As confidentially submitted to the U.S. Securities and Exchange Commission on February 14, 2022

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Confidential Draft Submission No. 1
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Atlas Energy Solutions Inc.
(Exact name of registrant as specified in its charter)

Delaware	1400	88-0523830
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

5918 W. Courtyard Drive, Suite 500
Austin, Texas 78730
(512) 220-1200
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

John Turner
Chief Financial Officer
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Austin, Texas 78730
(512) 220-1200
(Name, address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Copies to:

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the U.S. Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

SUBJECT TO COMPLETION, DATED , 2022

Shares

Atlas Energy Solutions Inc.

Class A Common Stock

This is the initial public offering of our Class A common stock. We are offering shares of our Class A common stock.

Prior to this offering, there has been no public market for our Class A common stock. It is currently anticipated that the initial public offering price for our Class A common stock will be between $ and $ per share. We intend to apply to list our Class A common stock on the New York Stock Exchange (the "NYSE") under the symbol " ."

We are an "emerging growth company" as the term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, are eligible for reduced reporting requirements. Please see the section titled "Risk Factors" and "Summary—Emerging Growth Company Status."

Investing in our Class A common stock involves risks. See "Risk Factors" beginning on page 30 to read about factors you should consider before investing in our Class A common stock.

Neither the U.S. Securities and Exchange Commission ("SEC") nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price(1)	$	$
Underwriting discounts and commissions(2)	$	$
Proceeds, before expenses, to Atlas Energy Solutions Inc.	$	$

(1) The public offering price for the shares sold to the public was $ per share.
(2) See "Underwriting" for information relating to underwriting compensation, including certain expenses of the underwriters to be reimbursed by us.

The underwriters will have an option to purchase, exercisable within 30 days from the date of this prospectus, a maximum of additional shares of our Class A common stock from us, at the initial price to public less the underwriting discount and commissions.

The underwriters expect to deliver the shares of Class A common stock against payment in New York, New York on , 2022.

Goldman Sachs & Co. LLC

Prospectus dated, , 2022.

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Neither we nor the underwriters have authorized anyone to provide you with information different from that contained in this prospectus and any free writing prospectus we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters are offering to sell shares of Class A common stock and seeking offers to buy shares of Class A common stock only in jurisdictions where offers and sales are permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of any sale of the Class A common stock. Our business, liquidity position, financial condition, prospects or results of operations may have changed since the date of this prospectus.

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. See the sections titled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements."

BASIS OF PRESENTATION

Unless otherwise indicated, the historical financial information presented in this prospectus is that of Atlas Sand Company, LLC ("Atlas LLC"), our "Predecessor" for financial reporting purposes. Further, the financial information and certain other information presented in this prospectus have been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column in certain tables in this prospectus. In addition, certain percentages presented in this prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers or may not sum due to rounding.

INDUSTRY AND MARKET DATA

This prospectus includes industry data and forecasts that we obtained from a variety of sources, including independent publications, government publications and publicly available information, as well as our good faith estimates, which have been derived from management's knowledge and experience in the industry in which we operate. Although we believe that these third-party sources are reliable, we have not independently verified the data obtained from these sources and we cannot assure you of the accuracy or completeness of the data. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this prospectus.

The market data regarding supply and demand is difficult to quantify, as the proppant industry continues to evolve and many market participants are privately held, making accurate estimates of supply capacity and market demand difficult to qualify. While we are not aware of any misstatements regarding the market, industry or similar data presented herein, such data involves risks and uncertainties and are subject to change based on various factors, including those discussed in the sections titled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" in this prospectus. Please read the section titled "Industry" for additional information on the proppant industry.

TRADEMARKS AND TRADE NAMES

We own or have rights to various trademarks, service marks and trade names that we use in connection with the operation of our business. This prospectus may also contain trademarks, service marks and trade names of third parties, which are the property of their respective owners. Our use or display of third parties' trademarks, service marks, trade names or products in this prospectus is not intended to, and does not imply, a relationship with, or endorsement or sponsorship by, us. Solely for convenience, the trademarks, service marks and trade names referred to in this prospectus may appear without the ®, TM or SM symbols, but the omission of such references is not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable owner of these trademarks, service marks and trade names.

SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before investing in our Class A common stock. You should read the entire prospectus carefully, including the information under the sections titled "Risk Factors," "Cautionary Note Regarding Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the financial statements and the notes thereto appearing elsewhere in this prospectus. The information presented in this prospectus assumes (i) an initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus) and, unless otherwise indicated, (ii) that the underwriters do not exercise their option to purchase additional shares of our Class A common stock.

Unless we state otherwise or the context otherwise requires, the terms "Company," "Atlas," "we," "us" or "our" refer, prior to the corporate reorganization described in this prospectus, to Atlas LLC and its consolidated subsidiaries, and following the corporate reorganization described in this prospectus, to Atlas Energy Solutions Inc. and its consolidated subsidiaries. We have provided definitions for some of the terms we use to describe our business and industry and other terms used in this prospectus in the "Glossary of Certain Industry Terms" beginning on page A-1 of this prospectus.

The information appearing in this prospectus concerning estimates of our mineral reserves is based on the report of John T. Boyd Company, our independent mining engineers and geologists. A summary of John T. Boyd Company's report is included as an exhibit to the registration statement of which this prospectus forms a part.

Atlas Energy Solutions Inc.

Overview

We are a leading provider of proppant and related logistics services to customers engaged in the oil and natural gas industry within the Permian Basin of West Texas and New Mexico, the most active basin in North America by rig count. Our core mission and key focus is to create a best-in-class value proposition for our stockholders by generating strong free cash flow, regularly returning capital to investors, reinvesting selectively to drive growth and maintaining a strong balance sheet to ensure our financial health throughout our industry's cycles. We aim to accomplish our mission and capitalize on our strategic advantages through the use of differentiated and innovative techniques and technologies to develop our high-quality and uniquely positioned resource base.

Our ability to generate free cash flow is paramount to our value proposition, as it correlates to our ability to regularly return capital to our stockholders. We have experienced significant growth in net income, Adjusted EBITDA, net cash provided by operating activities and free cash flow since January 2021, as oil and natural gas prices have improved, and the proppant market has tightened. For the year ended December 31, 2021, we generated $ in net income, $ in Adjusted EBITDA, $ in net cash provided by operating activities and $ in Free Cash Flow (representing an Adjusted EBITDA Margin of   % and a Free Cash Flow margin of   %). Please see subsections titled "Summary Historical and Pro Forma Financial and Operating Data—Non-GAAP Financial Measures" for more information. While proppant market prices improve, leading to improvements in measures of our performance, including those detailed above, our low and flexible operating cost structure also contributes materially to our ability to generate free cash flow. We have driven significant improvements in our costs of sales on a per ton basis since the commencement of our operations in 2018.

Our Company

We were founded in 2017 by Ben ("Bud") Brigham, our Executive Chairman, and are led by experienced entrepreneurs from both the oil and natural gas and proppant industries who have an established history as positive disruptors in the energy industry. Our executive management team has over 75 years of combined industry experience and a history of successful value creation, exemplified by Bud Brigham's significant experience leading companies such as Brigham Exploration Company ("Brigham Exploration"), Brigham Resources Operating, LLC ("Brigham Resources") and Brigham Minerals, Inc. ("Brigham Minerals") through a successful initial public offering ("IPO"), or an acquisition event. We believe this experience and our associated knowledge base differentiates us from our competitors and facilitates our ability to identify and execute as an early mover on critical value-creation drivers, helping us to maximize the full potential of our business and outcomes for our stockholders. We have increased the volume of proppant sold every year since our inception.

We have assembled the sand mining rights associated with approximately 38,000 acres in the Permian Basin sand fairway (the "Winkler Sand Trend") located in Winkler and Ward Counties, Texas, which are logistically well positioned to serve the entire Permian Basin. We own 14,575 acres of large open-dune reserves and resources, which represent more than 70% of the large open-dune acreage in the Winkler Sand Trend that is available for sand mining, making us the primary producer of proppant from the large open-dune deposits inside the Winkler Sand Trend. Large open-dune reserves accounted for 100% of our produced volumes for the year ended December 31, 2021. As the reserves of these large open dunes have not been subjected to the same degree of soil development, organics and impurities as buried sand deposits, they tend to produce better yields relative to buried sand deposits. Large open-dune reserves have also been proven to produce a higher-quality product (as measured by tests of crush strength, turbidity, etc.) more efficiently and with a smaller environmental footprint as compared to buried sand reserves throughout in the Permian Basin.

Based on our current total annual production capacity of approximately 10.0 million tons, our properties have an aggregate expected reserve life of approximately 37 years based on the currently defined mineral reserves, with a potential extension of our reserve life to   years based on our total mineral resources. The difference between our proved or probable reserves and measured, indicated and inferred resources is primarily attributable to limitations on proved or probable reserve booking based on the density of core sample spacing, development timing and other factors considered by our independent mining engineers and geologists. We have taken core samples across the entirety of our acreage position and the geologic homogeneity of those samples lead us to believe that substantial economic reserves of the same quality of our proved or probable reserves exist throughout; these core samples were taken with spacing ranging from 1,000 to 8,000 feet while the proved and probable reserve spacing standards utilized by our independent mining engineers and geologists, John T. Boyd Company, is less than or equal to 1,500 foot spacing for proven reserves and measured resources, 1,500 to 2,500 foot spacing for probable reserves and indicated resources, and 2,500 to 5,000 foot spacing for inferred resources. As a result of the consistency of the samples across our acreage, we anticipate a reclassification of resources to proven or probable reserves over time as we expand our mining operations and execute with tighter infill sampling. Please see the risk captioned under "Risk Factors—Risks Related to Our Business and Operations—*Inaccuracies in our estimates of sand reserves and resource deposits, or deficiencies in our title to those deposits, could result in our inability to mine the deposits or require us to pay higher than expected costs*."

We were an early disruptor of the historical Permian Basin frac sand supply chain through the development of our in-basin sand resource. In-basin sand provided Permian Basin end-users with an alternative to out-of-basin sand, shortening the supply chain and eliminating the need for rail transportation, long truck hauls and other related costs. This disruption correspondingly provided economic and environmental benefits, including a significant reduction in emissions. We have continued to innovate in order to benefit our stockholders, our customers and the communities we operate in through enhanced efficiency, productivity and environmental benefits. In 2020, we became the first proppant producer in the Permian Basin to engage in electric dredging in an open reservoir ("e-mining") at both of our plants, which we estimate has the potential to reduce our total emissions by approximately half as compared to traditional mining. Our ongoing significant innovation projects include our Dune Express project, the first conveyor in a system we plan to build to facilitate the delivery of proppant to points along the initial 42-mile long system, originating at our Kermit facility and stretching into the middle of the Northern Delaware Basin, as well as our autonomous trucking initiative, aimed at revolutionizing the delivery of proppant. Together, we believe these initiatives could have a significant impact in reducing emissions, improving safety and relieving traffic and other burdens produced by the existing means of last-mile delivery.

Value Proposition to Our Community and Stakeholders

We have a long history of being good stewards of not only stockholder capital but also of the environments and communities in which we live and operate. Our core obligation is to our stockholders, and we recognize that maximizing value for our stockholders requires that we optimize the outcomes for our broader stakeholders, including our employees, as well as the communities and the environments in which we operate. As a result, we deliver leadership across all aspects of Environmental, Social and Governance ("ESG") matters. Our aptitude on ESG matters benefits from our commitment to identifying and executing upon opportunities to transform our business which enhance our growth and profitability through the implementation of new technologies.

Environmental

To our knowledge we are the only proppant producer in the Permian Basin that engages in e-mining, which generates materially lower emissions than traditional sand mining. The electric dredge process at both of our Kermit and Monahans facilities exemplifies the alignment of both our operational and ESG leadership, as this process has materially improved safety and, based on our estimates, reduced emissions by approximately 50% versus traditional sand mining methods due to the significant reduction in diesel fuel usage required to mine sand traditionally, partially offset by increased electricity consumption from our dredges. Our proppant production process also leads to less surface area mined per ton of sand produced as we mine to greater depth as compared to mining associated with buried sand deposits, and therefore, results in less environmental disturbance.

Our large open-dune reserves, paired with the replenishing water sources from our acreage's in-ground aquifers, are the key reasons why we are able to adopt a technology normally reserved for use in rivers and other bodies of water for use in the desert of West Texas. Our reserves benefit from a naturally occurring water table near the surface of our mines, which is unique in the Winkler Sand Trend and provides an ample natural supply of costless water for dredge and wash plant operations while minimizing the impact on regional aquifers.

Additionally, based on a study commissioned by us with an independent research agency (the "Transportation Study"), we estimate that our planned Dune Express sand conveyor system could significantly reduce emissions that would otherwise be produced by trucking-related activities associated with the delivery of proppant from the mines of Permian Basin providers to end users. Our estimates using data from the Transportation Study project that the system will result in an approximate % reduction in carbon dioxide emissions and other emissions, including pollutants that are harmful to humans. See the subsection titled "—Growth and Technology Initiatives—Dune Express" below for additional information regarding the Dune Express.

The graphic below summarizes the percentage reduction in the truck miles driven and associated emissions and emission costs attributable to the anticipated operation of our inaugural Dune Express conveyor system as compared to current, traditional practices.

Data is based on management's estimates that were derived from a study commissioned by us with an independent research agency and represents the anticipated reductions attributable to the Dune Express conveyor system.

Our management team has been proactive with respect to the protection of the dunes sagebrush lizard ("DSL") and its habitat while ensuring that our business and operations will remain materially uninterrupted in the event that the DSL is listed under the Endangered Species Act ("ESA"). We have adopted numerous best practices to promote active conservation measures for the benefit of the DSL, including our identification of up to 17,000 acres of land for potential set asides, our pursuit of more environmentally friendly mining practices and our participation in the Candidate Conservation Agreement with Assurances ("CCAA") for the DSL. See the subsection titled "—Competitive Strengths—Proactive approach to the well-being of the environment and our employees" below. In January 2021, the CCAA was approved by the U.S. Fish and Wildlife Service ("USFWS") to provide a framework for entry into voluntary conservation agreements between the USFWS and stakeholder participants, under which the parties work together to identify threats to the DSL, design and implement conservation measures to address these threats and monitor their effectiveness, among other things. Atlas has been a supporter of the CCAA since its inception and was the first proppant producer to apply for a permit under, and be accepted into, the CCAA. Due to our participation in the CCAA and other conservation measures that we have voluntarily adopted, we do not anticipate that a listing of the DSL as an endangered species would materially reduce sand production at our Kermit and Monahans facilities. We are currently only one of three companies participating in the CCAA. In the event that the DSL is listed as an endangered species under the ESA, it is possible that companies that are not participants in the CCAA at the time of a future ESA listing would see a disruption to their operations.

Social

We have committed to fostering a safe environment at our worksites and we are committed to extending this culture of safety far beyond our premises. We have a rigorous safety training program with well-developed protocols. We have automated or have invested in remote operations technology to substantially reduce the amount of the activities at the plant sites that require physical interaction between human beings and industrial equipment, and in doing so have removed many of the safety hazards at our facilities.

Our planned Dune Express project is expected to provide significant environmental benefits, while also benefitting the surrounding region, making it a safer place to live and work. The Dune Express is expected to contribute to a meaningful reduction in Permian Basin traffic accidents, congestion and automobile fatalities, by taking trucks off the road and operating in a much more efficient manner than the industry has historically operated. We believe this will also benefit the community by reducing the wear and tear on local infrastructure, while making the region a safer and better place to live and work. Furthermore, by reducing the number of drivers needed per well and in the aggregate, these initiatives can meaningfully reduce trucking-related hazards on customer wellsites and mitigate future driver shortages.

The graphic below summarizes the percentage reduction in the truck miles driven and associated traffic accidents, traffic fatalities and average truck drivers needed per Permian Basin wellsite that is attributable to the anticipated operation of our inaugural Dune Express conveyor system as compared to traditional practices.

Data is based on management's estimates that were derived from a study commissioned by us with an independent research agency and represents the anticipated reductions attributable to the Dune Express conveyor system.

We are actively engaged in the West Texas community in which we operate, as we believe that by supporting our community, our community will support us. We sponsor a number of programs benefitting schools and the youth in Winkler and Ward Counties, Texas, including supporting after-school programs for children and skill-development programs for high school students.

Our company's culture is a product of our employees, and as such, we embrace the responsibility of promoting a diverse and inclusive meritocracy, with over 60% minority and/or female representation in our workforce as of December 31, 2021. We reward the hard work of our employees by compensating them well, with our median employee earning in excess of $100,000 per year in 2021. Furthermore, we provide our employees with a high-quality benefits package including full family medical, dental and vision, a company 401(k) match program and substantial paid time off or rotational schedules. For our employees in West Texas, we provide convenient, safe and comfortable living facilities at our Wyatt's Lodge, a distinctive alternative to the traditional, notoriously unsafe and unsanitary housing accommodations provided for many oilfield employees. Wyatt's Lodge provides employees with fully furnished housing, a full cafeteria with a chef and a diverse menu including healthy options, a workout facility, as well as a recreational room and a movie theater. The success of our efforts to create a high-quality workplace is evidenced by our low employee turnover and accolades that include "Great Place to Work" certification from Great Place to Work Institute, Inc. for the years ended December 31, 2019 and 2020.

We believe that the men and women who have served in the United States armed forces have earned a special place in our society. As such, at our founding we created a dedicated effort to support our veterans in our hiring. We have found our focus on recruiting veterans to work for Atlas has brought us many hardworking and outstanding employees over the years and positively influenced our corporate values. We have received external recognition for our veteran hiring practices, including the Hire Vets Medallion from the U.S. Department of Labor ("DOL") in 2019 and 2020. As of December 31, 2021, 11% of our employees served in the U.S. military as compared to an average of 5.6% across all employers nationally.

Governance

We believe that the alignment of our employees, our management and our board of directors with our stockholders is paramount. A few examples of the actions that we will take or the characteristics that highlight the alignment of interests between our management and stockholders are as follows:

- We will have established a diverse and independent board with complementary skills and backgrounds.
- We will have adopted an executive compensation program that encourages return of capital to stockholders, including through the use of performance-based compensation, with performance metrics that focus business strategy and corporate objectives on total shareholder return, and equity-based long-term incentives.
- We will have adopted a director compensation policy for our non-employee directors in which a significant portion of the total compensation package is equity-based to further align the interests of our directors with our stockholders.
- Management will maintain significant initial ownership in the Company after completion of this offering.
- We have retained Ernst & Young LLP as our auditor since our first fiscal year in 2017.

Management and Historical Successes

We were founded by Bud Brigham, our Executive Chairman, and are led by experienced entrepreneurs from both oil and natural gas and proppant industry backgrounds. We believe our management team's deep industry experience, record of successful value creation and established history as entrepreneurs and positive disruptors in the energy industry are unique advantages that enable us to continually identify critical value-creation drivers that will allow us to maximize the full potential of our business and the outcomes for our stockholders and stakeholders alike.

Brigham Exploration

Prior to forming the Company, Bud Brigham founded Brigham Exploration, where he oversaw the identification, acquisition, delineation and development of approximately 375,000 net acres in the Williston Basin. Brigham Exploration established itself as a leading innovator in horizontal drilling and fracking, as well as oil, gas and water gathering and distribution. The company delivered industry leading operational and economic performance, leading up to Brigham Exploration's sale to Statoil ASA ("Statoil") in December 2011 for $4.4 billion.

Brigham Resources

Immediately following the sale of Brigham Exploration, Bud Brigham and others from the Brigham Exploration management team founded Brigham Resources and executed on similar strategies in the Southern Delaware Basin in West Texas. By applying rigorous geologic evaluation criteria, Brigham Resources was an early entrant in the Southern Delaware Basin in Pecos County, Texas, where it assembled an approximately 80,185 net acre leasehold position in a largely contiguous block. Like its predecessor, Brigham Resources again was a leading innovator in the play, generating significant enhancements in operational and economic performance, prior to selling its assets to Diamondback Energy, Inc. (“Diamondback”) in February 2017 for approximately $2.6 billion.

Brigham Minerals

In addition, in 2012, Bud Brigham and other members of his management team founded Brigham Minerals, a mineral acquisition company that leverages its knowledge base and experience to acquire mineral ownership in top-tier liquids rich domestic resource plays. Subsequent to its rapid growth as a private enterprise, Brigham Minerals’ management executed an upsized $300 million IPO in April 2019. Today, Brigham Minerals actively manages a portfolio of approximately 93,975 net royalty acres across 35 counties within the Delaware and Midland Basins in West Texas and New Mexico, the SCOOP/STACK plays in the Anadarko Basin of Oklahoma, the Denver-Julesburg Basin in Colorado and Wyoming and the Williston Basin in North Dakota.

Assets and Operations

We currently control the largest and, we believe, the highest quality sand position in West Texas. We have developed our Kermit and Monahans facilities on approximately 38,000 surface acres that we own or lease in Winkler and Ward Counties, Texas. We own 14,575 acres of large open-dune reserves and resources, which represent more than 70% of the open-dune acreage in the Winkler Sand Trend available for sand mining. The Monahans Dune consists of approximately 8,750 acres of premium open-dune reserves. Additionally, we have substantial off-dune acreage at Monahans that is not included in our estimated reserves or resources but that could be mined following our removal of associated overburden. The Kermit Dune consists of approximately 5,825 acres of premium open-dune reserves.

Our “twin” mines, located on the bookends of the Winkler Sand Trend, provide optimal logistics to serve both the Southern and Northern portions of the Delaware and Midland Basins and, as of December 31, 2021, have a combined annual production capacity of 10.0 million tons, 70,000 tons of dry storage, 700,000 tons of wet storage and 14 loadout lanes. Independent testing by Proptester indicates that the sand produced from our mines is the highest quality of all Permian Basin sand producers. Innovative plant design and large-scale operations ensure low-cost operations and continuity on site. Redundancies were designed into our facilities to remove singular points of failure that can disrupt the production process, ensuring maximum reliability of proppant production and delivery.

Additionally, the size and depth of our large open-dune reserves provides us with a distinct advantage relative to our competitors, including the fact that in the Winkler Sand Trend we uniquely benefit from a naturally occurring water table near the surface of our deposit, providing an ample natural supply and costless water for dredge and wash plant operations, while minimizing the impact on regional aquifers. The size, scale, quality, cost and reduced environmental impact associated with mining the two large open dunes in the Winkler Sand Trend positively differentiates us relative to our competition.

Our Kermit and Monahans facilities were built to produce high quality 40/70 and 100 mesh sands, each of which are used extensively in upstream operations in the Permian Basin. As of December 31, 2021, each facility is capable of producing approximately 5.0 million tons of sand annually for a combined annual production capacity of approximately 10.0 million tons, and each facility was constructed with a modular design that provides us with the flexibility to expand one or both of the existing facilities to achieve incremental production capacity if such expansion were found to be necessary or desirable in light of customer demand, broader market conditions or other relevant considerations. The facilities are capable of operating year-round and feature advanced safety designs, onsite water supply, power infrastructure and access to low-cost natural gas through connections to interstate natural gas lines. Further, we strategically benefit from the locations of our facilities proximal to major highways at the south and north ends of the Winkler Sand Trend. Our Kermit facility is bisected by two state highways, while our Monahans facility its adjacent to two highways, one of which is Interstate 20, facilitating efficient transportation of our proppant to customers located at various points within the Permian Basin.

The operations of both sand facilities are managed and monitored in a highly automated manner from our command center in Austin, Texas. We have designed and / or adopted cutting-edge technology that we believe delivers one of the most efficient production and truck loading processes in the industry. This facility-wide ecosystem is comprised of live data and video feeds, two way video calling at potential customer touchpoints, process control monitoring and RFID technology that work seamlessly together. The remote ecosystem allows our employees to simultaneously manage processes at both facilities, resulting in significant personnel productivity gains.

As of December 31, 2021, we had 368 million tons of proven and probable sand reserves at our Kermit and Monahans facilities according to estimates by John T. Boyd Company, our independent mining engineers and geologists. Based on our total annual expected production capacity of approximately 10.0 million tons as of December 31, 2021, our reserve life is expected to be approximately 37 years. As of December 31, 2021, our reserves are composed of approximately 58% 40/70 and 42% 70/140 mesh substrate sand. We believe our reserve composition is attractive to customers that want to consolidate sourcing and positions us as a go-to provider of high quality in-basin proppant.

The following table provides the tonnage and mesh size characteristics of the proven and probable reserves at our Kermit and Monahans facilities as of December 31, 2021.

	Tons By Classification and Mesh Size (In thousands)								
	Proven			Probable			By Mesh Size		
Operation	40/70	70/140	Total	40/70	70/140	Total	40/70	70/140	Total
Kermit	107,599	85,702	193,301	2,599	2,232	4,831	110,198	87,934	198,132
Monahans	72,021	46,826	118,847	32,041	19,057	51,098	104,062	65,883	169,945
Total	179,620	132,528	312,148	34,640	21,289	55,929	214,260	153,817	368,077

Growth and Technology Initiatives

Currently, significant innovations include our Dune Express project, as well as our autonomous trucking initiative, which aims to revolutionize the delivery of proppant.

Dune Express

In addition to our e-mining process, unique to the Permian Basin, we are also developing our initial electrified proppant conveyor system, the Dune Express. The Dune Express is expected to take thousands of trucks off the roads, which should reduce traffic accidents and fatalities in the region and significantly reduce emissions generated, relative to the traditional delivery of sand by Permian Basin producers.

Our first Dune Express conveyor system will be a 42-mile long, 13 mmtpy capacity conveyor system built to deliver proppant to oil and natural gas companies operating in the Northern and Central Delaware Basin. According to , the Permian Basin is expected to consume approximately 60 million tons of proppant in 2022 and 71 million tons of proppant in 2023, respectively. This initial conveyor system is strategically located to deliver proppant to the core of the most prolific producing region of the Delaware Basin with flexible load out capabilities, including both permanent and mobile loadouts. We have secured the contiguous right-of-way, substantially completed the requisite federal and state permitting and are currently in active negotiations with upstream producers for contracts to secure capacity on the Dune Express.

Autonomous Trucking

Consistent with our commitment to technological innovation, as demonstrated by our e-mining and our command center in Austin, Texas, as well as our other historical and planned initiatives, we are expanding our footprint in proppant delivery logistics business through the use of autonomous trucking. On , 2022, we entered into a definitive agreement with a leading provider of autonomous technology with an established history of addressing off-road and technically challenging applications. The implementation of autonomous last-mile delivery solutions is intended to work synergistically with our planned Dune Express conveyor system to improve the reliability and consistency of proppant delivery, mitigate risks to operations and lessen the probability or impact of traffic congestion and accidents, weather events and other disruptions that frequently affect the delivery of oilfield products within the United States currently. We also believe our autonomous trucking initiative, when paired with the Dune Express, will have a positive impact on the environments and communities in which we operate.

Competitive Strengths

We believe the following competitive strengths will allow us to successfully execute our business strategies, achieve our primary business objectives and generate free cash flow, including:

- ***Unique asset base allows for a differentiated business profile*** . Our Kermit and Monahans facilities have a unique combination of key attributes that drive our differentiated business profile, including (1) unmatched scale of reserves and acreage within the two giant open dune deposits at the north and south ends of the sand fairway, (2) the two large open-dune deposits are proximal to areas of high unconventional resource development activity at both the Northern and Southern portions of the Delaware and Midland Basins, (3) the associated high quality of proppant, (4) the associated ease of access to our reserves and resources, (5) the depth of our deposit, thus a smaller areal footprint per ton produced and (6) plentiful availability of water. We are not aware of any other area in the Permian Basin that is able to replicate this combination of key attributes. When selecting our asset base in 2017, our management team, with its experience in upstream operations in the Permian Basin, thoroughly evaluated multiple sites with extensive geological investigations, and found that, in addition to an attractive proximity to the highest unconventional development areas in the U.S., our acreage offered the presence of a differentiated resource. We believe this resource to have one of the thickest deposits in the

Permian Basin, providing us with a large, long-lived reserve base. Unlike the overburdened sand reserves that are often in thinner sheets of deposition, our deep reserves extend up to the surface as open dunes, enabling us to mine more sand with less effort, reducing both environmental disturbance and operating cost. We believe that our reserves contain the highest-quality in-basin sand in the region, exhibiting minimal impurities, high crush strength, low turbidity, homogeneity and exceptional sphericity – all characteristics that make our sand optimal for unconventional resource development in the Permian Basin and preferred by our top-tier customer base. Finally, the presence of available water at our facilities, in an area where such resource is geologically intermittent and can be difficult to source without impacting regional aquifers, is a unique attribute that allows us to mine by electric dredge, significantly reducing emissions per ton of proppant mined while reducing operating costs.

- ***Strategically located, well designed premium facilities*** . The strategic location and logistics capabilities of our Kermit and Monahans facilities have enabled us to reliably and efficiently meet the proppant demand of our customers in both the Delaware and Midland Basins. As of December 31, 2021, our combined facilities have approximately 10.0 million tons of annual production capacity, two electric dredges, six dryers, 70,000 tons of onsite, finished-good storage, 14 dedicated truck loadout lanes with high speed loadout silos, a comprehensive water recycling system at each plant, which allows us to reuse approximately 95% of the water used in the production process, and 450,000 square feet of damp sand storage. Our facilities are capable of operating year-round and feature advanced safety designs, onsite water supply and recycling, power infrastructure and access to low-cost natural gas through connections to interstate natural gas lines. In addition, because currently a single-well completion in the Permian Basin can require hundreds of truckloads of proppant delivered to the wellsite, we strategically located our Kermit facility to be bisected by two state highways and positioned our Monahans facility adjacent to two highways, one of which is Interstate 20, to facilitate the efficient transportation of our proppant to customers within the Permian Basin, unlike certain regional competitors located in rural areas that lack the capacity to efficiently handle increased truck traffic. The shift towards simultaneous multi-well completion designs over the past year has increased the requisite truckloads of proppant delivered to multi-well pads to over 1,500 truckloads. Our Kermit facility's location also provides a strategic origination point for our first Dune Express, conveyor system which will travel across the Texas-New Mexico state line area, one of the highest development intensity sections of the Permian Basin.
- ***Unique equity investor capitalization of the Company.*** We are differentiated and advantaged by our unique equity investor capitalization. Rather than sourcing private equity capital, Bud Brigham funded the initial investments in us. Subsequently, we conducted a successful "friends and family" equity capital raise, which included many investors that had previously invested in Bud Brigham's prior enterprises. Importantly, approximately 40 of our equity investors are energy entrepreneurs, energy executives and sophisticated energy investors, providing both a validation of the business and facilitating our growth. As a result, we are differentiated in our space with a diverse and sophisticated investor group that is aligned and actively supportive of our shareholder value creation objectives, and we therefore also operate without the overhang that can often be attributed to large private equity investor positions.
- ***Ability to leverage technology in optimizing cost structure and addressing our customer's ESG goals*** . Our ability to generate cash flow in various commodity price environments and across business cycles is underpinned by our commitment to the continuous optimization of our operating and capital cost structures. Our move from traditional excavation methods to e-mining reduces the need for on-site personnel, heavy equipment, and diesel fuel.

Further, this technology also provides us the ability to enhance our customers' ESG initiatives. Numerous employees once located on-site in the Permian Basin now work in a smaller group at our command center in Austin, Texas, monitoring and operating the facilities by video and telecom. This has significantly reduced our cost structure and also has enabled us to attract and retain an exceptionally credentialed workforce as compared to competitors with traditional operations that by nature do not provide such flexibility with respect to the location of personnel deployment. In addition, the reduction of heavy equipment usage significantly reduces our maintenance capital requirements, allowing for greater capital efficiency and improves safety as a result of less personnel on-site.

- ***Pure-play, in-basin proppant and logistics in the Permian Basin*** . We are a pure-play, in-basin proppant producer in the Permian Basin with large reserves of high-quality sand that are well-suited for the hydraulic fracturing of oil and natural gas wells in the region. The Permian Basin has been the most active and resilient unconventional development area in the U.S. When the U.S. horizontal rig count peaked in 2014 at 1,372, the Permian Basin accounted for 41% of total U.S. rig count. Since that peak, rig activity in the Permian Basin has proven resilient and has grown to represent 50% of active U.S. drilling rigs as of December 31, 2021. Our acreage is located at the northern and southern ends of the Winkler Sand Trend, and we are logistically advantaged to reach wellheads throughout the entirety of the Permian Basin. Our focus on the Permian Basin, as well as our vast and diverse oil and gas operational experience, has enabled us to recognize and aggressively pursue large scale projects like the Dune Express that will be a step-change for the efficiency of proppant delivery in the area. Successful execution of such projects requires operational experience and in-basin expertise to ensure that all aspects of the project have been thoroughly considered and executed. We have also benefited from our extensive track record, as well as the associated relationships developed through our previous activity in the region by our previously created enterprises. As such, among other actions, we have (1) substantially completed the requisite federal and state permitting process, (2) promoted optimal access to lease roads that, in comparison to public roads, provide a significantly shorter mine-to-wellsite path of travel and allow larger, longer last-mile truckloads that promote per-ton efficiency, and (3) chosen appropriate conveyor routing and loadouts to service the most active parts of the Permian Basin with high-quality operators.

- ***Incentivized management team with significant experience in the Permian Basin and a track record of stockholder value creation***. Our executive management team has a combined total of over 75 years of experience in the energy industry. This experience includes two successful IPOs, two successful company sales, multiple asset monetizations and the successful building of other enterprises. See the subsection titled "—Management and Historical Successes" above. Management benefits from extensive experience in the Permian Basin, where our founder was born and raised, and he and other management members have extensive relationships built over a long history of involvement with various businesses in the region across upstream operations, non-operated enterprises, sand mine development, mineral acquisitions and water sourcing. We believe our management team's experience managing upstream operations in the Permian Basin lends a unique perspective that provides us with a network of key potential customers, suppliers, vendors and employees, contributes to our ability to provide a high quality customer experience and serves as a strong foundation for our role as a collaborative partner in meeting the advanced completion needs of our customers. Further, our management team has extensive experience in identifying attractive operating areas and evaluating resource potential through a variety of means, including extensive geologic studies; we believe this experience will continue to allow us to expand our operations by selectively pursuing organic development opportunities and innovations in the Permian Basin.

- ***Valuable relationships with a diverse group of customers*.** The success of our business has been underpinned by our relationships with some of the most respected operators and service companies in the Permian Basin. Our customers range from high-profile, public oil and natural gas and service companies to private, independent enterprises. We also have a diverse customer base, which we believe minimizes counterparty risk. We had customers during the year ended December 31, 2021, with the top 10 customers accounting for % of our revenue for that period. Our ability to secure and maintain these robust relationships lends support to our ability to weather economic headwinds. In 2020, we continued to operate throughout the height of the pandemic, grew sales volumes year over year from 2019 to 2020, and increased our market share, as we expanded our customer base by the addition of new customers since January 1, 2020.

- ***Proactive approach to the well-being of the environment and our employees*.** Our voluntary agreement under the CCAA ensures that the USFWS will not require us to comply with conservation measures or impose any restrictions on our use of resources beyond those which we have already agreed. Our large acreage position also provides us with the flexibility to set aside as much as 17,000 acres of high suitability DSL habitat for conservation protection, which would exempt us from certain enrollment fees otherwise required under the CCAA. The smaller acreage position of many of our Permian Basin competitors may make similar set-asides commercially challenging for them. We believe that our voluntary participation under the CCAA will help to safeguard our assets and operations against adverse effects that could result from non-participation or any future listing of the DSL as an endangered species. We believe potential customers, focused on improving the sustainability profile of their own operations, value our proactive stance towards environmental risk management. As we focus on the well-being of the environment we operate in, we also focus on the well-being of our employees through initiatives such as Wyatt's Lodge. We believe that this differentiated investment in our employees creates a culture of pride and ownership that fosters the positive disruptions and innovations our business successes are built on.

Business Strategies

Our principal business objective is to drive improvements to critical products and services in the Permian Basin through innovation which may reduce environmental impacts and optimize our cost structure, while driving notable value creation for our stockholders and stakeholders alike.

- ***Continuously optimize cost structure in order to deliver Free Cash Flow across commodity cycles.*** Demand for services used in the development of unconventional resources in the United States varies notably based on the pace and intensity of such development, which is driven in large part by the prevailing commodity price environment. Since the beginning of 2020 through January 31, 2022, oil prices exhibited substantial volatility ranging from $16.55 to $83.22 and we expect commodity prices to continue to be unpredictable going forward; as such, since our inception, we have continuously strived to optimize our cost structure and we believe we are able to provide our stockholders with a return of capital through cycles. For instance, substantial up-front investments were made in our Kermit and Monahans facilities and associated equipment in order for their design to maximize uptime and reliability. Our access to a natural water table near the surface of our deposit has allowed us to significantly lower our production costs through dredge mining. Our adoption of e-mining has driven significant cost savings, with mining costs per ton down by % in the first quarter of 2020 as compared to the first quarter of 2021. In the future, the modular designs of our facilities will accommodate future expansions at a significantly reduced expense as compared to the conventionally designed facilities of our Permian Basin competitors.

- ***Seek out opportunities to positively disrupt the market for products and services critical to unconventional resource development projects.*** Innovation is central to our corporate culture, as it has been since our leadership role in the Bakken Formation's evolution via Brigham Exploration, and we continuously strive to holistically improve unconventional resource development in the United States, particularly in the Permian Basin. We were a leader in the disruption in the proppant supply chain as early entrants into "in-basin" sand which eliminated the need for in excess of 1,000 mile train hauls from the midwestern United States and in excess of 250 mile truck hauls from central Texas, providing substantial economic and environmental benefits. More recently, we were the first to bring e-mining to the Permian Basin, and we are advancing our initiative to meaningfully electrify sand delivery operations in the Permian Basin through our Dune Express and autonomous trucking initiatives.

- ***Leverage innovation and disruptive technology to improve the unconventional resource supply chain.*** Our Kermit and Monahans facilities represent a complete reinvention of the more traditional proppant production facility. Most proppant production facilities were historically located far from the point of consumption and therefore had long supply lines. Generally speaking, these facilities frequently experienced downtime on an unpredictable schedule. With the onset of in-basin sand, we recognized the need for its facilities to operate on a just-in-time delivery basis and took to redesigning the traditional facility to ensure that redundancy was built in at critical junctures, to mitigate the effects of unplanned equipment downtime. Additional early measures included investments into the automation of our loadout lanes to drive down load times and the automation of many of our operations activities to improve efficiency and safety. More recently, we were the first, and currently the only, Permian Basin miner to electrify the mining of frac sand through electric dredges. Our Dune Express and autonomous trucking initiatives are the next positive major disruptions that we are bringing to the Permian Basin. As a positive disruptive industry technology, the Dune Express replaces much of the trucking haul with electric, conveyor-based transportation which is likely to provide substantial ESG benefits, including a significant reduction in the emissions generated, relative to in the traditional delivery of sand to customer wellsites due to the reduction in miles driven per ton of payload delivered benefitting from the streamlined logistics footprint. Similarly, we expect our automated trucking initiative to significantly reduce vehicular incidents and save lives through the reduced incidence of human error, improved route planning and expanded payloads that will deliver substantially more tons of sand per gallon of diesel fuel consumed. These strategic initiatives and other innovations are clear demonstrations of our commitment to evaluate and pursue strategies and technologies that positively disrupt our industry and continue to establish, maintain and optimize aspects of our business that provide distinct advantages over our competitors.

- ***Grow business around anchor contracts with high quality counterparties*** . Innovation and the pursuit of additional projects like the Dune Express are central to our strategy but they are only made possible by our relationships with top-tier operators in the Permian Basin. We have supply contracts in place with a variety of leading oil and natural gas and oilfield services companies, many of which are high-credit quality customers. The quality of our customer base is reflected in our collections rate over the year ended December 31, 2021, which exceeded 99.9%. We had similar collection rates for both years ended December 31, 2020 and 2019, which also exceeded 99.9%. We are currently in active negotiations with upstream producers for contracts to secure capacity on the Dune Express. While many factors influence the selection of proppant providers, we believe that our differentiated environmental profile, resulting from our major electrification projects, paired with our ability to reliably provide large volumes of quality proppant at attractive rates makes us a preferred partner for customers similarly prioritizing enhanced sustainability of operations and cost structure optimization.

- ***Drive stockholder value creation by prioritizing ESG*** . We have recognized, from our founding, that long-term profitability for our stockholders can be achieved only by delivering positive outcomes for our other stakeholders—treating our employees well, executing as good stewards in the communities and the environments we do business in, and operating with the highest governance and diligence standards. Though many of our stakeholders are not owners of our business, they do have a meaningful influence in the success of our business. Therefore, to optimize value creation for our stockholders, we strive to provide attractive outcomes for our stakeholders.

- ***Maintain a conservative financial profile in order to provide durable capital returns in a cyclical industry*** . The energy services business is historically cyclical, and we believe that a strong balance sheet and substantial liquidity are key, not only for the long-term health of the company, but also for its ability to continuously return capital to its stockholders through-cycles. On a pro forma basis after giving effect to this offering, we expect to have approximately $ million of cash on hand, $ million available under our Asset-Based Loan Credit Facility (the "ABL Credit Facility"), and $ outstanding under our Term Loan Credit Facility (as defined below). Further, we plan to continue making regular stockholder distributions as we transition into a public company, likely in the form of regular base dividends and potentially a combination of special dividends and share repurchases.

Recent Developments

Debt Refinancing

On October 20, 2021, we entered into a credit agreement with Stonebriar Commercial Finance LLC (the "Term Lender") pursuant to which the Term Lender extended a $180.0 million single advance six-year term loan credit facility (the "Term Loan Credit Facility"). As of December 31, 2021, $ of the principal amount of the term loan was outstanding under the Term Loan Credit Facility. The proceeds of the Term Loan Credit Facility were used, among other uses, to repay all outstanding indebtedness under the 2018 Term Loan Credit Facility. The term loan outstanding under the Term Loan Credit Facility bears interest at a rate of 8.47% per annum, compared to an interest rate of 13.00% under the previous 2018 Term Loan Credit Facility. See the subsection titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Debt Agreements" for additional information regarding the Term Loan Credit Facility.

On October 20, 2021, we and the lenders under the ABL Credit Facility agreed to amend certain terms of the ABL Credit Agreement to, among other things, allow us to enter into the Term Loan Credit Facility, to repay all borrowings outstanding under the 2018 Term Loan Credit Facility and to conform certain terms and covenants under the ABL Credit Facility to the Term Loan Credit Facility.

The Term Loan Credit Facility allows for significant distribution capacity as long as reasonable liquidity and leverage tests are met and is prepayable at low-cost at any time. See the subsection titled "Business—Debt Agreements" for additional information regarding the ABL Credit Facility.

Additional Capital Contributions

On October 15, 2021, pursuant to the Third Amended and Restated Limited Liability Company Agreement of Atlas LLC, we delivered a funding notice to the Atlas unitholders (other than Atlas Sand Management Company, LLC, the majority unitholder which had already made additional capital contributions related to such Funding Notice), by which Atlas LLC offered each unitholder the right, but not the obligation, to make additional capital contributions to the Atlas LLC. In addition, we delivered a notice to Class C unitholders pursuant to an option giving them the right to make additional capital contributions, which they exercised. The capital contributions closed on December 1, 2021 and resulted in additional capital contributions of $12.6 million.

2021 Cash Distribution

In December 2021, we made cash distributions to unitholders of Atlas LLC in the aggregate amount of $10.0 million pursuant to the terms of the Third Amended and Restated Limited Liability Company Agreement of Atlas LLC.

Wyatt's Lodge

On December 10, 2021, we entered into a definitive agreement under which we acquired certain assets from Brigham Development, LLC and BDWTX, LLC in an all-cash transaction valued at $7.0 million. These assets include Wyatt's Lodge, a lodging facility located in Kermit, Texas operated by us, for our Permian Basin-based personnel located conveniently between our Kermit and Monahans facilities. By acquiring Wyatt's Lodge, we eliminated approximately $1.5 million of annual rental expense.

Corporate Reorganization

Atlas LLC was formed on April 20, 2017 for the purpose of being an in-basin, pure-play producer and provider of proppant primarily in the Permian Basin.

Atlas Energy Solutions Inc. ("Atlas Inc.") was incorporated as a Delaware corporation in February 2022. Following this offering and the corporate reorganization described below, Atlas Inc. will be a holding company whose sole material asset will consist of membership interests in Atlas LLC. Atlas LLC will own, directly or indirectly, all of our operating assets. After the consummation of this offering and the corporate reorganization described below, Atlas Inc. will be the sole managing member of Atlas LLC, will be responsible for all operational, management and administrative decisions relating to Atlas LLC's business and will consolidate the financial results of Atlas LLC and its subsidiaries.

