes on June 12, 2020. Based on actual market trade data, the Issuers have determined that the issue price of the New First Lien Notes is equal to 60.06% of the principal amount of the Old Notes.

The Issuers are taking the position that the issue price for the New Second Lien Notes is determined under Treasury Regulation § 1.1273-2(b)(1) and, therefore, the issue price of the New Second Lien Notes is equal to the fair market value of the New Second Lien Notes on June 12, 2020. Based on actual market trade data, the Issuers have determined that the issue price of the New Second Lien Notes is equal to 49.97% of the principal amount of the New Second Lien Notes.

The Issuers' determinations of the issue price for the New First Lien Notes and New Second Lien Notes are binding on a holder of the New First Lien Notes and the New Second Lien Notes unless such holder explicitly discloses that its determinations are different from the Issuers' determinations on a timely filed U.S. federal income tax return for the taxable year that includes the date of the Exchange.

**Line 16**

As described above in Line 15, the issue price of the New First Lien Notes is equal to the fair market value of the Old Notes on June 12, 2020 (the date of the Exchange). The fair market value of the Old Notes was determined by reviewing actual market trade data of the Old Notes on or around June 12, 2020. Applying a reasonable method as contemplated by Treasury Regulation § 1.1273-2(f), the Issuers determined the fair market value of the Old Notes to be 60.06% of the principal amount of the Old Notes.

As described above in Line 15, the issue price of the New Second Lien Notes is equal to the fair market value of the New Second Lien Notes on June 12, 2020 (the date of the Exchange). The fair market value of the New Second Lien Notes was determined by reviewing actual market trade data of the New Second Lien Notes on or around June 12, 2020. Applying a reasonable method as contemplated by Treasury Regulation § 1.1273-2(f), the Issuers determined the fair market value of the New Second Lien Notes to be 49.97% of the principal amount of the New Second Lien Notes.

**Line 17**

Sections 1001 and 1012 of the Code. Security holders should consult their own tax advisors regarding their specific tax treatment of these transactions (including, but not limited to, the computation of gain/loss and/or tax basis).

**Line 18**

Gain or loss should be calculated with respect to the exchange of Old Notes for New First Lien Notes and New Second Lien Notes.

**Line 19**

The basis adjustment resulting from the taxable exchange should be taken into account in the tax year of the security holder during which the relevant transaction closed (e.g., 2020 for a calendar year taxpayer).

Protective filing. It is unclear as to whether the filing of this form with respect to the Exchange is required under Section 6045B of the Code.