In connection with the completion of this offering, we will engage in the following transactions, which we refer to as the "corporate reorganization":

- all of the membership interests in Atlas LLC will be converted into a single class of common units in Atlas LLC ("Atlas Units");
- certain of the existing (direct or indirect) holders of Atlas Units (all holders, the "Legacy Owners") will directly or indirectly transfer all or a portion of their Atlas Units to Atlas Inc. in exchange for shares of Class A common stock and rights under the Tax Receivable Agreement (described below);
- Atlas Inc. will contribute all of the net proceeds received by it in this offering to Atlas LLC in exchange for a number of Atlas Units such that the total number of Atlas Units held by Atlas Inc. equals the number of shares of Class A common stock outstanding after this offering;
- a portion of said proceeds from this offering will be used by Atlas LLC to distribute to the Legacy Owners, in exchange for a portion of their Atlas Units, an aggregate amount of cash equal to times the initial public offering price per share of Class A common stock after underwriting discounts and commissions;
- Atlas Inc. will issue and contribute to Atlas LLC, and Atlas LLC will distribute to each of the Legacy Owners, one share of Class B common stock for each Atlas Unit held by it immediately following the this offering and the corporate reorganization; and
- to the extent the underwriters' option to purchase additional shares is exercised in full or in part, the net proceeds therefrom will be used to make a distribution to the Legacy Owners in

redemption of a number of Atlas Units (together with an equivalent number of shares of our Class B common stock) and/or shares of Class A common stock equal to the number of shares of Class A common stock issued pursuant to the underwriters' option to purchase additional shares.

In the event we increase or decrease the number of shares of Class A common stock sold in this offering, (i) the amount of cash distributed to the Legacy Owners will correspondingly increase or decrease, respectively, and (ii) accordingly, the number of Atlas Units, shares of Class B common stock and shares of Class A common stock held by the Legacy Owners immediately following this offering will correspondingly decrease or increase, respectively.

After giving effect to these transactions and this offering and assuming the underwriters' option to purchase additional shares is not exercised:

- the Legacy Owners will own all of the outstanding shares of Class B common stock and shares of Class A common stock, collectively representing % of the voting power and % of the economic interest of Atlas Inc.;
- Atlas Inc. will own an approximate % interest in Atlas LLC; and
- the Legacy Owners will own an approximate % interest in Atlas LLC.

If the underwriters' option to purchase additional shares is exercised in full:

- the Legacy Owners will own all of the outstanding shares of Class B common stock and shares of Class A common stock, collectively representing % of the voting power and % of the economic interest of Atlas Inc.;
- Atlas Inc. will own an approximate % interest in Atlas LLC; and
- the Legacy Owners will own an approximate % interest in Atlas LLC.

Each share of Class B common stock has no economic rights but entitles its holder to one vote on all matters to be voted on by stockholders generally. Holders of Class A common stock and Class B common stock will vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law or by our amended and restated certificate of incorporation. We do not intend to list our Class B common stock on any exchange.

Following this offering, under the Fourth Amended and Restated Limited Liability Company Agreement of Atlas LLC (the "Atlas LLC Agreement"), the holders of Atlas Units (the "Atlas Unitholders"), other than Atlas Inc., will, subject to certain limitations, have the right (the "Redemption Right") to cause Atlas LLC to acquire all or a portion of their Atlas Units for, at Atlas LLC's election, (i) shares of our Class A common stock at a redemption ratio of one share of Class A common stock for each Atlas Unit redeemed, subject to conversion rate adjustments for stock splits, stock dividends, reclassification and other similar transactions, or (ii) an equivalent amount of cash. We will determine whether to issue shares of Class A common stock or cash based on facts in existence at the time of the decision, which we expect would include the relative value of the Class A common stock (including the trading prices for the Class A common stock at the time), the cash purchase price, the availability of other sources of liquidity (such as an issuance of preferred stock) to acquire the Atlas Units and alternative uses for such cash. Alternatively, upon the exercise of the Redemption Right, Atlas Inc. (instead of Atlas LLC) will have the right (the "Call Right") to, for administrative convenience, acquire each tendered Atlas Unit directly from the redeeming Atlas Unitholder for, at its election, (x) one share of Class A common stock, subject to conversion rate adjustments for stock splits, stock dividends, reclassification and other similar transactions, or (y) an equivalent amount of cash. In addition, upon a change of control of Atlas Inc., Atlas Inc. will have the right to require the Atlas Unitholders to exercise their Redemption Right with respect to some or all of their Atlas Units. In connection with any redemption of Atlas Units pursuant to the Redemption Right or the Call Right, a corresponding number of shares of Class B common stock will be cancelled. See the subsection titled “Certain Relationships and Related Party Transactions—Atlas LLC Agreement.”

Atlas Inc.’s acquisition (or deemed acquisition for U.S. federal income tax purposes) of Atlas Units in connection with this offering or pursuant to an exercise of the Redemption Right or the Call Right is expected to result in adjustments to the tax basis of the tangible and intangible assets of Atlas LLC that will be allocated to Atlas Inc. and adjustments to Atlas Inc.’s allocable share of existing tax basis of the tangible and intangible assets of Atlas LLC. These adjustments would not have been available to Atlas Inc. absent its acquisition or deemed acquisition of Atlas Units and are expected to reduce the amount of cash tax that Atlas Inc. would otherwise be required to pay in the future.

Moreover, Section 704(c) of the Internal Revenue Code of 1986, as amended (the “Code”), and the U.S. Treasury regulations promulgated thereunder, require that items of income, gain, loss and deduction that are attributable to Atlas LLC’s directly and indirectly held property must be allocated among the partners of Atlas LLC to take into account the difference between the fair market value and the adjusted tax basis of such assets on the date of the consummation of this offering. As a result, Atlas LLC will be required to make certain special allocations of its items of income, gain, loss and deduction that are attributable to such assets. These allocations, like the increases in tax basis described above, are likely to reduce the amount of income tax we would otherwise be required to pay.

In connection with the closing of this offering, Atlas Inc. will enter into a tax receivable agreement (the “Tax Receivable Agreement”) with the Legacy Owners (together with their permitted transferees, the “TRA Holders”), which generally will provide for the payment by Atlas Inc. to the TRA Holders of % of the net cash savings, if any, in U.S. federal, state and local income tax and franchise tax (determined by using the actual applicable U.S. federal income tax rate and an assumed combined state and local income tax rate) that Atlas Inc. actually realizes (or is deemed to realize in certain circumstances) in periods after the consummation of this offering as a result of (i) certain increases in tax basis and Atlas Inc.’s allocable share of existing tax basis that occur as a result of Atlas Inc.’s acquisition (or deemed acquisition for U.S. federal income tax purposes) of Atlas Units in connection with this offering or pursuant to the exercise of the Redemption Right or the Call Right, (ii) disproportionate allocations, if any, of tax benefits to Atlas Inc. pursuant to Section 704(c) of the Code and (iii) imputed interest deemed to be paid by Atlas Inc. as a result of, and additional tax basis arising from, any payments Atlas Inc. makes under the Tax Receivable Agreement. Atlas Inc. will retain the benefit of the remainder of the actual net cash savings, if any.

The term of the Tax Receivable Agreement will commence upon the completion of this offering and will continue until all tax benefits that are subject to the Tax Receivable Agreement have been utilized or expired, unless Atlas Inc. exercises its right to terminate the Tax Receivable Agreement or the Tax Receivable Agreement is terminated due to other circumstances, including our breach of a material obligation thereunder or certain mergers or other changes of control. In the event that the Tax Receivable Agreement is not terminated, it is expected that payments under the Tax Receivable Agreement will commence in and will continue to be made for more than years. Payments will generally be made under the Tax Receivable Agreement as Atlas Inc. realizes actual cash tax savings in periods after this offering from the tax benefits covered by the Tax Receivable Agreement. However, if we experience a change of control (as defined under the Tax Receivable Agreement, which includes certain mergers, asset sales and other forms of business combinations) or the Tax

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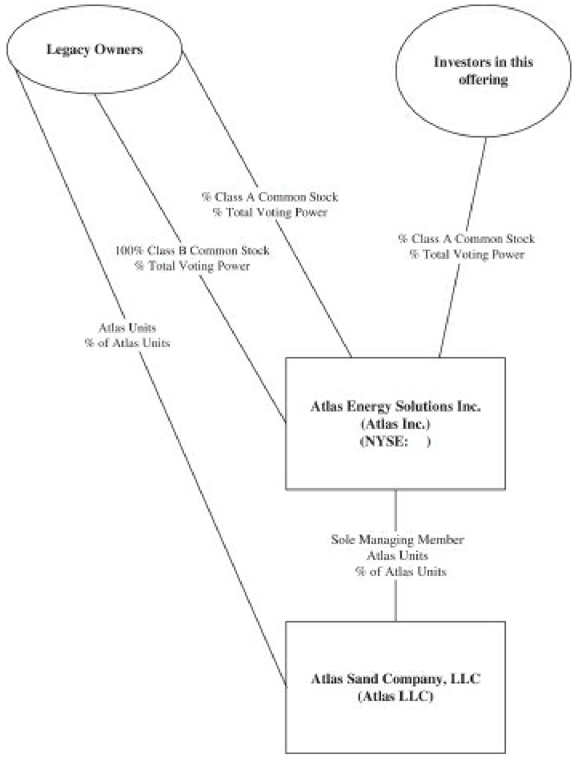
Receivable Agreement otherwise terminates early (at our election or as a result of our breach), Atlas Inc. would be required to make a substantial, immediate lump-sum payment, and such payment may be significantly in advance of, and may materially exceed, the actual realization, if any, of the future tax benefits to which the payment relates. Atlas Inc. is a holding company and accordingly will be dependent upon distributions from Atlas LLC to make payments under the Tax Receivable Agreement.

See the subsection "Risk Factors—Risks Related to Our Class A Common Stock and Organizational Structure" and "Certain Relationships and Related Party Transactions—Tax Receivable Agreement."

The following diagram indicates our simplified ownership structure immediately following this offering and the transactions related thereto (assuming the underwriters' option to purchase additional shares is not exercised):



Summary Risk Factors

The following is a summary of some of the principal risks that could materially adversely affect our business, financial condition and results of operations. You should read this summary together with the more detailed description of each risk factor contained below.

Risks Related to Our Business and Operations

- Our proppant production and logistics operations depend on the level of activity in the oil and natural gas industries, which experiences substantial volatility due to a number of factors, including demand for oil and natural gas, the COVID-19 pandemic, weather, seasonality and demand for frac sand, among others.
- Increasing costs, a lack of dependability or availability of transportation services, or infrastructure or an oversupply of transportation services could have an adverse effect on our business, financial condition and results of operations.
- We may be adversely affected by decreased demand for frac sand or the development of technically and cost-effective alternative proppants or new processes to replace hydraulic fracturing.
- Given the nature of our proppant production operations, we face a material risk of liability, delays and increased cash costs of production from environmental and industrial accidents and operational breakdowns.
- The development of the Dune Express is a complex and challenging process that may take longer and cost more than estimated, or not be completed at all. In addition, successful development and operation of the Dune Express system will depend on certain factors that may be outside of our control, and the storage and transportation capacity or other anticipated benefits of our Dune Express system may not be achieved.
- A negative shift in investor sentiment towards the oil and natural gas industry and increased attention to ESG and conservation matters may adversely impact our business.
- Most of our product sales are currently generated at two facilities. Any adverse developments at those facilities could have an adverse effect on our business, financial condition and results of operations.
- If we or our customers are not able to obtain and maintain necessary permits, our results of operations could suffer.
- An increase in the supply of frac sand having similar characteristics as the frac sand we produce could make it more difficult for us to renew or replace our existing contracts on favorable terms, or at all.

Risks Related to Financial Conditions

- Our indebtedness could adversely affect our financial flexibility and our competitive position.
- Our supply agreements contain provisions requiring us to deliver minimum amounts of sand-based proppants. If we are unable to meet our minimum requirements under these contracts, we may be required to pay penalties or the contract counterparty may be able to terminate the agreement.

Risks Related to Environmental, Mining and Other Regulations

- Federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing and the potential for related litigation could result in increased costs, additional operating restrictions or delays for our customers, which could cause a decline in the demand for our frac sand and negatively impact our business, results of operations and financial condition.
- We and our customers are subject to other extensive regulations, including licensing, plant and wildlife protection and reclamation regulation, that impose, and will continue to impose, significant costs and liabilities. In addition, future regulations, or more stringent enforcement of existing regulations, could increase those costs and liabilities, which could adversely affect our results of operations.

Risks Related to Our Class A Common Stock and Organizational Structure

- We are a holding company. Our sole material asset after completion of this offering and our corporate reorganization will be our equity interest in Atlas LLC, and we will accordingly be dependent upon cash distributions from Atlas LLC to cover our taxes and corporate and overhead expenses, among other expenses.
- The requirements of being a public company, including compliance with the reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the requirements of the Sarbanes-Oxley Act, may strain our resources, increase our costs and distract management, and we may be unable to comply with these requirements in a timely or cost-effective manner.

Emerging Growth Company Status

We are an “emerging growth company” as defined in the Jumpstart Our Business Startups Act (the “JOBS Act”). For as long as we are an emerging growth company, unlike other public companies that are not emerging growth companies under the JOBS Act, we are not required to:

- provide an auditor’s attestation report on management’s assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act;
- provide more than two years of audited financial statements and related management’s discussion and analysis of financial condition and results of operations;
- comply with any new requirements that may be adopted by the Public Company Accounting Oversight Board (the “PCAOB”) requiring mandatory audit firm rotation or a supplement to the auditor’s report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer;
- provide certain disclosure regarding executive compensation required of larger public companies or hold stockholder advisory votes on executive compensation required by the Dodd-Frank Wall Street Reform and Consumer Protection Act; or
- obtain stockholder approval of any golden parachute payments not previously approved.

We will cease to be an emerging growth company upon the earliest of:

- the last day of the fiscal year in which we have $1.07 billion or more in annual revenues;
- the date on which we become a "large accelerated filer" (the fiscal year-end on which the total market value of our common equity securities held by non-affiliates is $700 million or more as of June 30);
- the date on which we issue more than $1.0 billion of non-convertible debt over a three-year period; or
- the last day of the fiscal year following the fifth anniversary of our initial public offering.

In addition, Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the "Securities Act"), for complying with new or revised accounting standards, but we have irrevocably opted out of the extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates in which adoption of such standards is required for other public companies.

Principal Executive Offices and Internet Address

Our principal executive offices are located at 5918 W. Courtyard Drive, Suite 500, Austin, Texas 78730, and our telephone number at that address is (512) 220-1200. Our website address is . We expect to make our periodic reports and other information filed with or furnished to the SEC available free of charge through our website as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information contained on, or otherwise accessible through, our website or any other website is not incorporated herein by reference and does not constitute part of this prospectus.

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The Offering

Class A common stock offered by us	shares (shares if the underwriters' option to purchase additional shares is exercised in full).
Class A common stock to be outstanding immediately after completion of this offering	shares (shares if the underwriters' option to purchase additional shares is exercised in full).
Class B common stock to be outstanding immediately after completion of this offering	shares (shares if the underwriters' option to purchase additional shares is exercised in full), or one share for each Atlas Unit held by the Legacy Owners immediately following this offering and any exercise of the underwriters' option to purchase additional shares. Class B shares are non-economic. In connection with any redemption of Atlas Units pursuant to the Redemption Right or the Call Right, a corresponding number of shares of Class B common stock will be cancelled.
Voting power of Class A common stock after giving effect to this offering	% (or (i) % if the underwriters' option to purchase additional shares is exercised in full and (ii) 100% if all outstanding Atlas Units held by the Legacy Owners were redeemed, along with a corresponding number of shares of our Class B common stock, for newly issued shares of Class A common stock on a one-for-one basis).
Voting power of Class B common stock after giving effect to this offering	% (or (i) % if the underwriters' option to purchase additional shares is exercised in full and (ii) 0% if all outstanding Atlas Units held by the Legacy Owners were redeemed, along with a corresponding number of shares of our Class B common stock, for newly issued shares of Class A common stock on a one-for-one basis).
Voting rights	Each share of our Class A common stock entitles its holder to one vote on all matters to be voted on by stockholders generally. Each share of our Class B common stock entitles its holder to one vote on all matters to be voted on by stockholders generally. Holders of our Class A

	common stock and Class B common stock vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law or by our amended and restated certificate of incorporation. See "Description of Capital Stock."
Use of proceeds	We expect to receive approximately $ million of net proceeds from the sale of Class A common stock, after deducting underwriting discounts and estimated offering expenses payable by us (assuming the midpoint of the price range set forth on the cover page of this prospectus). A portion of the net proceeds from this offering will be used to distribute to the Legacy Owners, in exchange for a portion of their Atlas Units, an aggregate amount of cash equal to approximately $. We intend to contribute all of the net proceeds of this offering to Atlas LLC in exchange for Atlas Units. Atlas LLC will use such net proceeds to fund approximately $ million for general corporate purposes, including capital projects. Please see "Use of Proceeds."
Dividend policy	We expect to pay dividends on our Class A common stock in amounts determined from time to time by our board of directors. Future dividend levels will depend on the earnings of our subsidiaries, their financial condition, cash requirements, regulatory restrictions any restrictions in financing agreements and other factors deemed relevant by the board. Please see "Dividend Policy."
Redemption rights of Atlas Unit Holders	Following this offering, under the Atlas LLC Agreement, the Atlas Unitholders, other than Atlas Inc., will, subject to certain limitations, have the right, pursuant to the Redemption Right, to cause Atlas LLC to acquire all or a portion of their Atlas Units for, at Atlas LLC's election, (i) shares of our Class A common stock at a redemption ratio of one share of Class A common stock for each Atlas Unit redeemed, subject to conversion rate adjustments for stock splits, stock dividends, reclassification and other similar transactions, or (ii) an equivalent amount of cash. Alternatively,

	upon the exercise of the Redemption Right, Atlas Inc. (instead of Atlas LLC) will have the right, pursuant to the Call Right, to, for administrative convenience, acquire each tendered Atlas Unit directly from the redeeming Atlas Unitholder for, at its election, (x) one share of Class A common stock, subject to conversion rate adjustments for stock splits, stock dividends, reclassification and other similar transactions, or (y) an equivalent amount of cash. In connection with any redemption of Atlas Units pursuant to the Redemption Right or the Call Right, a corresponding number of shares of Class B common stock will be cancelled. See “Certain Relationships and Related Party Transactions—Atlas LLC Agreement.”
Tax Receivable Agreement	In connection with the closing of this offering, Atlas Inc. will enter into the Tax Receivable Agreement with the TRA Holders, which will generally provide for the payment by it to the TRA Holders of % of the net cash savings, if any, in U.S. federal, state and local income and franchise tax (determined by using the actual applicable U.S. federal income tax rate and an assumed combined state and local income tax rate) that Atlas Inc. actually realizes or is deemed to realize in certain circumstances in periods after this offering as a result of certain tax basis and tax basis increases allocable to Atlas Inc., certain tax allocations to Atlas Inc. resulting from the application of the principles of Section 704(c) of the Code and certain tax benefits attributable to imputed interest. Atlas Inc. will retain the benefit of the remainder of the net cash savings, if any. See “Risk Factors—Risks Related to Our Class A Common Stock and Organizational Structure” and “Certain Relationships and Related Party Transactions—Tax Receivable Agreement.”
Proposed listing symbol	We intend to apply to list our Class A common stock on the NYSE under the symbol “ .”
Risk factors	You should carefully read and consider the information set forth under the heading “Risk Factors” and all other information set forth in this prospectus before deciding to invest in our Class A common stock.

The information above excludes (i) shares of Class A common stock reserved for issuance under our long-term incentive plan (our "LTIP"), which we intend to adopt in connection with the completion of this offering and (ii) shares of Class A common stock reserved for issuance in connection with any exercise of the Redemption Right or Call Right.

Summary Historical and Pro Forma Financial and Operating Data

Atlas Inc. was formed on February 3, 2022 and does not have historical financial results. The following table shows the summary historical condensed consolidated financial information of our Predecessor and the summary pro forma financial information of Atlas Inc. for the periods and as of the dates indicated.

The summary historical unaudited condensed consolidated financial information of our Predecessor as of September 30, 2021, and for the nine months ended September 30, 2021, was derived from the historical unaudited condensed consolidated financial statements of our Predecessor included elsewhere in this prospectus. The summary historical consolidated financial information of our Predecessor as of December 31, 2020, and for the year ended December 31, 2020, was derived from the historical audited consolidated financial statements of our Predecessor included elsewhere in this prospectus.

The summary unaudited pro forma statement of operations and balance sheet data for the nine months ended September 30, 2021 has been prepared to give pro forma effect to (i) the reorganization transactions described under “Corporate Reorganization” and (ii) this offering and the application of the net proceeds therefrom as if each had been completed as of January 1, 2021, in the case of the statement of operations data, and on September 30, 2021, in the case of the balance sheet data. This information is subject to and gives effect to the assumptions and adjustments described in the notes accompanying the unaudited pro forma financial statements included elsewhere in this prospectus. The summary unaudited pro forma financial and operating data is presented for informational purposes only and should not be considered indicative of actual results of operations that would have been achieved had such transactions been consummated on the dates indicated, and does not purport to be indicative of statements of financial position or results of operations as of any future date or for any future period.

The following table should be read together with the sections titled “Use of Proceeds,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Corporate Reorganization,” and the historical consolidated financial statements of our Predecessor, our pro forma financial statements and related notes included elsewhere in this prospectus.

	Predecessor	
	Nine Months Ended September 30, 2021 (Unaudited)	Year Ended December 31, 2020
	(In thousands, except the share amounts)	
Statement of Operations Data:		
Total sales	119,558	111,772
Cost of sales (excluding depreciation, depletion and accretion expense)	59,369	73,118
Depreciation, depletion and accretion expense	17,376	20,887
Gross profit	42,813	17,767
Selling, general and administrative expense	11,992	17,743
Impairment of long-lived assets	—	1,250
Operating income (loss)	30,821	(1,226)
Interest expense, net	(20,803)	(32,819)
Other income (loss)	179	(25)
Income (loss) before income taxes	10,197	(34,070)
Income tax expense	320	$ 372
Net income (loss)	$ 9,877	$ (34,442)

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	Predecessor	
	Nine Months Ended September 30, 2021 (Unaudited)	Year Ended December 31, 2020
	(In thousands, except the share amounts)	
Pro Forma Information:		
Pro forma net income (loss)(1)	$	$
Pro forma non-controlling interest(2)	$	$
Pro forma net income (loss) attributable to common stockholders(3)	$	$
Pro forma net income (loss) per common share attributable to common stockholders(1)(3)		
Basic	$	$
Diluted	$	$
Pro forma weighted-average shares outstanding(3)		
Basic		
Diluted		
Other Data:		
Sales Volumes	5,819,717	6,317,716
Contribution Margin	$ 60,189	$ 38,654
Adjusted EBITDA(4)	$ 49,127	$ 24,667
Adjusted EBITDA Margin	40.2%	22.1%
Free Cash Flow(4)		
Free Cash Flow Margin(4)		
Free Cash Flow Conversion(4)		
Cost of Sales per ton		
Statement of Cash Flows Data:		
Net cash provided by operating activities	$ 28,666	$ 12,486
Net cash used in investing activities	(9,695)	(9,532)
Net cash provided by (used in) financing activities	(27,746)	11,826
Cash, cash equivalents and restricted cash, end of period	$ 27,297	$ 36,072
Balance Sheet Data (at end of period):		
Cash and cash equivalents	$ 27,297	$ 36,072
Total assets	$ 515,683	$ 521,742
Long-term debt, net of discount and deferred financing costs	122,259	134,844
Total liabilities	174,051	190,045
Total members' equity	$ 341,632	$ 331,697

(1) Pro forma net income (loss) reflects pro forma income tax expense of $ for the nine months ended September 30, 2021 and pro forma income tax expense of $ for the year ended December 31, 2020, associated with the income tax effects of this offering and the corporate reorganization described under "Corporate Reorganization." Atlas Inc. is a corporation and is subject to U.S. federal income tax. Our Predecessor is and was generally not subject to U.S. federal income tax at an entity level. As a result, the consolidated net income in our Predecessor's historical financial statements does not reflect the tax expense we would have incurred if we had been subject to U.S. federal income tax at an entity level during such periods.

(2) Reflects the pro forma adjustment to non-controlling interest and net income attributable to common stockholders to reflect the ownership of Atlas Units by the Legacy Owners.

(3) Pro forma net income per share attributable to common stockholders and weighted average shares reflect the estimated number of shares of Class A common stock we expect to have

outstanding upon the completion of our corporate reorganization described under the section titled "Corporate Reorganization" and this offering. On a pro forma basis for the year ended December 31, 2020, the potential redemption of Atlas Units and cancellation of the corresponding shares of Class B common stock has been excluded from the reported diluted weighted average shares outstanding used to compute diluted earnings per share as the impact of such redemption would be antidilutive. We use the "if-converted" method to determine the potential dilutive effect of our Class B common stock.

(4) Please read "—Non-GAAP Financial Measures" below for the definitions of Adjusted EBITDA, EBITDA Conversion, Free Cash Flow and Free Cash Flow Margin and a reconciliation of Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow , Free Cash Flow Margin and Free Cash Flow Conversion to our most directly comparable financial measures, calculated and presented in accordance with generally accepted accounting principles in the United States ("GAAP").

Non-GAAP Financial Measures

Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, Free Cash Flow Margin, Free Cash Flow Conversion and Contribution Margin are non-GAAP supplemental financial measures used by our management and by external users of our financial statements such as investors, research analysts and others, in the case of Adjusted EBITDA, to assess our operating performance on a consistent basis assess periods by removing the effects of development activities and, in the case of Free Cash Flow, to assess the financial performance of our assets and their ability to sustain dividends over the long term without regard to financing methods, capital structure or historical cost basis.

We define Adjusted EBITDA as net income (loss) before depreciation, depletion and accretion, interest expense, income tax expense, expense related to workforce reduction, impairment of long-lived assets, unit based compensation loss on disposal of property, plant and equipment, loss on commodity derivatives and gain or loss on extinguishment of debt. Management believes Adjusted EBITDA is useful because it allows them to more effectively evaluate our operating performance and compare the results of our operations from period to period and against our peers without regard to our financing methods or capital structure. We exclude the items listed above from net income in arriving at Adjusted EBITDA because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired.

We define Adjusted EBITDA Margin as Adjusted EBITDA divided by total sales.

We define Free Cash Flow as Adjusted EBITDA *less* maintenance capital expenditures. We believe that Free Cash Flow is useful to investors as it provides a measure of the ability of our business to generate cash.

We define Free Cash Flow Margin as Free Cash Flow divided by total sales.

We define Free Cash Flow Conversion as Free Cash Flow for divided by Adjusted EBITDA.

We define Maintenance Capital Expenditures as Capital Expenditures excluding growth capital expenditures.

Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, Free Cash Flow Margin and Free Cash Flow Conversion do not represent and should not be considered alternatives to, or more meaningful than, net income, income from operations, cash flows provided by operating activities or any other measure of financial performance presented in accordance with GAAP as measures of our

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financial performance. Adjusted EBITDA and Free Cash Flow have important limitations as analytical tools because they exclude some but not all items that affect net income, the most directly comparable GAAP financial measure. Our computation of Adjusted EBITDA and Free Cash Flow may differ from computations of similarly titled measures of other companies.

The following table presents a reconciliation of EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, Free Cash Flow Margin and Free Cash Flow Conversion to the most directly comparable GAAP financial measure for the periods indicated.

	Predecessor	
	Nine Months Ended September 30, 2021	Year Ended December 31, 2020
	(In thousands, except percentages)	
Net income (loss)	$ 9,877	$ (34,442)
Depreciation, depletion and accretion expense	18,069	21,579
Interest expense, net	25,264	32,819
Income tax expense(1)	320	372
EBITDA	$ **53,530**	$ **20,328**
Unit-based compensation expense	58	2,545
Impairment of long-lived assets	—	1,250
Reduction in workforce expense	—	426
Loss on disposal of property, plant and equipment	—	118
Gain on extinguishment of debt	(4,461)	—
Commodity derivative loss	—	—
Adjusted EBITDA	**$ 49,127**	**$ 24,667**
Maintenance Capital Expenditures		
Free Cash Flow		
Adjusted EBITDA Margin	40.2%	22.1%
Free Cash Flow Margin		
Free Cash Flow Conversion		

(1) Net income (loss) reflects pro forma income tax expense of $ for the nine months ended September 30, 2021 and pro forma income tax expense of $ for the year ended December 31, 2020, associated with the income tax effects of this offering and the corporate reorganization described under the section titled “Corporate Reorganization.” Atlas Inc. is a corporation and is subject to U.S. federal income tax. Our Predecessor is and was generally not subject to U.S. federal income tax at an entity level. As a result, the consolidated net income in our Predecessor’s historical financial statements does not reflect the tax expense we would have incurred if we had been subject to U.S. federal income tax at an entity level during such periods.

RISK FACTORS

Investing in our Class A common stock involves risks. The risks described below as well as information in this prospectus should be considered carefully, including our consolidated financial statements and the notes thereto, and the matters addressed under the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Cautionary Statement Regarding Forward-Looking Statements," before making an investment decision. The risks and uncertainties described below are not the only ones we face. Additional risks not presently known to us or that we currently deem immaterial may also materially affect our business. The occurrence of any of the following risks or additional risks and uncertainties that are currently immaterial or unknown could materially and adversely affect our business, financial condition, liquidity, results of operations, cash flows and prospects. In such an event, the trading price of our Class A common stock could decline, and you may lose all or part of your investment.

Risks Related to Our Business and Operations

Our proppant production and logistics operations depend on the level of activity in the oil and natural gas industries, which experience substantial volatility.

Our operations that produce and transport frac sand are materially dependent on the levels of activity in oil and natural gas exploration, development and production. More specifically, the demand for the frac sand we produce is closely related to the number of oil and natural gas wells completed in geological formations where sand-based proppants are used in fracture treatments. These activity levels are affected by both short- and long-term trends in oil and natural gas prices. In recent years, oil and natural gas prices and, therefore, the level of exploration, development and production activity, have experienced significant volatility.

When oil and natural gas prices decrease, exploration and production companies may reduce their exploration, development, production and well completion activities. During such periods, demand for our product and services which supply oil and natural gas wells, including our transportation and logistics solutions, may decline, and may lead to a decline in the market price of frac sand, if the supply of frac sand is not similarly reduced. When demand for frac sand increases, there may not be a corresponding increase in the prices for our products or our customers may not increase use of our products, which could have an adverse effect on our business, financial condition and results of operations.

Worldwide economic, political and military events, including war, terrorist activity, events in the Middle East and initiatives by the Organization of the Petroleum Exporting Countries ("OPEC"), have contributed, and are likely to continue to contribute, to oil and natural gas price volatility. Additionally, warmer than normal winters in North America and other weather patterns may adversely impact the short-term demand for natural gas and, therefore, demand for our products. Reduction in demand for natural gas to generate electricity could also adversely impact the demand for frac sand. In addition, any future decrease in the rate at which oil and natural gas reserves are discovered or developed, whether due to increased governmental regulation, limitations on exploration and drilling activity, technological innovations that result in new processes for oil and natural gas production that do not require proppants or other factors, could adversely affect the demand for our products, even in a stronger oil and natural gas price environment. Moreover, the energy transition to a low carbon economy, increased deployment of renewable power generation, renewable fuels and electric vehicles all have the potential to reduce demand for oil and natural gas and consequently the services we provide. The continued or future occurrence of any of these risks could have an adverse effect on our business, financial condition and results of operations.

Our business is subject to the cyclical nature of our customers' businesses and on the oil and natural gas industry.

Our business is directly affected by capital spending to explore for, develop and produce oil and natural gas in the United States. The oil and natural gas industry is cyclical and historically has experienced periodic downturns in activity. During periods of economic slowdown in one or more of the industries or geographic regions we serve or in the worldwide economy, our customers often reduce their production and capital expenditures by deferring or canceling pending projects, even if such customers are not experiencing financial difficulties. These developments can have an adverse effect on sales of our products and our results of operations.

Weakness in the industries we serve has had, and may in the future have, an adverse effect on sales and our results of operations. A continued or renewed economic downturn in one or more of the industries that we serve, or in the worldwide economy, could cause actual results of operations to differ materially from historical and expected results.

Industry conditions are influenced by numerous factors over which we have no control, including:

- expected economic returns to exploration and production ("E&P") companies of new well completions;
- domestic and foreign economic conditions and supply of and demand for oil and natural gas;
- the level of prices, and expectations about future prices, of oil and natural gas;
- the level of global oil and natural gas exploration and production, and inventories;
- federal, state and local regulation of hydraulic fracturing and exploration and production activities;
- United States federal, tribal, state and local and non-United States governmental laws, regulations and taxes, including the policies of governments regarding the exploration for and production and development of their oil and natural gas reserves;
- changes in the transportation industry that services our business, including the price and availability of transportation;
- political and economic conditions in oil and natural gas producing countries;
- the current supply and demand imbalance for crude oil and actions by the members of OPEC with respect to oil production levels and announcements of potential changes in such levels, including the failure of such countries to comply with supply limitation and production cuts;
- global or national health epidemics, such as the ongoing COVID-19 pandemic (including the spread of variants or mutant strains);
- political or civil unrest in the United States or elsewhere;
- worldwide political, military and economic conditions;
- stockholder activism or activities by non-governmental organizations to limit certain sources of funding for the energy sector or restrict the exploration, development and production of oil and natural gas;
- advances in exploration, development and production technologies or in technologies affecting energy consumption; and
- the potential acceleration of development of alternative fuels.

Decreased demand for frac sand or the development of technically and cost-effective alternative proppants or new processes to replace hydraulic fracturing would negatively impact our business.

Frac sand is the most commonly used proppant in the completion and re-completion of oil and natural gas wells through hydraulic fracturing. A significant shift in demand from frac sand to other proppants, such as ceramic proppants, the development and use of other effective alternative proppants, or the development of new processes to replace hydraulic fracturing altogether, could cause a decline in demand for frac sand that we produce and would have an adverse effect on our business, financial condition and results of operations.

In addition, fuel conservation measures, alternative fuel requirements and increasing consumer demand for alternatives to oil and natural gas could reduce demand for oil and natural gas. The impact of the reduced demand for oil and natural gas may have an adverse effect on our business, financial condition, prospects, results of operations and cash flows. Additionally, the increased competitiveness of alternative energy sources (such as wind, solar, geothermal, tidal and biofuels) could reduce demand for oil and natural gas and therefore for our product and services, which would lead to a reduction in our revenues and negatively impact our business, financial condition and results of operations.

Our future performance will depend on our ability to succeed in competitive markets and on our ability to appropriately react to potential fluctuations in demand for, and supply of, our products and services.

We operate in a highly competitive market that is characterized by a small number of large, national producers and a larger number of small, regional or local producers. Transportation costs are a significant portion of the total cost to customers of frac sand (in many instances transportation costs can represent more than 50% of delivered cost), the frac sand market is typically local, and competition from beyond the local area is limited. Further, competition in the industry is based on customer relationships, reliability of supply, consistency and quality of product, customer service, site location, distribution capability, breadth of product offering, technical support and price.

Some of our competitors may have or may develop greater financial, natural and other resources than we do. Periodically, some of our competitors may reduce the pricing that they offer to our customers for a variety of reasons. One or more of our competitors may develop technology superior to ours or may have production facilities located in closer proximity to certain customer location than we do. For example, mobile mines may be able to mine resources in close proximity to wells, enabling them to deliver sand with significantly lower transportation costs. When the demand for hydraulic fracturing services decreases or the supply of proppant available in the market increases, prices in the frac sand market can materially decrease. Our competitors may choose to consolidate, which could provide them with greater financial and other resources than us and improve their competitive positioning. Furthermore, oil and natural gas exploration and production companies and other providers of hydraulic fracturing services have acquired, and in the future may acquire, their own frac sand reserves to fulfill their proppant requirements, and these other market participants may expand their existing frac sand production capacity, all of which would negatively impact demand for our frac sand. In addition, increased competition in the proppant industry could have an adverse impact on our ability to enter into long-term contracts or to enter into contracts on favorable terms.

Past performance by members of our management team, our directors or their respective affiliates may not be indicative of future performance of an investment in us.

Information regarding performance by, or businesses associated with, our management team, our directors and their affiliates is presented for informational purposes only. Past performance of our management team, our directors and their affiliates is not a guarantee of our future success or similar results. You should not rely on the historical record of the performance of our management team, our directors or their affiliates as being indicative of the future performance of an investment in us or the returns we will, or are likely to, generate going forward.

Increasing costs, a lack of dependability or availability of transportation services or infrastructure or an oversupply of transportation services could have an adverse effect on our business, financial condition and results of operations.

The transportation industry is subject to possible legislative and regulatory changes that may affect the economics of the industry by requiring changes in operating practices or by changing the demand or the cost of providing truckload services.

Transportation and related costs tend to be a significant component of the total delivered cost to our customers purchasing our frac sand. The high relative cost of transportation related expense tends to favor manufacturers located in close proximity to the customer. Additionally, increases in the price of transportation costs, including freight charges, fuel surcharges and demurrage costs, could negatively impact operating costs if we are unable to pass those increased costs along to our customers. Failure to find long-term solutions to these logistical challenges could adversely affect our ability to respond quickly to the needs of our customers or result in additional increased costs, and thus could negatively impact our business, results of operations and financial condition.

Our operations are subject to operational hazards and inherent risks, some of which are beyond our control, and some of which may not be fully covered by insurance.

Our business and operations may be affected by natural or man-made disasters and other external events, many of which are not in our control. In addition to the other risks described in these risk factors, these risks include:

- unanticipated ground, grade or water conditions;
- environmental hazards;
- physical facility security breaches;
- inability to acquire or maintain necessary permits or mining or water rights;
- failure to maintain dust controls and meet restrictions on respirable crystalline silica dust;
- failures in quality control systems or training programs;
- technical difficulties or key equipment failures;
- inability to obtain necessary mining or production equipment or replacement parts;
- fires, explosions or industrial accidents or other accidents; and
- facility shutdowns in response to environmental regulatory actions.

These hazards can also cause personal injury and loss of life, severe damage to and destruction of property and equipment, pollution or environmental damage and suspension or cancellation of operations. Any prolonged downtime or shutdowns at our mining properties or production facilities could have an adverse effect on our business, financial condition and results of operations. In addition, our operations are subject to, and exposed to, employee/employer liabilities and risks such as wrongful termination, discrimination, labor organizing, retaliation claims and general human resource related matters.

Not all of these risks are reasonably insurable, and our insurance coverage contains limits, deductibles, exclusions and endorsements. Our insurance coverage may not be sufficient to meet our needs in the event of loss and any such loss may have an adverse effect on our business, financial condition and results of operations.

Our ability to produce our products economically and in commercial quantities could be impaired if we are unable to acquire adequate supplies of water for our dredging operations.

The dredging process that we currently employ to produce from our Kermit and Monahans facilities requires significant quantities of water from the aquifer underlying our acreage. If in the future there is insufficient capacity available from this aquifer to provide a source of water for our dredging and associated processes as a result of drought or similar conditions affecting the environment, we will be required to obtain water from other sources that may not be available, or may be too costly, and we may be unable to continue our dredge mining operations entirely. The effects of climate change may also further exacerbate water scarcity in certain regions, including at the aquifer on our acreage. If such an event were to require us to discontinue dredging and resume operations using traditional proppant production processes, this could impair our cost of operations and ability to economically produce our reserves and would have an adverse effect on our financial condition, results of operations and cash flows.

Failure to maintain effective quality control systems at our mining and production facilities could have an adverse effect on our business, financial condition and operations.

The quality and safety of our products are critical to the success of our business. These factors depend significantly on the effectiveness of our quality control systems, which, in turn, depend on a number of factors, including the design of our quality control systems, our quality-training program and our ability to ensure that our employees adhere to the quality control policies and guidelines. Any significant failure or deterioration of our quality control systems could have an adverse effect on our business, financial condition, results of operations and reputation.

Given the nature of our proppant production operations, we face a material risk of liability, delays and increased cash costs of production from environmental and industrial accidents and operational breakdowns.

Our business involves significant risks and hazards, including environmental hazards, industrial accidents and breakdowns of equipment and machinery. Our electric dredge mining operations are subject to delays and accidents associated with electrical supply, repositioning and maintenance. Furthermore, during operational breakdowns, the relevant facility may not be fully operational within the anticipated timeframe, which could result in further business losses. The occurrence of any of these or other hazards could delay production, suspend operations, increase repair, maintenance or medical costs and, due to the integration of our facilities, could have an adverse effect on the productivity and profitability of a particular facility or on our business as a whole. Although insurance policies provide limited coverage for these risks, such policies will not fully cover some of these risks.

The development of the Dune Express system is a complex and challenging process that may take longer and cost more than estimated, or not be completed at all. In addition, successful development and operation of the Dune Express system will depend on certain factors that may be outside of our control, and the storage and transportation capacity or other anticipated benefits of our Dune Express system may not be achieved.

We may encounter adverse geological conditions, regulatory procedures or other legal requirements that could impede the construction or operation of the Dune Express system. The inability to obtain any permits and other federal, state or local approvals that may be required, and any excessive delays in obtaining such permits and approvals due, for example, to litigation or third-party appeals, could potentially prevent us from successfully constructing and operating the Dune Express system in a timely manner.

We plan to engage qualified construction firms to perform work associated with the construction of the Dune Express system. However, if such firms experience delays, if they perform sub-standard work or if we fail to properly monitor the quality of their work or the timeliness of their progress, we may not be able to complete construction or begin operation of the Dune Express system by the date or at the cost currently estimated. In any such circumstance, we could also face difficulties meeting certain delivery obligations to our customers or incur additional costs in making such deliveries by truck or other alternative means. Any material delay caused by our construction firms and subcontractors could therefore ultimately impact our ability achieve the anticipated benefits of the Dune Express system and its integrated mining facilities and have an adverse effect on our business, financial condition and results of operations.

Operation of the Dune Express system will depend on transmission and distribution facilities. If transmission to the Dune Express system or any of its integrated mining facilities were to be interrupted physically, mechanically or with cyber means, it may hinder our ability to mine, sell or deliver frac sand to our customers, satisfy our contractual obligations or otherwise operate or fully realize the expected benefits of the Dune Express system.

A negative shift in investor sentiment towards the oil and natural gas industry and increased attention to ESG and conservation matters may adversely impact our business.

Increasing attention to climate change, increasing societal expectations on companies to address climate change, and potential consumer use of substitutes to energy commodities may result in increased costs, reduced demand for our customers' hydrocarbon products and our product and services, reduced profits, increased investigations and litigation, and negative impacts on our stock price and access to capital markets. Increasing attention to climate change, for example, may result in demand shifts for our customers' hydrocarbon products and additional governmental investigations and private litigation against those customers.

In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings may lead to increased negative investor sentiment toward us or our customers and to the diversion of investment to other industries which could have a negative impact on our stock price and/or our access to and costs of capital.

Additionally, much of the investor community has developed negative sentiment towards investing in the oil and natural gas industry. Recent equity returns in the sector versus other industry sectors have led to lower oil and natural gas representation in certain key equity market indices. Some investors, including certain public and private fund management firms, pension funds, university endowments and family foundations, have stated policies to reduce or eliminate their investments in the oil and natural gas sector based on ESG considerations. Certain other stakeholders have pressured private equity firms and commercial and investment banks to stop funding oil and natural gas projects. Such developments have resulted, and could continue to result, in downward pressure on the stock prices of oil and natural gas companies and companies that support this industry, such as ours. This may also result in a reduction of available capital funding for our and our customers' potential development projects, thus reducing demand for our services and adversely impacting our business and financial performance.

Our business may suffer if we lose or are unable to attract and retain members of our workforce.

We depend to a large extent on the services of our senior management team and other key personnel. These employees have extensive experience and expertise in evaluating and analyzing industrial mineral properties, maximizing production from such properties, marketing industrial mineral production and developing and executing financing and hedging strategies.

Competition for management and key personnel is intense, and the pool of qualified candidates is limited. The loss of any of these individuals or the failure to attract additional personnel as needed could have an adverse effect on our operations and could lead to higher labor costs or the use of less-qualified personnel. In addition, if any of our executives or other key employees were to join a competitor or form a competing company, we could lose customers, suppliers, know-how and other personnel. Our operations also rely on skilled laborers using modern techniques and equipment to mine efficiently. We may be unable to train or attract the necessary number of skilled laborers to maintain our operating costs.

With respect to our trucking services, the industry periodically experiences a shortage of qualified drivers, particularly during periods of economic expansion, in which alternative employment opportunities are more plentiful and freight demand increases, or during periods of economic downturns, in which unemployment benefits might be extended. The trucking industry suffers from a high driver turnover rate, which requires us to continually recruit a substantial number of drivers to operate our equipment and could negatively affect our operations and expenses if we are unable to do so. Our success will be dependent on our ability to continue to attract, employ and retain highly skilled personnel at all levels of our operations.

A shortage of skilled labor together with rising labor costs in the excavation industry may further increase operating costs, which could adversely affect our business, results of operations and financial condition.

Efficient sand excavation using modern techniques and equipment requires skilled laborers, preferably with several years of experience and proficiency in multiple tasks, including processing of mined minerals. If there is a shortage of experienced labor in areas in which we operate, we may find it difficult to hire or train the necessary number of skilled laborers to perform our own operations which could have an adverse impact on our business, results of operations and financial condition.

As a result of the volatility of the oilfield services industry and the demanding nature of the work, workers may choose to pursue employment in fields that offer a more desirable work environment at wage rates that are competitive. Increased competition for their services could result in a loss of available, skilled workers or at a price that is not as advantageous to our business, both of which could negatively affect our operating results. If we are unable to retain or meet growing demand for skilled technical personnel, our operating results and our ability to execute our growth strategies may be adversely affected.

Inaccuracies in our estimates of sand reserves and resource deposits, or deficiencies in our title to those deposits, could result in our inability to mine the deposits or require us to pay higher than expected costs.

We base our sand reserve and resource estimates on engineering, economic and geological data assembled and analyzed by our mining engineers, which are reviewed periodically by outside firms. However, frac sand reserve estimates are by nature imprecise and depend to some extent on statistical inferences drawn from available drilling data, which may prove unreliable. There are numerous uncertainties inherent in estimating quantities and qualities of frac sand reserves and non-reserve frac sand deposits and costs to mine recoverable reserves, many of which are beyond our control and any of which could cause actual results to differ materially from our expectations. These uncertainties include:

- geological and mining conditions that may not be fully identified by available data or that may differ from experience;
- assumptions regarding the effectiveness of our mining, quality control and training programs;
- assumptions concerning future prices of frac sand, operating costs, mining technology improvements, development costs and reclamation costs; and
- assumptions concerning future effects of regulation, including the issuance of required permits and taxes by governmental agencies.

In addition, title to, and the area of, mineral properties and water rights may also be disputed. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that we do not have title to one or more of our properties or lack appropriate water rights could cause us to lose any rights to explore, develop and extract any minerals on that property, without compensation for our prior expenditures relating to such property. Any inaccuracy in our estimates related to our mineral reserves and non-reserve mineral deposits, or our title to such deposits, could result in our inability to mine the deposits or require us to pay higher than expected costs.

Further, the SEC has adopted amendments to its disclosure rules (the “SEC Modernization Rules”) to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC under the Exchange Act, which are codified in Regulation S-K subpart 1300. Under the SEC Modernization Rules, the historical property disclosure requirements for mining registrants included in SEC Industry Guide 7 have been replaced. As a result of the adoption of the SEC Modernization Rules, the SEC now recognizes estimates of “measured mineral resources,” “indicated mineral resources” and “inferred mineral resources.” However, compared to mineralization that has been characterized as reserves, mineralization described using these terms has a greater amount of uncertainty as to their existence and whether they can be mined legally or economically, and investors are therefore cautioned not to assume that any reported “measured mineral resources,” “indicated mineral resources” or “inferred mineral resources” are or will be economically or legally mineable.

All of our product sales are currently generated at two facilities. Any adverse developments at those facilities could have an adverse effect on our business, financial condition and results of operations.

All of our product sales are currently derived from our Kermit and Monahans facilities located in Winkler and Ward Counties in Texas. Any adverse development at these facilities due to catastrophic events or weather, adverse government regulatory impacts, transportation-related constraints or any other event that could cause us to curtail, suspend or terminate operations at either of these facilities, could result in us being unable to deliver our contracted volumes and related obligations. Although we maintain insurance coverage to cover a portion of these types of risks, there could be potential risks associated with our operations not covered by insurance. There also may be certain risks covered by insurance where the policy does not reimburse us for all of the costs related to such risks. Downtime or other delays or interruptions to our future operations that are not covered by insurance could have an adverse effect on our business, results of operations and financial condition. In addition, under our supply contracts, if we are unable to deliver contracted volumes, we may be required to pay liquidated damages that could have an adverse effect on our financial condition and results of operations.

Our operations consume large amounts of natural gas and electricity. An increase in the price or a significant interruption in the supply of these or any other energy sources could have an adverse effect on our business, financial condition and results of operations.

Natural gas and electricity costs, represented approximately 4.9% and 2.0%, respectively, of our total sales in the nine months ended September 30, 2021, and 2.8% and 2.3% in the year ended December 31, 2020, respectively. Potential climate change regulations or carbon or emissions taxes could result in higher cost of production for energy, which may be passed on to us in whole or in part. A significant increase in the price of energy that is not recovered through an increase in the price of our product and services or covered through our hedging arrangements or an extended interruption in the supply of electricity or natural gas to our production facilities could have an adverse effect on our business, results of operations and financial condition.

A large portion of our sales is generated by our top 10 customers, and the loss of or a significant reduction in purchases by our largest customers could adversely affect our business, financial condition and results of operations.

Our 10 largest customers accounted for approximately % and % of total sales during the years ended December 31, 2021 and 2020, respectively. Some of our customers have exited or could exit the business, or have been or could be acquired by other companies that purchase proppant solutions or logistics services we provide from other third-party providers. Our current customers also may seek to acquire frac sand or logistics services from other providers that offer more competitive pricing or capture and develop their own sources of proppant solutions or logistics services. The loss of a customer or contract, or a reduction in the amount of proppant solutions or logistics services purchased by any customer, could have an adverse effect on our business, financial condition and results of operations. Further, as a result of market conditions, competition or other factors, these customers may not continue to purchase the same levels of our products in the future, if at all. Substantial reductions in purchase volumes across these customers could have an adverse effect on our business, financial condition and results of operations.

Upon the expiration of our current contracts, our customers may not continue to purchase the same levels of proppant solutions or logistics services due to a variety of reasons. In addition, we may choose to renegotiate our existing contracts on less favorable terms or at reduced volumes in order to preserve relationships with our customers. Any renegotiation of our contracts on less favorable terms, or inability to enter into new contracts on economically acceptable terms upon the expiration of our current contracts, could have an adverse effect on our business, financial condition and results of operations.

Our business and operations depend on our and our customers' ability to obtain and maintain necessary permits.

We and our customers hold numerous governmental, environmental, mining and other permits and approvals authorizing operations at each of our facilities. Our future success depends on, among other things, our ability, and the ability of our customers, to obtain and maintain the necessary permits and licenses required to conduct operations. In order to obtain permits and renewals of permits in the future, we may be required to prepare and present data to governmental authorities pertaining to the impact that our activities may have on the environment. Compliance with these regulatory requirements is expensive and significantly lengthens the time needed to conduct operations. Additionally, obtaining or renewing required permits is sometimes delayed, conditioned or prevented due to community opposition, opposition from other parties, the location of existing or proposed third-party operations, or other factors beyond our control. The denial of a new or renewed permit essential to our operations, delays in obtaining such a permit or the imposition of conditions in order to acquire the permit could impair our ability to continue operations at the affected facilities, delay those operations, or involve significant unplanned costs, any of which could adversely affect our business, performance and financial condition.

Our supply agreements may preclude us from taking advantage of increasing prices for proppant or mitigating the effect of increased operational costs during the term of those contracts.

The supply agreements we have may negatively impact our results of operations. Our sales contracts require our customers to pay a specified price for a specified volume of proppant. Although most of our supply agreements provide for price adjustments based on various factors, such adjustments are generally calculated on a quarterly basis and do not adjust dollar-for-dollar with adjustments in spot market prices. As a result, in periods with increasing prices our sales will not keep pace with market prices.

Additionally, if our operational costs increase during the terms of our supply agreements, we will not be able to pass some of those increased costs to our customers. If we are unable to otherwise mitigate these increased operational costs, our net income could decline.

A proppant production facility closure entails substantial costs, and if we close any of our facilities sooner than anticipated, our results of operations may be adversely affected.

We base our assumptions regarding the life of our proppant production facilities on detailed studies that we perform from time to time, but our studies and assumptions do not always prove to be accurate. If we close any of our proppant production facilities sooner than expected, sales will decline unless we are able to increase production at any of our other proppant production facilities, which may not be possible. The closure of a proppant production facility may also involve significant fixed closure costs, including accelerated employment legacy costs, severance-related obligations, and potentially reclamation and other environmental costs and the costs of terminating long-term obligations, including energy contracts and equipment leases. We accrue for the estimated costs to retire the assets over the expected timing of settlement. If we were to reduce the estimated time to settlement, the fixed proppant production facilities closure costs could be applied to a shorter period of production, which would increase production costs per ton produced and could adversely affect our results of operations and financial condition.

In addition, some environmental laws such as the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), impose strict, retroactive and joint and several liability for the remediation of releases of hazardous substances.

Certain of our contracts contain provisions requiring us to deliver minimum amounts of sand-based proppants. If we are unable to meet our minimum requirements under these contracts, we may be required to pay penalties or the contract counterparty may be able to terminate the agreement.

In certain instances, we commit to deliver products under penalty of nonperformance. We commit to deliver products to our customers prior to production, and we are obligated to deliver a minimum volume of sand-based proppants per year or per month under our supply agreements over their respective terms. Depending on the contract, our inability to deliver the requisite volume of sand-based proppants may permit our customers to terminate the agreement or require us to pay our customers a fee, the amount of which is generally calculated by multiplying the difference between the amount of volume contracted for and the amount delivered by a per-ton penalty specified in the contract. In such events, our results of operations may be adversely affected.

Currently, all of our operations are concentrated in the Permian Basin, making us vulnerable to risks associated with operating in a limited geographic area.

Currently, all of our operations are geographically concentrated in the Permian Basin. As a result, we may be disproportionately exposed to various factors, including, among others: (i) the impact of regional supply and demand factors, (ii) delays or interruptions of completion activity in such areas caused by governmental regulation, (iii) processing or transportation capacity constraints, (iv) market limitations, (v) availability of equipment and personnel or (vi) water shortages or other drought related conditions. This concentration in a limited geographic area also increases our exposure to changes in local laws and regulations, certain lease stipulations designed to protect wildlife and unexpected events that may occur in the regions such as natural disasters, seismic events, industrial accidents or labor difficulties. Any of the risks described above could have an adverse effect on our business, financial condition, results of operations and cash flow.

An increase in the supply of frac sand having similar characteristics as the frac sand we produce could make it more difficult for us to renew or replace our existing contracts on favorable terms, or at all.

If significant new reserves of frac sand are discovered and developed and have similar characteristics to the frac sand we produce, we may be unable to renew or replace our existing contracts on favorable terms, if at all. Specifically, if frac sand is oversupplied, our customers may not be willing to enter into long-term take-or-pay contracts, may demand lower prices or both, which would have an adverse effect on our business, results of operations and financial condition. Similarly, the ongoing COVID-19 pandemic has caused a historic slowdown in oil and natural gas activity, which has led to an increase in available proppant supply relative to the reduced demand. The foregoing events have led to increased competition among our competitors, which could lead to pressure to further reduce prices to compete effectively.

Our results of operations are significantly affected by the market price of sand-based proppants, which have been historically subject to substantial price fluctuations.

Our results of operations and financial conditions are, and will continue to be, particularly sensitive to the long- and short-term changes in the market price of sand-based proppants. Among other factors, these prices also affect the value of our reserves and inventories, and could negatively impact the market price of our Class A common stock.

Market prices are affected by numerous factors beyond our control, including, among others, demand for high quality sand-based proppants, the availability and relative cost of alternate sources of sand, drilling and completion activity in the Permian Basin, prevailing commodity prices and overall economic activity.

Additionally, when demand for sand-based proppants increases, there may not be a corresponding or immediate increase in the prices for our products or our customers may choose to opt for lower-quality, lower priced products, which could have an adverse effect on our results of operations and financial condition. For example, the average price of frac sand F.O.B. minegate in the Permian Basin in 2019 was approximately $17.86 per ton, compared to approximately $ per ton in 2020 during the COVID-19 pandemic. As activity recovered during 2021, the average price of delivered frac sand increased to approximately $13.25 per ton, recovering only a portion of the previous price decrease. In addition, any future decreases in the rate at which oil and natural gas reserves are discovered or developed, whether due to increased governmental regulation, limitations on exploration and drilling activity, including hydraulic fracturing or other factors, could have an adverse effect on our business and financial condition, even in a stronger oil and natural gas price environment.

Our E&P customers' operations are subject to operating risks that are often beyond our control and could have an adverse effect on our business, financial condition and results of operations.

In addition to the sand-based proppants that we supply, the operations of our E&P customers rely on several other products and services in order to perform hydraulic fracturing activities, such as skilled laborers and equipment required for pumping proppants, water and fluids into oil and natural gas wells. Any failure by our E&P customers to obtain these other products and services could have an adverse effect on our business, financial condition and results of operations.

Our business and operations could suffer in the event of cybersecurity breaches, information technology system failures, network disruptions or other cyber security risks. A cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss.

We rely on our information technology systems and other digital information to process transactions, summarize our operating results, deliver our systems, perform many of our services and manage our business and operations. In the ordinary course of our business, we collect and store sensitive data, including our proprietary business information and personally identifiable information of our employees. Our information technology systems and networks, and those of our customers, vendors, suppliers and other business partners, are subject to damage or interruption from power outages; computer and telecommunications failures; computer viruses; cyberattack or other security breaches; catastrophic events, such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism; and usage errors by our employees. If our information technology systems are damaged or cease to function properly, we may need to make a significant investment to fix or replace them, and we may suffer loss of critical data and interruptions or delays in our operations.

We have been the target of cyberattacks, and while to date none of these incidents has had a material impact on us, we expect to continue to be targeted in the future. Our risk and exposure to these matters remains heightened because of, among other things, the evolving nature of these threats, the current global economic and political environment, the outsourcing of some of our business operations, the ongoing shortage of qualified cybersecurity professionals and the interconnectivity and interdependence of third parties to our systems.

As cyber incidents continue to evolve, we will likely be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerability to cyber incidents. In addition, any technology required for any mandate by authorities requiring the transition to remote work increases our vulnerability to cybersecurity threats, including threats to gain unauthorized access to sensitive information or to render data or systems. Any material disruption in our information technology systems or systems that affect our business operations, delays or difficulties in implementing or integrating new systems or enhancing current systems, or any vulnerabilities rendering data or systems unusable following any mandated remote work situations, could have an adverse effect on our business and results of operations.

The systems we employ to detect and prevent cyberattacks may be insufficient to protect us from an incident or to allow us to minimize the magnitude and effects of such incident for a significant period of time. The occurrence of a cyberattack, breach, unauthorized access, misuse, computer virus or other cybersecurity event could jeopardize our systems, interrupt our operations or result in the unauthorized disclosure, gathering, monitoring, misuse, corruption, loss or destruction of confidential and other information that belongs to us, our customers, our counterparties or third-party service providers that is processed and stored in, and transmitted through, our computer systems and networks. Any such event could result in significant losses, loss of customers and business opportunities, reputational damage, litigation, regulatory fines, penalties or intervention, reimbursement or other compensatory costs, or otherwise adversely affect our business, financial condition or results of operations.

Our business and results of operations have been adversely affected by, and may again in the future be adversely affected by, the ongoing COVID-19 pandemic.

Public health crises, pandemics and epidemics, such as the ongoing COVID-19 pandemic, have adversely impacted, and may again adversely impact our operations, the operations of our customers and the global economy, including the worldwide demand for oil and natural gas and the level of demand for our product and services. Fear of such events has also altered the level of capital spending by oil and natural gas companies for exploration and production activities and has adversely affected global economies and financial markets, resulting in an economic downturn that has affected demand for our product and services. For instance, the outbreak of COVID-19 and its development into a pandemic has caused governmental authorities to impose mandatory closures, seek voluntary closures and impose restrictions on, or advisories with respect to, travel, business operations and public gatherings or interactions. Though we are currently deemed an essential business and, as a result, are exempt from many orders in their current form, the impact of the ongoing COVID-19 pandemic, and measures to prevent its spread, have adversely affected our businesses in a number of ways.

The COVID-19 pandemic (including the spread of variants of mutant strains) may significantly worsen during the upcoming months, which may cause governmental authorities to consider further restrictions on business and social activities. In the event governmental authorities increase restrictions, the re-opening of the economy may be further curtailed. We have experienced, and expect to continue to experience, some resulting disruptions to our business operations, as these restrictions have significantly impacted, and may continue to impact, many sectors of the economy. For example, the COVID-19 pandemic has caused one of the most challenging times in the recent history of the North-American E&P industry. The rig count in the Permian Basin decreased from a peak of 488 in 2019 to a trough of 117 in 2020, however our revenues and net cash provided by operating activities only contracted from $140.1 million and $22.7 million, respectively, for the year ended December 31, 2019, to $111.8 million and $12.5 million, respectively, for the year ended December 31, 2020, before recovering to $ in 2021.

The global impact of the ongoing COVID-19 pandemic continues to evolve, and we will continue to monitor the situation closely. The ultimate impact of the pandemic (including the spread of variants of mutant strains) on our business, financial condition and results of operations is highly uncertain and subject to change, and will depend on future developments, including the duration of the outbreak within the United States and the related impact on the oil and natural gas industry, the impact of governmental actions designed to prevent the spread of COVID-19 and the availability of effective treatments and vaccines, all of which cannot be predicted with certainty at this time. While vaccines have become available in certain countries and some economies have reopened, the status of the global recovery remains uncertain and unpredictable, especially in light of new variant strains. Business activity may not recover as quickly as anticipated, and widespread recovery will be impacted by future developments, including future waves of outbreak or new variant strains of the virus which may require re-closures or other preventative measures. Conditions will be subject to the effectiveness of government policies, vaccine administration rates, and other factors that may not be foreseeable. Any of the foregoing could adversely affect our business, results of operations and financial condition.

Risks Related to Our Financial Condition

We may be unable to generate sufficient cash to service all of our indebtedness and financial commitments.

Our ability to make scheduled payments on or to refinance our indebtedness and financial commitments depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions including financial, business and other factors beyond our control. We may be unable to generate sufficient cash flow to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund debt and other obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure our indebtedness. Our ability to restructure or refinance indebtedness will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of indebtedness could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to service our debt would likely result in a reduction of our future credit rating, if any, which could harm our ability to incur additional indebtedness. If we face substantial liquidity problems, we might be required to sell assets to meet debt and other obligations. Our debt restricts our ability to dispose of assets and dictates our use of the proceeds from such disposition. We may not be able to consummate dispositions, and the proceeds of any such disposition may be inadequate to meet our obligations.

We may be unable to access adequate funding as a result of a decrease in the borrowing base under the ABL Credit Facility or base due to an unwillingness or inability on the part of lending counterparties to meet their funding obligations and the inability of other lenders to provide additional funding to cover a defaulting lender’s portion. As a result, we may be unable to execute our development plan, make acquisitions or otherwise conduct operations, which would have an adverse effect on our financial condition and results of operations.

Our indebtedness could adversely affect our financial flexibility and our competitive position.

On October 20, 2021, we entered into a credit agreement with Stonebriar Commercial Finance LLC (the “Term Lender”) pursuant to which the Term Lender extended a $180.0 million single advance six-year term loan credit facility (the “Term Loan Credit Facility”). As of December 31, 2021, $ of the principal amount of the term loan was outstanding under the Term Loan Credit Facility. The proceeds of the Term Loan Credit Facility were used, among other uses, to repay all outstanding indebtedness under the 2018 Term Loan Credit Facility. The term loan outstanding under the Term Loan Credit Facility bears interest at a rate of 8.47% per annum.

Atlas LLC has, and we expect to maintain in the near term, a significant amount of indebtedness. We entered into an ABL Credit Agreement (the “ABL Credit Agreement”), pursuant to which Barclays Bank PLC, as administrative agent, and the financial institutions party thereto as lenders (the “ABL Lenders”) provide revolving credit financing to the Company in an aggregate principal amount of up to $50.0 million with availability thereunder subject to a borrowing base as described in the ABL Credit Agreement (the “ABL Credit Facility”). As of September 30, 2021, we had no loans outstanding under our ABL Credit Facility and we were using $0.6 million for outstanding letters of credit, leaving $17.1 million of borrowing availability under our ABL Credit Facility.

Our debt agreements contain a number of significant covenants that may limit our ability to, among other things:

- incur additional indebtedness;

- sell or convey assets;
- make loans to or investments in others;
- enter into mergers;
- make certain payments;
- hedge future production or interest rates;
- incur liens;
- pay dividends; and
- engage in certain other transactions without the prior consent of the lenders.

Our indebtedness could also have important consequences to you and significant effects on our business, including:

- increasing our vulnerability to adverse changes in general economic, industry and competitive conditions;
- requiring us to dedicate a substantial portion of our cash flow from operations to make payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes, including dividend payments;
- restricting us from exploiting business opportunities;
- making it more difficult to satisfy our financial obligations, including payments on our indebtedness;
- disadvantaging us when compared to our competitors that have less debt; and
- increasing our borrowing costs or otherwise limiting our ability to borrow additional funds for the execution of our business strategy.

In addition, the amounts owed under our ABL Credit Facility use London Interbank Offered Rate (“LIBOR”) as a benchmark for establishing the rate at which interest accrues. LIBOR is the subject of recent national, international and other regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to disappear entirely or to perform differently than in the past. The consequences of these developments cannot be entirely predicted but could include an increase in the cost to us of this indebtedness.

Changes to applicable tax laws and regulations, exposure to additional income tax liabilities, changes in our effective tax rates or an assessment of taxes resulting from an examination of our income or other tax returns could adversely affect our results of operations and financial condition, including our ability to repay our debt.

We are subject to various complex and evolving U.S. federal, state and local taxes. U.S. federal, state and local tax laws, policies, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us, in each case, possibly with retroactive effect, and may have an adverse effect on our results of operations and financial condition, including our ability to repay our debt. For example, several tax proposals have been set forth that would, if enacted into law, make significant changes to U.S. tax laws. Such proposals include, but are not limited to, (i) an increase in the U.S. income tax rates applicable to individuals and corporations, (ii) the elimination of tax subsidies for fossil fuels, (iii) the imposition of a minimum tax on book income for certain corporations and (iv) the imposition of an excise tax on certain corporate stock repurchases that would be borne by the corporation repurchasing such stock. Congress may consider, and could include, some or all of these proposals in connection with tax reform that may be undertaken. It is unclear whether these or similar changes will be enacted and, if enacted, how soon any such changes could take effect. The passage of any legislation as a result of these proposals and other similar changes in U.S. federal income tax laws could adversely affect our results of operations and financial condition.

Changes in our effective tax rates or tax liabilities could also adversely affect our results of operations and financial condition. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- expansion into future activities in new jurisdictions;
- the availability of tax deductions, credits, exemptions, refunds and other benefits to reduce tax liabilities; and
- tax effects of share-based compensation.

In addition, an adverse outcome arising from an examination of our income or other tax returns could result in higher tax exposure, penalties, interest or other liabilities that could have an adverse effect on our results of operations and financial condition.

We will need substantial additional capital to operate our business, and the inability to obtain needed capital or financing, on satisfactory terms, or at all, whether due to restrictions in our ABL Credit Facility, Term Loan Credit Facility or otherwise, could have an adverse effect on our growth and profitability.

Our business plan requires a significant amount of capital expenditures to maintain and grow our production levels over the long term. Although we currently use a significant amount of our cash reserves and cash generated from our operations to fund the maintenance and development of our existing sand reserves, we may need to depend on external sources of capital to fund future capital expenditures if frac sand prices were to decline for an extended period of time, if the costs of our operations were to increase substantially or if other events were to occur that reduce our sales or increase our costs. Our ability to obtain bank financing or to access the capital markets for future equity or debt offerings may be limited by our financial condition at the time of any such financing or offering, adverse market conditions or other contingencies and uncertainties that are beyond our control. Our failure to obtain the funds necessary to maintain, develop and increase our asset base could adversely impact our growth and profitability.

In addition, our existing ABL Credit Facility and Term Loan Credit Facility contain, and any future financing agreements we may enter into could also contain, operating and financial restrictions and covenants that may limit our ability to finance future operations or capital needs or to engage in, expand or pursue our business activities.

Our ability to comply with these restrictions and covenants is uncertain and will be affected by the levels of cash flow from our operations and events and circumstances beyond our control, including the ongoing COVID-19 pandemic (including the spread of variants of mutant strains). If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. If we violate any of the restrictions or covenants in our ABL Credit Facility and Term Loan Credit Facility, a significant portion of our indebtedness may become immediately due and payable and our lenders' commitment to make further loans to us may terminate. We might not have, or be able to obtain, sufficient funds to make these accelerated payments. In addition, our obligations under our Term Loan Credit Facility are secured by substantially all of our assets, and if we are unable to repay our indebtedness or satisfy our other obligations under these, the lenders could seek to foreclose on our assets.

Even if we are able to maintain existing financing or access the capital markets, incurring additional debt may significantly increase our interest expense and financial leverage, and our indebtedness could restrict our ability to fund future development and acquisition activities. In addition, the issuance of any additional equity interests may result in significant dilution to our common stockholders.

We are subject to counterparty credit risk. Nonpayment or nonperformance by our customers, suppliers or vendors could have an adverse effect on our business, liquidity, financial condition and results of operations.

We are subject to the risk of loss resulting from nonpayment or nonperformance by our customers, suppliers and vendors. Our credit procedures and policies may not be adequate to fully eliminate customer credit risk. If we fail to adequately assess the creditworthiness of existing or future customers or unanticipated deterioration in their creditworthiness, any resulting increase in nonpayment or nonperformance by them and our inability to re-market or otherwise use the production could have an adverse effect on our business, results of operations and financial condition. A decline in oil and natural gas prices could negatively impact the financial condition of our customers and sustained lower prices could impact their ability to meet their financial obligations to us. Further, our contract counterparties may not perform or adhere to our existing or future contractual arrangements. To the extent one or more of our contract counterparties is in financial distress or commences bankruptcy proceedings, contracts with these counterparties may be subject to renegotiation or rejection under applicable provisions of the United States Bankruptcy Code. Any material nonpayment or nonperformance by our contract counterparties due to inability or unwillingness to perform or adhere to contractual arrangements could adversely affect our business and results of operations. If our customers delay or fail to pay us a significant amount of our outstanding receivables, it could have an adverse effect on our business, liquidity financial condition and results of operations.

If we fail to comply with the restrictions and covenants in our debt agreements, there could be an event of default under the terms of such agreements, which could result in an acceleration of payment.

A breach of any representation, warranty or covenant in any of our debt agreements would result in a default under the applicable agreement after any applicable grace periods. A default could result in acceleration of the indebtedness which would have an adverse effect on us. If an acceleration occurs, it would likely accelerate all of our indebtedness through cross-default provisions and we would likely be unable to make all of the required payments to refinance such indebtedness. Even if new financing were available at that time, it may not be on terms that are acceptable to us.

Any future indebtedness could adversely affect our financial condition.

We will, subject to the terms and conditions in the ABL Credit Agreement and availability under the borrowing base described therein, be able to borrow up to $50.0 million under our ABL Credit Facility and anticipate that up to $ under the Term Loan Credit Facility will remain outstanding after giving effect to the use of the net proceeds of this offering.

In addition, subject to the limits contained in our ABL Credit Facility and Term Loan Credit Facility, we may incur substantial additional debt from time to time. Any borrowings we may incur in the future would have several important consequences for our future operations, including that:

- covenants contained in the documents governing such indebtedness may require us to meet or maintain certain financial tests, which may affect our flexibility in planning for, and reacting to, changes in our industry, such as being able to take advantage of acquisition opportunities when they arise;
- our ability to obtain additional financing for working capital, capital expenditures, acquisitions, general corporate and other purposes may be limited;
- we may be competitively disadvantaged to our competitors that are less leveraged or have greater access to capital resources; and
- we may be more vulnerable to adverse economic and industry conditions.

If we incur indebtedness in the future, we may have significant principal payments due at specified future dates under the documents governing such indebtedness. Our ability to meet such principal obligations will be dependent upon future performance, which in turn will be subject to general economic conditions, industry cycles and financial, business and other factors affecting our operations, many of which are beyond our control. Our business may not continue to generate sufficient cash flow from operations to repay any incurred indebtedness. If we are unable to generate sufficient cash flow from operations, we may be required to sell assets, to refinance all or a portion of such indebtedness or to obtain additional financing.

Risks Related to Environmental, Mining and Other Regulations

Silica-related health issues and legislation, including compliance with existing or future regulations relating to respirable crystalline silica, or litigation could have an adverse effect on our business, reputation or results of operations.

We are subject to laws and regulations relating to human exposure to crystalline silica. For example, the federal Occupational Safety and Health Act ("OSHA") has implemented rules establishing a more stringent permissible exposure limit for exposure to respirable crystalline silica and provided other provisions to protect employees. These rules require compliance with engineering control obligations to limit exposures to respirable crystalline silica in connection with hydraulic fracturing activities. In addition, the federal Mine Safety and Health Administration ("MSHA") is expected to propose its own silica standards in 2022, and we cannot predict what these regulations may require or the costs to comply with the regulations once finalized. If we are unable to satisfy these obligations, or are not able to do so in a manner that is cost effective or attractive to our customers, our business operations may be adversely affected or availability or demand for our products could be significantly affected. Federal and state regulatory authorities, including OSHA and MSHA, and analogous state agencies may continue to propose changes in their regulations regarding workplace exposure to crystalline silica, such as permissible exposure limits and required controls and personal protective equipment, and we can provide no assurance that we will be able to comply with any future laws and regulations relating to exposure to crystalline silica that are adopted, or that costs of complying with such future laws and regulations would not have an adverse effect on our operating results by requiring us to modify or cease our operations.

In addition, the inhalation of respirable crystalline silica is associated with health risks, including the lung disease silicosis. There is evidence of an association between crystalline silica exposure or silicosis and lung cancer and possible association with other diseases, including immune system disorders such as scleroderma. These health risks have been, and may continue to be, a significant issue confronting the hydraulic fracturing industry. Concerns over silicosis and other potential adverse health effects, as well as concerns regarding potential liability from the use of hydraulic fracture sand, may have the effect of discouraging our customers' use of hydraulic fracture sand. The actual or perceived health risks of handling hydraulic fracture sand could adversely affect hydraulic fracturing service providers, including us, through reduced use of hydraulic fracture sand, the threat of product liability or the filing of lawsuits naming us as a defendant, increased scrutiny by federal, state and local regulatory authorities of us and our customers or reduced financing sources available to the hydraulic fracturing industry.

Federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing and the potential for related litigation could result in increased costs, additional operating restrictions or delays for our customers, which could cause a decline in the demand for our frac sand and negatively impact our business, results of operations and financial condition.

We supply frac sand to hydraulic fracturing operators in the oil and natural gas industry. Hydraulic fracturing is an important practice that is used to stimulate production of oil and natural gas from low permeability hydrocarbon bearing subsurface rock formations. The hydraulic fracturing process involves the injection of water, proppants, and chemicals under pressure into the formation to fracture the surrounding rock, increase permeability and stimulate production.

Although we do not directly engage in hydraulic fracturing activities, our customers purchase our frac sand for use in their hydraulic fracturing activities. Hydraulic fracturing is typically regulated by state oil and natural gas commissions and similar agencies. Some states have adopted, and other states are considering adopting, regulations that could impose new or more stringent permitting, disclosure or well construction requirements on hydraulic fracturing operations. Aside from state laws, local land use restrictions may restrict drilling in general or hydraulic fracturing in particular. Municipalities may adopt local ordinances attempting to prohibit hydraulic fracturing altogether or, at a minimum, allow such fracturing processes within their jurisdictions to proceed but regulating the time, place and manner of those processes. In addition, federal agencies have started to assert regulatory authority over the process and various studies have been conducted or are currently underway by the Environmental Protection Agency ("EPA"), and other federal agencies concerning the potential environmental impacts of hydraulic fracturing activities. At the same time, certain environmental groups have suggested that additional laws may be needed and, in some instances, have pursued voter ballot initiatives to more closely and uniformly limit or otherwise regulate the hydraulic fracturing process, and legislation has been proposed by some members of Congress to provide for such regulation.

The adoption of new laws or regulations at the federal, state or local levels imposing reporting obligations on, or otherwise limiting, delaying, restricting, or prohibiting the hydraulic fracturing process could make it more difficult to complete oil and natural gas wells, increase our customers' costs of compliance and doing business, and otherwise adversely affect the hydraulic fracturing services they perform, which could negatively impact demand for our frac sand. In addition, heightened political, regulatory, and public scrutiny of hydraulic fracturing practices could expose us or our customers to increased legal and regulatory proceedings, which could be time-consuming, costly, or result in substantial legal liability or significant reputational harm. We could be directly affected by adverse litigation involving us, or indirectly affected if the cost of compliance limits the ability of our customers to operate. Such costs and scrutiny could directly or indirectly, through reduced demand for our frac sand, have an adverse effect on our business, financial condition and results of operations.

We and our customers are subject to extensive environmental and occupational health and safety regulations that impose, and will continue to impose, significant costs and liabilities. In addition, future regulations, or more stringent enforcement of existing regulations, could increase those costs and liabilities, which could adversely affect our results of operations.

We are subject to a variety of federal, state and local environmental laws and regulations affecting the mining and mineral processing industry, including, among others, those relating to employee health and safety, environmental permitting and licensing, plant and wildlife protection, wetlands protection, air and water emissions, greenhouse gas emissions, water pollution, waste management, including the transportation and disposal of waste and other materials, remediation of soil and groundwater contamination, land use, reclamation and restoration of properties, hazardous materials and natural resources. These laws and regulations have imposed, and will continue to impose, numerous obligations on our operations and the operations of our customers, including the acquisition of permits or other approvals to conduct regulated activities, the imposition of restrictions on the types, quantities and concentrations of various substances that may be released into the environment or injected in non-productive formations below ground in connection with oil and natural gas drilling and production activities, the incurrence of capital expenditures to mitigate or prevent releases of materials from our equipment, facilities or from customer locations where we are providing services, the imposition of substantial liabilities for pollution resulting from our operations, and the application of specific health and safety criteria addressing worker protection. Some environmental laws impose substantial penalties for noncompliance, and others, such as CERCLA, impose strict, retroactive and joint and several liability for the remediation of releases of hazardous substances.

The denial of a permit essential to our operations or the imposition of conditions with which it is not practicable or feasible to comply could have an adverse effect on our business. Significant opposition to a permit by neighboring property owners, members of the public or other third parties or delay in the environmental review and permitting process also could impair or delay our operations.

Moreover, environmental requirements, and the interpretation and enforcement of these requirements, change frequently and have tended to become more stringent over time. Future environmental laws and regulations could restrict our ability to expand our facilities or extract our mineral deposits or could require us to acquire costly equipment or to incur other significant expenses in connection with our business. The costs associated with complying with such requirements, could have an adverse effect on our business, financial condition and results of operations.

Any failure by us or by our customers to comply with applicable environmental laws and regulations may cause governmental authorities to take actions that could adversely impact our operations and financial condition, including:

- assessment of sanctions including administrative, civil or criminal penalties;
- denial, modification, or revocation of permits or other authorizations;
- occurrence of restrictions, delays or cancellations in permitting or development or performance of projects or operations;
- imposition of injunctive obligations or other limitations on our operations, including cessation of operations; and
- requirements to perform site investigatory, remedial, or other corrective actions or the incurrence of capital expenditures.

Any such regulations could require us to modify existing permits or obtain new permits, implement additional pollution control technology, curtail operations, increase significantly our operating costs or impose additional operating restrictions among our customers that reduce demand for our services. Such permit proceedings are often subject to public notice and comment, and third parties, including nongovernmental environmental organizations, may challenge government actions related to permits required for our operations.

Further, our business activities present risks of incurring significant environmental costs and liabilities, including costs and liabilities resulting from our handling of oilfield and other wastes, because of air emissions and wastewater discharges related to our operations, and due to historical oilfield industry operations and waste disposal practices. Moreover, accidental releases or spills may occur in the course of our operations or at facilities where our wastes are taken for reclamation or disposal, and we cannot assure you that we will not incur significant costs and liabilities as a result of such releases or spills, including any third-party claims for injuries to persons or damages to properties or natural resources. Some environmental laws and regulations may impose strict liability, which means that in some situations we could be exposed to liability as a result of our conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, prior operators or other third parties. Remedial costs and other damages arising as a result of environmental laws and costs associated with changes in environmental laws and regulations could be significant and have an adverse effect on our liquidity, consolidated results of operations and financial condition.

Laws and regulations protecting the environment generally have become more stringent in recent years and are expected to continue to do so, which could lead to material increases in costs for future environmental compliance and remediation. In particular, the ESA restricts activities that may result in a “take” of endangered or threatened species and provides for substantial penalties in cases where listed species are taken by being harmed. The DSL is one example of a species that, if listed as endangered or threatened under the ESA, could impact our operations and the operations of our customers. The DSL is found in the active and semi-stable shinnery oak dunes of southeastern New Mexico and adjacent portions of Texas, including areas where our customers operate and our frac sand facilities are located. The USFWS is currently conducting a thorough review to determine whether listing the dunes sagebrush lizard as endangered or threatened under the ESA is warranted. If the DSL is listed as an endangered or threatened species, our operations and the operations of our customers in any area that is designated as the DSL’s habitat may be limited, delayed or, in some circumstances, prohibited, and we and our customers could be required to comply with expensive mitigation measures intended to protect the DSL and its habitat. In 2021, we were accepted into the USFWS-approved CCAA for the DSL. We have supported and contributed to the development of the CCAA since its inception. Our participation in the CCAA and our other voluntary conservation measures for the benefit of the DSL, including plans to set aside as much as 17,000 acres for DSL habitat, helps reduce the risk of disruptions to our business and operations in the event the DSL is listed. Furthermore, new laws and regulations, amendment of existing laws and regulations, reinterpretation of legal requirements or increased governmental enforcement with respect to environmental matters could restrict, delay or curtail exploratory or developmental drilling for oil and natural gas by our customers and could limit our well servicing opportunities.

We may not be able to comply with any new or amended laws and regulations that are adopted, and any new or amended laws and regulations could have an adverse effect on our operating results by requiring us to modify our operations or equipment or shut down our facility. Additionally, our customers may not be able to comply with any new or amended laws and regulations, which could cause our customers to curtail or cease operations. We cannot at this time reasonably estimate our costs of compliance or the timing of any costs associated with any new or amended laws and regulations, or any material adverse effect that any new or modified standards will have on our customers and, consequently, on our operations.

Our and our customers' operations are subject to a number of risks arising out of the threat of climate change, including regulatory, political, litigation and financial risks, which could result in increased operating and capital costs for our customers and reduced demand for our products and services.

In recent years, the U.S. Congress has considered legislation to reduce emissions of greenhouse gas ("GHGs"), including methane, a primary component of natural gas, and carbon dioxide, a byproduct of the burning of natural gas. It presently appears unlikely that comprehensive climate legislation will be passed by either house of Congress in the near future, although energy legislation and other regulatory initiatives are expected to be proposed that may be relevant to GHG emissions issues. In addition, a number of states are addressing GHG emissions, primarily through the development of emission inventories or regional GHG cap and trade programs. Depending on the particular program, we could be required to control GHG emissions or to purchase and surrender allowances for GHG emissions resulting from our operations. Independent of Congress, the EPA has adopted regulations controlling GHG emissions under its existing authority under the federal Clean Air Act ("CAA.") For example, following its findings that emissions of GHGs present an endangerment to human health and the environment because such emissions contributed to warming of the earth's atmosphere and other climatic changes, the EPA has adopted regulations under existing provisions of the CAA that, among other things establish construction and operating permit reviews for GHG emissions from certain large stationary sources that are already potential major sources for conventional pollutants. In addition, the EPA has adopted rules requiring the monitoring and reporting of GHG emissions from specified production, processing, transmission and storage facilities in the United States on an annual basis. In December 2015, over 190 countries, including the United States, reached an agreement to reduce global GHG emissions, also known as the Paris Agreement, which went into force in November 2016.

In April, 2021, President Biden announced a goal of reducing the United States' emissions by 50-52% below 2005 levels by 2030. In November 2021, the international community gathered again in Glasgow at the 26th Conference to the Parties on the UN Framework Convention on Climate Change ("COP26"), during which multiple announcements were made, including a call for parties to eliminate certain fossil fuel subsidies and pursue further action on non-CO2 GHGs. Relatedly, the United States and European Union jointly announced the launch of the "Global Methane Pledge," which aims to cut global methane pollution at least 30% by 2030 relative to 2020 levels, including "all feasible reductions" in the energy sector. We cannot predict what additional legislative or regulatory requirements may result from these developments. Several states and geographic regions in the United States have also adopted legislation and regulations to reduce emissions of GHGs, including cap and trade regimes and commitments to contribute to meeting the goals of the Paris Agreement. It is not possible at this time to predict the timing and effects of climate change or to predict the timing or effect of rejoining the Paris Agreement or whether additional climate-related legislation, regulations or other measures will be adopted at the local, state, regional, national and international levels. To the extent that the United States and other countries implement the Paris Agreement or local, state, regional, national or international governments impose other climate change regulations on the oil and natural gas industry, it could have an adverse effect on our business because substantial limitations on GHG emissions could adversely affect demand for the oil and natural gas that is produced by our customers.

Governmental, scientific and public concern over the threat of climate change arising from GHG emissions has resulted in increasing political risks in the United States, including climate change-related pledges made by certain candidates elected to public office. President Biden has issued several executive orders focused on addressing climate change, including items that may impact our costs to produce, or demand for, oil and natural gas. Additionally, in November 2021, the Biden Administration released "The Long-Term Strategy of the United States: Pathways to Net-Zero Greenhouse Gas Emissions by 2050," which establishes a roadmap to net-zero emissions in the

United States by 2050 through, among other things, improving energy efficiency; decarbonizing energy sources via electricity, hydrogen and sustainable biofuels; and reducing non-CO2 GHG emissions, such as methane and nitrous oxide. The Biden Administration is also considering revisions to the leasing and permitting programs for oil and natural gas development on federal lands. For more information, see the risk below titled "—Any restrictions on oil and natural gas development on federal lands has the potential to adversely impact our operations and the operations of our customers." Other actions that could be pursued may include the imposition of more restrictive requirements for the establishment of pipeline infrastructure or the permitting of LNG export facilities, as well as more strict GHG emission limitations for oil and natural gas facilities. Litigation risks are also increasing, as a number of entities have sought to bring suit against oil and natural gas companies in state or federal court, alleging, among other things, that such companies created public nuisances by producing fuels that contributed to climate change. Suits have also been brought against such companies under stockholder and consumer protection laws, alleging that companies have been aware of the adverse effects of climate change but failed to adequately disclose those impacts. To the extent these risks impact our customers, we may experience reduced demand for our frac sand.

There are also increasing financial risks for fossil fuel producers as stockholders currently invested in fossil fuel energy companies may elect in the future to shift some or all of their investments into other sectors. Institutional lenders who provide financing to fossil fuel energy companies also have become more attentive to sustainable lending practices and some of them may elect not to provide funding for fossil fuel energy companies. For example, at COP26, the Glasgow Financial Alliance for Net Zero ("GFANZ") announced that commitments from over 450 firms across 45 countries had resulted in over $130 trillion in capital committed to net zero goals. The various sub-alliances of GFANZ generally require participants to set short-term, sector-specific targets to transition their financing, investing, and/or underwriting activities to net zero emissions by 2050. There is also a risk that financial institutions will be required to adopt policies that have the effect of reducing the funding provided to the fossil fuel sector. President Biden signed an executive order calling for the development of a "climate finance plan" and, separately, the Federal Reserve has joined the Network for Greening the Financial System, a consortium of financial regulators focused on addressing climate-related risks in the financial sector. More recently, in November 2021, the Federal Reserve issued a statement in support of the efforts of the NGFS to identify key issues and potential solutions for the climate-related challenges most relevant to central banks and supervisory authorities. Limitation of investments in and financings for fossil fuel energy companies could result in the restriction, delay or cancellation of drilling programs or development or production activities, which could reduce demand for our frac sand.

Finally, many scientists have concluded that increasing concentrations of GHGs in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, severe and persistent drought conditions, winter storms, floods and other climatic events; if any such effects were to occur, they could have an adverse effect on our operations and our customers' exploration and production operations.

Restrictions on our operations and those of our customers intended to protect certain species of wildlife could have an adverse impact on our ability to expand some of our existing operations or limit our customers' ability to develop new oil and natural gas wells.

Various federal and state statutes prohibit certain actions that adversely affect endangered or threatened species and their habitat, migratory birds, wetlands, and natural resources. These statutes include the ESA, the Migratory Bird Treaty Act ("MBTA"), and the federal Clean Water Act ("CWA"). The USFWS may designate critical habitat areas that it believes are necessary for survival of threatened or endangered species. As a result of a 2011 settlement agreement, the USFWS was required to determine whether to identify more than 250 species as endangered or threatened under the ESA by no later than completion of the agency's 2017 fiscal year. The USFWS missed the deadline but reportedly continues to review new species for protected status under the ESA pursuant to the settlement agreement. A critical habitat designation could result in further material restrictions on federal land use or on private land use and could delay or prohibit land access or development. Where takings of or harm to species or damages to wetlands, habitat, or natural resources occur or may occur, government entities or at times private parties may act to prevent or restrict oil and natural gas exploration activities or seek damages for any injury, whether resulting from drilling or construction or releases of oil, wastes, hazardous substances or other regulated materials, and in some cases, criminal penalties may result. Similar protections are offered to migratory birds under the MBTA.

The DSL is one example of a species that, if listed as endangered or threatened under the ESA, could impact our operations and the operations of our customers. The DSL is found in the active and semi-stable shinnery oak dunes of southeastern New Mexico and adjacent portions of Texas, including areas where our customers operate and our frac sand facilities are located. The USFWS is currently conducting a thorough review to determine whether listing the dunes sagebrush lizard as endangered or threatened under the ESA is warranted. However, on November 17, 2021, one environmental organization delivered a Notice of Intent to Sue to the U.S. Department of the Interior (“DOI”) and the USFWS for failing to timely list the DSL as endangered. To date, no action has been taken by the DOI or USFWS. If the DSL is listed as an endangered or threatened species, our operations and the operations of our customers in any area that is designated as the DSL’s habitat may be limited, delayed or, in some circumstances, prohibited, and we and our customers could be required to comply with expensive mitigation measures intended to protect the dunes sagebrush lizard and its habitat. However, in January 2021, USFWS approved a CCAA for the DSL. We were a contributor to and supporter of the CCAA since its inception and have since been accepted into the program. Our participation in the CCAA and our other voluntary conservation measures for the benefit of the DSL reduces the risk of disruptions to our business and operations in the event the DSL is listed.

Another species whose listing could impact the operations of our customers is the Lesser Prairie-Chicken. On June 1, 2021, USFWS proposed to list two distinct population segments of the lesser prairie-chicken under the ESA. The territory of the Southern Distinct Population segment could overlap with the areas of operations of some our customers. The identification or designation of further previously unprotected species as threatened or endangered in areas where we or our customers operate could cause us to incur increased costs arising from species protection measures or could result in limitations on our customers that result in reduced demand for our services, adversely affects the results of our operations.

Any restrictions on oil and natural gas development on federal lands has the potential to adversely impact our operations and the operations of our customers.

Many of our customers possess leases in New Mexico which are granted by the federal government and administered by the Bureau of Land Management (“BLM”), a federal agency. Operations conducted by our customers on federal oil and natural gas leases must comply with numerous additional statutory and regulatory restrictions. These leases contain relatively standardized terms requiring compliance with detailed regulations. Under certain circumstances, the BLM may require operations on federal leases to be suspended or terminated. Any such suspension or termination of our customers’ leases could reduce demand for our service and adversely impact the results of our operations.

Additionally, the Biden Administration has taken several actions to curtail oil and natural gas activities on federal lands. For example, on January 27, 2021, President Biden issued an executive order that instructed the Secretary of the Interior to pause new oil and natural gas leases on public lands, but not existing operations under valid leases or on tribal lands which the federal government merely holds in trust, pending completion of a comprehensive review and reconsideration of federal oil and natural gas permitting and leasing practices. In response to this, in November 2021, the DOI released a report on the federal oil and natural gas leasing program that included several recommendations for how to reform the program. We cannot predict whether these recommendations or other changes will be incorporated into any proposed or final rulemakings; however, any revisions to the federal leasing or permitting process that make it more difficult for our customers to pursue operations on federal lands may adversely impact our operations. Moreover, there is a risk that authorizations required for existing operations may be delayed to the point that it causes a business disruption, and we cannot guarantee that further action will not be taken to curtail oil and natural gas development on federal land. For example, certain lawmakers have proposed to reduce or ban further leasing on federal lands or to adopt further restrictions for same. To the extent such legislation is passed, it may adversely impact our customers' operations, which could negatively impact our financial performance or results of operations.

We and our customers are subject to regulations that impose stringent health and safety standards on numerous aspects of our operations.

Multiple aspects of our and our customers' operations are subject to health and safety standards, including our mining operations, our trucking operations, and employee exposure to crystalline silica.

Our mining operations are subject to the Mine Safety and Health Act of 1977 ("Mine Act"), as amended by the Mine Improvement and New Emergency Response Act of 2006, which imposes stringent health and safety standards on numerous aspects of mineral extraction and processing operations, including the training of personnel, operating procedures, operating equipment and other matters. Our operating locations are regularly inspected by the MSHA for compliance with the Mine Act.

The Department of Transportation ("DOT") and various state agencies exercise broad powers over our trucking services, generally governing matters including authorization to engage in motor carrier service, equipment operation, safety, and financial reporting. In addition, our operations must comply with the Fair Labor Standard Act, which governs such matters as wages and overtime, and which is administered by the DOL. We may be audited periodically by the DOT or the DOL to ensure that we are in compliance with these safety, hours-of-service, wage and other rules and regulations.

We are also subject to laws and regulations relating to human exposure to crystalline silica. Several federal and state regulatory authorities, including MSHA and OSHA, may continue to propose changes to their regulations regarding workplace exposure to crystalline silica, such as permissible exposure limits, required controls and personal protective equipment. Our failure to comply with existing or new health and safety standards, or changes in such standards or the interpretation or enforcement thereof, could require us or our customers to modify operations or equipment, shut down some or all operating locations, impose significant restrictions on our ability to conduct operations or otherwise have an adverse effect on our business, financial condition and results of operations.

We and our customers are subject to other extensive regulations, including licensing, plant and wildlife protection and reclamation regulation, that impose, and will continue to impose, significant costs and liabilities. In addition, future regulations, or more stringent enforcement of existing regulations, could increase those costs and liabilities, which could adversely affect our results of operations.

In addition to the regulatory matters described above, we and our customers are subject to extensive governmental regulation on matters such as permitting and licensing requirements, plant and wildlife protection, wetlands protection, reclamation and restoration activities at mining properties after mining is completed, the discharge of materials into the environment, and the effects that mining and hydraulic fracturing have on groundwater quality and availability. Our future success depends, among other things, on the quantity and quality of our frac sand deposits, our ability to extract these deposits profitably, and our customers being able to operate their businesses as they currently do.

In order to obtain permits and renewals of permits in the future, we may be required to prepare and present data to governmental authorities pertaining to the potential adverse impact that any proposed excavation or production activities, individually or in the aggregate, may have on the environment. Certain approval procedures may require preparation of archaeological surveys, endangered species studies, and other studies to assess the environmental impact of new sites or the expansion of existing sites. Compliance with these regulatory requirements is expensive and significantly lengthens the time needed to develop a site. Finally, obtaining or renewing required permits is sometimes delayed or prevented due to community opposition and other factors beyond our control. The denial of a permit essential to our operations or the imposition of conditions with which it is not practicable or feasible to comply could impair or prevent our ability to develop or expand a site. Significant opposition to a permit by neighboring property owners, members of the public, or other third parties, or delay in the environmental review and permitting process also could delay or impair our ability to develop or expand a site. New legal requirements, including those related to the protection of the environment, could be adopted that could adversely affect our mining operations (including our ability to extract or the pace of extraction of mineral deposits), our cost structure, or our customers' ability to use our frac sand. Such current or future regulations could have an adverse effect on our business, and we may not be able to obtain or renew permits in the future.

Risks Related to Our Class A Common Stock and Organizational Structure

We are a holding company. Our sole material asset after completion of this offering and our corporate reorganization will be our equity interest in Atlas LLC, and we will accordingly be dependent upon cash distributions from Atlas LLC to cover our taxes and corporate and overhead expenses, among other expenses.

We are is a holding company and will have no material assets other than its equity interest in Atlas LLC. We will have no independent means of generating revenue. To the extent Atlas LLC has available cash and subject to the terms of any current or future debt instruments, the Atlas LLC Agreement will (i) require Atlas to make pro rata cash distributions to the Atlas Unitholders, including us, in an amount sufficient to allow us to pay our taxes and make payments under the Tax Receivable Agreement and (ii) permit us, as managing member of Atlas LLC, to cause Atlas LLC to make additional pro rata distributions to the Atlas Unitholders, including to the Legacy Owners that hold the membership interests in Atlas LLC that will be converted into a single class of common units in Atlas LLC (the "Atlas Units") and us, in an amount generally intended to allow such holders (other than us) to satisfy their respective income tax liabilities with respect to their allocable share of the income of Atlas LLC, based on certain assumptions and conventions, to the extent such liabilities exceed amounts otherwise distributed by Atlas LLC. We generally expect Atlas LLC to fund such distributions out of available cash, and in the event that payments under the Tax Receivable Agreement are accelerated, where applicable, we generally expect to fund such accelerated payment out of the proceeds of the change of control transaction giving rise to such acceleration. When Atlas LLC makes distributions, the Atlas Unitholders will be entitled to receive proportionate distributions based on their interests in Atlas Inc. at the time of such distribution. In addition, the Atlas LLC Agreement will require Atlas LLC to make non-pro rata payments to us to reimburse it for its corporate and other overhead expenses, which payments will not be treated as distributions under the Atlas LLC Agreement. To the extent that we need funds and Atlas LLC or its subsidiaries are restricted from making such distributions or payments under applicable law or regulation or under the terms of the ABL Credit Agreement or any future financing arrangements, or are otherwise unable to provide such funds, our liquidity and financial condition could be adversely affected.

Moreover, because we will have no independent means of generating revenue, our ability to make tax payments and payments under the Tax Receivable Agreement is dependent on the ability of

Atlas LLC to make distributions to us in an amount sufficient to cover our tax obligations and obligations under the Tax Receivable Agreement. This ability, in turn, may depend on the ability of Atlas LLC's subsidiaries to make distributions to us. The ability of Atlas LLC, its subsidiaries and other entities in which it directly or indirectly holds an equity interest to make such distributions will be subject to, among other things, (i) the applicable provisions of Delaware law (or other applicable jurisdiction) that may limit the amount of funds available for distribution and (ii) restrictions in our debt instruments issued by Atlas LLC or its subsidiaries and other entities in which it directly or indirectly holds an equity interest. To the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, such payments will be deferred and will accrue interest until paid.

Our stock prices and trading volumes could be volatile, and you may not be able to resell shares of your Class A common stock when desired, at or above the price you paid, or at all.

The stock market has experienced and continues to experience extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the underlying businesses. In 2020, market volatility was especially high due to the ongoing COVID-19 pandemic. In addition, broad market fluctuations may adversely affect the market price of our Class A common stock, regardless of our actual operating performance. In addition to the other risks described in this section, the market price of our Class A common stock may fluctuate significantly in response to a number of factors, many of which we cannot control, including:

- our operating and financial performance;
- quarterly variations in the rate of growth of our financial indicator;
- the public reaction to our press releases, our other public announcements, and our filings with the SEC;
- announcements by others in or affecting our industry or our customers;
- strategic actions by our competitors;
- our failure to meet revenue or earnings estimates by research analysts or other investors;
- changes in revenue or earnings estimates, or changes in recommendations or withdrawal of research coverage, by equity research analysts;
- inaccurate or unfavorable research or ratings published by industry analysts about our business, or a cessation of coverage of us by industry analysts;
- speculation in the press or investment community;
- the failure of research analysts to cover our Class A common stock;
- sales of our Class A common stock by us, the Legacy Owners (including following an exercise of the Redemption Right or Call Right, as defined below) or our stockholders, or the perception that such sales may occur;
- changes in accounting principles, policies, guidance, interpretations, or standards;
- additions or departures of key management personnel;
- actions by our stockholders;
- general market conditions, including fluctuations in commodity prices, sand-based proppants, or industrial and recreational sand-based products;
- our acquisition of, investment in or disposition of other businesses;
- domestic and international economic, legal and regulatory factors unrelated to our performance; and
- the realization of any of the risks described under this "Risk Factors" section.

Volatility in the market price or trading volume of our Class A common stock may make it difficult or impossible for you to sell your Class A common stock at or above the price at which you purchased the stock. As a result, you may suffer a loss on your investment. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. This litigation, if instituted against us, could result in substantial costs, reduce our profits, divert our management's attention and resources and harm our business.

Investors in this offering will experience immediate and substantial dilution.

Based on an assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover of this prospectus), purchasers of our Class A common stock in this offering will experience an immediate and substantial dilution of $ per share in the as adjusted net tangible book value per share of Class A common stock from the initial public offering price, and our as adjusted net tangible book value as of after giving effect to this offering and the transactions related thereto would be $ per share. This dilution is due in large part to earlier investors having paid substantially less than the initial public offering price when they purchased their shares. See the section titled "Dilution."

Future sales of our Class A common stock in the public market, or the perception that such sales may occur, could reduce our stock price, and any additional capital raised by us through the sale of equity or convertible securities may dilute your ownership in us.

We may sell additional shares of our Class A common stock in subsequent offerings. In addition, subject to certain limitations and exceptions, the Legacy Owners holding Atlas Units may redeem their Atlas Units for shares of Class A common stock (on a one-for-one basis, subject to conversion rate adjustments for stock splits, stock dividends and reclassification and other similar transactions) and then sell those shares of Class A common stock. Sales of substantial amounts of our Class A common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of our Class A common stock.

We cannot predict the size of future issuances of our Class A common stock or securities convertible into Class A common stock or the effect, if any, that future issuances and sales of shares of our Class A common stock will have on the market price of our Class A common stock. Sales of substantial amounts of our Class A common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of our Class A common stock.

Our principal stockholders collectively hold a significant amount of the voting power of our common stock.

Holders of Class A common stock and Class B common stock vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law or our certificate of incorporation, and the Legacy Owners own a substantial majority of our Class A and Class B common stock, which collectively represents approximately % of our combined voting power.

Although the Legacy Owners are entitled to act separately in their own respective interests with respect to their ownership in us, if the Legacy Owners choose to act in concert, they will together have the ability to strongly influence the election of the members of our board of directors, and thereby our management and affairs. In addition, they will be able to strongly influence the outcome of all matters requiring stockholder approval, including mergers and other material transactions. The existence of significant stockholders may also have the effect of deterring hostile takeovers, delaying or preventing changes in control or changes in management, or limiting the ability of our other stockholders to approve transactions that they may deem to be in the best interests of our company. Moreover, this concentration of stock ownership may also adversely affect the trading price of our Class A common stock to the extent investors perceive a disadvantage in owning stock of a company with a controlling stockholder.

Anti-takeover provisions in our organizational documents and Delaware law might discourage or delay acquisition bids or merger proposals, which may adversely affect the market price of our Class A common stock and limit the price investors might be willing to pay in the future for our Class A common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws will contain provisions that may discourage unsolicited takeover proposals that stockholders may consider to be in their best interests. These provisions:

- authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of our Class A common stock;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that our board of directors is expressly authorized to make, alter or repeal our Bylaws;
- establish advance notice requirements for nominations of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings; and
- prevent us from engaging in a business combination with a person who acquires at least 15% of our Class A common stock for a period of three years from the date such person acquired such Class A common stock, unless board or stockholder approval is obtained prior to the acquisition.

These anti-takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of our company all together, even if doing so would benefit our stockholders. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire. Further, the staggered board of directors and the ability of the board of directors to designate the terms of and issue new series of preferred stock may make the removal of management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities.

In addition, certain change of control events have the effect of accelerating the payment due under the Tax Receivable Agreement, which could be substantial and accordingly serve as a disincentive to a potential acquirer of our company.

Our amended and restated certificate of incorporation will designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our amended and restated certificate of incorporation will designate certain courts as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our amended and restated certificate of incorporation will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (“Court of Chancery”) will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or stockholders to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law (“DGCL”), our amended and restated certificate of incorporation or bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery or (iv) any action asserting a claim against us, our directors, officers, or employees that is governed by the internal affairs doctrine; provided that the exclusive forum provision will not apply to suits (a) brought to enforce any liability or duty created by the U.S. federal securities laws, for which the federal courts have exclusive jurisdiction, or to any other claim for which the federal courts have exclusive jurisdiction; (b) which the Court of Chancery determines that it does not have personal jurisdiction over an indispensable party, (c) for which exclusive jurisdiction is vested in a court or forum other than the Court of Chancery or (d) for which the Court of Chancery does not have subject matter jurisdiction. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of our common stock will be deemed to have notice of, and consented to, the provisions of our amended and restated certificate of incorporation described in the preceding sentence. Our amended and restated certificate of incorporation will further provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America will, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. We believe these provisions will benefit us by providing increased consistency in the application of Delaware law by chancellors particularly experienced in resolving corporate disputes and in the application of the Securities Act by federal judges, as applicable, efficient administration of cases on a more expedited schedule relative to other forums and protection against the burdens of multi-forum litigation. This choice of forum provision may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and such persons. Alternatively, if a court were to find these provisions of our amended and restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

We will be required to make payments under the Tax Receivable Agreement for certain tax benefits it may claim, and the amounts of such payments could be significant.

In connection with the closing of this offering, we will enter into the Tax Receivable Agreement with the TRA Holders, which generally will provide for the payment by us to the TRA Holders of % of the net cash savings, if any, in U.S. federal, state and local income tax and franchise tax (determined by using the actual applicable U.S. federal income tax rate and an assumed combined state and local income tax rate) that we actually realize (or is deemed to realize in certain circumstances) in periods after the consummation of this offering as a result of (i) certain increases in tax basis and our allocable share of existing tax basis that occur as a result of our acquisition (or deemed acquisition for U.S. federal income tax purposes) of Atlas Units in connection with this offering or pursuant to the exercise of the Redemption Right or the Call Right, (ii) disproportionate allocations, if any, of tax benefits to us pursuant to Section 704(c) of the Code, and (iii) imputed interest deemed to be paid by us as a result of, and additional tax basis arising from, any payments we make under the Tax Receivable Agreement. We will retain the benefit of the remainder of the actual net cash savings, if any.

The term of the Tax Receivable Agreement will commence upon the completion of this offering and will continue until all tax benefits that are subject to the Tax Receivable Agreement have been utilized or expired, unless we exercise our right to terminate the Tax Receivable Agreement or the Tax Receivable Agreement is terminated due to other circumstances, including our breach of a material obligation thereunder or certain mergers or other changes of control. In the event that the Tax Receivable Agreement is not terminated, it is expected that payments under the Tax Receivable Agreement will commence in and will continue to be made for more than years. Payments will generally be made under the Tax Receivable Agreement as we realize actual cash tax savings in periods after this offering from the tax benefits covered by the Tax Receivable Agreement. However, if we experience a change of control (as defined under the Tax Receivable Agreement, which includes certain mergers, asset sales and other forms of business combinations) or the Tax Receivable Agreement otherwise terminates early (at our election or as a result of our breach), we would be required to make a substantial, immediate lump-sum payment, and such payment may be significantly in advance of, and may materially exceed, the actual realization, if any, of the future tax benefits to which the payment relates. We are a holding company and accordingly will be dependent upon distributions from Atlas LLC to make payments under the Tax Receivable Agreement.

The payment obligations under the Tax Receivable Agreement will be our obligations and not obligations of Atlas LLC, and we expect that the payments we will be required to make under the Tax Receivable Agreement will be substantial. For purposes of the Tax Receivable Agreement, cash savings in tax generally are calculated by comparing our actual tax liability (determined by using the actual applicable U.S. federal income tax rate and an assumed combined state and local income tax rate) to the amount we would have been required to pay had it not been able to utilize any of the tax benefits subject to the Tax Receivable Agreement. The amounts payable, as well as the timing of any payments, under the Tax Receivable Agreement are dependent upon future events and assumptions, including the timing of the redemptions of Atlas Units by the Legacy Owners, the price of our Class A common stock at the time of each redemption, the extent to which such redemptions are taxable transactions, the amount of existing tax basis in the assets of Atlas LLC that are attributable to the redeemed Atlas Units the time of the redemption, the depreciation, depletion and amortization periods that apply to the increase in tax basis, the amount and timing of taxable income we generate in the future, the U.S. federal income tax rate then applicable, and the portion of our payments under the Tax Receivable Agreement that constitutes imputed interest or gives rise to depreciable, depletable or amortizable tax basis.

In addition, payments that we make under the Tax Receivable Agreement will be increased by an interest charge accruing from the due date (without extensions) of the corresponding tax return. Any distributions made by Atlas LLC to us in order to enable us to make payments under the Tax Receivable Agreement, as well as any corresponding pro rata distributions made to the other Atlas Unitholders, could have an adverse impact on our liquidity.

The payments under the Tax Receivable Agreement will not be conditioned upon a holder of rights under the Tax Receivable Agreement having a continued ownership interest in us or Atlas LLC. In addition, certain rights under the Tax Receivable Agreement (including the right to receive payments) will be transferable in connection with transfers permitted thereunder.

See subsection titled “Certain Relationships and Related Party Transactions—Tax Receivable Agreement.”

In certain cases, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, we realize in respect of the tax attributes subject to the Tax Receivable Agreement.

If we experience a change of control (as defined in the Tax Receivable Agreement), which includes certain mergers, asset sales and other forms of business combinations, or the Tax Receivable

Agreement otherwise terminates early, we. would be required to make a substantial, immediate lump-sum payment. This payment would equal the present value of hypothetical future payments that could be required to be paid under the Tax Receivable Agreement (determined by applying a discount rate of). The calculation of hypothetical future payments will be based upon certain assumptions and deemed events set forth in the Tax Receivable Agreement, including that (i) we has sufficient taxable income to fully utilize the tax benefits covered by the Tax Receivable Agreement (including having sufficient taxable income to currently utilize any accumulated net operating loss carryforwards) and (ii) any Atlas Units (other than those held by us) outstanding on the termination date or date of the change of control, as applicable, are deemed to be redeemed on such date. Any such payment may be made significantly in advance of, and may materially exceed, the actual realization, if any, of the future tax benefits to which the payment relates.

For example, if the Tax Receivable Agreement were terminated immediately after the consummation of this offering, the estimated termination payment would, in the aggregate, be approximately $ million (calculated using a discount rate equal to , applied against an undiscounted liability of $ calculated based on certain assumptions, including, but not limited to, a $ per share offering price to the public (the mid-point of the range set forth on the cover of this prospectus), an estimated blended statutory U.S. federal, state and local corporate income tax rate of %, no material change in U.S. federal income tax law, and that Atlas Inc. will have sufficient taxable income to utilize the estimated tax benefits that are subject to the Tax Receivable Agreement). The foregoing number is merely an estimate and the actual payment could differ materially. In the event that our obligation to make payments under the Tax Receivable Agreement is accelerated as a result of a change of control, where applicable, we generally expect the accelerated payments due under the Tax Receivable Agreement to be funded out of the proceeds of the change of control transaction giving rise to such acceleration. However, we may be required to fund such payment from other sources. Any early termination of the Tax Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales or other forms of business combinations or changes of control. we do not currently expect to cause an acceleration due to breach and does not currently expect that it would elect to terminate the Tax Receivable Agreement early, except in cases where the early termination payment would not be material. There can be no assurance that we will be able to meet its obligations under the Tax Receivable Agreement.

In the event that our payment obligations under the Tax Receivable Agreement are accelerated upon certain mergers, other forms of business combinations or other changes of control, the consideration payable to holders of our Class A common stock could be substantially reduced.

If we experience a change of control (as defined under the Tax Receivable Agreement), our obligation to make a substantial, immediate lump-sum payment could result in holders of our Class A common stock receiving substantially less consideration in connection with a change of control transaction than they would receive in the absence of such obligation. Further, holders of rights under the Tax Receivable Agreement may not have an equity interest in us or Atlas LLC. Accordingly, the interests of holders of rights under the Tax Receivable Agreement may conflict with those of the holders of our Class A common stock.

We will not be reimbursed for any payments made under the Tax Receivable Agreement in the event that any tax benefits are subsequently disallowed.

Payments under the Tax Receivable Agreement will be based on the tax reporting positions that we will determine, and the Internal Revenue Service ("IRS") or another tax authority may challenge all or part of the tax basis increases upon which payments under the Tax Receivable Agreement are based, as well as other related tax positions that we take, and a court could sustain such challenge.

The holders of rights under the Tax Receivable Agreement will not reimburse us for any payments previously made under the Tax Receivable Agreement if such basis increases or other benefits are subsequently disallowed, except that excess payments made to any such holder will be netted against payments otherwise to be made, if any, to such holder after our determination of such excess. As a result, in such circumstances, we could make payments that are greater than our actual cash tax savings, if any, and may not be able to recoup those payments, which could adversely affect our liquidity.

In certain circumstances, Atlas LLC may make tax distributions to the Atlas Unitholders, including us, and such tax distributions may be substantial. To the extent we receive tax distributions in excess of its actual tax liabilities and retains such excess cash, the Legacy Owners that hold Atlas Units would benefit from such accumulated cash balances if they exercise their Redemption Right.

To the extent Atlas LLC has available cash and subject to the terms of any current or future debt instruments, the Atlas LLC Agreement will (i) require Atlas to make pro rata cash distributions to the Atlas Unitholders, including us, in an amount sufficient to allow us to pay its taxes and make payments under the Tax Receivable Agreement and (ii) permit us, as managing member of Atlas LLC, to cause Atlas LLC to make additional pro rata distributions to the Atlas Unitholders, including to the Legacy Owners that hold Atlas Units and us, in an amount generally intended to allow such holders (other than us) to satisfy their respective income tax liabilities with respect to their allocable share of the income of Atlas LLC, based on certain assumptions and conventions, to the extent such liabilities exceed amounts otherwise distributed by Atlas LLC. The amount of such tax distributions will be determined based on certain assumptions, including an assumed individual income tax rate, and will be calculated after taking into account other distributions (including other tax distributions) made by Atlas LLC. Because tax distributions will be made pro rata based on ownership and due to, among other items, differences between the tax rates applicable to us and the assumed individual income tax rate used in the calculation and requirements under the applicable tax rules that Atlas LLC’s net taxable income be allocated disproportionately to its unitholders in certain circumstances, tax distributions may significantly exceed the actual tax liability for many of the Atlas Unitholders, including us. If we retain the excess cash it receives, the Legacy Owners that hold Atlas Units would benefit from any value attributable to such accumulated cash balances upon their exercise of the Redemption Right. However, we expect to take steps to eliminate any material cash balances. In addition, the tax distributions Atlas LLC may make may be substantial and may exceed the tax liabilities that would be owed by a similarly situated corporate taxpayer. Funds used by Atlas LLC to make tax distributions will not be available for reinvestment in our business, except to the extent we use the excess cash it receives to reinvest in Atlas LLC for additional units.

We are an “emerging growth company” and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our Class A common stock less attractive to investors.

We are an “emerging growth company,” as defined in the JOBS Act and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We intend to take advantage of these reporting exemptions until we are no longer an emerging growth company. We cannot predict if investors will find our Class A common stock less attractive because we will rely on these exemptions. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and our stock price may be more volatile.

Additionally, for as long as we are an emerging growth company, unlike other public companies, we will not be required to, among other things: (i) comply with any new requirements if adopted by the PCAOB requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer; (ii) provide certain disclosures regarding executive compensation required of larger public companies; or (iii) hold nonbinding advisory votes on executive compensation.

We will remain an emerging growth company for up to five years after our IPO, although we will lose that status sooner if we have more than $1.07 billion of revenues in a fiscal year, have more than $700 million in market value of our Class A common stock held by non-affiliates as of any June 30 or issue more than $1.0 billion of non-convertible debt over a rolling three-year period.

To the extent that we rely on any of the exemptions available to emerging growth companies, you will receive less information about our executive compensation and internal control over financial reporting than issuers that are not emerging growth companies. If some investors find our Class A common stock to be less attractive as a result, there may be a less active trading market for our Class A common stock and our stock price may be more volatile.

We may issue preferred stock whose terms could adversely affect the voting power or value of our Class A common stock.

Our amended and restated certificate of incorporation will authorize us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designations, preferences, limitations and relative rights, including preferences over our Class A common stock respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our Class A common stock. For example, we might grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of the Class A common stock.

There is currently no existing market for our Class A common stock, and a market for our securities may not develop, which would adversely affect the liquidity and price of our securities.

Prior to this offering, there has not been a public market for our Class A common stock. We cannot predict the extent to which investor interest in our company will lead to the development of an active trading market on the stock exchange on which we list our Class A common stock or otherwise or how liquid that market might become. If an active trading market does not develop, anyone purchasing our Class A common stock may have difficulty selling it. The initial public offering price for the Class A common stock was determined by negotiations between us and the representatives of the underwriters and may not be indicative of prices that will prevail in the open market following this offering. Consequently, purchasers of our Class A common stock may be unable to sell it at prices equal to or greater than the price paid.

The following factors could affect our stock price:

- quarterly variations in our financial and operating results;
- the public reaction to our press releases, our other public announcements and our filings with the SEC;
- strategic actions by our competitors;

- changes in revenues or earnings estimates, or changes in recommendations or withdrawal of research coverage, by equity research analysts;
- speculation in the press or investment community;
- the failure of research analysts to cover our Class A common stock;
- sales of our Class A common stock by us or other stockholders, or the perception that such sales may occur;
- equity capital markets transactions by other frac sand companies, including by way of initial public offerings;
- changes in accounting principles, policies, guidance, interpretations or standards;
- additions or departures of key management personnel;
- actions by our stockholders;
- general market conditions, including fluctuations in commodity prices;
- changes in, or investors' perception of, the oil and natural gas industry;
- litigation involving us, our industry, or both;
- domestic and international economic, legal and regulatory factors unrelated to our performance; and
- the realization of any risks described under this "Risk Factors" section.

The stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our Class A common stock. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. Such litigation, if instituted against us, could result in very substantial costs, divert our management's attention and resources and harm our business, operating results and financial condition.

If Atlas LLC were to become a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, we and Atlas LLC might be subject to potentially significant tax inefficiencies, and we would not be able to recover payments previously made by it under the Tax Receivable Agreement even if the corresponding tax benefits were subsequently determined to have been unavailable due to such status.

We intend to operate such that Atlas LLC does not become a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. A "publicly traded partnership" is a partnership the interests of which are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof. Under certain circumstances, redemptions of Atlas Units pursuant to the Redemption Right or Call Right, or other transfers of Atlas Units, could cause Atlas LLC to be treated as a publicly traded partnership. Applicable U.S. Treasury regulations provide for certain safe harbors from treatment as a publicly traded partnership, and we intend to operate such that redemptions or other transfers of Atlas Units qualify for one or more such safe harbors. For example, we intend to limit the number of holders of Atlas Units, and the Atlas LLC Agreement, which will be entered into in connection with the closing of this offering, will provide for limitations on the ability of holders of Atlas Units to transfer their Atlas Units and will provide us, as managing member of Atlas LLC, with the right to impose restrictions (in addition to those already in place) on the ability of holders of Atlas Units to redeem their Atlas Units pursuant to the Redemption Right to the extent we believe it is necessary to ensure that Atlas LLC will continue to be treated as a partnership for U.S. federal income tax purposes.

If Atlas LLC were to become a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, significant tax inefficiencies might result for us and for Atlas LLC, including as a result of the inability to file a consolidated U.S. federal income tax return with Atlas LLC. In addition, we might not be able to realize tax benefits covered under the Tax Receivable Agreement, and we would not be able to recover any payments previously made by it under the Tax Receivable Agreement, even if the corresponding tax benefits (including any claimed increase in the tax basis of Atlas LLC's assets) were subsequently determined to have been unavailable.

Our organizational structure confers certain benefits upon the Legacy Owners that hold Atlas Units that will not benefit the holders of our Class A common stock to the same extent as it will benefit those Legacy Owners.

Our organizational structure confers certain benefits upon the Legacy Owners that hold Atlas Units that do not benefit the holders of our Class A common stock to the same extent as it will benefit those Legacy Owners. We are a holding company and has no material assets other than its ownership of Atlas Units. As a consequence, our ability to declare and pay dividends to the holders of our Class A common stock is subject to the ability of Atlas LLC to provide distributions to us. If Atlas LLC makes such distributions, the Legacy Owners that hold Atlas Units will be entitled to receive equivalent distributions from Atlas LLC on a pro rata basis. However, because we must pay taxes, amounts ultimately distributed as dividends to holders of our Class A common stock are expected to be less on a per share basis than the amounts distributed by Atlas LLC to the Legacy Owners on a per unit basis. This and other aspects of our organizational structure may adversely impact the future trading market for our Class A common stock.

The U.S. federal income tax treatment of distributions on our Class A common stock to a holder will depend upon our tax attributes and the holder's tax basis in our stock, which are not necessarily predictable and can change over time.

Distributions of cash or other property on our Class A common stock, if any, will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed our current and accumulated earnings and profits, the distributions will be treated as a non-taxable return of capital to the extent of the holder's tax basis in our Class A common stock and thereafter as capital gain from the sale or exchange of such common stock. Also, if any holder sells our Class A common stock, the holder will recognize a gain or loss equal to the difference between the amount realized and the holder's tax basis in such Class A common stock.

To the extent that the amount of our distributions is treated as a non-taxable return of capital as described above, such distribution will reduce a holder's tax basis in the Class A common stock. Consequently, such excess distributions will result in a corresponding increase in the amount of gain, or a corresponding decrease in the amount of loss, recognized by the holder upon the sale of the Class A common stock or subsequent distributions with respect to such stock. Additionally, with regard to U.S. corporate holders of our Class A common stock, to the extent that a distribution on our Class A common stock exceeds both our current and accumulated earnings and profits and such holder's tax basis in such shares, such holders would be unable to utilize the corporate dividends-received deduction (to the extent it would otherwise be applicable to such holder) with respect to the gain resulting from such excess distribution.

Investors in our Class A common stock are encouraged to consult their tax advisors as to the tax consequences of receiving distributions on our Class A common stock that are not treated as dividends for U.S. federal income tax purposes.

Because we have elected to take advantage of the extended transition period pursuant to Section 107 of the JOBS Act, our financial statements may not be comparable to those of other public companies.

Section 107 of the JOBS Act provides that an emerging growth company can use the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. This permits an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We are choosing to take advantage of this extended transition period and, as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for private companies. Accordingly, our financial statements may not be comparable to companies that comply with public company effective dates, and our stockholders and potential investors may have difficulty in analyzing our operating results by comparing us to such companies.

General Risk Factors

The requirements of being a public company, including compliance with the reporting requirements of the Exchange Act, and the requirements of Sarbanes-Oxley, may strain our resources, increase our costs and distract management, and we may be unable to comply with these requirements in a timely or cost-effective manner.

As a public company, we need to comply with laws, regulations and requirements, certain corporate governance provisions of Sarbanes-Oxley and related regulations of the SEC and the requirements of the NYSE. Complying with these statutes, regulations and requirements occupies a significant amount of time of our board of directors and management and significantly increases our costs and expenses. We will need to:

- institute a more comprehensive compliance function to test and conclude on the sufficiency of our internal controls around financial reporting;
- comply with rules promulgated by the NYSE;
- prepare and distribute periodic public reports;
- establish new internal policies, such as those relating to insider trading; and
- involve and retain to a greater degree outside professionals in the above activities.

Furthermore, while we must comply with Section 404 of Sarbanes-Oxley, we are not required to have our independent registered public accounting firm attest to the effectiveness of our internal controls until our first annual report subsequent to our ceasing to be an "emerging growth company" within the meaning of Section 2(a)(19) of the Securities Act. Accordingly, we may not be required to have our independent registered public accounting firm attest to the effectiveness of our internal controls until as late as our annual report for the fiscal year ending December 31, 2027. Once it is required to do so, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed, operated or reviewed. Compliance with these requirements may strain our resources, increase our costs and distract management, and we may be unable to comply with these requirements in a timely or cost-effective manner.

We believe that the out-of-pocket costs, diversion of management's attention from running the day-to-day operations and operational changes caused by the need to comply with the requirements of Section 404 of Sarbanes-Oxley could be significant. If the time and costs associated with such compliance exceed our current expectations, our results of operations could be adversely affected.

If we fail to comply with the requirements of Section 404 or if we or our independent registered public accounting firm identify and report such material weaknesses, the accuracy and timeliness of the filing of our annual and quarterly reports may be adversely affected and could cause investors to lose confidence in our reported financial information, which could have a negative effect on the stock price of our Class A common stock. In addition, a material weakness in the effectiveness of our internal control over financial reporting could result in an increased chance of fraud and the loss of customers, reduce our ability to obtain financing and require additional expenditures to comply with these requirements, each of which could have an adverse effect on our business, results of operations and financial condition.

In addition, being a public company subject to these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors or as executive officers.

If securities or industry analysts do not publish research or reports or publish unfavorable research about our business, the price and trading volume of our Class A common stock could decline.

The trading market for our Class A common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who covers us downgrades our securities, the price of our securities would likely decline. If one or more of these analysts ceases to cover us or fails to publish regular reports on us, interest in the purchase of our securities could decrease, which could cause the price of our Class A common stock and other securities and their trading volume to decline.

If we fail to develop or maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential stockholders could lose confidence in our financial reporting, which would harm our business and the trading price of our Class A common stock.

Effective internal controls are necessary for us to provide reliable financial reports, prevent fraud and operate successfully as a public company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. We cannot be certain that our efforts to develop and maintain our internal controls will be successful, that we will be able to maintain adequate controls over our financial processes and reporting in the future or that we will be able to comply with our obligations under Section 404 of the Sarbanes-Oxley Act. Any failure to develop or maintain effective internal controls, or difficulties encountered in implementing or improving our internal controls, could harm our operating results or cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our Class A common stock.

Natural disasters and unusual weather conditions could disrupt business and result in operational delays and otherwise have an adverse effect on our business.

The occurrence of one or more natural disasters, such as tornadoes, hurricanes, tsunamis, fires, floods and earthquakes or unusual weather conditions in the regions in which our facilities are located could adversely result in delayed operations or repair costs. For example, in February 2021, Texas and New Mexico experienced record-setting cold temperatures from Winter Storm Uri. These cold temperatures required our customers to significantly curtail their production and completion activities which, in turn, negatively impacted our produced water handling and water solutions volumes. In addition to the Produced Water Handling volume reductions, we also experienced elevated prices for field gas generated power for the month of February 2021. Frac sand volumes were also negatively impacted in February and March 2021 as the cold weather delayed completion schedules and pushed forecasted producer activity into the latter half of the year. Events such as this could have an adverse effect on our business.

A terrorist attack or armed conflict could harm our business.

Global and domestic terrorist activities, anti-terrorist efforts and other armed conflicts involving the United States could adversely affect the U.S. and global economies and could prevent us from meeting financial and other obligations. We could experience loss of business, delays or defaults in payments from payors or disruptions of fuel supplies and markets if pipelines, production facilities, processing plants, refineries or transportation facilities are direct targets or indirect casualties of an act of terror or war. Such activities could reduce the overall demand for oil and natural gas, which, in turn, could also reduce the demand for our frac sand. Global and domestic terrorist activities and the threat of potential terrorist activities and any resulting physical damage and economic downturn could adversely affect our results of operations, impair our ability to raise capital or otherwise adversely impact our ability to realize certain business strategies.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information in this prospectus includes "forward-looking statements." All statements, other than statements of historical fact included in this prospectus, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this prospectus, the words "could," "would," "believe," "anticipate," "intend," "estimate," "expect," "project" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the section titled "Risk Factors" included in this prospectus. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Although we believe that the forward-looking statements contained in this prospectus are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in such forward-looking statements, including but not limited to:

- higher than expected costs to operate our Kermit and Monahans facilities and develop the Dune Express system;
- the amount of frac sand we are able to produce, which could be adversely affected by, among other things, operating difficulties and unusual or unfavorable geologic conditions;
- the volume of frac sand we are able to sell and our ability to enter into supply contracts for our frac sand on acceptable terms;
- the prices we are able to charge, and the margins we are able to realize, from our frac sand sales;
- the demand for and price of frac sand, particularly in the Permian Basin;
- fluctuations in the demand for certain grades of frac sand;
- changes in the price and availability of natural gas, diesel fuel or electricity that we use as fuel sources for our proppant production facilities and related equipment;
- the availability of capital and our liquidity;
- the level of competition from other companies;
- pending legal or environmental matters;
- changes in laws and regulations (or the interpretation thereof) or increased public scrutiny related to the proppant production and oil and natural gas industries, silica dust exposure or the environment;
- facility shutdowns in response to environmental regulatory actions;
- technical difficulties or failures;
- liability or operational disruptions due to pit-wall or pond failure, environmental hazards, fires, explosions, chemical mishandling or other industrial accidents;
- health epidemics, such as the ongoing COVID-19 pandemic, natural disasters or inclement or hazardous weather conditions, including but not limited to cold weather, flooding, tornadoes and the physical impacts of climate change;
- unanticipated ground, grade or water conditions;

- inability to obtain government approvals or acquire or maintain necessary permits or mining, access or water rights;
- changes in the price and availability of transportation services;
- inability of our customers to take delivery;
- difficulty collecting receivables;
- the level of completion activity in the oil and natural gas industry;
- inability to obtain necessary production equipment or replacement parts;
- the amount of water available for processing;
- any future expansion projects or capital expenditures;
- our ability to finance equipment, working capital and capital expenditures;
- inability to successfully grow organically, including through future land acquisitions;
- inaccuracies in estimates of volumes and qualities of our frac sand reserves;
- failure to meet our minimum delivery requirements under our supply agreements;
- material nonpayment or nonperformance by any of our key customers;
- development of either effective alternative proppants or new processes that replace hydraulic fracturing;
- our ability to borrow funds and access capital markets;
- our ability to comply with covenants contained in our debt instruments;
- the severity, operational challenges and duration of the ongoing COVID-19 pandemic and efforts to mitigate the spread of the virus, including logistical challenges, protecting the health and well being of our employees, remote work arrangements, performance of contracts and supply chain disruptions, which have caused economic slowdowns and interruptions to our and our customers' operations;
- the potential deterioration of our customers' financial condition, including defaults resulting from actual or potential insolvencies;
- changes in global political or economic conditions, generally, and in the markets we serve;
- physical, electronic and cybersecurity breaches;
- the effects of litigation;
- plans, objectives, expectations and intentions contained in this prospectus that are not historical; and
- other factors discussed elsewhere in this prospectus including in the section titled "Risk Factors."

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks include, but are not limited to, the risks described under "Risk Factors" in this prospectus. Should one or more of the risks or uncertainties described in this prospectus occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this prospectus are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this prospectus.

USE OF PROCEEDS

We expect to receive net proceeds from this offering of approximately $ million (assuming the midpoint of the price range set forth on the cover of this prospectus), after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, of approximately $ million in the aggregate. A portion of the net proceeds from this offering will be used to distribute to the Legacy Owners, in exchange for a portion of their Atlas Units, an aggregate amount of cash equal to approximately $. We intend to contribute all of the net proceeds of this offering (and not distributed by us to the Legacy Owners) to Atlas LLC in exchange for Atlas Units. Atlas LLC will use such net proceeds to fund approximately $ million for general corporate purposes, including capital projects. We do not currently intend to use any of the net proceeds from this offering to make payments under the Tax Receivable Agreement or payments in connection with the Redemption Right or Call Right.

The estimated distribution to the Legacy Owners equals the product of times the assumed initial public offering price per share of Class A common stock after deducting the underwriting discounts and commissions and estimated offering expenses. A $1.00 increase or decrease in the assumed initial public offering price would increase or decrease, as applicable, the cash distribution to the Legacy Owners by approximately $ million.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover of this prospectus) would cause the net proceeds from this offering, after deducting the underwriting discounts and commissions and estimated offering expenses, to increase (decrease), by approximately $ million, assuming the number of shares offered by us (as set forth on the cover page of this prospectus) remains the same. Any change in proceeds retained by Atlas LLC as a result of any change in the initial public offering price, after giving effect to any impact such change would have on the cash distribution payable to the Legacy Owners, would impact the amount of proceeds that we could use for general corporate purposes.

To the extent the underwriters' option to purchase additional shares is exercised in full or in part, the net proceeds therefrom will be used to make a distribution to the Legacy Owners in redemption of a number of Atlas Units (together with an equivalent number of shares of our Class B common stock) and/or shares of Class A common stock equal to the number of shares of Class A common stock issued pursuant to the underwriters' option to purchase additional shares. The expected use of net proceeds from this offering represents our intentions based upon our present plans and business conditions. We cannot predict with certainty all of the particular uses for the proceeds of this offering or the amounts that we will actually spend on the uses set forth above. Accordingly, our management will have significant flexibility in applying the net proceeds of this offering. The timing and amount of our actual expenditures will be based on many factors, including cash flows from operations and the anticipated growth of our business.

DIVIDEND POLICY

We expect to pay dividends on our Class A common stock in amounts determined from time to time by our board of directors. We will continuously evaluate market conditions to efficiently increase stockholder value. However, the declaration and payment of any dividend by us will be at the sole discretion of our board of directors, which may change our dividend policy at any time. Our board of directors will take into account:

- general economic and business conditions;
- our financial condition and operating results;
- our Free Cash Flow and current and anticipated cash needs;
- our capital requirements;
- contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or dividends or distributions by our subsidiaries (including Atlas LLC) to us; and
- such other factors as our board of directors may deem relevant.

We will be a holding company upon the completion of this offering, and will have no material assets other than our ownership of Atlas Units. As a consequence, our ability to declare and pay dividends to the holders of our Class A common stock will be subject to the ability Atlas LLC to provide distributions to us. The ability of our subsidiaries to make distributions to Atlas LLC depends upon the amount of cash they generate from their operations and the restrictions contained in the ABL Credit Facility and such subsidiaries' governing documents. For additional information, please see "Risk Factors—Risks Related to this Offering and Our Class A Common Stock and Organizational Structure—*We are a holding company. Our sole material asset after completion of this offering and our corporate reorganization will be its equity interest in Atlas LLC, and we will accordingly be dependent upon cash distributions from Atlas LLC to cover our taxes and corporate and overhead expenses, among other expenses*."

If Atlas LLC makes such distributions, the Legacy Owners holding Atlas Units will be entitled to receive equivalent distributions from Atlas LLC on a pro rata basis. However, because Atlas Inc. must pay taxes, amounts ultimately distributed as dividends to holders of our Class A common stock are expected to be less on a per share basis than the amounts distributed by Atlas LLC to the Legacy Owners on a per unit basis.

Assuming Atlas LLC makes distributions to Atlas Inc. and the Legacy Owners in any given year, the determination to pay dividends, if any, in respect of our Class A common stock out of the portion, if any, of such distributions remaining after our payment of taxes and our expenses (any such portion, an "excess distribution") will be made by our board of directors. Because our board of directors may determine to pay or not pay dividends in respect of shares of our Class A common stock, our holders of Class A common stock may not necessarily receive dividend distributions relating to excess distributions, even if Atlas LLC makes such distributions to us.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2021:

- on an actual basis; and
- as adjusted to give pro forma effect to (i) the transactions described under "Corporate Reorganization" and (ii) the sale of shares of our Class A common stock in this offering at the assumed initial offering price of $ per share (the midpoint of the price range set forth on the cover of this prospectus) and the application of the net proceeds therefrom as described under the section titled "Use of Proceeds."

The table below should be read in conjunction with, and is qualified in its entirety by reference to the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical condensed consolidated financial information of our Predecessor and our pro forma financial information for the periods and as of the dates indicated.

	As of December 31, 2021	
	Predecessor(1)	As adjusted(2)
	(In millions, except number of shares and par value)	
Cash and cash equivalents	$	$
Total debt:		
ABL Credit Facility(3)	$	$
Term Loan Credit Facility		
Total debt		
Members' / stockholders' equity:		
Members' / stockholders' equity	$	$
Class A common stock, $0.01 par value; no shares authorized, issued or outstanding (actual); shares authorized, shares issued and outstanding (as adjusted)		
Class B common stock, $0.01 par value, no shares authorized, issued or outstanding (actual); shares authorized, shares issued and outstanding (as adjusted)		
Additional paid-in capital		
Non-controlling interests		
Total members' / stockholders' equity	$	
Total capitalization	$	$

(1) Atlas LLC was formed in April 2017. The data in this table has been derived from the historical consolidated financial statements included in this prospectus which pertain to the assets, liabilities, revenues and expenses of our accounting predecessor.

(2) A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the as adjusted additional paid-in capital, total members' / stockholders' equity and total capitalization by approximately $ million, $ million and $ million, respectively, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting the estimated underwriting discounts and commissions payable by us. We may also increase (decrease) the number of shares we are offering. An increase (decrease) of one million shares offered by us at the assumed initial public offering price of $ per share, which is the midpoint of the price

range set forth on the cover page of this prospectus, would increase (decrease) the as adjusted additional paid-in capital, total members'/stockholders' equity and total capitalization by approximately $ million, $ million and $ million, respectively, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

(3) As of , 2022, the ABL Credit Facility includes an undrawn letter of credit in the amount of $.

DILUTION

Purchasers of the Class A common stock in this offering will experience immediate and substantial dilution in the net tangible book value per share of the Class A common stock for accounting purposes. Our as adjusted net tangible book value as of December 31, 2021, after giving pro forma effect to the transactions described under the section titled "Corporate Reorganization," was approximately $ million, or $ per share of Class A common stock. Pro forma net tangible book value per share is determined by dividing our pro forma tangible net worth (tangible assets less total liabilities) by the total number of outstanding shares of Class A common stock (assuming that 100% of Atlas Units have been redeemed for Class A common stock) that will be outstanding immediately prior to the closing of this offering including giving effect to our corporate reorganization. After giving effect to the sale of the shares in this offering and further assuming the receipt of the estimated net proceeds from this offering (after deducting estimated underwriting discounts and commissions and estimated offering expenses), our pro forma as adjusted net tangible book value as of December 31, 2021 would have been approximately $ million, or $ per share. This represents an immediate decrease in the net tangible book value of $ per share to the Legacy Owners and an immediate dilution (i.e., the difference between the offering price and the as adjusted net tangible book value after this offering) to new investors of $ per share. The following table illustrates the per share dilution to new investors (assuming that 100% of Atlas Units have been redeemed for Class A common stock):

Initial public offering price per share of Class A common stock		$
As adjusted net tangible book value per share of Class A common stock as of December 31, 2021 (after giving pro forma effect to our corporate reorganization as described above)	$	
Decrease per share of Class A common stock attributable to this offering and related transactions as described above		
Pro forma as adjusted net tangible book value per share of Class A common stock (after giving further effect to this offering and related transactions as described above)		
Dilution in pro forma as adjusted net tangible book value per share of Class A common stock to new investors		$

The dilution information discussed above is illustrative only and will change based on the actual public offering price and other terms of this offering to be determined at pricing. A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted net tangible book value per share by approximately $ million, or by approximately $ per share, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, an increase (decrease) of one million in the number of shares offered by us would increase (decrease) the pro forma as adjusted net tangible book value per share by approximately $ million, or approximately $ per share, assuming the assumed public offering price remains the same, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The following table summarizes, on an as adjusted basis as of December 31, 2021, the total number of shares of Class A common stock owned by the Legacy Owners (assuming that 100% of our Class B common stock and Atlas Units have been redeemed for Class A common stock) and to be owned by new investors, the total consideration paid, and the average price per share paid by the

Legacy Owners and to be paid by new investors in this offering at our initial offering price of $ per share, calculated before deduction of estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Acquired		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
	(In thousands, except for percentages)				
Legacy Owners		%	$	%	$
New investors in this offering		%		%	
Total		100.0%	$	100.0%	$

The above table and discussion are based on the number of shares of our Class A common stock and Class B common stock to be outstanding as of the closing of this offering. The table does not reflect shares of Class A common stock reserved for issuance under our LTIP, which we intend to adopt in connection with the completion of this offering.

If the underwriters' option to purchase additional shares is exercised in full, the number of shares held by new investors will be increased to , or approximately % of the total number of shares of our Class A common stock.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the "Summary—Summary Historical and Pro Forma Financial and Operating Data" and the financial statements and related notes appearing elsewhere in this prospectus. This discussion contains "forward-looking statements" reflecting our current expectations, estimates and assumptions concerning events and financial trends that may affect our future operating results or financial position. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors. Factors that could cause or contribute to such differences include, but are not limited to, market prices for oil and natural gas, capital expenditures, economic and competitive conditions, regulatory changes and other uncertainties, as well as those factors discussed below and elsewhere in this prospectus, particularly in the sections titled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements," all of which are difficult to predict. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur. We assume no obligation to update any of these forward-looking statements except as otherwise required by applicable law.

Overview

We are a leading provider of proppant and related logistics services to customers engaged in the oil and natural gas industry within the Permian Basin of West Texas and New Mexico, the most active basin in North America by rig count. Our core mission and key focus is to create a best-in-class value proposition for our stockholders by generating strong free cash flow, regularly returning capital to investors, reinvesting selectively to drive growth and maintaining a strong balance sheet to ensure our financial health throughout our industry's cycles. Our ability to generate free cash flow is paramount to our value proposition, as it correlates to our ability to regularly return capital to our stockholders. We have experienced significant growth in net income, Adjusted EBITDA, net cash provided by operating activities and Free Cash Flow since January 2021, as oil and natural gas prices have improved, and the proppant market has tightened. We aim to accomplish our mission and capitalize on our strategic advantages through the use of differentiated and innovative techniques and technologies to develop our high-quality and uniquely positioned resource base.

We have assembled the sand mining rights associated with approximately 38,000 acres in the Winkler Sand Trend located in Winkler and Ward Counties, Texas, which are logistically well positioned to serve the entire Permian Basin. We own 14,575 acres of large open-dune reserves and resources, which represent more than 70% of the large open-dune acreage in the Winkler Sand Trend that is available for sand mining, making us the primary producer of proppant from the large open-dune deposits inside the Winkler Sand Trend. Large open dune reserves accounted for 100% of our produced volumes for the year ended December 31, 2021. As the reserves of these large open dunes have not been subjected to the degree of soil development, organics and impurities as buried sand deposits, they tend to produce better yields relative to buried sand deposits. Large open-dune reserves have also been proven to produce a higher-quality product (as measured by tests of crush strength, turbidity, etc.) more efficiently and with a smaller environmental footprint as compared to buried sand reserves throughout the Permian Basin.

Based on our current total annual production capacity of approximately 10.0 million tons, our properties have an aggregate expected reserve life of approximately 37 years based on the currently defined mineral reserves, with a potential extension of our reserve life to years based on our total mineral resources. The difference between our proved or probable reserves and measured, indicated and inferred resources is primarily attributable to limitations on proved or probable reserve booking based on the density of core sample spacing development timing and other factors considered by our independent mining engineers and geologists. We have taken core samples across the entirety of our acreage position and the geologic homogeneity of those samples lead us to believe that substantial economic reserves of the same quality of our proved or probable reserves exist throughout; these core samples were taken with spacing ranging from 1,000 to 8,000 feet while the proved and probable reserve spacing standards utilized by our independent mining engineers and geologists, John T. Boyd Company, is less than or equal to 1,500 foot spacing for proven reserves and measured resources, 1,500 to 2,500 foot spacing for probable reserves and indicated resources and 2,500 to 5,000 foot spacing for inferred resources. As a result of the consistency of the samples across our acreage, we anticipate a reclassification of resources to proven or probable reserves over time as we expand our mining operations and execute with tighter infill sampling. Please see the risk captioned under "Risk Factors—Risks Related to Our Business and Operations—*Inaccuracies in our estimates of sand reserves and resource deposits, or deficiencies in our title to those deposits, could result in our inability to mine the deposits or require us to pay higher than expected costs*."

Market Conditions, Operational Trends and Outlook

Increasing economic activity, from historic lows brought about by the COVID-19 pandemic, has supported a higher oil and natural gas commodity price environment. While the demand for hydrocarbons remains below pre-pandemic levels, a disciplined approach from OPEC, Russia and other oil and natural gas producing countries in unwinding the production cuts made at the height of the pandemic has helped to manage a supply overhang and support stronger prices. In addition, global crude oil demand is currently forecasted to exceed global oil production, which will likely give rise to additional upward pricing pressure.

The rising commodity price environment coupled with an increase in the demand for hydrocarbons has painted a favorable macro backdrop for the oil and natural gas industry. With demand forecasted to outpace supply, oil producers have continued to ramp up drilling activity in an effort to meet demand expectations. The Permian Basin, the most prolific basin in North America, has seen the most robust recovery in oilfield activity to-date.

At the peak of the COVID-19 health crisis, oilfield activity became relatively muted as evidenced by historically low rig count activity. The Permian Basin saw its lowest rig count in over a decade while oil spot prices briefly entered negative territory. As a result, operators began to shut in wells and significantly reduce capital spending, which in turn led to a precipitous decline in the demand for oilfield services.

These difficult industry conditions and constrained access to capital led several proppant producers to shut down their facilities in an effort to conserve cash. In contrast to these companies, we never closed our facilities. We operated throughout the height of the pandemic, increased our market share, generated positive Adjusted EBITDA and took advantage of the slower activity levels to implement several facility upgrades to increase our production capacity or reduce costs, including the implementation of e-mining. As a result, we have emerged from the ongoing COVID-19 pandemic in a position of strength and as a market leader for proppant in the Permian Basin.

The price of West Texas Intermediate crude experienced a significant rally during the 2021 fiscal year, ending the year at $77.74 per barrel, representing an absolute increase of $90.87 from pandemic low. The Permian Basin ended 2021 with 276 active horizontal drilling rigs, up from 169 for the prior year, representing an increase of approximately 63%. As a result of increased drilling activity, completions activity experienced robust growth as well. Year-over-year, the Permian Basin added an estimated 22 horizontal frac fleets, ending the period with approximately 96 total active frac fleets while total horizontal completions increased by approximately 44%. The higher pricing environment, and favorable macro backdrop, has led to robust demand for our product and services.

These industry trends will continue to directly benefit proppant producing companies like us that have the industry expertise and technological ability to meet the growing demand for our products.

How We Generate Revenue

We generate revenue by mining, processing and distributing proppant that our customers use in connection with their operations. We sell proppant to our customers under supply agreements or as spot sales at prevailing market rates, which is dependent upon the cost of producing proppant, the proppant volumes sold and the desired margin and prevailing market conditions.

In some instances, revenues also include charges for sand logistics services provided to our customers. Our logistics service revenue fluctuates based on several factors, including the volume of proppant transported and the distance between our facilities and our customers. Revenue is generally recognized as products are delivered in accordance with the contract.

Certain of our contracts contain shortfall provisions that calculate agreed upon fees that are billed when the customer does not meet the minimum purchases over a period of time defined in each contract.

As of December 31, 2021, our Kermit and Monahans production facilities, have 10.0 million tons of annual production capacity.

Costs of Conducting our Business

We incur operating costs primarily from direct and indirect labor, freight charges, utility costs, fuel and maintenance costs and royalties. We incur labor costs associated with employees at our Kermit and Monahans facilities, which represent the most significant cost of converting frac sand to finished product. We may incur variable freight charges from trucking companies related to our delivery of sand to customer wellsites. Our Kermit and Monahans facilities undergo maintenance to minimize unscheduled downtime and ensure the ongoing quality of our proppant and ability to meet customer demands. We may incur variable utility costs in connection with the operation of our processing facilities, primarily natural gas and electricity, which are both susceptible to market fluctuations. We lease equipment in many areas of our operations including our proppant production hauling equipment. We incur variable royalty expense and / or delay rentals related to our agreement with the owners of our reserves. In addition, other costs including overhead allocation, depreciation and depletion are capitalized as a component of inventory and are reflected in cost of goods sold when inventory is sold.

How We Evaluate Our Operations

Our management uses a variety of financial and operating metrics to evaluate and analyze the performance of our business, including Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, Free Cash Flow Margin, Free Cash Flow Conversion and Contribution Margin.

Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, Free Cash Margin, Free Cash Flow Conversion, and Contribution Margin are non-GAAP supplemental financial measures used by our management and by external users of our financial statements such as investors, research analysts and others, in the case of Adjusted EBITDA, to assess our operating performance on a consistent basis across periods by removing the effects of development activities and, in the case of Free Cash Flow, to assess the financial performance of our assets and their ability to sustain dividends over the long term without regard to financing methods, capital structure or historical cost basis.

We define Adjusted EBITDA as net income (loss) before depreciation, depletion and accretion, interest expense, income tax expense, expense related to workforce reduction, impairment of long-lived assets, unit based compensation, loss on disposal of property, plant and equipment, loss on commodity derivatives, and gain or loss on extinguishment of debt. Management believes Adjusted EBITDA is useful because it allows them to more effectively evaluate our operating performance and compare the results of our operations from period to period and against our peers without regard to our financing methods or capital structure. We exclude the items listed above from net income in arriving at Adjusted EBITDA because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired.

We define Adjusted EBITDA Margin as Adjusted EBITDA divided by total sales.

We define Free Cash Flow as Adjusted EBITDA less maintenance capital expenditures. We believe that Free Cash Flow is useful to investors as it provides a measure to of the ability of our business to generate cash, which can be used to pay dividends, capital expenditures or debt repayment.

We define Free Cash Flow Margin as Free Cash Flow divided by total sales.

We define Free Cash Flow Conversion as Free Cash Flow divided by Adjusted EBITDA.

We define maintenance capital expenditures as capital expenditures excluding growth capital expenditures.

We define Contribution Margin as gross profit plus depreciation, depletion and accretion expense.

Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, Free Cash Flow Margin and Free Cash Flow Conversion do not represent and should not be considered alternatives to, or more meaningful than, net income, income from operations, cash flows provided by operating activities or any other measure of financial performance presented in accordance with GAAP as measures of our financial performance. Adjusted EBITDA and Free Cash Flow have important limitations as analytical tools because they exclude some but not all items that affect net income, the most directly comparable GAAP financial measure. Our computation of Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, Free Cash Flow Margin and Free Cash Flow Conversion may differ from computations of similarly titled measures of other companies.

Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, Free Cash Flow Margin and Free Cash Flow Conversion are non-GAAP supplemental financial measures used by our management and external users of our financial statements such as investors, research analysts and others, in the case of Adjusted EBITDA, to assess the financial performance of our assets and their ability to sustain dividends over the long term without regard to financial methods, capital structure or historical cost basis, and, in the case of Free Cash Flow, to assess our operating performance on a consistent basis across periods by removing the effects of development activities.

Factors Affecting the Comparability of Our Results of Operation

COVID-19

In March 2020, the World Health Organization categorized the outbreak of COVID-19 as a pandemic. The COVID-19 pandemic has led to significant economic disruption globally, including in the areas of the United States in which we operate. Governmental authorities took actions to limit the spread of COVID-19 through travel restrictions and stay-at-home orders, which caused many businesses to adjust, reduce or suspend activities. Concerns about global economic growth, as well as uncertainty regarding the timing, pace and extent of an economic recovery in the United States and abroad, have had a significant adverse impact on commodity prices and financial markets. COVID-19 cases in the United States have decreased from their highest levels and vaccines are being distributed, but additional uncertainty remains regarding the timing, pace and extent of an economic recovery in the United States.

Beginning in March 2020, we took action to protect the health and safety of our workers, while continuing to operate, and to maintain the safety and integrity of, our assets. Where possible, our employees have worked remotely to support our business. Where continuous remote work was not possible, we implemented strategies to reduce the likelihood of spreading the disease. In compliance with Center for Disease Control guidance, these strategies include requiring sick employees to stay home, implementing policies and practices for social distancing and wearing cloth face coverings, educating employees about steps they can take to protect themselves at work and at home, performing enhanced cleaning and disinfecting, limiting non-essential travel, and minimizing meetings and gatherings.

COVID-19 contributed to a significant downturn in oil and natural gas commodity prices, and we experienced a corresponding drop in activity levels from our customers in the Permian Basin in 2020. We took action to reduce operating and general and administrative expenses while maintaining safe and reliable performance of our systems. We anticipate that these cost improvements are sustainable and will continue to benefit us in the future. We also expect a significant recovery in operator activity levels as the impact of COVID-19 diminishes and commodity prices continue to recover. However, we are unable to predict the future impact of COVID-19, and it is possible that such impact could be negative. For more information on the risks relating to COVID-19, please read the risks under the section titled “Risk Factors”, including “*—Our business and results of operations have been adversely affected by, and may again in the future be adversely affected by, the ongoing COVID-19 pandemic*.”

Long-Term Incentive Plan

In order to incentivize management members following the completion of this offering, we anticipate that our board of directors will adopt a LTIP for employees and directors prior to the completion of this offering. Our principal executive officer and our next two most highly compensated executive officers (our “Named Executive Officers”) will be eligible to participate in this plan, which will become effective upon the consummation of this offering. We anticipate that the LTIP will provide for the grant of options, stock appreciation rights, restricted stock, restricted stock units, stock awards, dividend equivalents, other stock-based awards, cash awards, substitute awards and performance awards intended to align the interests of service providers (including the Named Executive Officers) with those of our stockholders. As such, our historical financial data may not present an accurate indication of what our actual results would have been if we had implemented the LTIP program prior to the periods presented within.

Debt and Interest Expense

In connection with this offering, we expect to materially reduce our indebtedness. Based on our anticipated use of proceeds, we expect an immediate reduction in cash interest expense and could see further reductions in cash interest expense as we use Free Cash Flow to lower debt.

Implementation of Electric Dredge Mining

In July 2020 and August 2020, we switched from traditional pit mining and implemented dredge mining at the Kermit and Monahans facilities, respectively. Accordingly, historical consolidated financial statements for the year ended December 31, 2020 included in this prospectus do not include a full year of associated operational cost reductions related to the implementation of dredge mining. The historical consolidated financial statements for the nine months ended September 30, 2021 included in this prospectus include the associated operational cost reductions related to the implementation of dredge mining. Dredge mining has resulted in total operational cost savings in excess of $10.0 million per annum when compared to traditional pit mining. As such, our historical financial data may not yield an accurate indication of what our actual results would have been if we had implemented dredge mining prior to the periods presented within.

Income Taxes

Atlas Inc. is a corporation and will be subject to U.S. federal, state and local income taxes. Although the Predecessor is subject to franchise tax in the State of Texas (at less than 1% of modified pre-tax earnings), it is and historically has been treated as a pass-through entity for U.S. federal and other state and local income tax purposes, and as such is and was generally not subject to U.S. federal income taxes or other state or local income taxes. Rather, the tax liability with respect to the taxable income of the Predecessor is and was passed through to its owners. Accordingly, the financial data attributable to Predecessor contains no provision for U.S. federal income taxes or income taxes in any state or locality (other than franchise tax in the State of Texas). We estimate that we will be subject to U.S. federal, state and local taxes at a blended statutory rate of approximately 21.75% (plus any applicable state income tax) of pre-tax earnings, based upon the federal statutory rate of 21%, plus Texas franchise tax rate of 0.75%.

Atlas Inc. accounts for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled pursuant to the provisions of Accounting Standards Codification (“ASC”) 740, *Income Taxes*. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in earnings in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts more likely than not to be realized.

We expect to record a full valuation allowance on our net deferred tax assets based on our assessment that it is more likely than not that the deferred tax asset will not be realized. A change in these assumptions could cause a decrease to the valuation allowance, which could materially impact our results of operations.

Results of Operations

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

	Predecessor	
	Nine Months Ended September 30,	
	2021	2020
	(In thousands)	
Product sales	$ 98,197	$ 58,152
Service sales	21,361	27,300
Total sales	119,558	85,452
Cost of sales (excluding depreciation, depletion and accretion expense)	59,369	56,548
Depreciation, depletion and accretion expense	17,376	15,387
Gross profit	42,813	13,517
Operating expenses:		
Selling, general and administrative expense	11,992	12,986
Impairment of long-lived assets	—	1,250
Operating income (loss)	30,821	(719)
Interest expense, net	(20,803)	(24,129)
Other income (loss)	179	(79)
Income tax expense	320	174
Net income (loss)	$ 9,877	$ (25,101)

Sales—Product. Product sales increased by $40.0 million to $98.2 million for the nine months ended September 30, 2021, as compared to $58.2 million for the nine months ended September 30, 2020. An increase in sales volumes between the periods contributed to a $20.0 million positive impact, while an increase in proppant prices contributed a $20.0 million positive impact.

Sales—Services. Services sales, which includes freight for last-mile logistics services decreased by $5.9 million to $21.4 million for the nine months ended September 30, 2021, as compared to $27.3 million for the nine months ended September 30, 2020. The decrease in logistics revenue was due to lower sales volumes shipped to last-mile logistics customers.

Cost of sales (excluding depreciation, depletion and accretion expense). Cost of sales (excluding depreciation and depletion expense) increased by $2.9 million to $59.4 million for the nine months ended September 30, 2021, as compared to $56.5 million for the nine months ended September 30, 2020. Cost of sales (excluding depreciation, depletion and accretion) related to product sales increased by $6.2 million due to increased sales volumes, which increased costs for utilities, maintenance and royalties. These increases were partially offset by decreased mining and rental equipment costs, due to dredge mining for the full year, and cost efficiencies gained during the period.

Cost of sales (excluding depreciation, depletion and accretion expense) related to services decreased by $3.3 million due to lower sales volumes shipped to last-mile logistics customers during the period.

Depreciation depletion and accretion expense. Depreciation, depletion and accretion expense increased by $2.0 million to $17.4 million for the nine months ended September 30, 2021, as compared to $15.4 for the nine months ended September 30, 2020. The increase in cost of sales depreciation and depletion is due to increased component depreciation for certain product belts used in the proppant production process, as well as increased units of production depletion due to higher sand production when compared to the prior period.

Selling, general and administrative expense. Selling, general and administrative expense decreased by $1.0 million to $12.0 million for the nine months ended September 30, 2021, as compared to $13.0 million for the nine months ended September 30, 2020. The decrease is primarily due to a decrease of $2.5 million in unit-based compensation expense during the nine months ended September 30, 2021, compared to the nine months ended September 30, 2020. This decrease was partially offset by an increase of $1.5 million of employee and marketing costs associated with increased economic activity, from historic lows brought about by the COVID-19 pandemic during the nine months ended September 30, 2021, compared to the nine months ended September 30, 2020.

Our G&A expenses include the non-cash expense for unit-based compensation for equity awards granted to our employees and directors. For the nine months ended September 30, 2021, stock-based compensation expense was $0.1 million as compared to stock-based compensation expense of $2.6 million for the nine months ended September 30, 2020.

Impairment of Long-Lived Assets. We recognized no impairment of long-lived assets expense for the nine months ended September 30, 2021. We recognized $1.3 million of impairment of long-lived assets expense for the nine months ended September 30, 2020, due to a write off of a vendor deposit during the period.

Interest expense, net. Interest expense, net decreased by $3.3 million to $20.8 million for the nine months ended September 30, 2021, as compared to $24.1 million for the nine months ended September 30, 2020. The decrease is primarily due to the recognition of a gain on extinguishment of debt of $4.5 million due to the forgiveness of the SBA Paycheck Protection Program Loan and the related accrued interest expense during the period. This decrease was partially offset by increased debt discount amortization expense of $0.8 million.

Income tax expense. Income tax expense increased by $0.1 million to $0.3 million for the nine months ended September 30, 2021, as compared to $0.2 million for the nine months ended September 30, 2020. The increase is primarily due to increased revenues, which increased our liability related to Texas franchise taxes.

Liquidity and Capital Resources

Overview

Our primary sources of liquidity to date have been capital contributions from our owners, cash flows from operations, borrowings under our 2018 Term Loan Credit Facility, borrowings under our Term Loan Credit Facility and our ABL Credit Facility. Our primary uses of capital have been capital expenditures to support organic growth and the construction of our Kermit Facility and Monahans Facility. In addition, we have routine facility upgrades and additional ancillary capital expenditures associated with, among other things, contractual obligations and working capital obligations. Funding for these cash needs may be provided by any combination of internally generated cash flow, borrowings under our ABL Credit Facility, additional capital investment from our owners, or other external financing sources. We strive to maintain financial flexibility and proactively monitor potential capital sources, including equity and debt financing, to meet our investment and target liquidity requirements and to permit us to manage the cyclicality associated with our business.

As of September 30, 2021, we had working capital, defined as current assets less current liabilities, of $12.4 million and $17.1 million of availability under the ABL Credit Facility. As of September 30, 2021, our cash and equivalents totaled $27.3 million.

We intend to contribute all of the net proceeds of this offering (and not distributed by us to the Legacy Owners) to Atlas LLC in exchange for Atlas Units. Atlas LLC will use such net proceeds to fund approximately $ million for general corporate purposes, including capital projects. Please see the section titled "Use of Proceeds" for more information.

Cash Flow

The following table summarizes our cash flow for the periods indicated:

	For the Nine Months Ended September 30,		For the Year Ended December 31,
	2021	2020	2020
Consolidated Statement of Cash Flow Data:	(In thousands)		
Net cash provided by operating activities	$ 28,666	$ 6,634	$ 12,486
Net cash used in investing activities	(9,695)	(7,932)	(9,532)
Net cash provided by (used in) financing activities	(27,746)	13,806	11,826
Net increase (decrease) in cash	$ (8,775)	$12,508	$ 14,780

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

Net Cash Provided by Operating Activities

Net cash provided by operating activities was $28.7 million and $6.6 million for the nine months ended September 30, 2021 and 2020, respectively. The increase is primarily attributable to increased revenues of $34.1 million. The increase was partially offset by a $2.8 million increase in cost of sales (excluding depreciation, depletion and accretion expense) and a $5.7 million decrease in interest paid-in-kind through the issuance of additional term loans, as we elected not to pay certain term loan interest in-kind as of June 30, 2021.

Net Cash Used in Investing Activities

Net cash used in investing activities was $9.7 million and $7.9 million for the nine months ended September 30, 2021 and 2020, respectively. The increase was due to increased capital projects at the Kermit and Monahans mines during the nine months ended September 30, 2021 when compared to the nine months ended September 30, 2020.

Net Cash Provided by (Used In) Financing Activities

Net cash used in financing activities was $27.7 million for the nine months ended September 30, 2021, compared to net cash provided by financing activities was $13.8 million for the nine months ended September 30, 2020. The change is primarily due to an increase of $21.9 million for the repayment of term loan borrowings during the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. Additionally, we had proceeds from term loan borrowings of $15.0 million during the nine months ended September 30, 2020.

Year Ended December 31, 2020

Net Cash Provided by Operating Activities

Net cash provided by operating activities was $12.5 million for the year ended December 31, 2020.

Net Cash Used in Investing Activities

Net cash used in investing activities was $9.5 million for the year ended December 31, 2020.

Net Cash Provided by (used in) Financing Activities

Net cash provided by financing activities was $11.8 million for the year ended December 31, 2020.

Capital Requirements

Outside of our growth and technology initiatives, our business is not presently capital intensive in nature and only requires the maintenance of our two existing proppant production facilities. Our current level of capital expenditures is expected to remain within our internally generated cash flow as we maintain significant flexibility around the timing of capital expenditures. For the fiscal year ended December 31, 2022, we expect our capital expenditures to range from million to million.

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

If and to the extent our board of directors were to declare a cash distribution to our Class A common stockholders, we currently expect the dividend to be paid from free cash flow. We do not currently expect to borrow funds or to adjust planned capital expenditures to finance dividends on our Class A common stock, if any such dividends were to be declared by our board of directors. The timing, amount and financing of dividends, if any, will be subject to the discretion of our board of directors from time to time following this offering. Please see the section titled “Dividend Policy.”

Debt Agreements

ABL Credit Facility

On December 14, 2018, the Company and the ABL Lenders entered into the ABL Credit Agreement pursuant to which the ABL Lenders provide revolving credit financing to the Company in an aggregate principal amount of up to $50.0 million with availability thereunder subject to a borrowing base as described in the ABL Credit Agreement. The ABL Credit Facility includes a letter of credit sub-facility, which permits issuances of letters of credit up to an aggregate amount of $10.0 million. As of September 30, 2021, the Company had an aggregate principal amount of $0.6 million outstanding under the ABL Credit Facility. (inclusive of all loans and letters of credit). The ABL Credit Facility will mature on the earlier of the stated maturity date, December 14, 2023, or the date that is 91 days prior to the maturity date of the Term Loan Credit Facility, or October 1, 2027.

Borrowings under the ABL Credit Facility bear interest, at the Company’s option, at either a base rate or LIBOR, as applicable, plus an applicable margin based on average excess availability as set forth in the ABL Credit Agreement. LIBOR loans bear interest at the LIBOR plus an applicable margin, which ranges from 1.50% to 2.00% per annum based on average excess availability as set forth in the

ABL Credit Agreement. Base rate loans bear interest at the applicable base rate, plus an applicable margin, which ranges from 0.50% to 2.00% per annum based on average excess availability as set forth in the ABL Credit Agreement. In addition to paying interest on outstanding principal under the ABL Credit Facility, the Company is required to pay a commitment fee of 0.375% per annum with respect to the unutilized commitment under the ABL Credit Facility, based on the average utilization of the ABL Credit Facility. The Company is also required to pay customary letter of credit fees, to the extent that one or more letter of credit is outstanding. As of September 30, 2021, we were in compliance with all covenants associated with the ABL Credit Facility and we had no borrowings outstanding.

The ABL Credit Facility is unconditionally guaranteed, jointly and severally, by the Company and its subsidiaries and secured by substantially all of the assets of the Company and its subsidiaries.

Term Loan Credit Facility—Stonebriar Commercial Finance, LLC

On October 20, 2021, we entered into a credit agreement with Stonebriar Commercial Finance LLC (the “Term Lender”) pursuant to which the Term Lender extended a $180.0 million single advance term loan credit facility (the “Term Loan Credit Facility”). The term loan outstanding under the Term Loan Credit Facility is payable in seventy-two consecutive monthly installments in varying amounts as more particularly set forth in the promissory note that was executed and delivered in connection with the Term Loan Credit Facility and has a final maturity date of October 1, 2027. The amortization of the Term Loan Credit Facility carries an implied interest rate of 8.47% per annum.

At any time prior to the October 1, 2027 maturity date, we may redeem the Term Loan Credit Facility, in whole or in part, at a price equal to 100% of the principal amount plus a prepayment fee. The prepayment fee ranges from 3% on or before October 19, 2022, to 2% after October 19, 2022, and on or before October 19, 2023, and 1% thereafter. Upon maturity of the Term Loan Credit Facility, the entire unpaid principal amount, together with interest, fees and other amounts payable in connection with the facility, will be immediately due and payable without further notice or demand. Mandatory debt service (inclusive of principal repayment and interest) is $30 million per year for the first two years of the Term Loan Credit Facility, increasing to $45 million for the final four years.

The Term Loan Credit Facility includes certain non-financial covenants, including but not limited to restrictions on incurring additional debt and certain distributions. The Term Loan Credit Facility is not subject to financial covenants, but does require us to maintain a minimum average liquidity balance of not less than $20.0 million at any time there are loans of $5.0 million or more in the aggregate outstanding under our ABL Credit Facility.

Proceeds from the Term Loan Credit Facility were used to repay of outstanding indebtedness under our previous term loan credit facility with BlackGold Capital Management to make permitted distributions, and for general corporate purposes.

Tax Receivable Agreement

In connection with the closing of this offering, Atlas Inc. will enter into the Tax Receivable Agreement with the TRA Holders, which will generally provide for the payment by it to the TRA Holders of % of the net cash savings, if any, in U.S. federal, state and local income and franchise tax (determined by using the actual applicable U.S. federal income tax rate and an assumed combined state and local income tax rate) that Atlas Inc. actually realizes or is deemed to realize in certain circumstances in periods after this offering as a result of certain tax basis and tax basis increases allocable to Atlas Inc., certain tax allocations to Atlas Inc. resulting from the application of the principles of Section 704(c) of the Code and certain tax benefits attributable to imputed interest. Atlas Inc. will retain the benefit of the remainder of the net cash savings, if any.

With respect to obligations we expect to incur under our Tax Receivable Agreement (except in cases where Atlas Inc. exercises its right to terminate the Tax Receivable Agreement or the Tax Receivable Agreement is terminated due to other circumstances, including our breach of a material obligation thereunder or certain mergers or other changes of control), generally we may elect to defer payments due under the Tax Receivable Agreement if we do not have available cash to satisfy our payment obligations under the Tax Receivable Agreement or if our contractual obligations limit our ability to make these payments. Any such deferred payments under the Tax Receivable Agreement generally will accrue interest. In certain cases, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, we realize in respect of the tax attributes subject to the Tax Receivable Agreement. We intend to account for any amounts payable under the Tax Receivable Agreement in accordance with ASC 450, *Contingencies*. Further, we intend to account for the effect of increases in tax basis and payments for such increases under the Tax Receivable Agreement arising from future redemptions as follows:

- when future sales or redemptions occur, we will record a deferred tax liability for the gross amount of the income tax effect along with an offset of of this liability as payable under the Tax Receivable Agreement; the remaining difference between the deferred tax liability and Tax Receivable Agreement liability will be recorded as additional paid-in capital; and
- to the extent we have recorded a deferred tax asset for an increase in tax basis to which a benefit is no longer expected to be realized due to lower future taxable income, we will reduce the deferred tax asset with a valuation allowance.

Please see the risks under the subsection titled "Risk Factors—Risks Related to Our Class A Common Stock and Organizational Structure" including "*—In certain cases, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, we realizes in respect of the tax attributes subject to the Tax Receivable Agreement*" as well as the subsection titled "Certain Relationships and Related Party Transactions—Tax Receivable Agreement."

Quantitative and Qualitative Disclosure about Market Risk

Commodity Price Risks

The market for our services is indirectly exposed to fluctuations in the price of crude oil and natural gas, to the extent such fluctuations impact drilling and completion activity levels and thus impact the activity levels of our customers in the exploration and production and oilfield services industries. We do not currently intend to hedge our indirect exposure to commodity price risk.

Our natural gas purchases expose us to commodity price risk. Our facility operations require natural gas consumption for motorized facility equipment used in the manufacturing of proppant. Pricing for natural gas has been volatile and unpredictable for several years, and this volatility is expected to continue in the future. The cost we pay for our natural gas depends on many factors outside of our control, such as the strength of the global economy and global supply and demand for the commodities we produce. To reduce the impact of fluctuations in natural gas prices on our operational costs, we periodically enter into commodity derivative contracts with respect to certain of our forecasted natural gas usage through various transactions that reduce the impact of price volatility. We plan to continue our practice of entering into such transactions to reduce the impact of commodity price volatility on our cash flow from operations. These hedging activities are intended to manage our exposure to natural gas price fluctuations.

Interest Rate Risks

We are subject to interest rate risk on a portion of our long-term debt under the ABL Credit Facility. The amounts owed under our ABL Credit Facility use LIBOR as a benchmark for establishing the rate at which interest accrues. LIBOR is the subject of recent national, international and other regulatory guidance and proposals for reform. To account for this, the Fourth Amendment to the ABL Credit Facility ("Fourth Amendment") contains provisions addressing the potential transition from LIBOR to SOFR in the event the administrator has ceased or will cease publication of LIBOR. We do not currently have any borrowings under our ABL Credit Facility and do not currently have or intend to enter into any derivative arrangements to protect against fluctuations in interest rates applicable to our outstanding indebtedness under our ABL Credit Facility.

Market Risks

The demand, pricing and terms for proppant and last-mile services provided by us are largely dependent upon the level of drilling activity in the oil and natural gas industry in the Permian Basin. These activity levels are influenced by numerous factors over which we have no control, including, but not limited to: the supply of and demand for oil and natural gas; the level of prices, and expectations about future prices of oil and natural gas; the cost of exploring for, developing, producing and delivering oil and natural gas; the expected rates of declining current production; the discovery rates of new oil and natural gas reserves; available rail and other transportation capacity; weather conditions; domestic and worldwide economic conditions; political instability in oil-producing countries; environmental regulations; technical advances affecting energy consumption; the price and availability of alternative fuels; the ability of oil and natural gas companies to raise equity capital and debt financing; and merger and divestiture activity among oil and natural gas companies.

The level of U.S. oil and natural gas drilling is volatile. Expected trends in oil and natural gas production activities may not materialize and demand for our services may not reflect the level of activity in the industry. Any prolonged and substantial reduction in oil and natural gas prices would likely affect oil and natural gas production levels and therefore affect demand for our services. A material decline in oil and natural gas prices or Permian Basin activity levels could have an adverse effect on our business, financial condition, results of operations and cash flows.

Credit Risks

We are subject to risks of loss resulting from nonpayment or nonperformance by our customers. We examine the creditworthiness of third-party customers to whom we extend credit and manage our exposure to credit risk through credit analysis, credit approval, credit limits and monitoring procedures, and for certain transactions, we may request letters of credit, prepayments or guarantees, although collateral is generally not required. As of December 31, 2021, we have customers, of which are investment grade.

Inflation Risks

Inflationary factors such as increases in the cost of our products and overhead costs may adversely affect our results of operations. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of gross margin and selling, general and administrative expenses as a percentage of net revenue if the selling prices of our products do not increase with these increased costs.

Critical Accounting Policies and Estimates

The preparation of financial statements requires the use of judgments and estimates. Our critical accounting policies are described below to provide a better understanding of how we develop our assumptions and judgments about future events and related estimates and how they can impact our financial statements. A critical accounting estimate is one that requires our most difficult, subjective or complex estimates and assessments and is fundamental to our results of operations.

We base our estimates on historical experience and on various other assumptions we believe to be reasonable according to the current facts and circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We believe the following are the critical accounting policies used in the preparation of our combined financial statements, as well as the significant estimates and judgments affecting the application of these policies. This discussion and analysis should be read in conjunction with our combined financial statements and related notes included in this report.

Our significant accounting policies are described in Note 2 to our unaudited condensed consolidated financial statements as of and for the nine months ended September 30, 2021, and our audited consolidated financial statements as of and for the year ended December 31, 2020, included elsewhere in this prospectus. We prepare our consolidated financial statements in conformity with U.S. GAAP, which requires us to make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and accompanying footnotes. Actual results could differ from those estimates. For additional information concerning certain estimates and assumptions, see the respective footnotes to our unaudited condensed consolidated financial statements as of and for the nine months ended September 30, 2021, and our consolidated financial statements as of and for the year ended December 31, 2020, included elsewhere in this prospectus. We believe that the following discussion addresses our most critical accounting estimates, which require management's most subjective and complex judgments.

Property, Plant and Equipment, Including Depreciation and Depletion

In order to calculate depreciation for our fixed assets, other than plant facilities and mine development costs, we use the best estimated useful lives at the time the asset is placed into service.

Mining property and development costs, including plant facilities directly associated with mining properties, are amortized using the units of production method on estimated measures of tons of in-place reserves. The impact to reserve estimates is recognized on a prospective basis. Drilling and related costs are capitalized for deposits where proven and probable reserves exist. These activities are directed at obtaining additional information on the deposit or converting non-reserve minerals to proven and probable reserves, with the benefit being realized over a period greater than one year. At a minimum, we will assess the useful lives and residual values of all long-lived assets on an annual basis to determine if adjustments are required. The actual reserve life may differ from the assumptions we have made about the estimated reserve life.

We review property, plant and equipment for impairment annually or whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. If such a review should indicate that the carrying amount of long-lived assets is not recoverable, the Company will reduce the carrying amount of such assets to fair value.

Recently Issued Accounting Pronouncements

See Note 2, "Summary of Significant Accounting Policies" to our unaudited condensed consolidated financial statements as of and for the nine month periods ended September 30, 2021 and 2020, and our audited consolidated financial statements as of and for the year ended December 31, 2020, included elsewhere in this prospectus, for a discussion of recent accounting pronouncements.

Under the JOBS Act, we expect that we will meet the definition of an "emerging growth company," which would allow us to have an extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act, but we have irrevocably opted out of the extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates in which adoption of such standards is required for other public companies. an impairment model, referred to as current expected credit loss, which is based on expected losses rather than incurred losses. The standard applies to most debt instruments, trade receivables, lease receivables, reinsurance receivables, financial guarantees and loan commitments. Under the guidance, companies are required to disclose credit quality indicators disaggregated by year of origination for a five-year period. In May 2019, ASU 2016-13 was subsequently amended by ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments – Credit Losses, ASU 2019-05, Financial Instruments – Credit Losses (Topic 326): Targeted Transition Relief. The new guidance is effective for fiscal years beginning after December 15, 2021. The Company is currently evaluating the impact of the ASU on the consolidated financial statements and does not believe it will have a material impact on the consolidated financial statements.

Internal Controls and Procedures

We are not currently required to comply with the SEC's rules implementing Section 404 of the Sarbanes-Oxley Act and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Upon becoming a public company, we will be required to comply with the SEC's rules implementing Section 302 of the Sarbanes-Oxley Act, which will require our management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting. We will not be required to make our first assessment of the effectiveness of our internal control over financial reporting under Section 404 until our second annual report on Form 10-K after we become a public company.

Further, our independent registered public accounting firm is not yet required to formally attest to the effectiveness of our internal controls over financial reporting and will not be required to do so for as long as we are an "emerging growth company" pursuant to the provisions of the JOBS Act. Please see the subsection titled read "Summary—Emerging Growth Company Status" for more information.

Off Balance Sheet Arrangements

We currently have no material off-balance sheet arrangements.

Environmental and Other Governmental Regulations

We are subject to a variety of federal, state and local regulatory environmental requirements affecting the proppant production and mineral processing industry, including among others, those relating to employee health and safety, environmental permitting and licensing, air and water emissions, GHG emissions, water pollution, waste management, remediation of soil and groundwater contamination, land use, restoration of properties, hazardous materials and natural resources. We have made, and expect to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures.

We discuss certain environmental matters relating to our various production and other facilities, certain regulatory requirements relating to human exposure to crystalline silica and our proppant production activity under the subsection titled "Business—Environmental and Occupational Health and Safety Regulations."

INDUSTRY

Overview

The proppant industry is comprised of businesses that engage in the production of propping agents for use in the hydraulic fracturing of oil and natural gas wells, the preferred method for stimulating increased production in oil and natural gas shale reservoirs. This process consists of perforating wellbores with small explosive charges lowered into the wellbore and then pumping fluids down the wellbore and through the perforations at pressure and flow rates sufficient to crack, or fracture, the hydrocarbon-bearing rock. Once the hydrocarbon-bearing rock is fractured, proppant is pumped down the wellbore to fill the fractures and "prop" them open, creating a more conductive channel through which the hydrocarbons can more freely flow from the reservoir and into the wellbore. Once the hydrocarbon-bearing rock is fractured, proppant is pumped down the wellbore to fill the fractures and "prop" them open, creating a more conductive channel through which the hydrocarbons can more freely flow from the reservoir and into the wellbore. Recent innovations in drilling techniques, which have increased drilling efficiency, have had a significantly positive impact on the demand for hydraulic fracturing services, in turn driving the demand for proppants like those we produce.

BUSINESS

Our Company

Overview

We are a leading provider of proppant and related logistics services to customers engaged in the oil and natural gas industry within the Permian Basin of West Texas and New Mexico, the most active basin in North America by rig count. Our core mission and key focus is to create a best-in-class value proposition for our stockholders by generating strong free cash flow, regularly returning capital to investors, reinvesting selectively to drive growth and maintaining a strong balance sheet to ensure our financial health throughout our industry's cycles. We aim to accomplish our mission and capitalize on our strategic advantages through the use of differentiated and innovative techniques and technologies to develop our high quality and uniquely positioned resource base.

Our ability to generate free cash flow is paramount to our value proposition, as it correlates to our ability to regularly return capital to our stockholders. We have experienced significant growth in net income, Adjusted EBITDA, net cash provided by operating activities and free cash flow since January 2021, as oil and natural gas prices have improved, and the proppant market has tightened. For the year ended December 31, 2021, we generated $ in net income, $ in Adjusted EBITDA, $ in net cash provided by operating activities and $ in Free Cash Flow (representing an Adjusted EBITDA Margin of % and a Free Cash Flow margin of %). Please see subsections titled "Summary Historical and Pro Forma Financial and Operating Data—Non-GAAP Financial Measures" for more information. While proppant market prices improve, leading to improvements in measures of our performance, including those detailed above, our low and flexible operating cost structure also contributes materially to our ability to generate free cash flow. We have driven significant improvements in our costs of sales on a per ton basis since the commencement of our operations in 2018.

We were founded in 2017 by Bud Brigham, our Executive Chairman, and are led by experienced entrepreneurs from both the oil and natural gas and proppant industries who have an established history as positive disruptors in the energy industry. Our executive management team has over 75 years of combined industry experience and a history of successful value creation, exemplified by Bud Brigham's significant experience leading companies such as Brigham Exploration, Brigham Resources and Brigham Minerals through a successful IPO or an acquisition event. We believe this experience and our associated knowledge base differentiates us from our competitors and facilitates our ability to identify and execute as an early mover on critical value-creation drivers, helping us to maximize the full potential of our business and outcomes for our stockholders. We have increased the volume of proppant sold in every year since our inception.

We have assembled the sand mining rights associated with approximately 38,000 acres in the Winkler Sand Trend located in Winkler and Ward Counties, Texas, which are logistically well positioned to serve the entire Permian Basin. We own 14,575 acres of large open-dune reserves and resources, which represent more than 70% of the large open-dune acreage in the Winkler Sand Trend that is available for sand mining, making us the primary producer of proppant from the large open-dune deposits inside the Winkler Sand Trend. Large open-dune reserves accounted for 100% of our produced volumes for the year ended December 31, 2021. As the reserves of these large open dunes have not been subject to the same degree of soil development, organics and impurities as buried sand deposits, they tend to produce better yields relative to buried sand deposits. Large open-dune reserves have also been proven to produce a higher-quality product (as measured by tests of crush strength, turbidity, etc.) more efficiently and with a smaller environmental footprint as compared to buried sand reserves throughout in the Permian Basin.

We were an early disruptor of the historical Permian Basin frac sand supply chain through the development of our in-basin sand resource. In-basin sand provided Permian Basin end-users with an alternative to out-of-basin sand, shortening the supply chain and eliminating the need for rail transportation, long truck hauls and other related costs. This disruption correspondingly provided economic and environmental benefits, including a significant reduction in emissions. We have continued to innovate in order to benefit our stockholders, our customers and the communities we operate in through enhanced efficiency, productivity and environmental benefits. In 2020, we became the first proppant producer in the Permian Basin to engage in e-mining at both of our plants, which we estimate has the potential to reduce our total emissions by approximately half as compared to traditional mining. Our ongoing significant innovation projects include our Dune Express project, the first conveyor in a system we plan to build to facilitate the delivery of proppant to points along the initial 42-mile long system, originating at our Kermit facility and stretching into the middle of the Northern Delaware Basin, as well as our autonomous trucking initiative, aimed at revolutionizing the delivery of proppant. Together, we believe these initiatives could have a significant impact in reducing emissions, improving safety and relieving traffic and other burdens produced by the existing means of last-mile delivery.

Value Proposition to Our Community and Stakeholders

We have a long history of being good stewards of not only stockholder capital but also of the environments and communities in which we live and operate. Our core obligation is to our stockholders, and we recognize that maximizing value for our stockholders requires that we optimize the outcomes for our broader stakeholders, including our employees, as well as the communities and the environments in which we operate. As a result, we deliver leadership across all aspects of ESG matters. Our aptitude on ESG matters benefits from our commitment to identifying and executing upon opportunities to transform our business which enhance our growth and profitability through the implementation of new technologies.

Environmental

To our knowledge, we are the only proppant producer in the Permian Basin that engages in e-mining, which generates materially lower emissions than traditional sand mining. The electric dredge process at both of our Kermit and Monahans facilities exemplifies the alignment of both our operational and ESG leadership, as this process has materially improved safety and, based on our estimates, reduced emissions by approximately 50% versus traditional sand mining methods due to the significant reduction in diesel, fuel usage required to mine sand traditionally, partially offset by increased electricity consumption from our dredges. Our proppant production process also leads to less surface area mined per ton of sand produced as we mine to greater depth as compared to mining associated with buried sand deposits, and therefore, results in less environmental disturbance.

Our large open-dune reserves, paired with the replenishing water sources from our acreage’s in-ground aquifers, are the key reasons why we are able to adopt a technology normally reserved for use in rivers and other bodies of water for use in the desert of West Texas. Our reserves benefit from a naturally occurring water table near the surface of our mines, which is unique in the Winkler Sand Trend and provides an ample natural supply of costless water for dredge and wash plant operations while minimizing the impact on regional aquifers.

Additionally, based on the Transportation Study, we estimate that our planned Dune Express sand conveyor system could significantly reduce emissions that would otherwise be produced by trucking-related activities associated with the delivery of proppant from the mines of Permian Basin providers to end users. Our estimates using data from the Transportation Study project that the system

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will result in an approximate % reduction in carbon dioxide emissions and other emissions, including pollutants that are harmful to humans. See the subsection titled "—Growth and Technology Initiatives—Dune Express" below for additional information regarding the Dune Express.

The graphic below summarizes the percentage reduction in the truck miles driven and associated emissions and emission costs attributable to the anticipated operation of our inaugural Dune Express conveyor system, as compared to current traditional practices.

Data is based on management's estimates that were derived from a study commissioned by us with an independent research agency and represents the anticipated reductions attributable to the Dune Express conveyor system.

Our management team has been proactive with respect to the protection of the DSL and its habitat while ensuring that our business and operations will remain materially uninterrupted in the event that the DSL is listed under the ESA. We have adopted numerous best practices to promote active conservation measures for the benefit of the DSL, including our identification of up to 17,000 acres of land for set asides, our pursuit of more environmentally friendly mining practices and our participation in the CCAA for the DSL. See the subsection titled "—Competitive Strengths—Proactive approach to the well being of the environment and our employees" below. In January 2021, the CCAA was approved by the USFWS to provide a framework for entry into voluntary conservation agreements between the USFWS and stakeholder participants under which the parties work together to identify threats to the DSL, design and implement conservation measures to address these threats and monitor their effectiveness, among other things. Atlas has been a supporter of the CCAA since its inception and was the first proppant producer to apply for a permit under, and be accepted into, the CCAA. Due to our participation in the CCAA and other conservation measures that we have voluntarily adopted, we do not anticipate that a listing of the DSL as an endangered species would materially reduce sand production at our Kermit and Monahans facilities. We are currently only one of three companies participating in the CCAA. In the event that the DSL is listed as an endangered species under the ESA, it is possible that companies that are not participants in the CCAA at the time of a future ESA listing would see a disruption to their operations.

Social

We have committed to fostering a safe environment at our worksites and we are committed to extending this culture of safety far beyond our premises. We have a rigorous safety training program with well-developed protocols. We have automated or have invested in remote operations technology to substantially reduce the amount of the activities at the plant sites that require physical interaction between human beings and industrial equipment, and in doing so have removed many of the safety hazards at our facilities.

Our planned Dune Express project is expected to provide significant environmental benefits, while also benefitting the surrounding region, making it a safer place to live and work. The Dune Express is expected to contribute to a meaningful reduction in Permian Basin traffic accidents, congestion and automobile fatalities, by taking trucks off the road and operating in a much more efficient manner than the industry has historically operated. We believe this will also benefit the community by reducing the wear and tear on local infrastructure, while making the region a safer and better place to live and work. Furthermore, by reducing the number of drivers needed per well and in the aggregate, these initiatives can meaningfully reduce trucking-related hazards on customer wellsites and mitigate future driver shortages.

The graphic below summarizes the percentage reduction in the truck miles driven and associated traffic accidents, traffic fatalities and average truck drivers needed per Permian Basin wellsite that is attributable to the anticipated operation of our inaugural Dune Express conveyor system as compared to traditional practices.

Data is based on management's estimates that were derived from a study commissioned by us with an independent research agency and represents the anticipated reductions attributable to the Dune Express conveyor system.

We are actively engaged in the West Texas community in which we operate, as we believe that by supporting our community, our community will support us. We sponsor a number of programs benefitting schools and the youth in Winkler and Ward Counties, Texas, including supporting after-school programs for children and skill-development programs for high school students.

Our company's culture is a product of our employees, and as such, we embrace the responsibility of promoting a diverse and inclusive meritocracy, with over 60% minority and/or female representation in our workforce as of December 31, 2021. We reward the hard work of our employees by compensating them well, with our median employee earning in excess of $100,000 per year in 2021. Furthermore, we provide our employees with a high-quality benefits package including full family medical, dental and vision, a company 401(k) match program and substantial paid time off or rotational schedules. For our employees in West Texas, we provide convenient, safe and comfortable living facilities at our Wyatt's Lodge, a distinctive alternative to the traditional, notoriously unsafe and unsanitary housing accommodations provided for many oilfield employees. Wyatt's Lodge provides employees with fully furnished housing, a full cafeteria with a chef and a diverse menu including healthy options, a workout facility, as well as a recreational room and a movie theater. The success of our efforts to create a high-quality workplace is evidenced by our low employee turnover and accolades that include "Great Place to Work" certification from Great Place to Work Institute, Inc. for the years ended December 31, 2019 and 2020.

We believe that the men and women who have served in the United States armed forces have earned a special place in our society. As such, at our founding we created a dedicated effort to support our veterans in our hiring. We have found our focus on recruiting veterans to work for Atlas has brought us many hardworking and outstanding employees over the years and positively influenced our corporate values. We have received external recognition for our veteran hiring practices, including the Hire Vets Medallion from the DOL in 2019 and 2020. As of December 31, 2021, 11% of our employees served in the U.S. military as compared to an average of 5.6% across all employers nationally.

Governance

We believe that the alignment of our employees, our management and our board of directors with our stockholders is paramount. A few examples of the actions that we will take or the characteristics that highlight the alignment of interests between our management and stockholders are as follows:

- We will have established a diverse and independent board with complementary skills and backgrounds.
- We will have adopted an executive compensation program that encourages return of capital to stockholders, including through the use of performance based compensation, with performance metrics that focus business strategy and corporate objectives on total shareholder return, and equity-based long-term incentives.
- We will have adopted a director compensation policy for our non-employee directors in which a significant portion of the total compensation package is equity based to further align the interests of our directors with our stockholders.
- Management will maintain significant initial ownership in the Company after completion of this offering.
- We have retained Ernst & Young LLP as our auditor since our first fiscal year in 2017.

Management and Historical Successes

We were founded by Bud Brigham, our Executive Chairman, and are led by experienced entrepreneurs from both oil and natural gas and proppant industry backgrounds. We believe our management team's deep industry experience, record of successful value creation and established history as entrepreneurs and positive disruptors in the energy industry are unique advantages that enable us to continually identify critical value-creation drivers that will allow us to maximize the full potential of our business and the outcomes for our stockholders and stakeholders alike.

Brigham Exploration

Prior to forming the Company, Bud Brigham founded Brigham Exploration, where he oversaw the identification, acquisition, delineation and development of approximately 375,000 net acres in the Williston Basin. Brigham Exploration established itself as a leading innovator in horizontal drilling and fracking, as well as oil, gas and water gathering and distribution. The company delivered industry leading operational and economic performance, leading up to Brigham Exploration's sale to Statoil in December 2011 for $4.4 billion.

Brigham Resources

Immediately following the sale of Brigham Exploration, Bud Brigham and others from the Brigham Exploration management team founded Brigham Resources and executed on similar strategies in the Southern Delaware Basin in West Texas. By applying rigorous geologic evaluation criteria, Brigham Resources was an early entrant in the Southern Delaware Basin in Pecos County, Texas, where it assembled an approximately 80,185 net acre leasehold position in a largely contiguous block. Like its predecessor, Brigham Resources again was a leading innovator in the play, generating significant enhancements in operational and economic performance, prior to selling its assets to Diamondback in February 2017 for approximately $2.6 billion.

Brigham Minerals

In addition, in 2012, Bud Brigham and other members of his management team founded Brigham Minerals, a mineral acquisition company that leverages its knowledge base and experience to acquire mineral ownership in top-tier liquids rich domestic resource plays. Subsequent to its rapid growth as a private enterprise, Brigham Minerals' management executed an upsized $300 million IPO in April 2019. Today, Brigham Minerals actively manages a portfolio of approximately 93,975 net royalty acres across 35 counties within the Delaware and Midland Basins in West Texas and New Mexico, the SCOOP/STACK plays in the Anadarko Basin of Oklahoma, the Denver-Julesburg Basin in Colorado and Wyoming and the Williston Basin in North Dakota.

Assets and Operations

We currently control the largest and, we believe, the highest quality, sand position in West Texas. We have developed our Kermit and Monahans facilities on approximately 38,000 surface acres that we own or lease in Winkler and Ward Counties, Texas. We own 14,575 acres of large open-dune reserves and resources, which represent more than 70% of the open-dune acreage in the Winkler Sand Trend available for sand mining. The Monahans Dune consists of approximately 8,750 acres of premium open-dune reserves. Additionally, we have substantial off-dune acreage at Monahans that is not included in our estimated reserves or resources but that could be mined following our removal of associated overburden. The Kermit Dune consists of approximately 5,825 acres of premium open-dune reserves.

Our "twin" mines, located on the bookends of the Winkler Sand Trend, provide optimal logistics to serve both the Southern and Northern portions of the Delaware and Midland Basins and, as of December 31, 2021, have a combined annual production capacity of 10.0 million tons, 70,000 tons of dry storage, 700,000 tons of wet storage and 14 loadout lanes. Independent testing by Proptester indicates that the sand produced from our mines is the highest quality of all Permian Basin sand producers. Innovative plant design and large-scale operations ensure low-cost operations and continuity on site. Redundancies were designed into our facilities to remove singular points of failure that can disrupt the production process, ensuring maximum reliability of proppant production and delivery.

Additionally, the size and depth of our large open-dune reserves provides us with a distinct advantage relative to our competitors, including the fact that in the Winkler Sand Trend we uniquely benefit from a naturally occurring water table near the surface of our deposit, providing an ample natural supply and costless water for dredge and wash plant operations, while minimizing the impact on regional aquifers. The size, scale, quality, cost and reduced environmental impact associated with mining the two large open dunes in the Winkler Sand Trend positively differentiates us relative to our competition.

Our Kermit and Monahans facilities were built to produce high quality 40/70 and 100 mesh sands, each of which are used extensively in upstream operations in the Permian Basin. As of December 31, 2021, each facility is capable of producing approximately 5.0 million tons of sand annually for a combined annual production capacity of approximately 10.0 million tons, and each facility was constructed with a modular design that provides us with the flexibility to expand one or both of the existing facilities to achieve incremental production capacity if such expansion were found to be necessary or desirable in light of customer demand, broader market conditions or other relevant considerations. The facilities are capable of operating year-round and feature advanced safety designs, onsite water supply, power infrastructure and access to low-cost natural gas through connections to interstate natural gas lines. Further, we strategically benefit from the locations of our facilities proximal to major highways at the south and north ends of the Winkler Sand Trend. Our Kermit facility is bisected by two state highways, while our Monahans facility its adjacent to two highways, one of which is Interstate 20, facilitating efficient transportation of our proppant to customers located at various points within the Permian Basin.

The operations of both sand facilities are managed and monitored in a highly automated manner from our command center in Austin, Texas. We have designed and / or adopted cutting-edge technology that we believe delivers one of the most efficient production and truck loading processes in the industry. This facility-wide ecosystem is comprised of live data and video feeds, two way video calling at potential customer touchpoints, process control monitoring and RFID technology that work seamlessly together. The remote ecosystem allows our employees to simultaneously manage processes at both facilities, resulting in significant personnel productivity gains.

As of December 31, 2021, we had 368 million tons of proven and probable sand reserves at our Kermit and Monahans facilities according to estimates by John T. Boyd Company, our independent mining engineers and geologists. Based on our total annual expected production capacity of approximately 10.0 million tons as of December 31, 2021, our reserve life is expected to be approximately 37 years. As of December 31, 2021, our reserves are composed of approximately 58% 40/70 and 42% 70/140 mesh substrate sand. We believe our reserve composition is attractive to customers that want to consolidate sourcing and positions us as a go-to provider of high quality in-basin proppant.

Growth and Technology Initiatives

Currently, significant innovations include our Dune Express project, as well as our autonomous trucking initiative, which aims to revolutionize the delivery of proppant.

Dune Express

In addition to our e-mining process, unique to the Permian Basin, we are also developing our initial electrified proppant conveyor system, the Dune Express. The Dune Express is expected to take thousands of trucks off the roads, which should reduce traffic accidents and fatalities in the region and significantly reduce emissions generated, relative to the traditional delivery of sand by Permian Basin producers.

Our first Dune Express conveyor system will be a 42-mile long, 13 mmtpy capacity conveyor system built to deliver proppant to oil and natural gas companies operating in the Northern and Central Delaware Basin. According to , the Permian Basin is expected to consume approximately 60 million tons of proppant in 2022 and 71 million tons of proppant in 2023, respectively. This initial conveyor system is strategically located to deliver proppant to the core of the most prolific producing region of the Delaware Basin with flexible load out capabilities, including both permanent and mobile loadouts. We have secured the contiguous right-of-way, substantially completed the requisite federal and state permitting and are currently in active negotiations with upstream producers for contracts to secure capacity on the Dune Express.

Autonomous Trucking

Consistent with our commitment to technological innovation, as demonstrated by our e-mining and our command center in Austin, Texas, as well as our other historical and planned initiatives, we are expanding our footprint in proppant delivery logistics business through the use of autonomous trucking. On 2022, we entered into a definitive agreement with a leading provider of autonomous technology with an established history of addressing off-road and technically challenging applications. The implementation of autonomous last-mile delivery solutions is intended to work synergistically with our planned Dune Express conveyor system to improve the reliability and consistency of proppant delivery, mitigate risks to operations and lessen the probability or impact of traffic congestion and accidents, weather events and other disruptions that frequently affect the delivery of oilfield products within the United States currently. We also believe our autonomous trucking initiative, when paired with the Dune Express, will have a positive impact on the environments and communities in which we operate.

Competitive Strengths

We believe the following competitive strengths will allow us to successfully execute our business strategies, achieve our primary business objectives and generate free cash flow, including:

- ***Unique asset base allows for a differentiated business profile*** . Our Kermit and Monahans facilities have a unique combination of key attributes that drive our differentiated business profile, including (1) unmatched scale of reserves and acreage within the two giant open dune deposits at the north and south ends of the sand fairway, (2) the two large open-dune deposits are proximal to areas of high unconventional resource development activity at both the Northern and Southern portions of the Delaware and Midland Basins, (3) the associated high quality of proppant, (4) the associated ease of access to our reserves and resources, (5) the depth of our deposit, thus a smaller areal footprint per ton produced and (6) plentiful availability of water. We are not aware of any other area in the Permian Basin that is able to replicate this combination of key attributes. When selecting our asset base in 2017, our management team, with its experience in upstream operations in the Permian Basin, thoroughly evaluated multiple sites with extensive geological investigations, and found that, in addition to an attractive proximity to the highest unconventional development areas in the U.S., our acreage offered the presence of a differentiated resource. We believe this resource to have one of the thickest deposits in the Permian Basin, providing us with a large, long-lived reserve base. Unlike the overburdened sand reserves that are often in thinner sheets of deposition, our deep reserves extend up to the surface as open dunes, enabling us to mine more sand with less effort, reducing both environmental disturbance and operating cost. We believe that our reserves contain the highest-quality in-basin sand in the region, exhibiting minimal impurities, high crush strength, low turbidity, homogeneity and exceptional sphericity – all characteristics that make our sand optimal for unconventional resource development in the Permian Basin and preferred by our top-tier customer base. Finally, the presence of available water at our facilities, in an area where such resource is geologically intermittent and can be difficult to source without impacting regional aquifers, is a unique attribute that allows us to mine by electric dredge, significantly reducing emissions per ton of proppant mined while reducing operating costs.
- ***Strategically located, well designed premium facilities*** . The strategic location and logistics capabilities of our Kermit and Monahans facilities have enabled us to reliably and efficiently meet the proppant demand of our customers in both the Delaware and Midland Basins. As of December 31, 2021, our combined facilities have approximately 10.0 million tons of annual production capacity, two electric dredges, six dryers, 70,000 tons of onsite, finished-good storage, 14 dedicated truck loadout lanes, with high speed loadout silos, a comprehensive water recycling system at each plant, which allows us to reuse approximately 95% of the water used in the production process, and 450,000 square feet of damp sand storage. Our facilities are capable of operating year-round and feature advanced safety designs, onsite water supply and recycling, power infrastructure and access to low-cost natural gas through connections to interstate natural gas lines. In addition, because currently a single-well completion in the Permian Basin can require hundreds of truckloads of proppant delivered to the wellsite, we strategically located our Kermit facility to be bisected by two state highways and positioned our Monahans facility adjacent to two highways, one of which is Interstate 20, to facilitate the efficient transportation of our proppant to customers within the Permian Basin, unlike certain regional competitors located in rural areas that lack the capacity to efficiently handle increased truck traffic. The shift towards simultaneous multi-well completion designs over the past year has increased the requisite truckloads of proppant delivered to multi-well pads to over 1,500 truckloads. Our Kermit facility's location also provides a strategic origination point for our first Dune Express conveyor system which will travel across the Texas-New Mexico state line area, one of the highest development intensity sections of the Permian Basin.

- ***Unique equity investor capitalization of the Company.*** We are differentiated and advantaged by our unique equity investor capitalization. Rather than sourcing private equity capital, Bud Brigham funded the initial investments in us. Subsequently, we conducted a successful "friends and family" equity capital raise, which included many investors that had previously invested in Bud Brigham's prior enterprises. Importantly, approximately 40 of our equity investors are energy entrepreneurs, energy executives and sophisticated energy investors, providing both a validation of the business and facilitating our growth. As a result, we are differentiated in our space with a diverse and sophisticated investor group that is aligned and actively supportive of our shareholder value creation objectives, and we therefore also operate without the overhang that can often be attributed to large private equity investor positions.
- ***Ability to leverage technology in optimizing cost structure and addressing our customer's ESG goals*** . Our ability to generate cash flow in various commodity price environments and across business cycles is underpinned by our commitment to the continuous optimization of our operating and capital cost structures. Our move from traditional excavation methods to e-mining reduces the need for on-site personnel, heavy equipment, and diesel fuel. Further, this technology also provides us the ability to enhance our customers' ESG initiatives. Numerous employees once located on-site in the Permian Basin now work in a smaller group at our command center in Austin, Texas, monitoring and operating the facilities by video and telecom. This has significantly reduced our cost structure and also has enabled us to attract and retain an exceptionally credentialed workforce as compared to competitors with traditional operations that by nature do not provide such flexibility with respect to the location of personnel deployment. In addition, the reduction of heavy equipment usage significantly reduces our maintenance capital requirements, allowing for greater capital efficiency and improves safety as a result of less personnel on-site.
- ***Pure-play, in-basin proppant and logistics in the Permian Basin*** . We are a pure-play, in-basin proppant producer in the Permian Basin with large reserves of high-quality sand that are well-suited for the hydraulic fracturing of oil and natural gas wells in the region. The Permian Basin has been the most active and resilient unconventional development area in the U.S. When the U.S. horizontal rig count peaked in 2014 at 1,372, the Permian Basin accounted for 41% of total rig count. Since that peak, rig activity in the Permian Basin has proven resilient and has grown to represent 50% of active U.S. drilling rigs as of December 31, 2021. Our acreage is located at the northern and southern ends of the Winkler Sand Trend, and we are logistically advantaged to reach wellheads throughout the entirety of the Permian Basin. Our focus on the Permian Basin, as well as our vast and diverse oil and gas operational experience, has enabled us to recognize and aggressively pursue large scale projects like the Dune Express that will be a step-change for the efficiency of proppant delivery in the area. Successful execution of such projects requires operational experience and in-basin expertise to ensure that all aspects of the project have been thoroughly considered and executed. We have also benefited from our extensive track record, as well as the associated relationships developed through our previous activity in the region by our previously created enterprises. As such, among other actions, we have (1) substantially completed the requisite federal and state permitting process, (2) promoted optimal access to lease roads that, in comparison to public roads, provide a significantly shorter mine-to-wellsite path of travel and allow larger, longer last-mile truckloads that promote per-ton efficiency, and (3) chosen appropriate conveyor routing and loadouts to service the most active parts of the Permian Basin with high quality operators.
- ***Incentivized management team with significant experience in the Permian Basin and a track record of stockholder value creation***. Our executive management team has a combined total of over 75 years of experience in the energy industry. This experience includes two successful IPOs, two successful company sales, multiple asset monetizations and the successful building of other enterprises. See the subsection titled "—Management and Historical Successes" above. Management benefits from extensive experience in the Permian

Basin, where our founder was born and raised, and he and other management members have extensive relationships built over a long history of involvement with various businesses in the region across upstream operations, non-operated enterprises, sand mine development, mineral acquisitions and water sourcing. We believe our management team's experience managing upstream operations in the Permian Basin lends a unique perspective that provides us with a network of key potential customers, suppliers, vendors and employees, contributes to our ability to provide a high quality customer experience and serves as a strong foundation for our role as a collaborative partner in meeting the advanced completion needs of our customers. Further, our management team has extensive experience in identifying attractive operating areas and evaluating resource potential through a variety of means, including extensive geologic studies; we believe this experience will continue to allow us to expand our operations by selectively pursuing organic development opportunities and innovations in the Permian Basin.

- ***Valuable relationships with a diverse group of customers*.** The success of our business has been underpinned by our relationships with some of the most respected operators and service companies in the Permian Basin. Our customers range from high-profile, public oil and natural gas and service companies to private, independent enterprises. We also have a diverse customer base, which we believe minimizes counterparty risk. We had customers during the year ended December 31, 2021, with the top 10 customers accounting for % of our revenue for that period. Our ability to secure and maintain these robust relationships lends support to our ability to weather economic headwinds. In 2020, we continued to operate throughout the height of the pandemic, grew sales volumes year over year from 2019 to 2020 and increased our market share, as we expanded our customer base by the addition of new customers since January 1, 2020.
- ***Proactive approach to the well-being of the environment and our employees*.** Our voluntary agreement under the CCAA ensures that the USFWS will not require us to comply with conservation measures or impose any restrictions on our use of resources beyond those which we have already agreed. Our large acreage position also provides us with the flexibility to set aside as much as 17,000 acres of high suitability DSL habitat for conservation protection, which would exempt us from certain enrollment fees otherwise required under the CCAA. The smaller acreage position of many of our Permian Basin competitors may make similar set-asides commercially challenging for them. We believe that our voluntary participation under the CCAA will help to safeguard our assets and operations against adverse effects that could result from non-participation or any future listing of the DSL as an endangered species. We believe potential customers, focused on improving the sustainability profile of their own operations, value our proactive stance towards environmental risk management. As we focus on the well-being of the environment we operate in, we also focus on the well-being of our employees through initiatives such as Wyatt's Lodge. We believe that this differentiated investment in our employees creates a culture of pride and ownership that fosters the positive disruptions and innovations our business successes are built on.

Business Strategies

Our principal business objective is to drive improvements to critical products and services in the Permian Basin through innovation which may reduce environmental impacts and optimize our cost structure, while driving notable value creation for our stockholders and stakeholders alike.

- ***Continuously optimize cost structure in order to deliver Free Cash Flow across commodity cycles.*** Demand for services used in the development of unconventional resources in the United States varies notably based on the pace and intensity of such development, which is driven in large part by the prevailing commodity price environment. Since the beginning of 2020 through January 31, 2022, oil prices exhibited substantial volatility ranging from $16.55 to $83.22 and we expect commodity prices to continue to be unpredictable going forward; as such, since our inception, we have continuously strived to optimize our cost structure and we believe we are able to provide our stockholders with a return of capital through cycles. For instance, substantial up-front investments were made in our Kermit and Monahans facilities and associated equipment in order for their design to maximize uptime and reliability. Our access to a natural water table near the surface of our deposit has allowed us to significantly lower our production costs through dredge mining. Our adoption of e-mining has driven significant cost savings, with mining costs down per ton by % in the first quarter of 2020 as compared to the first quarter of 2021. In the future, the modular designs of our facilities will accommodate future expansions at a significantly reduced expense as compared to the conventionally designed facilities of our Permian Basin competitors.

- ***Seek out opportunities to positively disrupt the market for products and services critical to unconventional resource development projects.*** Innovation is central to our corporate culture, as it has been since our leadership role in the Bakken Formation's evolution via Brigham Exploration, and we continuously strive to holistically improve unconventional resource development in the United States, particularly in the Permian Basin. We were a leader in the disruption in the proppant supply chain as early entrants into "in-basin" sand which eliminated the need for in excess of 1,000 mile train hauls from the midwestern United States and in excess of 250 mile truck hauls from central Texas, providing substantial economic and environmental benefits. More recently, we were the first to bring e-mining to the Permian Basin, and we are advancing our initiative to meaningfully electrify sand delivery operations in the Permian Basin through our Dune Express and autonomous trucking initiatives.
- ***Leverage innovation and disruptive technology to improve the unconventional resource supply chain.*** Our Kermit and Monahans facilities represent a complete reinvention of the more traditional proppant production facility. Most proppant production facilities were historically located far from the point of consumption and therefore had long supply lines. Generally speaking, these facilities frequently experienced downtime on an unpredictable schedule. With the onset of in-basin sand, we recognized the need for its facilities to operate on a just-in-time delivery basis and took to redesigning the traditional facility to ensure that redundancy was built in at critical junctures, to mitigate the effects of unplanned equipment downtime. Additional early measures included investments into the automation of our loadout lanes to drive down load times and the automation of many of our operations activities to improve efficiency and safety. More recently, we were the first, and currently the only, Permian Basin miner to electrify the mining of frac sand through electric dredges. Our Dune Express and autonomous trucking initiatives are the next positive major disruptions that we are bringing to the Permian Basin. As a positive disruptive industry technology, the Dune Express replaces much of the trucking haul with electric, conveyor-based transportation which is likely to provide substantial ESG benefits, including a significant reduction in the emissions generated, relative to the traditional delivery of sand to customer wellsites due to the reduction in miles driven per ton of payload delivered benefitting from the streamlined logistics footprint. Similarly, we expect our automated trucking initiative to significantly reduce vehicular incidents and save lives through the reduced incidence of human error, improved route planning and expanded payloads that will deliver substantially more tons of sand per gallon of diesel fuel consumed. These strategic initiatives and other innovations are clear demonstrations of our commitment to evaluate and pursue strategies and technologies that positively disrupt our industry and continue to establish, maintain and optimize aspects of our business that provide distinct advantages over our competitors.

- ***Grow business around anchor contracts with high quality counterparties*** . Innovation and the pursuit of additional projects like the Dune Express are central to our strategy but they are only made possible by our relationships with top-tier operators in the Permian Basin. We have supply contracts in place with a variety of leading oil and natural gas and oilfield services companies, many of which are high-credit quality customers. The quality of our customer base is reflected in our collections rate over the year ended December 31, 2021, which exceeded 99.9%. We had similar collection rates for both years ended December 31, 2020 and 2019, which also exceeded 99.9%. We are currently in active negotiations with upstream producers for contracts to secure capacity on the Dune Express. While many factors influence the selection of proppant providers, we believe that our differentiated environmental profile, resulting from our major electrification projects, paired with our ability to reliably provide large volumes of quality proppant at attractive rates makes us a preferred partner for customers similarly prioritizing enhanced sustainability of operations and cost structure optimization.
- ***Drive stockholder value creation by prioritizing ESG*** . We have recognized, from our founding, that long-term profitability for our stockholders can be achieved only by delivering positive outcomes for our other stakeholders – treating our employees well, executing as good stewards in the communities and the environments we do business in, and operating with the highest governance and diligence standards. Though many of our stakeholders are not owners of our business, they do have a meaningful influence in the success of our business. Therefore, to optimize value creation for our stockholders, we strive to provide attractive outcomes for our stakeholders.
- ***Maintain a conservative financial profile in order to provide durable capital returns in a cyclical industry***. The energy services business is historically cyclical, and we believe that a strong balance sheet and substantial liquidity are key, not only for the long-term health of the company, but also for its ability to continuously return capital to its stockholders through-cycles. On a pro forma basis after giving effect to this offering, we expect to have approximately $ million of cash on hand, $ million available under our Asset-Based Loan Credit Facility (the "ABL Credit Facility"), and $ outstanding under our Term Loan. Further, we plan to continue making regular stockholder distributions as we transition into a public company, likely in the form of regular base dividends and potentially a combination of special dividends and share repurchases.

Our Facilities

Our Kermit and Monahans facilities are designed with safety and efficiency in mind. Our Kermit and Monahans facilities uses multiple automated check-in stations to minimize check-in time, and securely track drivers that keep their RFID cards following their first pickup. Each of the three conveyor lines feeding the silos can deposit final product into any of the seven silos, which optimizes storage capacity. Further, through the use of three dryers each with its own conveyer belt to the screener towers, drying and screening never stops, preventing bottlenecking within our facilities. The following is a detailed description of our Kermit and Monahans facilities.

Kermit, Texas

As of December 31, 2021, our Kermit mine had production capacity of 5.0 million tons and is located on approximately 5,825 gross acres of land (of which 5,341 net acres are controlled by us either through lease or fee ownership) in Winkler County, Texas, with onsite processing and truck loading facilities. We commenced construction of our Kermit mine in October of 2017, and commenced operations in June 2018. The facility is located approximately 7 miles northeast of Kermit, Texas, and is accessible via Texas State Highway 18. The facility's primary utilities include three phase power, natural gas from an interstate transmission line and groundwater from onsite wells, all of which are present in sufficient quantities to sustainably support a facility producing in excess of 10 million tons annually. The facility was designed with redundancies to provide enhanced reliability and minimize the potential for bottlenecks throughout the processing and loadout operation.

The Kermit facility has 193,301 million tons of associated proven reserves as of December 31, 2021. The sand deposits are up to feet thick and consist of 40/70-mesh and 100-mesh sand, with an anticipated production mix of approximately 30% 40/70-mesh and approximately 70% 100-mesh. The crush strength of the sand mined at the facility is between 7,000 to 8,000 pounds-per-square-inch ("PSI") for 40/70-mesh and between 10,000 to 11,000 PSI for 100-mesh. Given the open-dune reserves and natural aquifer, sand is generally extracted from the mine through surface excavation through mining by electric dredge. The facility was constructed with a modular design that facilitates future expansion opportunities. The Kermit facility and has onsite transportation infrastructure capable of loading more than 35 trucks per hour on average.

We lease a portion of the reserves associated with our Kermit facility. See "—Mineral Leases" for more information. We have received the material permits required to operate our Kermit facility from the Air Permits Division of the Texas Commission on Environmental Quality (the "TCEQ"), Winkler County, the "MSHA and the Texas Department of Transportation ("TxDOT"). See "—Permits" for more information.

Monahans, Texas

As of December 31, 2021, our Monahans mine had production capacity of 5.0 million tons and is located on approximately 32,224 gross acres of land in Ward County, Texas, with onsite processing and truck loading facilities. We commenced construction of our Monahans mine in February of 2018 and commenced operations in October 2018. The facility is located approximately 3 miles northeast of Monahans, Texas, and is accessible via Texas State Highway 115 and Interstate 20. The facility's primary utilities include three phase power from natural gas from an interstate transmission line and groundwater from onsite wells, all of which are present in sufficient quantities to sustainably support a facility producing in excess of 10 million tons annually. The facility was designed with redundancies to provide enhanced reliability and minimize the potential for bottlenecks throughout the processing and loadout operation.

The Monahans facility has 118,847 million tons of associated proven reserves as of December 31, 2021. The sand deposits are up to feet thick and consist of 40/70-mesh and 100-mesh sand, with an anticipated production mix of approximately 50% 40/70-mesh and approximately 50% 100-mesh. The crush strength of the sand mined at the facility is 7,000 to 8,000 PSI for 40/70-mesh and between 10,000 to 11,000 PSI for 100-mesh. Given the open-dune reserves and natural aquifer, sand is generally extracted from the mine through surface excavation through mining by electric dredge. The facility was constructed with a modular design that facilitates future expansion opportunities. The Monahans facility is has onsite transportation infrastructure capable of loading more than 35 trucks per hour on average.

We lease all of the reserves associated with our Monahans facility. See "—Mineral Leases" for more information. We have received the material permits required to operate our Monahans facility from the TCEQ Air Permits Division, Ward County, MSHA and TxDOT. See "—Permits" for more information.

Our Products

We serve the oil and gas end markets, and our sand reserves contain deposits of fine grade 40/70-mesh and 100 mesh sizes that API specifies for use in wellsite fracturing operations. We believe that this mix of finer grade sand reserves is in higher demand and meets current industry preferences. Proppant from our Kermit and Monahans facilities is in our onsite silos before transport and delivery by truck to customers' well sites located primarily in the Delaware and Midland Basins.

Our proppant is offered to our customers at the mine or as an integrated mine-to-wellhead solution. By providing access to an integrated logistics infrastructure, we are able to provide our customers with a solution-based approach.

Our Reserves

"Reserves" are defined by SEC Industry Guide 7 as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Industry Guide 7 divides reserves between "proven (measured) reserves" and "probable (indicated) reserves," which are defined as follows:

- *Proven (measured) reserves.* Reserves for which (1) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (2) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well established.
- *Probable (indicated) reserves.* Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation.

We categorize our reserves as proven or probable based on the standards set by our independent mining engineers and geologists, John T. Boyd Company. We estimate that we had a total of approximately 368,077 million tons of proven and probable recoverable reserves as of December 31, 2021. As of December 31, 2021, we had approximately 193,301 million tons of proven reserves and 4,831 million tons of probable recoverable reserves associated with our Kermit facility and approximately 118,847 million tons of proven reserves and 51,098 million tons of probable recoverable reserves associated with our Monahans facility. The quantity and nature of the reserves at each of our properties are estimated by our internal geology department. We use drone surveys and three dimensional models to regularly update our reserve estimates, making necessary adjustments for operations and mine plans at each location during the year. Our internal reserve estimates are provided to John T. Boyd Company for review annually so that third-party approved additions or reductions can be made to our reserves and resource calculations due to ore extraction, additional drilling and delineation, property acquisitions and dispositions or quality adjustments. Before acquiring new reserves, we perform surveying, drill core analysis and other tests to confirm the quantity and quality of the acquired reserves. John T. Boyd Company has reviewed our December 31, 2021 reserves, and we intend to continue retaining third-party engineers to review our reserves on an annual basis.

As of December 31, 2021, we owned approximately % of our mineral reserves and leased approximately % of our reserves from third-party landowners. We lease a portion of the reserves associated with our Kermit facility and all of the reserves associated with our Monahans facilities. To opine as to the economic viability of our reserves, John T. Boyd Company reviewed our operating cost and revenue per ton data at the time of the proven reserve determination. The sand deposits at our facilities do not require crushing or extensive processing to eliminate clays or other contaminants, enabling us to cost-effectively produce high-quality proppants meeting API specifications.

Summary of Reserves

The following tables provide the tonnage and mesh size characteristics of the proven and probable reserves associated with our Kermit and Monahans operations as of December 31, 2021, each presented on a stand-alone basis:

Kermit Facility

	Tons By Classification and Mesh Size (In thousands)								
	Proven			Probable			By Mesh Size		
Control	40/70	70/140	Total	40/70	70/140	Total	40/70	70/140	Total
Owned	79,019	61,269	140,288	—	—	—	79,019	61,269	140,288
Leased	28,580	24,433	53,013	2,599	2,232	4,831	31,179	26,665	57,844
Total	107,599	85,702	193,301	2,599	2,232	4,831	110,198	87,934	198,132

Monahans Facility

	Tons By Classification and Mesh Size (In thousands)								
	Proven			Probable			By Mesh Size		
Control	40/70	70/140	Total	40/70	70/140	Total	40/70	70/140	Total
Leased	72,021	46,826	118,847	32,041	19,057	51,098	104,062	65,883	169,945

The following table provides the tonnage and mesh size characteristics of the proven and probable reserves associated with our Kermit and Monahans operations as of December 31, 2021, presented on a combined basis.

Combined Kermit and Monahans Facilities

	Tons By Classification and Mesh Size (In thousands)								
	Proven			Probable			By Mesh Size		
Operation	40/70	70/140	Total	40/70	70/140	Total	40/70	70/140	Total
Kermit	107,599	85,702	193,301	2,599	2,232	4,831	110,198	87,934	198,132
Monahans	72,021	46,826	118,847	32,041	19,057	51,098	104,062	65,883	169,945
Total	179,620	132,528	312,148	34,640	21,289	55,929	214,260	153,817	368,077

Drilling density utilized by us to determine proven versus probable reserves is based upon the relative characteristics of the mineral resource field evaluated, including the consistency and density of the mineral resource within the drilling core sample. The target drill-hole spacing utilized by our independent mining engineers and geologists, John T. Boyd Company, to estimate proven and probable reserves are as follows:

- Proven—less than or equal to 1,500 feet
- Probable—less than or equal to 2,500 feet

Our Resources

A "mineral resource" is defined by Subpart 1300 of Regulation S-K as a concentration or occurrence of material of economic interest in or on the Earth's crust in such form, grade or quality, and quantity that there are reasonable prospects for economic extraction. Further, mineral resource is a reasonable estimate of mineralization, taking into account relevant factors such as cut-off grade, likely mining dimensions, location or continuity, that, with the assumed and justifiable technical and economic conditions, is likely to, in whole or in part, become economically extractable. Subpart 1300 of Regulation S-K divides resources between "measured mineral resources" and "indicated mineral resources" and "inferred mineral resources," which are defined as follows:

- *Measured mineral resources*. Resources for which quantity and grade or quality are estimated on the basis of conclusive geological evidence and sampling. The level of geological certainty associated with a measured mineral resource is sufficient to allow a qualified person to apply modifying factors, as defined in this section, in sufficient detail to support detailed mine planning and final evaluation of the economic viability of the deposit. Because a measured mineral resource has a higher level of confidence than the level of confidence of either an indicated mineral resource or an inferred mineral resource, a measured mineral resource may be converted to a proven mineral reserve or to a probable mineral reserve.
- *Indicated mineral resources*. Resources for which quantity and grade or quality are estimated on the basis of adequate geological evidence and sampling. The level of geological certainty associated with an indicated mineral resource is sufficient to allow a qualified person to apply modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Because an indicated mineral resource has a lower level of confidence than the level of confidence of a measured mineral resource, an indicated mineral resource may only be converted to a probable mineral reserve.
- *Inferred mineral resources*. Resources for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. The level of geological uncertainty associated with an inferred mineral resource is too high to apply relevant technical and economic factors likely to influence the prospects of economic extraction in a manner useful for evaluation of economic viability. Because an inferred mineral resource has the lowest level of geological confidence of all mineral resources, which prevents the application of the modifying factors in a manner useful for evaluation of economic viability, an inferred mineral resource may not be considered when assessing the economic viability of a mining project, and may not be converted to a mineral reserve.

The target drill-hole spacing utilized by our independent mining engineers and geologists, John T. Boyd Company, to estimate measured, indicated and inferred resources are as follows:

- Measured – less than or equal to 1,500 feet
- Indicated – greater than 1,500 feet, but less than or equal to 2,500 feet
- Inferred – greater than 2,500 feet, but less than or equal to 5,000 feet

The following tables set forth the mineral resource estimates associated with our Kermit and Monahans operations as of December 31, 2021:

	Measured Mineral Resources		Indicated Mineral Resources		Measured + Indicated Mineral Resources		Inferred Mineral Resources	
	Amount	Grades/ Qualities	Amount	Grades/ Qualities	Amount	Grades/ Qualities	Amount	Grades/ Qualities
Kermit								
Monahans								
Other mines / properties								
Total								

As of December 31, 2021, we owned approximately % of our mineral resources and leased approximately % of our resources from third-party landowners. We lease a portion of the resources associated with our Kermit facility and all of the resources associated with our Monahans facilities.

Our Lease and Royalty Arrangements

We lease a portion of the reserves associated with our Kermit operations and all of the reserves associated with our Monahans operations. The rights and access to the mineral reserves associated with our Monahans operations are secured under a lease agreement (the “Monahans Lease”) with Permian Dunes Holding Company, LLC (“Permian Dunes”), a related party and our largest unitholder. In December 2017, we also entered into an agreement (the “Kermit Royalty Agreement”) providing Permian Dunes with an overriding royalty interest in revenues we receive from the sale of proppant mined from the reserves associated with our Kermit facility.

Under the Monahans Lease and the Kermit Royalty Agreement, we make monthly royalty payments to Permian Dunes based on a percentage of our of gross monthly sales of proppant. The lease also includes an annual minimum royalty payment in any year of the term following the occurrence of certain specified transactions (a “Capital Event”). Our royalty payments are included in our cost of sales.

Under the terms of the Kermit Royalty Agreement, the agreement would terminate in connection with the consummation of this offering. In contrast, the Monahans Lease, including the royalty payment obligations thereunder, will survive the consummation of this offering or any other Capital Event.

Our Transportation Logistics and Infrastructure

We have established a last-mile logistics network that we believe positions us to be highly responsive to our customers’ needs. We believe providing a reliable mine-to-wellhead solution is important because it is the only way to assure customers certainty of supply and efficient delivered cost. Our focus on locating our Kermit and Monahans facilities within close proximity to prolific well activity enables us to deliver proppant directly to our customers’ wellheads using traditional pneumatic assets, portable silos, boxes or portable conveyance systems and significantly reduces handling costs and delivery lead times. The integrated nature of our logistics operations allows us to better serve oil and natural gas companies seeking more control over their well completion schedules and overall well performance by directly sourcing sand and limiting operational delays and wellhead costs.

Our Permits

We will operate in a highly regulated environment overseen by many local, state and federal government regulatory and enforcement bodies. To conduct our operations, we are required to obtain permits and approvals from local, state and federal governmental agencies. These governmental authorizations address environmental, land use, access and safety issues. We have obtained numerous federal, state and local permits required for operations at our Kermit and Monahans facilities, including a Permit by Rule, a Texas air authorization for activities that produce more than a de minimis level of emissions below the more stringent New Source Review permitting requirements.

While resources invested in securing permits are significant, this cost has not had a material adverse effect on our results of operations or financial condition. We cannot assure that existing environmental laws and regulations will not be reinterpreted or revised or that new environmental laws and regulations will not be adopted or become applicable to us. Revised or additional environmental requirements that result in increased compliance costs or additional operating restrictions could have a material adverse effect on our business.

Our Customers and Contracts

Customers

Our core customers include some of the most active and well capitalized oil and natural gas and oilfield services companies in the Permian Basin. We have signed several supply agreements, which mitigates our risk of non-performance by such customers. We provide our products and services to other customers on the spot market.

Contracts

We sell a portion of our produced volumes under supply agreements. On a volume basis, approximately % of our products were sold under supply agreements during the year ended December 31, 2021. Certain of these agreements require the customer to purchase a specified percentage of its proppant requirements from us. Other agreements require the customer to purchase a minimum volume of proppant from us.

Certain of the Company's contracts contain shortfall provisions that calculate agreed upon fees that are billed when the customer does not meet the minimum purchases over a period of time defined in each contract.

For the year beginning January 1, 2022, we have approximately five million tons of annual production (or approximately 50% of our existing production capacity) under supply contracts. Some of our supply agreements provide for sales at fixed prices while others provide for periodic pricing adjustments.

Our proppant is generally sold F.O.B. at our facilities, with title and risk of loss transferring to the customer when we load the proppants onto a truck for delivery to the customer. However, we frequently manage the distribution logistics for our customers and pass on the transportation and related logistics costs to them. Generally, our supply agreements contain customary termination provisions for matters such as bankruptcy-related events and uncured breaches of the applicable agreement.

We also enter into spot contract arrangements whereby we can elect to sell frac sand to customers to the extent we have capacity available on our systems at the time of request. We refer to these volumes as spot volumes. On a volume basis, approximately % of our products were sold under supply agreements in the 2021 calendar year.

Competition

The market in which we operate is highly competitive. We compete with both public and private regional, local in-basin proppant providers, such as Covia Corp., High Roller Sand, Black Mountain Sand, Freedom Proppants, Hi-Crush Inc., U.S. Silica Inc., Signal Peak Silica, Alpine Silica, Badger Mining Corporation, Vista Proppants and Logistics and Capital Sand Company, among others. Competition in the proppant production industry is based on the geographic location of facilities, business reputation, operating reliability, available capacity and pricing arrangements for services rendered, among other factors. As we continue to grow our business and provide our services to new customers, we expect to continue to face increasing levels of competition. Our last-mile logistics business also competes with traditional providers of delivery services by truck and railcar.

Although some of our competitors may have a broader geographic scope and greater financial and other resources than we may have, we believe that we are competitively well positioned due to our reliability of supply, customer relationships, plant design, premium geology, ESG leadership and the proximity of our facilities to customers in the Permian Basin.

Cyclical Nature of Industry

We operate in a highly cyclical industry. The key factor driving demand for our services is the level of drilling activity by oil and natural gas companies, which in turn depends largely on current and anticipated future crude oil and natural gas prices and production depletion rates. Global supply and demand for oil and the domestic supply and demand for natural gas are critical in assessing industry outlook. Demand for oil and natural gas is cyclical and subject to large, rapid fluctuations. Producers tend to increase capital expenditures in response to increases in oil and natural gas prices, which generally results in greater revenues and profits for oilfield service companies such as ours. Increased capital expenditures also ultimately lead to greater production, which historically has resulted in increased supplies and reduced prices which in turn tend to reduce demand for oilfield services. For these reasons, the results of our operations may fluctuate from quarter to quarter and from year to year, and these fluctuations may distort comparisons of results across periods.

Seasonality

In general, seasonal factors do not have a significant and direct effect on our business. However, extreme weather conditions during parts of the year could adversely impact the well-completion activities of our customers, who are oil and natural gas operators, thereby reducing the amount of frac sand sold. Our most notable decline in the demand of our product and services occurred in February 2021 as a result of the impact of Winter Storm Uri.

Insurance

We believe that our insurance coverage is customary for the industry in which we operate and adequate for our business. As is customary in the proppant industry, we review our safety equipment and procedures and carry insurance against most, but not all, risks of our business. Losses and liabilities not covered by insurance would increase our costs. To address the hazards inherent in our business, we maintain insurance coverage that includes physical damage coverage, third-party general liability insurance, employer’s liability, environmental and pollution and other coverage, although coverage for environmental and pollution-related losses is subject to significant limitations.

Environmental and Occupational Health and Safety Regulations

We are subject to stringent and complex federal, state and local laws and regulations governing the discharge of materials into the environment or otherwise relating to protection of worker health, safety and the environment and natural resources (including threatened and endangered species). Compliance with these laws and regulations may expose us to significant costs and liabilities and cause us to incur significant capital expenditures in our operations. Any failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, imposition of remedial obligations and the issuance of injunctions delaying or prohibiting operations. Private parties may also have the right to pursue legal actions to enforce compliance as well as to seek damages for non-compliance with environmental laws and regulations or for personal injury or property damage. In addition, the trend in environmental regulation has been to place more restrictions on activities that may affect the environment, and thus, any changes in, or more stringent enforcement of, these laws and regulations that result in more stringent and costly pollution control equipment, the occurrence of delays in the permitting or performance of projects, or waste handling, storage, transport, disposal or remediation requirements could have an adverse effect on our operations and financial position.

We do not believe that compliance by us and our customers with federal, state or local environmental laws and regulations will have an adverse effect on our business, financial position or results of operations or cash flows. We cannot assure you, however, that future events, such as changes in existing laws or enforcement policies, the enactment or promulgation of new laws or regulations or the development or discovery of new facts or conditions adverse to our operations will not cause us to incur significant costs. The following is a discussion of material environmental and worker health and safety laws, as amended from time to time, that relate to our operations or those of our customers that could have an adverse effect on our business.

Worker Health and Safety

We are subject to the requirements of the OSHA, and comparable state statutes that regulate the protection of the health and safety of workers. In addition, the OSHA hazard communication standard requires that information be maintained about hazardous materials used or produced in operations and that this information be provided to employees, state and local government authorities and the public. These laws and regulations are subject to frequent changes and any failure to comply with these laws could lead to the assertion of third-party claims against us, civil or criminal fines and changes in the way we operate our facilities, which one or more events could have an adverse effect on our financial position. Historically, our environmental compliance costs have not had an adverse effect on our results of operations.

Air Emissions

Our operations and the operations of our customers are subject to the CAA and related state and local laws, which restrict the emission of air pollutants and impose permitting, monitoring and reporting requirements on various sources. These regulatory programs may require preconstruction permitting, best available control technology analysis, the installation of emissions abatement equipment, modification of operational practices and obtaining permits or similar authorizations for our operations. Obtaining air emissions permits has the potential to delay the development or continued performance of our operations. Over the next several years, we may be required to incur certain capital expenditures for air pollution control equipment or to address air emissions-related issues as we expand our facilities or develop new ones. Changing and increasingly stricter requirements, future non-compliance or failure to maintain necessary permits or other authorizations could require us to incur substantial costs or suspend or terminate our operations. We could be subject to administrative, civil and criminal penalties as well as injunctive relief for noncompliance with air permits or other requirements of the CAA and comparable state laws and regulations.

Climate Change

In the United States, no comprehensive climate change legislation has been implemented at the federal level. However, following the U.S. Supreme Court finding that GHG emissions constitute a pollutant under the CAA, the EPA has adopted regulations that, among other things, establish construction and operating permit reviews for emissions from certain large stationary sources, require the monitoring and annual reporting of GHG emissions from certain petroleum and natural gas system sources in the United States, and together with the DOT, implement GHG emissions limits on vehicles manufactured for operation in the United States.

Additionally, various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas as GHG cap and trade programs, carbon taxes, reporting and tracking programs, and restriction of emissions. Internationally, the United Nations-sponsored “Paris Agreement” requires member states to individually determine and submit non-binding emissions reduction targets every five years after 2020. President Biden has recommitted the United States to the Paris Agreement and, in April 2021, announced a goal of reducing the United States' emissions by 50-52% below 2005 levels by 2030. In November 2021, the international community gathered again in Glasgow at COP26, during which multiple announcements were made, including a call for parties to eliminate certain fossil fuel subsidies and pursue further action on non-CO2 GHGs. Relatedly, the United States and European Union jointly announced the launch of the "Global Methane Pledge," which aims to cut global methane pollution at least 30% by 2030 relative to 2020 levels, including "all feasible reductions" in the energy sector. The impacts of these orders, pledges, agreements and any legislation or regulation promulgated to fulfill the United States' commitments under the Paris Agreement, COP26, or other international conventions cannot be predicted at this time.

Governmental, scientific, and public concern over the threat of climate change arising from GHG emissions has resulted in increasing political risks in the United States, including climate change related pledges made by certain candidates elected to public office. President Biden has issued several executive orders focused on addressing climate change, including items that may impact our costs to produce, or demand for, oil and natural gas. Additionally, in November 2021, the Biden Administration released "The Long-Term Strategy of the United States: Pathways to Net-Zero Greenhouse Gas Emissions by 2050," which establishes a roadmap to net zero emissions in the United States by 2050 through, among other things, improving energy efficiency; decarbonizing energy sources via electricity, hydrogen, and sustainable biofuels; and reducing non-CO2 GHG emissions, such as methane and nitrous oxide. The Biden Administration is also considering revisions to the leasing and permitting programs for oil and natural gas development on federal lands. For more information, see our Risk Factor titled "Any restrictions on oil and natural gas development on federal lands has the potential to adversely impact our operations and the operations of our customers." Other actions that could be pursued may include the imposition of more restrictive requirements for the establishment of pipeline infrastructure or the permitting of LNG export facilities, as well as more strict GHG emission limitations for oil and natural gas facilities. Litigation risks are also increasing, as a number of entities have sought to bring suit against oil and natural gas companies in state or federal court, alleging, among other things, that such companies created public nuisances by producing fuels that contributed to climate change. Suits have also been brought against such companies under stockholder and consumer protection laws, alleging that companies have been aware of the adverse effects of climate change but failed to adequately disclose those impacts. To the extent these risks materially impact our customers, demand for our frac sand may be reduced.

There are also increasing financial risks for fossil fuel producers as stockholders currently invested in fossil fuel energy companies may elect in the future to shift some or all of their investments into other sectors. Institutional lenders who provide financing to fossil fuel energy companies also have become more attentive to sustainable lending practices and some of them may elect not to provide funding for fossil fuel energy companies. For example, at COP26, GFANZ announced that commitments from over 450 firms across 45 countries had resulted in over $130 trillion in capital committed to net zero goals. The various sub-alliances of GFANZ generally require participants to set short-term, sector-specific targets to transition their financing, investing, and/or underwriting activities to net zero emissions by 2050. There is also a risk that financial institutions will be required to adopt policies that have the effect of reducing the funding provided to the fossil fuel sector. Recently, President Biden signed an executive order calling for the development of a "climate finance plan" and, separately, the Federal Reserve has joined the Network for Greening the Financial System, a consortium of financial regulators focused on addressing climate-related risks in the financial sector. More recently, in November 2021, the Federal Reserve issued a statement in support of the efforts of the NGFS to identify key issues and potential solutions for the climate-related challenges most relevant to central banks and supervisory authorities. Limitation of investments in and financings for fossil fuel energy companies could result in the restriction, delay or cancellation of our customers' drilling programs or development and production activities, as well as our own ability to access capital for our projects.

The adoption and implementation of new or more stringent international, federal or state legislation, regulations or other regulatory initiatives that impose more stringent standards for GHG emissions from the oil and natural gas sector or otherwise restrict the areas in which this sector may produce oil and natural gas or generate GHG emissions could result in increased costs of compliance or costs of consuming, and thereby reduce demand for, oil and natural gas. Additionally, political, litigation and financial risks may result in us or our customers' restricting or cancelling production activities, incurring liability for infrastructure damages as a result of climatic changes, or having an impaired ability to continue to operate in an economic manner. One or more of these developments could have an adverse effect on our and our customers' business, financial condition and results of operations.

As a final note, climate change could have an effect on the severity of weather (including hurricanes, droughts and floods), sea levels, the arability of farmland, water availability and quality, and meteorological patterns. If such effects were to occur, our operations and our customers' development and production operations have the potential to be adversely affected. Potential adverse effects could include damages to our facilities from powerful winds or flooding in low lying areas, disruption of our and our customers' operations either because of climate related damages to our facilities or in our costs of operation potentially arising from such climatic effects, less efficient or non- routine operating practices necessitated by climate effects or increased costs for insurance coverage in the aftermath of such effects.

Water Discharges

The CWA and analogous state laws impose restrictions and strict controls with respect to the discharge of pollutants, including spills and leaks of oil and other substances, into waters of the United States. The discharge of pollutants into regulated waters, including jurisdictional wetlands, is prohibited, except in accordance with the terms of a permit issued by the EPA or an analogous state agency. The CWA also prohibits the discharge of dredge and fill material in regulated waters, including wetlands, unless authorized by a permit issued by the U.S. Army Corps of Engineers (the "Corps"). Federal and state regulatory agencies can impose administrative, civil and criminal penalties, as well as require remedial or mitigation measures, for non-compliance with discharge permits or other requirements of the CWA and analogous state laws and regulations. In the event of an unauthorized discharge of wastes, we may be liable for penalties and costs.

The scope of regulated waters under the CWA has been subject to substantial controversy. In June 2015, the EPA and the Corps published a final rule attempting to clarify the federal jurisdictional reach over waters of the United States ("WOTUS"); however, following the change in U.S. presidential administrations, there have been several attempts to modify or eliminate this rule. For example, in January 2020, the EPA and the Corps finalized the Navigable Waters Protection Rule, which narrows the definition of "waters of the United States" relative to the WOTUS rule. However, legal challenges to both rules remain pending. In addition, the Biden administration has announced plans to develop its own definition of such waters, and the EPA and the Corps issued a proposed rule in November 2021 to revoke the Navigable Waters Protection Rule in favor of a pre-2015 definition until a new definition is proposed. Therefore, the scope of jurisdiction under the CWA is uncertain at this time, and any increase in scope could result in increased costs or delays with respect to obtaining permits for such activities as dredge and fill operations in wetland areas. The process for obtaining permits has the potential to delay our operations. Spill prevention, control and countermeasure requirements of federal laws require appropriate containment berms and similar structures to help prevent the contamination of navigable waters by a petroleum hydrocarbon tank spill, rupture or leak. In addition, the CWA and analogous state laws require individual permits or coverage under general permits for discharges of storm water runoff from certain types of facilities. Federal and state regulatory agencies can impose administrative, civil and criminal penalties as well as other enforcement mechanisms for non-compliance with discharge permits or other requirements of the CWA and analogous state laws and regulations. The CWA and analogous state laws provide for administrative, civil and criminal penalties for unauthorized discharges and, impose rigorous requirements for spill prevention and response planning, as well as substantial potential liability for the costs of removal, remediation, and damages in connection with any unauthorized discharges.

Hydraulic Fracturing

We supply proppant to the oil and natural gas industry. Hydraulic fracturing is an important common practice that is used to stimulate production of oil and natural gas from low permeability hydrocarbon bearing subsurface rock formations. The hydraulic fracturing process involves the injection of water, proppants and chemicals under pressure into the formation to fracture the surrounding rock, increase permeability and stimulate production. Although we do not directly engage in hydraulic fracturing activities, our customers purchase our proppant for use in their hydraulic fracturing activities. Hydraulic fracturing is typically regulated by state oil and natural gas commissions and similar agencies; however, the EPA has asserted jurisdiction over hydraulic fracturing activities in some circumstances. The EPA has also promulgated air emission performance standards for production, processing, and transmission equipment in the oil and natural gas sector. The EPA also released a final report in December 2016 assessing the potential adverse impact of hydraulic fracturing to water resources, concluding that activities relating to water consumption, use and disposal associated with hydraulic fracturing may impact drinking water resources under certain circumstances. Some states have adopted, and other states are considering adopting, regulations that could impose new or more stringent permitting, disclosure or well construction requirements on hydraulic fracturing operations. State and federal regulatory agencies have also recently focused on a possible connection between the operation of injection wells used for oil and natural gas waste disposal and seismic activity. Similar concerns have been raised that hydraulic fracturing may also contribute to seismic activity. Aside from state laws, local land use restrictions may restrict drilling in general or hydraulic fracturing in particular. Municipalities may adopt local ordinances attempting to prohibit hydraulic fracturing altogether or, at a minimum, allow such fracturing processes within their jurisdictions to proceed but regulating the time, place and manner of those processes. At the same time, certain environmental groups have suggested that additional laws may be needed to more closely and uniformly limit or otherwise regulate the hydraulic fracturing process, and legislation has been proposed by some members of Congress to provide for such regulation.

The adoption of new laws or regulations at the federal or state levels imposing reporting obligations on, or otherwise limiting or delaying, the hydraulic fracturing process could make it more difficult to complete natural gas wells, increase our customers' costs of compliance and doing business and otherwise adversely affect the hydraulic fracturing services they perform, which could negatively impact demand for our frac sand. In addition, heightened political, regulatory and public scrutiny of hydraulic fracturing practices could expose us or our customers to increased legal and regulatory proceedings, which could be time-consuming, costly or result in substantial legal liability or significant reputational harm. We could be directly affected by adverse litigation involving us, or indirectly affected if the cost of compliance limits the ability of our customers to operate. Such costs and scrutiny could directly or indirectly, through reduced demand for our frac sand, have an adverse effect on our business, financial condition and results of operations.

Non-Hazardous and Hazardous Wastes

The Resource Conservation and Recovery Act ("RCRA") and comparable state laws control the management and disposal of hazardous and non-hazardous waste. These laws and regulations govern the generation, storage, treatment, transfer and disposal of wastes that we generate. In the course of our operations, we generate waste that are regulated as non-hazardous wastes and hazardous wastes, obligating us to comply with applicable standards relating to the management and disposal of such wastes. In addition, drilling fluids, produced waters and most of the other wastes associated with the exploration, development and production of oil or natural gas, if properly handled, are currently exempt from regulation as hazardous waste under RCRA and, instead, are regulated under RCRA's less stringent non-hazardous waste provisions, state laws or other federal laws. However, it is possible that certain oil and natural gas drilling and production wastes now classified as non-hazardous could be classified as hazardous wastes in the future. A loss of the RCRA exclusion for drilling fluids, produced waters and related wastes could result in an increase in our customers' costs to manage and dispose of generated wastes and a corresponding decrease in their drilling operations, which developments could have an adverse effect on our business.

Site Remediation

CERCLA and comparable state laws impose strict, joint and several liability on certain classes of persons that contributed to the release of a hazardous substance into the environment without regard to fault or the legality of the original conduct. These persons include the owner and operator of a disposal site where a hazardous substance release occurred and any company that transported, disposed of or arranged for the transport or disposal of hazardous substances released at the site. Under CERCLA, such persons may be liable for the costs of remediating the hazardous substances that have been released into the environment, for damages to natural resources and for the costs of certain health studies. In addition, where contamination may be present, it is not uncommon for the neighboring landowners and other third parties to file claims for personal injury, property damage and recovery of response costs. We have not received notification that we may be potentially responsible for cleanup costs under CERCLA at any site.

Endangered Species

The ESA restricts activities that may affect endangered or threatened species or their habitats. Similar protections are offered to migratory birds under the MBTA. New or proposed listings of threatened or endangered species has the potential to adversely impact our future operations. For example, the DSL, which is found only in the active and semi-stable shinnery oak dunes of southeastern New Mexico and adjacent portions of Texas (including areas where our proppant production facilities are located), was a candidate species for listing under the ESA by the USFWS for many years. In 2010, the USFWS proposed listing the DSL as an endangered species under the ESA. In response, the Texas Comptroller's office created the Texas Conservation Plan in 2012 to minimize disturbances to the DSL's habitat. In June 2012, the USFWS declined to list the species as endangered under the ESA in part due to oil and natural gas operators and private landowners in the Permian Basin entering into CCAs, whereby parties voluntarily agree to implement mitigation measures, such as habitat avoidance or time and manner operating restrictions so as not to adversely impact the DSL habitat. Recently, however, as a result of increased frac sand mining by parties who are not currently parties to CCAs, the Texas Comptroller's Office, USFWS, and environmental groups have voiced concerns about the potential destruction of DSL habitat and harm to the species. This ultimately led to renewed calls to USFWS to list the DSL under the ESA and a twelve-month review is currently pending to determine whether the DSL should be listed. On November 17, 2021, one environmental organization delivered a Sixty-day Notice of Intent to Sue to the DOI and the USFWS for failing to timely list the DSL as endangered. Our operations and the operations of our customers could be further limited, delayed or, in some circumstances, prohibited altogether, as a result of the imposition of additional restrictions designed to protect the DSL imposed at the time of any listing, and we and our customers could be required to comply with expensive mitigation measures intended to protect the DSL and its habitat. However, in January 2021, USFWS approved a CCAA for the DSL. We were a contributor to and supporter of the CCAA since its inception and have since been accepted into the program. Our participation in the CCAA and our other voluntary conservation measures for the benefit of the DSL reduces the risk of disruptions to our business and operations in the event the DSL is listed. To the extent species are listed under the ESA or similar state laws, or are protected under the MBTA, or previously unprotected species are designated as threatened or endangered in areas where we or our customers operate, this could cause us or our customers to incur increased costs arising from species protection measures and could result in delays or limitations in our or our customers' performance of operations, which could adversely affect or reduce demand for our proppant solutions.

Mining and Workplace Safety

Our proppant production operations will be subject to mining safety regulation. MSHA is the primary regulatory organization governing frac sand mining and processing. Accordingly, MSHA regulates quarries, surface mines, underground mines and the industrial mineral processing facilities associated with and located at quarries and mines. The mission of MSHA is to administer the provisions of the Federal Mine Safety and Health Act of 1977 and to enforce compliance with mandatory miner safety and health standards. As part of MSHA's oversight, representatives perform at least two unannounced inspections annually for each above-ground facility. Failure to comply with MSHA's regulations could result in the imposition of civil or criminal penalties and fines.

In addition, our operations are subject to a number of federal and state laws and regulations, including the OSHA and comparable state statutes, whose purpose is to protect the health and safety of workers. Also, OSHA hazard communication standard, the EPA community right-to-know regulations under Title III of the federal Superfund Amendment and Reauthorization Act and comparable state statutes require that information be maintained concerning hazardous materials used or produced in operations and that this information be provided to employees, state and local government authorities and citizens. Violations of OSHA can result in OSHA civil and criminal enforcement. Moreover, the inhalation of respirable crystalline silica is associated with the lung disease silicosis. There is recent evidence of an association between crystalline silica exposure or silicosis and lung cancer and a possible association with other diseases, including immune system disorders such as scleroderma. These health risks have been, and may continue to be, a significant issue confronting the silica industry. In response to these potential concerns, OSHA has promulgated a new rule seeking to lower worker exposure to crystalline silica. The OSHA's providing coverage over such new rule could cause our customers to incur increased costs related to worker health and safety, which may be passed on to us in whole or in part. The silica exposure rule will become effective for general industry in 2018. However, the silica exposure rule is currently subject to litigation. At this time, the impact of this litigation and the costs associated with implementation of the rule cannot be determined. In addition, concerns over silicosis and other potential adverse health effects, as well as concerns regarding potential liability from the use of silica, may have the effect of discouraging our customers' use of our silica products and discouraging our insurers from risk. The actual or perceived health risks of mining, processing and handling silica could adversely affect silica producers, including us, through reduced use of silica products, the threat of product liability or employee lawsuits, increased scrutiny by federal, state and local regulatory authorities of us and our customers or reduced financing sources available to the silica industry.

Environmental Reviews

If permits or other authorizations from the federal government are required, our future operations may be subject to broad environmental review under the National Environmental Policy Act, as amended ("NEPA"). NEPA requires federal agencies to evaluate the environmental impact of all "major federal actions" significantly affecting the quality of the human environment. The granting of a federal permit for a major development project, such as a proppant production operations, may be considered a "major federal action" that requires review under NEPA. As part of this evaluation, the federal agency considers a broad array of environmental impacts, including, among other things, impacts on air quality, water quality, wildlife (including threatened and endangered species), historic and archeological resources, geology, socioeconomics and aesthetics. NEPA also requires the consideration of alternatives to the project. The NEPA review process, especially the preparation of a full environmental impact statement, can be time consuming and expensive. The purpose of the NEPA review process is to inform federal agencies' decision-making on whether federal approval should be granted for a project and to provide the public with an opportunity to comment on the environmental impacts of a proposed project. Though NEPA requires only that an environmental evaluation be conducted and does not mandate a particular result, a federal agency could decide to deny a permit or impose certain conditions on its approval, based on its environmental review under NEPA, or a third party could challenge the adequacy of a NEPA review and thereby delay the issuance of a federal permit or approval, which could have an adverse effect on our business.

Motor Carrier Operations

Among the services we provide, we operate as a motor carrier and therefore are subject to regulation by DOT and various state agencies. These regulatory authorities exercise broad powers, governing activities such as the authorization to engage in motor carrier operations; regulatory safety; hazardous materials labeling, placarding and marking; financial reporting; and certain mergers, consolidations and acquisitions. There are additional regulations specifically relating to the trucking industry, including testing and specification of equipment and product handling requirements. The trucking industry is subject to possible regulatory and legislative changes that may affect the economics of the industry by requiring changes in operating practices or by changing the demand for common or contract carrier services or the cost of providing truckload services. Some of these possible changes include increasingly stringent environmental regulations, changes in the hours of service regulations which govern the amount of time a driver may drive in any specific period and requiring onboard black box recorder devices or limits on vehicle weight and size.

Interstate motor carrier operations are subject to safety requirements prescribed by DOT. Intrastate motor carrier operations are subject to safety regulations that often mirror federal regulations. Such matters as weight and dimension of equipment are also subject to federal and state regulations. DOT regulations also mandate drug testing of drivers. From time to time, various legislative proposals are introduced, including proposals to increase federal, state or local taxes, including taxes on motor fuels, which may increase our costs or adversely impact the recruitment of drivers. We cannot predict whether, or in what form, any increase in such taxes applicable to us will be enacted.

State and Local Regulation

We are subject to a variety of state and local environmental review and permitting requirements. In some cases, the state environmental review may be more stringent than the federal review. Our operations may require state-law based permits in addition to federal permits, requiring state agencies to consider a range of issues, many the same as federal agencies, including, among other things, a project's impact on wildlife and their habitats, historic and archaeological sites, aesthetics, agricultural operations and scenic areas. The development of new sites and our existing operations also are subject to a variety of local environmental and regulatory requirements, including land use, zoning, building and transportation requirements.

Demand for frac sand in the oil and natural gas industry drove a significant increase in the production of frac sand. As a result, some local communities expressed concern regarding silica sand mining operations. These concerns have generally included exposure to ambient silica sand dust, truck traffic, water usage and blasting. In response, certain state and local communities have developed or are in the process of developing regulations or zoning restrictions intended to minimize dust from becoming airborne, control the flow of truck traffic, significantly curtail the amount of practicable area for proppant production activities, provide compensation to local residents for potential impacts of proppant production activities and, in some cases, ban issuance of new permits for proppant production activities. To date, we have not experienced any material impact to the development of our proppant production facilities and do not anticipate an impact on future operations as a result of these types of concerns. We would expect this trend to continue as oil and natural gas production increases.

Occupational Safety and Health and other Legal Requirements

We are subject to the requirements of the OSHA and comparable state statutes whose purpose is to protect the health and safety of workers. In addition, the OSHA's hazard communication standard, the EPA's Emergency Planning and Community Right-to-Know Act and comparable state regulations and any implementing regulations require that we organize and/or disclose information about hazardous materials used or produced in our operations and that this information be provided to employees, state and local governmental authorities and citizens. We have an internal program of inspection designed to monitor and enforce compliance with worker safety requirements.

Human Capital and Employees

Our employees are a critical asset which are key to our innovative culture and overall success. We are focused on our high-performance culture through attracting, engaging, developing, retaining and rewarding top talent. We strive to enhance the economic and social well-being of our employees and the communities in which we operate. We are committed to providing a welcoming, inclusive environment for our workforce, with best-in-class training and career development opportunities to enable employees to thrive and achieve their career goals.

As of December 31, 2021, we had a total of 185 employees, of which service our corporate function headquarters and work in field locations. We foster a culture of diversity and inclusivity, and greater than 60% of our workforce is minority and/or female as of September 30, 2021. None of our employees are represented by labor unions or subject to collective bargaining agreements. We consider our employee relations to be good.

Health and Safety

The health, safety, and well-being of our employees is of the utmost importance. We are an industry leader with a proven track record in safety.

We provide employees the option to participate in health and welfare plans, including medical, dental, life, accidental death and dismemberment and short-term and long-term disability insurance plans. We also offer a number of health and wellness programs, including telemedicine, health screens and fitness reimbursement as well as access to the Employee Assistance Program which provides employees and their family members access to professional providers to help navigate challenging life events 24 hours a day/365 days a year.

In response to COVID-19, we adopted enhanced safety measures and practices to protect employee health and safety and continue to follow guidelines from the Centers for Disease Control to protect our employees and minimize the risk of business disruption.

Legal Proceedings

From time to time we may be involved in litigation relating to claims arising out of our operations in the normal course of business. We are not currently a party to any legal proceedings that we believe would have an adverse effect on our financial position, results of operations or cash flows and are not aware of any material legal proceedings contemplated by governmental authorities.

MANAGEMENT

Set forth below are the names, positions and descriptions of the business experience of our executive officers and directors, as well as ages as of January 31, 2022:

Name	Age	Position with Atlas Inc.
Ben M. “Bud” Brigham	62	Executive Chairman
John Turner	50	Chief Financial Officer
Hunter Wallace	37	Chief Operating Officer

Directors and Executive Officers

Ben M. “Bud” Brigham— Executive Chairman . Ben M. “Bud” Brigham is our founder and has served as the Executive Chairman of our board of directors since our inception. Mr. Brigham has founded several upstream energy enterprises, including Brigham Minerals Inc. (NYSE: MNRL), which pursues mineral acquisitions in top tier shale domestic shale resource plays, Anthem Ventures, LLC, a family office, Brigham Exploration Company, LLC (the second entity founded by Mr. Brigham with such name), which is also active in top tier shale resource plays pursuing non-operated working interests, Atlas Permian Water Company, which is pursuing water infrastructure projects in the Permian Basin and Brigham Development, LLC, a real estate enterprise acquiring and developing surface real estate in active United States shale plays. Mr. Brigham founded Brigham Exploration Company in 1990 and served as its President, Chief Executive Officer and Chairman of the board of directors until its sale to Statoil in December 2011.

Prior to founding Brigham Exploration Company in 1990, Mr. Brigham served for six years as an exploration geophysicist with Rosewood Resources, an independent oil and natural gas exploration and production company, and as a seismic data processing geophysicist for Western Geophysical, a provider of 3-D seismic services. Mr. Brigham earned a Bachelor of Science in Geophysics from the University of Texas at Austin. Mr. Brigham has served on the National Petroleum Council, the American Association of Petroleum Geologists, the Society of Exploration Geophysicists, the Independent Producers Association of America, the Society of Independent Professional Earth Scientists, and The Bureau of Economic Geology Visiting Committee. Mr. Brigham was inducted into the All American Wildcatters in April 2012, and, in April 2015 Mr. Brigham accepted and joined the University of Texas Chancellor’s Council Executive Committee.

Mr. Brigham was selected to serve on the board of directors due to his knowledge in the industry and leadership of our company since its inception.

John Turner—Chief Financial Officer. John Turner has served as our Chief Financial Officer since April 2017. Mr. Turner has over 20 years of oil and natural gas industry experience. Prior to assuming his current role, Mr. Turner worked in various capacities for both public and private entities, with a focus on corporate finance, business development and strategic planning, including as Chief Financial Officer of Brigham Exploration Company, LLC (the second entity founded by Mr. Brigham with such name), Chief Financial Officer of Mediterranean Resources, LLC and Vice President of Brigham Exploration Company (NASDAQ: BEXP). Collectively, Mr. Turner has participated and advised on over $2.0 billion of capital market transactions, including mergers, restructurings and special situations. Mr. Turner received a Bachelor of Business Administration and a Masters of Business Administration from the McCombs School of Business at the University of Texas at Austin.

Hunter Wallace—Chief Operating Officer. Mr. Wallace has served as our Chief Operating Officer since April 2017. Prior to assuming his current role, Mr. Wallace was a member of ATX Energy Partners LLC as their VP of Operations. Mr. Wallace had been a part of the successful Brigham

Resources LLC as the Drilling and Completions Manager, where he led the planning and execution of all 58 grassroots wells in the Delaware Basin, which was instrumental to the successful sale of the assets to Diamondback Energy in 2017 for approximately $2.6 billion. Prior to his role with Brigham Resources Company, Mr. Wallace served as a Senior Drilling Engineer for Pioneer Natural Resources Co., and a Drilling Engineer for XTO Energy Inc. Mr. Wallace received a Bachelor of Science in Petroleum Engineering from Texas A&M University.

Composition of Our Board of Directors

Our board of directors currently consists of members. Prior to the date that our Class A common stock is first traded on the NYSE, we expect to have a member board of directors.

In evaluating director candidates, we will assess whether a candidate possesses the integrity, judgment, knowledge, experience, skills and expertise that are likely to enhance the board's ability to manage and direct our affairs and business, including, when applicable, to enhance the ability of committees of the board to fulfill their duties. We are in the process of identifying individuals who meet these standards and the relevant independence requirements.

Director Independence

The board of directors is in the process of reviewing the independence of our directors using the independence standards of the NYSE and the SEC. Currently, we anticipate that our board of directors will determine that . and are independent within the meaning of NYSE listing standards currently in effect and within the meaning of Section 10A-3 of the Exchange Act.

Committees of the Board of Directors

Following the completion of this offering, the committees of the Board of Directors will include an audit committee, a compensation committee and a nominating and corporate governance committee.

Audit Committee

We will establish an audit committee prior to the completion of this offering. Rules implemented by the NYSE and the SEC require us to have an audit committee comprised of at least three directors who meet the independence and experience standards established by the NYSE and the Exchange Act, subject to transitional relief during the one-year period following the completion of this offering. Our audit committee will initially consist of . and , who are independent under the rules of the SEC. As required by the rules of the SEC and listing standards of the NYSE, the audit committee will consist solely of independent directors. SEC rules also require that a public company disclose whether or not its audit committee has an "audit committee financial expert" as a member. An "audit committee financial expert" is defined as a person who, based on his or her expertise, possesses the attributes outlined in such rules. We anticipate that will satisfy the definition of "audit committee financial expert."

This committee will oversee, review, act on and report on various auditing and accounting matters to our board of directors, including the selection of our independent accountants, the scope of our annual audits, fees to be paid to the independent accountants, the performance of our independent accountants and our accounting practices. In addition, the audit committee will oversee our compliance programs relating to legal and regulatory requirements. We expect to adopt an audit committee charter defining the committee's primary duties in a manner consistent with the rules of the SEC and the NYSE or market standards.

Compensation Committee

We will establish a compensation committee of our board of directors prior to the completion of this offering. The members of our compensation committee will be . will serve as chairman of the compensation committee.

Our board of directors has determined that each of are independent. We will adopt a compensation committee charter, which will detail the principal functions of the compensation committee, including:

- reviewing and approving on an annual basis the corporate goals and objectives relevant to our Chief Executive Officer's compensation, evaluating our Chief Executive Officer's performance in light of such goals and objectives and determining and approving the remuneration (if any) of our Chief Executive Officer based on such evaluation;
- reviewing and approving the compensation of all of our other Section 16 executive officers; reviewing our executive compensation policies and plans;
- implementing and administering our incentive compensation equity-based remuneration plans;
- assisting management in complying with our proxy statement and annual report disclosure requirements;
- approving all special perquisites, special cash payments and other special compensation and benefit arrangements for our executive officers and employees;
- producing a report on executive compensation to be included in our annual proxy statement; and reviewing, evaluating and recommending changes, if appropriate, to the remuneration for directors.

The charter will also provide that the compensation committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser and will be directly responsible for the appointment, compensation and oversight of the work of any such adviser. However, before engaging or receiving advice from a compensation consultant, external legal counsel or any other adviser, the compensation committee will consider the independence of each such adviser, including the factors required by NYSE and the SEC.

Nominating and Corporate Governance Committee

We will establish a nominating and corporate governance committee of our board of directors prior to the completion of this offering. The members of our nominating and corporate governance committee will be , and . and will serve as chairman of the nominating and corporate governance committee. Our board of directors has determined that each of , and are independent.

The nominating and corporate governance committee is responsible for overseeing the selection of persons to be nominated to serve on our board of directors. The nominating and corporate governance committee considers persons identified by its members, management, stockholders, investment bankers and others.

Guidelines for Selecting Director Nominees

The guidelines for selecting nominees, which will be specified in a charter to be adopted by us, generally provide that persons to be nominated:

- should have demonstrated notable or significant achievements in business, education or public service;

- should possess the requisite intelligence, education and experience to make a significant contribution to the board of directors and bring a range of skills, diverse perspectives and backgrounds to its deliberations; and
- should have the highest ethical standards, a strong sense of professionalism and intense dedication to serving the interests of the stockholders.

The nominating and corporate governance committee will consider a number of qualifications relating to management and leadership experience, background and integrity and professionalism in evaluating a person's candidacy for membership on the board of directors. The nominating and corporate governance committee may require certain skills or attributes, such as financial or accounting experience, to meet specific board needs that arise from time to time and will also consider the overall experience and makeup of its members to obtain a broad and diverse mix of board members. The nominating and corporate governance committee does not distinguish among nominees recommended by stockholders and other persons.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serve on the board of directors or compensation committee of a company that has an executive officer that serves on our board or compensation committee. No member of our board is an executive officer of a company in which one of our executive officers serves as a member of the board of directors or compensation committee of that company.

Code of Conduct and Ethics

Prior to the completion of this offering, our board of directors will adopt a code of conduct applicable to our employees, directors and officers, in accordance with applicable U.S. federal securities laws and the corporate governance rules of the NYSE. Any waiver of this code may be made only by our board of directors and will be promptly disclosed as required by applicable U.S. federal securities laws and the corporate governance rules of the NYSE.

Corporate Governance Guidelines

Prior to the completion of this offering, our board of directors will adopt corporate governance guidelines in accordance with the corporate governance rules of the NYSE.

EXECUTIVE COMPENSATION

We are providing compensation disclosure that satisfies the requirements applicable to emerging growth companies, as defined in the JOBS Act.

2021 Summary Compensation Table

The following table summarizes the compensation awarded to, earned by or paid to our Named Executive Officers for the fiscal year ended December 31, 2021.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Ben M. "Bud" Brigham (Executive Chairman)	2021								
John Turner (Chief Financial Officer)	2021								
Hunter Wallace (Chief Operating Officer)	2021								

Outstanding Equity Awards at 2021 Fiscal Year-End

The following table reflects information regarding outstanding equity-based awards held by our Named Executive Officers as of December 31, 2021.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Ben M. "Bud" Brigham									
John Turner									
Hunter Wallace									

Long-Term Incentive Plan

In order to incentivize management members following the completion of this offering, we anticipate that our board of directors will adopt a LTIP for employees, consultants and directors prior to the completion of this offering. Our Named Executive Officers will be eligible to participate in this plan, which will become effective upon the consummation of this offering. We anticipate that the LTIP will provide for the grant of options, stock appreciation rights, restricted stock, restricted stock units, stock awards, dividend equivalents, other stock-based awards, cash awards, substitute awards and performance awards intended to align the interests of service providers (including the Named Executive Officers) with those of our stockholders.

CORPORATE REORGANIZATION

Atlas LLC was formed on April 20, 2017 for the purpose of being an in-basin, pure-play producer and provider of proppant primarily in the Permian Basin and surrounding areas.

Atlas Inc. was incorporated as a Delaware corporation in February 2022. Following this offering and the corporate reorganization described below, Atlas Inc. will be a holding company whose sole material asset will consist of membership interests in Atlas LLC. Atlas LLC will own, directly or indirectly, all of our operating assets. After the consummation of this offering and the corporate reorganization described below, Atlas Inc. will be the sole managing member of Atlas LLC, will be responsible for all operational, management and administrative decisions relating to Atlas LLC's business and will consolidate the financial results of Atlas LLC and its subsidiaries.

In connection with the completion of this offering, we will engage in the following transactions, which we refer to as the "corporate reorganization":

- all of the membership interests in Atlas LLC will be converted into Atlas Units;
- certain Legacy Owners will directly or indirectly transfer all or a portion of their Atlas Units to Atlas Inc. in exchange for shares of Class A common stock and rights under the Tax Receivable Agreement (described below);
- a portion of the net proceeds from this offering will be used to distribute to the Legacy Owners, in exchange for a portion of their Atlas Units, an aggregate amount of cash equal to times the initial public offering price per share of Class A common stock after underwriting discounts and commissions;
- Atlas Inc. will contribute all of the net proceeds received by it in this offering (and not distributed by it to the Legacy Owners) to Atlas LLC in exchange for a number of Atlas Units such that the total number of Atlas Units held by Atlas Inc. equals the number of shares of Class A common stock outstanding after this offering;
- Atlas Inc. will issue and contribute to Atlas LLC, and Atlas LLC will distribute to each of the Legacy Owners, one share of Class B common stock for each Atlas Unit held by it immediately following the this offering and the corporate reorganization; and
- to the extent the underwriters' option to purchase additional shares is exercised in full or in part, the net proceeds therefrom will be used to make a distribution to the Legacy Owners in redemption of a number of Atlas Units (together with an equivalent number of shares of our Class B common stock) and/or shares of Class A common stock equal to the number of shares of Class A common stock issued pursuant to the underwriters' option to purchase additional shares.

In the event we increase or decrease the number of shares of Class A common stock sold in this offering, (i) the amount of cash distributed to the Legacy Owners will correspondingly increase or decrease, respectively, and (ii) accordingly, the number of Atlas Units, shares of Class B common stock issued and shares of Class A common stock held by the Legacy Owners immediately following this offering will correspondingly decrease or increase, respectively.

After giving effect to these transactions and this offering and assuming the underwriters' option to purchase additional shares is not exercised:

- the Legacy Owners will own all of the outstanding shares of Class B common stock and shares of Class A common stock, collectively representing % of the voting power and % of the economic interest of Atlas Inc.;

- Atlas Inc. will own an approximate % interest in Atlas LLC; and
- the Legacy Owners will own an approximate % interest in Atlas LLC.

If the underwriters' option to purchase additional shares is exercised in full:

- the Legacy Owners will own all of the outstanding shares of Class B common stock and shares of Class A common stock, collectively representing % of the voting power and % of the economic interest of Atlas Inc.;
- Atlas Inc. will own an approximate % interest in Atlas LLC; and
- the Legacy Owners will own an approximate % interest in Atlas LLC.

Each share of Class B common stock has no economic rights but entitles its holder to one vote on all matters to be voted on by stockholders generally. Holders of Class A common stock and Class B common stock will vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law or by our amended and restated certificate of incorporation. We do not intend to list our Class B common stock on any exchange.

Following this offering, under the Atlas LLC Agreement, the Atlas Unitholders, other than Atlas Inc., will, subject to certain limitations, have the Redemption Right to cause Atlas LLC to acquire all or a portion of their Atlas Units for, at Atlas LLC's election, (i) shares of our Class A common stock at a redemption ratio of one share of Class A common stock for each Atlas Unit redeemed, subject to conversion rate adjustments for stock splits, stock dividends, reclassification and other similar transactions, or (ii) an equivalent amount of cash. We will determine whether to issue shares of Class A common stock or cash based on facts in existence at the time of the decision, which we expect would include the relative value of the Class A common stock (including the trading prices for the Class A common stock at the time), the cash purchase price, the availability of other sources of liquidity (such as an issuance of preferred stock) to acquire the Atlas Units and alternative uses for such cash. Alternatively, upon the exercise of the Redemption Right, Atlas Inc. (instead of Atlas LLC) will have the Call Right to, for administrative convenience, acquire each tendered Atlas Unit directly from the redeeming Atlas Unitholder for, at its election, (x) one share of Class A common stock, subject to conversion rate adjustments for stock splits, stock dividends, reclassification and other similar transactions, or (y) an equivalent amount of cash. In addition, upon a change of control of Atlas Inc., Atlas Inc. will have the right to require the Atlas Unitholders to exercise their Redemption Right with respect to some or all of their Atlas Units. In connection with any redemption of Atlas Units pursuant to the Redemption Right or the Call Right, a corresponding number of shares of Class B common stock will be cancelled. See "Certain Relationships and Related Party Transactions—Atlas LLC Agreement."

Atlas Inc.'s acquisition (or deemed acquisition for U.S. federal income tax purposes) of Atlas Units in connection with this offering or pursuant to an exercise of the Redemption Right or the Call Right is expected to result in adjustments to the tax basis of the tangible and intangible assets of Atlas LLC that will be allocated to Atlas Inc., and adjustments to Atlas Inc.'s allocable share of existing tax basis of the tangible and intangible assets of Atlas LLC. These adjustments would not have been available to Atlas Inc. absent its acquisition or deemed acquisition of Atlas Units and are expected to reduce the amount of cash tax that Atlas Inc. would otherwise be required to pay in the future. Moreover, Section 704(c) of the Code and the U.S. Treasury regulations promulgated thereunder, require that items of income, gain, loss and deduction that are attributable to Atlas LLC's directly and indirectly held property must be allocated among the partners of Atlas LLC to take into account the difference between the fair market value and the adjusted tax basis of such assets on the date of the consummation of this offering. As a result, Atlas LLC will be required to make certain special allocations of its items of income, gain, loss and deduction that are attributable to such assets. These allocations, like the increases in tax basis described above, are likely to reduce the amount of income tax we would otherwise be required to pay.

In connection with the closing of this offering, Atlas Inc. will enter into the Tax Receivable Agreement with the TRA Holders, which generally will provide for the payment by Atlas Inc. to the TRA Holders of % of the net cash savings, if any, in U.S. federal, state and local income tax and franchise tax (determined by using the actual applicable U.S. federal income tax rate and an assumed combined state and local income tax rate) that Atlas Inc. actually realizes (or is deemed to realize in certain circumstances) in periods after the consummation of this offering as a result of (i) certain increases in tax basis and Atlas Inc.'s allocable share of existing tax basis that occur as a result of Atlas Inc.'s acquisition (or deemed acquisition for U.S. federal income tax purposes) of Atlas Units in connection with this offering or pursuant to the exercise of the Redemption Right or the Call Right, (ii) disproportionate allocations, if any, of tax benefits to Atlas Inc. pursuant to Section 704(c) of the Code and (iii) imputed interest deemed to be paid by Atlas Inc. as a result of, and additional tax basis arising from, any payments Atlas Inc. makes under the Tax Receivable Agreement. Atlas Inc. will retain the benefit of the remainder of the actual net cash savings, if any.

The term of the Tax Receivable Agreement will commence upon the completion of this offering and will continue until all tax benefits that are subject to the Tax Receivable Agreement have been utilized or expired, unless Atlas Inc. exercises its right to terminate the Tax Receivable Agreement or the Tax Receivable Agreement is terminated due to other circumstances, including our breach of a material obligation thereunder or certain mergers or other changes of control. In the event that the Tax Receivable Agreement is not terminated, it is expected that payments under the Tax Receivable Agreement will commence in and will continue to be made for more than years. Payments will generally be made under the Tax Receivable Agreement as Atlas Inc. realizes actual cash tax savings in periods after this offering from the tax benefits covered by the Tax Receivable Agreement. However, if we experience a change of control (as defined under the Tax Receivable Agreement, which includes certain mergers, asset sales and other forms of business combinations) or the Tax Receivable Agreement otherwise terminates early (at our election or as a result of our breach), Atlas Inc. would be required to make a substantial, immediate lump-sum payment, and such payment may be significantly in advance of, and may materially exceed, the actual realization, if any, of the future tax benefits to which the payment relates. Atlas Inc. is a holding company and accordingly will be dependent upon distributions from Atlas LLC to make payments under the Tax Receivable Agreement.

See the subsections titled "Risk Factors—Risks Related to Our Class A Common Stock and Organizational Structure" and "Certain Relationships and Related Party Transactions—Tax Receivable Agreement."

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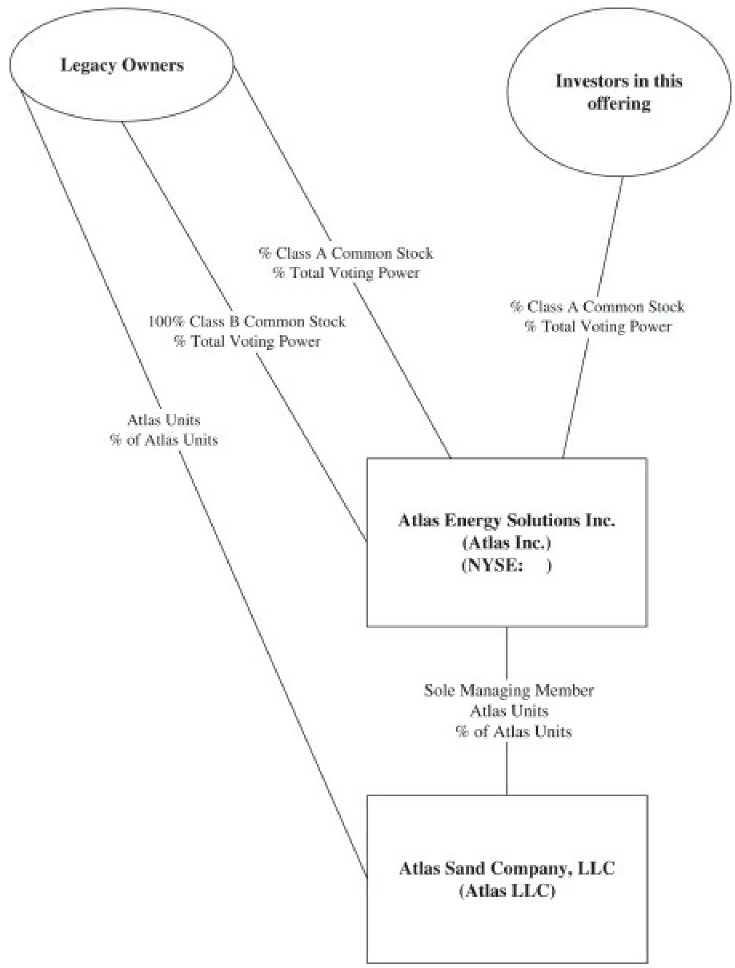
The following diagram indicates our simplified ownership structure immediately following this offering and the transactions related thereto (assuming the underwriters' option to purchase additional shares is not exercised):



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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information with respect to the beneficial ownership of our Class A common stock and Class B common stock that, upon the consummation of this offering and transactions related thereto, will be owned by:

- each person known to us to beneficially own more than 5% of any class of our outstanding voting securities;
- each member of our board of directors;
- each of our Named Executive Officers; and
- all of our directors and executive officers as a group.

All information with respect to beneficial ownership has been furnished by the respective 5% or more stockholders, directors and Named Executive Officers, as the case may be. Unless otherwise noted, the mailing address of each listed beneficial owner is c/o Atlas Energy Solutions Inc., 5918 W. Courtyard Dr., Suite 500, Austin, Texas 78730.

To the extent that the underwriters sell more than shares of Class A common stock, the underwriters have the option to purchase up to an additional shares from us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Shares Beneficially Owned Prior to the Offering(1)		Shares Beneficially Owned After the Offering (Assuming No Exercise of the Underwriters' Over-Allotment Option)						Shares Beneficially Owned After the Offering (Assuming Full Exercise of the Underwriters' Over-Allotment Option)					
			Class A Common Stock		Class B Common Stock		Combined Voting Power(2)		Class A Common Stock		Class B Common Stock		Combined Voting Power(2)	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
5% Stockholders														
Permian Dunes Holding Company, LLC(3)														
Greg Shepard(4)														
BlackGold SPV I LP(5)														
Directors and Named Executive Officers:														
Ben M. Brigham(6)														
John Turner														
Hunter Wallace														
Directors and executive officers as a group (persons)														

* Less than 1%.

(1) Subject to the terms of the Atlas LLC Agreement, Atlas Unitholders (other than Atlas Inc.) will have the right to redeem all or a portion of their Atlas Units for Class A common stock (or cash, at Atlas LLC's election) at a redemption ratio of one share of Class A common stock for each Atlas Unit redeemed. In connection with any such redemption of Atlas Units, a corresponding number of shares of Class B common stock will be cancelled. See "Certain Relationships and Related

Person Transactions—Atlas LLC Agreement." Beneficial ownership of Atlas Units is not reflected as beneficial ownership of shares of our Class A common stock for which such units may be redeemed.

(2) Represents percentage of voting power of our Class A common stock and Class B common stock voting together as a single class. Holders of Atlas Units will hold one share of Class B common stock for each Atlas Unit.

(3) These shares are held directly by Permian Dunes Holding Company, LLC.

(4)

(5) These shares are held directly by BlackGold SPV I LP. The general partner of BlackGold SPV I LP is BlackGold SPV GP I LP, and its general partner is BlackGold SPV Capital Advisors GP I LLC, and its managers are Adam Filkerski and Erik Dybesland. Accordingly, Adam Filkerski and Erik Dybesland may be deemed to have or share beneficial ownership of the shares held by BlackGold SPV I LP.

(6) Includes (i) shares held by Anne and Bud Oil and Gas Vested, LLC, (ii) shares held by Brigham Children's Family, LP, and (iii) shares owned by Anthem Ventures, LLC. Bud Brigham is the managing member of Anne and Bud Oil and Gas Vested, LLC and Anthem Ventures, LLC. Brigham Children's Family LP is managed by its general partner, BCFP GP, LLC, which is co-managed by Anne and Bud Brigham.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Atlas LLC Agreement

The Atlas LLC Agreement is filed as an exhibit to the registration statement of which this prospectus forms a part, and the following description of the Atlas LLC Agreement is qualified in its entirety by reference thereto.

Redemption Rights

Following this offering, under the Atlas LLC Agreement, the Atlas Unitholders, other than Atlas Inc., will, subject to certain limitations, have the right, pursuant to the Redemption Right, to cause Atlas LLC to acquire all or a portion of their Atlas Units for, at Atlas LLC's election, (i) shares of our Class A common stock at a redemption ratio of one share of Class A common stock for each Atlas Unit redeemed, subject to conversion rate adjustments for stock splits, stock dividends, reclassification and other similar transactions, or (ii) an equivalent amount of cash. We will determine whether to issue shares of Class A common stock or cash based on facts in existence at the time of the decision, which we expect would include the relative value of the Class A common stock (including the trading prices for the Class A common stock at the time), the cash purchase price, the availability of other sources of liquidity (such as an issuance of preferred stock) to acquire the Atlas Units and alternative uses for such cash. Alternatively, upon the exercise of the Redemption Right, Atlas Inc. (instead of Atlas LLC) will have the right, pursuant to the Call Right, to, for administrative convenience, acquire each tendered Atlas Unit directly from the redeeming Atlas Unitholder for, at its election, (x) one share of Class A common stock, subject to conversion rate adjustments for stock splits, stock dividends, reclassification and other similar transactions, or (y) an equivalent amount of cash. In addition, upon a change of control of Atlas Inc., Atlas Inc. will have the right to require the Atlas Unitholders to exercise their Redemption Right with respect to some or all of their Atlas Units. In connection with any redemption of Atlas Units pursuant to the Redemption Right or the Call Right, a corresponding number of shares of Class B common stock will be cancelled.

As the Legacy Owners cause their Atlas Units to be redeemed, holding other assumptions constant, Atlas Inc.'s membership interest in Atlas LLC will be correspondingly increased, the number of shares of Class A common stock outstanding will be increased, and the number of shares of Class B common stock outstanding will be reduced.

Distributions and Allocations

Under the Atlas LLC Agreement, subject to the obligations of Atlas LLC to make certain tax distributions and to reimburse Atlas Inc. for its corporate and other overhead expenses, we will have the right to determine when distributions will be made to the holders of Atlas Units and the amount of any such distributions. Following this offering, if we authorize a distribution, such distribution will be made to the holders of Atlas Units generally on a pro rata basis in accordance with their respective percentage ownership of Atlas Units. To the extent Atlas LLC has available cash and subject to the terms of any current or future debt instruments, the Atlas LLC Agreement will (i) require Atlas to make pro rata cash distributions to the Atlas Unitholders, including Atlas Inc., in an amount sufficient to allow Atlas Inc. to pay its taxes and make payments under the Tax Receivable Agreement and (ii) permit Atlas Inc., as managing member of Atlas LLC, to cause Atlas LLC to make additional pro rata distributions to the Atlas Unitholders, including to the Legacy Owners that hold Atlas Units and Atlas Inc., in an amount generally intended to allow such holders (other than Atlas Inc.) to satisfy their respective income tax liabilities with respect to their allocable share of the income of Atlas LLC, based on certain assumptions and conventions, to the extent such liabilities exceed amounts otherwise distributed by Atlas LLC. In addition, the Atlas LLC Agreement will require Atlas to make non-pro rata payments to Atlas Inc. to reimburse it for its corporate and other overhead expenses, which payments will not be treated as distributions under the Atlas LLC Agreement.

Atlas LLC will allocate its net income or net loss for each year to the holders of Atlas Units pursuant to the terms of the Atlas LLC Agreement, and the holders of Atlas Units, including Atlas Inc., will generally incur U.S. federal, state and local income taxes on their share of any net taxable income of Atlas LLC. Net income and losses of Atlas LLC generally will be allocated to the holders of Atlas Units on a pro rata basis in accordance with their respective percentage ownership of Atlas Units, subject to requirements under U.S. federal income tax law that certain items of income, gain, loss or deduction be allocated disproportionately in certain circumstances.

Issuance of Equity

The Atlas LLC Agreement will generally provide that, at any time Atlas Inc. issues a share of its Class A common stock or any other equity security, the net proceeds received by Atlas Inc. with respect to such issuance, if any, shall be concurrently invested in Atlas LLC, and Atlas LLC shall issue to Atlas Inc. one Atlas Unit or other economically equivalent equity interest. Conversely, if at any time any shares of Atlas Inc.'s Class A common stock are redeemed, repurchased or otherwise acquired, Atlas LLC shall redeem, repurchase or otherwise acquire an equal number of Atlas Units held by Atlas Inc., upon the same terms and for the same price as the shares of our Class A common stock are redeemed, repurchased or otherwise acquired.

Competition

Under the Atlas LLC Agreement, the members have agreed that and its affiliates will be permitted to engage in business activities or invest in or acquire businesses that may compete with our business or do business with our customers.

Dissolution

Atlas LLC will be dissolved only upon the first to occur of (i) the sale of substantially all of its assets or (ii) an election by us to dissolve the company. Upon dissolution, Atlas LLC will be liquidated and the proceeds from any liquidation will be applied and distributed in the following manner: (a) first, to creditors (including to the extent permitted by law, creditors who are members) in satisfaction of the liabilities of Atlas LLC, (b) second, to establish cash reserves for contingent or unforeseen liabilities, and (c) third, to the Atlas Unitholders in proportion to the number of Atlas Units owned by each of them.

Tax Receivable Agreement

As described in "Corporate Reorganization," the Atlas Unitholders (other than Atlas Inc.) may cause Atlas LLC to redeem their Atlas Units for shares of Class A common stock or cash, as applicable, in the future pursuant to the Redemption Right or the Call Right. Atlas LLC intends to make for itself (and for each of its direct or indirect subsidiaries that is treated as a partnership for U.S. federal income tax purposes and that it controls) an election under Section 754 of the Code that will be effective for the taxable year of this offering and each taxable year in which a redemption of Atlas Units pursuant to the Redemption Right or the Call Right occurs. Pursuant to this election under Section 754 of the Code, Atlas Inc.'s acquisition (or deemed acquisition for U.S. federal income tax purposes) of Atlas Units as a part of the corporate reorganization described above and pursuant to the exercise of the Redemption Right or the Call Right are expected to result in adjustments to the tax basis of the tangible and intangible assets of Atlas LLC, which will be allocated to Atlas Inc. These adjustments to tax basis would not have been available to Atlas Inc. absent its acquisition or deemed acquisition of Atlas Units as part of the reorganization transactions or pursuant to the exercise of the Redemption Right or the Call Right. The anticipated tax basis adjustments are expected to increase (for tax purposes) Atlas Inc.'s depreciation, depletion, accretion and amortization deductions and may also decrease Atlas Inc.'s gains (or increase its losses) on future dispositions of certain assets to the extent tax basis is allocated to those assets. Such increased deductions and losses and reduced gains may reduce the amount of tax that Atlas Inc. would otherwise be required to pay in the future. Moreover, Section 704(c) of Code, and the U.S. Treasury regulations promulgated thereunder, require that items of income, gain, loss and deduction that are attributable to Atlas LLC's directly and indirectly held property must be allocated among the partners of Atlas LLC to take into account the difference between the fair market value and the adjusted tax basis of such assets on the date of the consummation of this offering. As a result, Atlas LLC will be required to make certain special allocations of its items of income, gain, loss and deduction that are attributable to such assets. These allocations, like the increases in tax basis described above, are likely to reduce the amount of income tax we would otherwise be required to pay.

In connection with the closing of this offering, Atlas Inc. will enter into the Tax Receivable Agreement with the TRA Holders, which generally will provide for the payment by Atlas Inc. to the TRA Holders of % of the net cash savings, if any, in U.S. federal, state and local income tax and franchise tax (determined by using the actual applicable U.S. federal income tax rate and an assumed combined state and local income tax rate) that Atlas Inc. actually realizes (or is deemed to realize in certain circumstances) in periods after the consummation of this offering as a result of (i) certain increases in tax basis and Atlas Inc.'s allocable share of existing tax basis that occur as a result of Atlas Inc.'s acquisition (or deemed acquisition for U.S. federal income tax purposes) of Atlas Units in connection with this offering or pursuant to the exercise of the Redemption Right or the Call Right, (ii) disproportionate allocations, if any, of tax benefits to Atlas Inc. pursuant to Section 704(c) of the Code, and (iii) imputed interest deemed to be paid by Atlas Inc. as a result of, and additional tax basis arising from, any payments Atlas Inc. makes under the Tax Receivable Agreement. Atlas Inc. will retain the benefit of the remainder of the actual net cash savings, if any.

The payment obligations under the Tax Receivable Agreement will be Atlas Inc.'s obligations and not obligations of Atlas LLC, and we expect that the payments Atlas Inc. will be required to make under the Tax Receivable Agreement will be substantial. For purposes of the Tax Receivable Agreement, cash savings in tax generally are calculated by comparing Atlas Inc.'s actual tax liability (determined by using the actual applicable U.S. federal income tax rate and an assumed combined state and local income tax rate) to the amount Atlas Inc. would have been required to pay had it not been able to utilize any of the tax benefits subject to the Tax Receivable Agreement. The amounts payable, as well as the timing of any payments, under the Tax Receivable Agreement are dependent upon future events and assumptions, including the timing of the redemptions of Atlas Units by the Legacy Owners, the price of our Class A common stock at the time of each redemption, the extent to which such redemptions are taxable transactions, the amount of existing tax basis in the assets of Atlas LLC that are attributable to the redeemed Atlas Units the time of the redemption, the depreciation, depletion, accretion and amortization periods that apply to the increase in tax basis, the amount and timing of taxable income we generate in the future, the U.S. federal income tax rate then applicable, and the portion of Atlas Inc.'s payments under the Tax Receivable Agreement that constitutes imputed interest or gives rise to depreciable, depletable or amortizable tax basis.

If the Tax Receivable Agreement were terminated immediately after the consummation of this offering, the estimated termination payment would, in the aggregate, be approximately $ million (calculated using a discount rate equal to , applied against an undiscounted liability of $ million, which is calculated based on certain assumptions, including, but not limited to, a $ per share offering price to the public (the mid-point of the range set forth on the cover of this prospectus), an estimated blended statutory U.S. federal, state and local corporate income tax rate of %, no material change in U.S. federal income tax law, and that Atlas Inc. will have sufficient taxable income to utilize the estimated tax benefits that are subject to the Tax Receivable Agreement). The foregoing number is merely an estimate and the actual payment could differ materially.

A delay in the timing of redemptions of Atlas Units, holding other assumptions constant, would be expected to decrease the discounted value of the amounts payable under the Tax Receivable Agreement, as the benefit of the depreciation and amortization deductions would be delayed and the estimated increase in tax basis could be reduced as a result of allocations of Atlas LLC taxable income to the redeeming holder of Atlas Units prior to the redemption. Stock price increases or decreases at the time of each redemption of Atlas Units would be expected to result in a corresponding increase or decrease in the undiscounted amounts payable under the Tax Receivable Agreement in an amount equal to of the tax-effected change in price. The amounts payable under the Tax Receivable Agreement are dependent upon Atlas Inc. having sufficient future taxable income to utilize the tax benefits on which it is required to make payments under the Tax Receivable Agreement. If Atlas Inc.'s projected taxable income is significantly reduced, the expected payments would be reduced to the extent such tax benefits do not result in a reduction of Atlas Inc.'s future income tax liabilities.

In addition, it is possible that future transactions or events could increase or decrease the actual tax benefits realized and the corresponding Tax Receivable Agreement payments as compared to the foregoing estimates. Moreover, there may be a negative impact on our liquidity if, as a result of timing discrepancies or otherwise, (i) the payments under the Tax Receivable Agreement exceed the actual benefits that Atlas Inc. realizes in respect of the tax attributes subject to the Tax Receivable Agreement and/or (ii) distributions to Atlas Inc. by Atlas LLC are not sufficient to permit Atlas Inc. to make payments under the Tax Receivable Agreement after it has paid its taxes and other obligations. Please see "Risk Factors—Risks Related to Our Class A Common Stock and Organizational Structure—*In certain cases, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, Atlas Inc. realizes in respect of the tax attributes subject to the Tax Receivable Agreement."* The payments under the Tax Receivable Agreement will not be conditioned upon a holder of rights under the Tax Receivable Agreement having a continued ownership interest in either Atlas LLC or Atlas Inc.

Although we are not aware of any issue that would cause IRS or other relevant tax authorities to challenge potential tax basis increases or other tax benefits covered under the Tax Receivable Agreement, the TRA Holders will not reimburse Atlas Inc. for any payments previously made under the Tax Receivable Agreement if such basis increases or other benefits are subsequently disallowed, except that excess payments made to any such holder will be netted against payments otherwise to be made, if any, to such holder after any determination of such excess. As a result, in such circumstances, Atlas Inc. could make payments that are greater than its actual cash tax savings, if any, and may not be able to recoup those payments, which could adversely affect its liquidity.

The term of the Tax Receivable Agreement will commence upon the completion of this offering and will continue until all tax benefits that are subject to the Tax Receivable Agreement have been utilized or expired, unless Atlas Inc. exercises its right to terminate the Tax Receivable Agreement or the Tax Receivable Agreement is terminated due to other circumstances, including our breach of a material obligation thereunder or certain mergers or other changes of control. In the event that the Tax Receivable Agreement is not terminated, it is expected that payments under the Tax Receivable Agreement will commence in and will continue to be made for more than years. Payments will generally be made under the Tax Receivable Agreement as Atlas Inc. realizes actual cash tax savings in periods after this offering from the tax benefits covered by the Tax Receivable Agreement. However, if we experience a change of control (as defined under the Tax Receivable Agreement, which includes certain mergers, asset sales and other forms of business combinations) or the Tax Receivable Agreement otherwise terminates early (at our election or as a result of our breach), Atlas Inc. would be required to make a substantial, immediate lump-sum payment. This payment would equal the present value of hypothetical future payments that could be required to be paid under the Tax Receivable Agreement (determined by applying a discount rate of). The calculation of hypothetical future payments will be based upon certain assumptions and deemed events set forth in the Tax Receivable Agreement, including that (i) Atlas Inc. has sufficient taxable income to fully utilize the tax benefits covered by the Tax Receivable Agreement (including having sufficient taxable income to currently utilize any accumulated net operating loss carryforwards) and (ii) any Atlas Units (other than those held by Atlas Inc.) outstanding on the termination date or date of the change of control, as applicable, are deemed to be redeemed on such date. Any such payment may be made significantly in advance of, and may materially exceed, the actual realization, if any, of the future tax benefits to which the payment relates.

The Tax Receivable Agreement provides that in the event that Atlas Inc. breaches any of its material obligations under the Tax Receivable Agreement, whether as a result of (i) its failure to make any payment within three months of the day when due (including in cases where it elects to terminate the Tax Receivable Agreement early, the Tax Receivable Agreement is terminated early due to certain mergers, asset sales, or other forms of business combinations or changes of control or it has available cash but fails to make payments when due under circumstances where it does not have the right to elect to defer the payment, as described below), (ii) its failure to honor any other material obligation under it or (iii) by operation of law as a result of the rejection of the Tax Receivable Agreement in a case commenced under the U.S. Bankruptcy Code or otherwise, then the TRA Holders may elect to treat such breach as an early termination, which would cause all of Atlas Inc.'s payment and other obligations under the Tax Receivable Agreement to be accelerated and become due and payable applying the same assumptions described above. If for any reason Atlas Inc. does not pay the full amount of any payment required under the Tax Receivable Agreement when due, interest would accrue on any unpaid amounts until they are paid at either (a)   , if Atlas LLC lacked sufficient cash to make such payment as a result of limitations imposed by a credit agreement to which Atlas LLC or any of its subsidiaries is a party, or (b) a default rate of   under all other circumstances.

As a result of either an early termination or certain mergers, asset sales, other forms of business combination or other changes of control, Atlas Inc. could be required to make payments under the Tax Receivable Agreement that exceed its actual cash tax savings under the Tax Receivable Agreement. In such situations, Atlas Inc.'s obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity, could have the effect of delaying, deferring or preventing certain mergers, asset sales or other forms of business combinations or changes of control that could be in the best interests of holders of our Class A common stock, and could result in holders of our Class A common stock receiving substantially less consideration in connection with a change of control transaction than they would receive in the absence of such obligation. There can be no assurance that Atlas Inc. will be able to finance its obligations under the Tax Receivable Agreement.

Decisions we make in the course of running our business, such as with respect to mergers, asset sales, other forms of business combinations or other changes in control, may influence the timing and amount of payments that are received by the TRA Holders under the Tax Receivable Agreement. For example, the earlier disposition of assets following a redemption of Atlas Units may accelerate payments under the Tax Receivable Agreement and increase the present value of such payments, and the disposition of assets before a redemption of Atlas Units may increase certain of the TRA Holders' tax liability without giving rise to any rights of the TRA Holders to receive payments under the Tax Receivable Agreement. In addition, our ability to settle audits or other proceedings related to taxes will be subject to the consent of the TRA Holders to the extent such settlement could have a material effect on their rights under the Tax Receivable Agreement. Such effects and such consent rights may result in differences or conflicts of interest between the interests of the TRA Holders and other stockholders.

Payments generally are due under the Tax Receivable Agreement within   days following the finalization of the schedule with respect to which the payment obligation is calculated. However, interest on such payments will begin to accrue from the due date (without extensions) of

Atlas Inc.’s U.S. federal income tax return for the period to which such payments relate until such payment due date at a rate equal to . Except in cases where Atlas Inc. elects to terminate the Tax Receivable Agreement early or it is otherwise terminated as described above, generally Atlas Inc. may elect to defer payments due under the Tax Receivable Agreement if we do not have available cash to satisfy the payment obligations under the Tax Receivable Agreement or if our contractual obligations limit our ability to make these payments. Any such deferred payments under the Tax Receivable Agreement generally will accrue interest from the due date for such payment until the payment date at a rate of . However, interest will accrue from the due date for such payment until the payment date at a rate of if Atlas Inc. is unable to make such payment as a result of limitations imposed by existing credit agreements. We have no present intention to defer payments under the Tax Receivable Agreement.

Certain of the TRA Holders’ rights (including the right to receive payments) under the Tax Receivable Agreement will be transferable in certain circumstances at the option of such TRA Holder. The Tax Receivable Agreement generally may be amended if approved in writing by Atlas Inc. and a majority of the TRA Holders.

Because Atlas Inc. is a holding company and will have no independent means of generating revenue, Atlas Inc.’s ability to make payments under the Tax Receivable Agreement is dependent on the ability of Atlas LLC to make distributions to Atlas Inc. in an amount sufficient to cover its obligations under the Tax Receivable Agreement. This ability, in turn, may depend on the ability of Atlas LLC’s subsidiaries to make distributions to it. The ability of Atlas LLC, its subsidiaries and other entities in which it directly or indirectly holds an equity interest to make such distributions will be subject to, among other things, (i) the applicable provisions of Delaware law (or other applicable jurisdiction) that may limit the amount of funds available for distribution and (ii) restrictions in our debt instruments issued by Atlas LLC or its subsidiaries and other entities in which it directly or indirectly holds an equity interest. To the extent that Atlas Inc. is unable to make payments under the Tax Receivable Agreement for any reason, such payments will be deferred and will accrue interest until paid.

The form of the Tax Receivable Agreement is filed as an exhibit to the registration statement of which this prospectus forms a part, and the foregoing description of the Tax Receivable Agreement is qualified by reference thereto.

Registration Rights Agreement

In connection with the closing of this offering, we will enter into a registration rights agreement with the Legacy Owners. We expect that the agreement will contain provisions by which we agree to register under the U.S. federal securities laws the offer and resale of shares of our Class A common stock by the Legacy Owners or certain of their affiliates or permitted transferees under the registration rights agreement. These registration rights will be subject to certain conditions and limitations. We will generally be obligated to pay all registration expenses in connection with these registration obligations, regardless of whether a registration statement is filed or becomes effective.

Historical Transactions with Affiliates

Brigham Development—Wyatt’s Lodge

On December 10, 2021, Atlas LLC entered into a definitive agreement under which Atlas LLC acquired certain assets from Brigham Development, LLC and BDWTX, LLC in an all-cash transaction valued at $7.0 million. These assets include Wyatt’s Lodge, a lodging facility located in Kermit, Texas, that is used by Permian Basin based personnel and located between our Kermit and Monahans facilities. This transaction is considered an asset acquisition in 2021. By acquiring Wyatt’s Lodge, we eliminated approximately $1.5 million of annual rental expense. Brigham Development, LLC an BDWTX, LLC are each owned and controlled by our Executive Chairman, Bud Brigham.

On August 6, 2018 , Atlas LLC entered into a Lease Agreement with BDWTX, LLC for the assets that included Wyatt's Lodge as described above. The Lease Agreement was amended on February 1, 2019 to adjust the terms of the lease payment obligations thereunder. Under the Lease Agreement, as amended, Atlas LLC operated Wyatt's Lodge and made aggregate lease payments equal to approximately $ 1.5 million for the year ended December 31, 2021. The Lease Agreement was terminated in December 2021 in connection with the acquisition by Atlas LLC described above.

Brigham Land Management LLC

Brigham Land Management LLC ("Brigham Land") provides the Company with landman services for certain of our projects and initiatives. The services are provided on a per hour basis at market prices. Brigham Land is owned and controlled by Vince Brigham, an advisor to the Company and the brother of our Executive Chairman, Bud Brigham. For the year ended December 31, 2021, the Company made aggregate payments to Brigham Land equal to approximately $0.7 million.

Brigham Oil & Gas, LLC

On January 26, 2021, Atlas LLC entered into a Joint Development Agreement with, among others, Brigham Oil & Gas, LLC ("BOG"), which is controlled by our Executive Chairman, Bud Brigham. Under the Joint Development Agreement, the Company has agreed to supply sand for certain wells to be drilled and completed by BOG. For the year ended December 31, 2021, we received revenue under the agreement equal to approximately $0.2 million.

Brigham Earth, LLC

Brigham Earth, LLC provides the Company with professional and consulting fees as well as access to certain information and software systems. Brigham Earth, LLC is owned and controlled our Executive Chairman, Bud Brigham. For the year ended December 31, 2021, the Company made aggregate payments to Brigham Earth, LLC for these services equal to approximately $1.1 million.

BlackGold SPV I LP

On January 30, 2018, Atlas LLC, as borrower, entered into the 2018 Term Loan Credit Agreement with BlackGold SPV I LP ("BlackGold SPV"). In connection with its entry into the 2018 Term Loan Credit Agreement and the subsequent funding of certain term loans thereunder, Atlas LLC issued to BlackGold SPV certain warrants exercisable for Class D units of Atlas LLC, which BlackGold SPV exercised in full prior to the termination of the 2018 Term Loan Credit Agreement in connection with our full repayment of borrowings thereunder on October 20, 2021. BlackGold SPV beneficially owns all of the outstanding Class D units of Atlas LLC, which represent over 5.00% beneficial ownership of Atlas LLC. See "Security Ownership of Certain Beneficial Owners and Management."

During the year ended December 31, 2021, the interest rate was 13.0%, the largest aggregate amount of principal outstanding was $189.6 million, and Atlas LLC made aggregate interest payments of approximately $18.9 million, which included approximately $3.0 million paid in kind with the issuance of additional principal. In the year ended December 31, 2021, Atlas LLC repaid approximately $192.6 of the principal amount of term loans under the 2018 Term Loan Credit Agreement, which included approximately $165.3 million of principal that Atlas LLC repaid in connection with the October 2021 payoff and termination described above, as well as approximately $4.5 million in prepayment premiums.

Permian Dunes Holding Company, LLC

The rights and access to the mineral reserves associated with our Monahans operations are secured under the Monahans Lease with Permian Dunes. Permian Dunes is a greater than 5% beneficial owner. In December 2017, we also entered into the Kermit Royalty Agreement providing Permian Dunes with an overriding royalty interest in revenues we receive from the sale of proppant mined from the reserves associated with our Kermit facility.

Under the Monahans Lease and the Kermit Royalty Agreement, we make monthly royalty payments to Permian Dunes based on a percentage of our of gross monthly sales of proppant. The lease also includes an annual minimum royalty payment in any year of the term following the occurrence of a Capital Event. Our aggregate royalty payments for 2021 are included in our cost of sales and totaled less than 5% of cost of sales.

Under the terms of the Kermit Royalty Agreement, the agreement would terminate in connection with the consummation of this offering. In contrast, the Monahans Lease, including the royalty payment obligations thereunder, will survive the consummation of this offering or any other Capital Event.

Corporate Reorganization

In connection with our corporate reorganization, we will engage in certain transactions with the Legacy Owners. Please see the section titled "Corporate Reorganization."

Policies and Procedures for Review of Related Party Transactions

A "Related Party Transaction" is a transaction, arrangement or relationship in which we or any of our subsidiaries was, is or will be a participant, the amount of which involved exceeds $120,000, and in which any Related Person had, has or will have a direct or indirect material interest. A "Related Person" means:

- any person who is, or at any time during the applicable period was, one of our directors or one of our executive officers;
- any person who is known by us to be the beneficial owner of more than 5.0% of our Class A common stock;
- any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of a director, executive officer or a beneficial owner of more than 5.0% of our Class A common stock and any person (other than a tenant or employee) sharing the household of such director, executive officer or beneficial owner of more than 5.0% of our Class A common stock; and
- any firm, corporation or other entity in which any of the foregoing persons is a partner or principal or in a similar position or in which such person has a 10.0% or greater beneficial ownership interest.

Our board of directors will adopt a written related party transactions policy prior to the completion of this offering. Pursuant to this policy, our audit committee will review all material facts of all Related Party Transactions and either approve or disapprove entry into the Related Party Transaction, subject to certain limited exceptions. In determining whether to approve or disapprove entry into a Related Party Transaction, our audit committee shall take into account, among other factors, the following: (i) whether the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and (ii) the extent of the Related Person's interest in the transaction. Furthermore, the policy requires that all Related Party Transactions required to be disclosed in our filings with the SEC be so disclosed in accordance with applicable laws, rules and regulations.

DESCRIPTION OF CAPITAL STOCK

Upon completion of this offering and related transactions, the authorized capital stock of Atlas Inc. will consist of shares of Class A common stock, $0.01 par value per share, of which shares will be issued and outstanding and shares of Class B common stock, $0.01 par value per share, of which shares will be issued and outstanding and shares of preferred stock, $0.01 par value per share, of which no shares will be issued and outstanding.

The following summary of the capital stock and amended and restated certificate of incorporation and bylaws of Atlas Inc. does not purport to be complete and is qualified in its entirety by reference to the provisions of applicable law and to our amended and restated certificate of incorporation and bylaws, which will be filed as exhibits to the registration statement of which this prospectus is a part.

Class A Common Stock

Voting Rights

Holders of shares of Class A common stock are entitled to one vote per share held of record on all matters to be voted upon by the stockholders. The holders of Class A common stock do not have cumulative voting rights in the election of directors.

Dividend Rights

Holders of shares of our Class A common stock are entitled to ratably receive dividends when and if declared by our board of directors out of funds legally available for that purpose, subject to any statutory or contractual restrictions on the payment of dividends and to any prior rights and preferences that may be applicable to any outstanding preferred stock.

Liquidation Rights

Upon our liquidation, dissolution, distribution of assets or other winding up, the holders of Class A common stock are entitled to receive ratably the assets available for distribution to the stockholders after payment of liabilities and the liquidation preference of any of our outstanding shares of preferred stock.

Other Matters

The shares of Class A common stock have no preemptive or conversion rights and are not subject to further calls or assessment by us. There are no redemption or sinking fund provisions applicable to the Class A common stock. All outstanding shares of our Class A common stock, including the Class A common stock offered in this offering, are fully paid and non-assessable.

Class B Common Stock

General

In connection with the reorganization and this offering, the Legacy Owners holding Atlas Units immediately following the corporate reorganization and this offering will receive one share of Class B common stock for each such Atlas Unit that they hold. Accordingly, in addition to the number votes with respect to the shares of Class A common stock held by them, the Legacy Owners will have a number of votes in Atlas Inc. equal to the aggregate number of Atlas Units that they hold.

Voting Rights

Holders of shares of our Class B common stock are entitled to one vote per share held of record on all matters to be voted upon by the stockholders. Holders of shares of our Class A common stock and Class B common stock vote together as a single class on all matters presented to our stockholders for their vote or approval, except with respect to the amendment of certain provisions of our amended and restated certificate of incorporation that would alter or change the powers, preferences or special rights of the Class B common stock so as to affect them adversely, which amendments must be by a majority of the votes entitled to be cast by the holders of the shares affected by the amendment, voting as a separate class, or as otherwise required by applicable law.

Dividend Rights Holders of our Class B common stock do not have any right to receive dividends, unless the dividend consists of shares of our Class B common stock or of rights, options, warrants or other securities convertible or exercisable into or exchangeable for shares of Class B common stock paid proportionally with respect to each outstanding share of our Class B common stock and a dividend consisting of shares of Class A common stock or of rights, options, warrants or other securities convertible or exercisable into or redeemable for shares of Class A common stock on the same terms is simultaneously paid to the holders of Class A common stock.

Liquidation Rights Holders of our Class B common stock do not have any right to receive a distribution upon a liquidation or winding up of Atlas Inc.

Preferred Stock

Our amended and restated certificate of incorporation authorizes our board of directors, subject to any limitations prescribed by law, without further stockholder approval, to establish and to issue from time to time one or more classes or series of preferred stock, par value $0.01 per share, covering up to an aggregate of shares of preferred stock. Each class or series of preferred stock will cover the number of shares and will have the powers, preferences, rights, qualifications, limitations and restrictions determined by the board of directors, which may include, among others, dividend rights, liquidation preferences, voting rights, conversion rights, preemptive rights and redemption rights. Except as provided by law or in a preferred stock designation, the holders of preferred stock will not be entitled to vote at or receive notice of any meeting of stockholders.

Anti-Takeover Provisions under Section 203 of the Delaware General Corporation Law

We are subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a publicly held Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, with the following exceptions:

- before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, those shares owned (1) by persons who are directors and also officers and (2) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66-2/3% of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines a “business combination” to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits by or through the corporation.

In general, Section 203 defines an “interested stockholder” as an entity or person who, together with the person’s affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

Amended and Restated Certificate of Incorporation and Bylaws

Provisions of our amended and restated certificate of incorporation and our amended and restated bylaws, which will become effective upon the closing of this offering, may delay or discourage transactions involving an actual or potential change in control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares or transactions that our stockholders might otherwise deem to be in their best interests. Therefore, these provisions could adversely affect the price of our Class A common stock.

Among other things, upon the completion of this offering, our amended and restated certificate of incorporation and amended and restated bylaws will:

- establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our stockholders. These procedures provide that notice of stockholder proposals must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year. Our amended and restated bylaws specify the requirements as to form and content of all stockholders’ notices. These requirements may preclude stockholders from bringing matters before the stockholders at an annual or special meeting;
- provide our board of directors the ability to authorize undesignated preferred stock. This ability makes it possible for our board of directors to issue, without stockholder approval, preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. These and other provisions may have the effect of deterring hostile takeovers or delaying changes in control or management of our company;

- provide that subject to the rights of the holders of any series of preferred stock to elect directors under specified circumstances, the authorized number of directors may be changed only by resolution of the board of directors;
- provide that all vacancies, including newly created directorships, may, except as otherwise required by law or, if applicable, the rights of holders of a series of preferred stock, be filled by the affirmative vote of a majority of directors then in office, even if such directors constitute less than a quorum;
- provide that our amended and restated bylaws can be amended or repealed at any regular or special meeting of stockholders or by the board of directors;
- provide that any action required or permitted to be taken by the stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing in lieu of a meeting of such stockholders, subject to the rights of the holders of any series of preferred stock with respect to such series (prior to such time, such actions may be taken without a meeting by written consent of holders of common stock having not less than the minimum number of votes that would be necessary to authorize such action at a meeting);
- provide that our amended and restated certificate of incorporation and amended and restated bylaws may be amended by the affirmative vote of the holders of at least two-thirds of our then-outstanding common stock (prior to such time, our amended and restated certificate of incorporation and amended and restated bylaws may be amended by the affirmative vote of the holders of a majority of our then-outstanding common stock);
- provide that special meetings of our stockholders may only be called by the board of directors (pursuant to a resolution adopted by a majority of the board of directors), the chief executive officer or the chairman of the board of directors (prior to such time, a special meeting may also be called at the request of the stockholders holding a majority of the outstanding shares entitled to vote); and
- provide that the affirmative vote of the holders of at least 75% of the voting power of all then-outstanding common stock entitled to vote generally in the election of directors, voting together as a single class, shall be required to remove any or all of the directors from office and such removal may only be for cause.

Forum Selection

Our amended and restated certificate of incorporation will require, to the fullest extent permitted by law, that derivative actions brought in our name, actions against directors, officers and employees for breach of fiduciary duty and other similar actions (other than actions arising under the Securities Act or the Exchange Act) may be brought only in the Court of Chancery in the State of Delaware and, if brought outside of Delaware, the stockholder bringing the suit will be deemed to have consented to service of process on such stockholder's counsel. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder and Section 22 of the Securities Act creates concurrent jurisdiction for state and federal courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers.

Limitation of Liability and Indemnification Matters

Our amended and restated certificate of incorporation will limit the liability of our directors for monetary damages for breach of their fiduciary duty as directors, except for liability that cannot be eliminated under the DGCL. Delaware law provides that directors of a company will not be personally liable for monetary damages for breach of their fiduciary duty as directors, except for liabilities:

- for any breach of their duty of loyalty to us or our stockholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- for unlawful payment of dividend or unlawful stock repurchase or redemption, as provided under Section 174 of the DGCL; or
- for any transaction from which the director derived an improper personal benefit.

Any amendment, repeal or modification of these provisions will be prospective only and would not affect any limitation on liability of a director for acts or omissions that occurred prior to any such amendment, repeal or modification.

Our amended and restated bylaws will also provide that we will indemnify our directors and officers to the fullest extent permitted by Delaware law. Our amended and restated bylaws also will permit us to purchase insurance on behalf of any officer, director, employee or other agent for any liability arising out of that person's actions as our officer, director, employee or agent, regardless of whether Delaware law would permit indemnification. We intend to enter into indemnification agreements with each of our current and future directors and officers. These agreements will require us to indemnify these individuals to the fullest extent permitted under Delaware law against liability that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. We believe that the limitation of liability provision that will be in our amended and restated certificate of incorporation and the indemnification agreements will facilitate our ability to continue to attract and retain qualified individuals to serve as directors and officers.

Transfer Agent and Registrar

The transfer agent and registrar for our Class A common stock will be   .

Listing

We intend to apply to list our Class A common stock for quotation on the NYSE under the symbol "   ."

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock. Future sales of our Class A common stock in the public market, or the availability of such shares for sale in the public market, could adversely affect the market price of our Class A common stock prevailing from time to time. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of a substantial number of shares of our Class A common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price of our Class A common stock at such time and our ability to raise equity-related capital at a time and price we deem appropriate.

Sales of Restricted Shares

Upon the closing of this offering and related transactions, we will have outstanding an aggregate of shares of Class A common stock. Of these shares, all of the shares of Class A common stock (or shares of Class A common stock if the underwriters' option to purchase additional shares is exercised in full) to be sold in this offering will be freely tradable without restriction or further registration under the Securities Act, unless the shares are held by any of our "affiliates" as such term is defined in Rule 144 under the Securities Act. All remaining shares of Class A common stock held by the Legacy Owners will be deemed "restricted securities" as such term is defined under Rule 144. The restricted securities were issued and sold by us in private transactions and are eligible for public sale only if registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which rules are summarized below.

Following this offering, under the Atlas LLC Agreement, the Atlas Unitholders, other than Atlas Inc., will, subject to certain limitations, have the right, pursuant to the Redemption Right, to cause Atlas LLC to acquire all or a portion of their Atlas Units for, at Atlas LLC's election, (i) shares of our Class A common stock at a redemption ratio of one share of Class A common stock for each Atlas Unit redeemed, subject to conversion rate adjustments for stock splits, stock dividends, reclassification and other similar transactions, or (ii) an equivalent amount of cash. Alternatively, upon the exercise of the Redemption Right, Atlas Inc. (instead of Atlas LLC) will have the right, pursuant to the Call Right, to, for administrative convenience, acquire each tendered Atlas Unit directly from the redeeming Atlas Unitholder for, at its election, (x) one share of Class A common stock, subject to conversion rate adjustments for stock splits, stock dividends, reclassification and other similar transactions, or (y) an equivalent amount of cash. In connection with any redemption of Atlas Units pursuant to the Redemption Right or the Call Right, a corresponding number of shares of Class B common stock will be cancelled. See "Certain Relationships and Related Party Transactions—Atlas LLC Agreement." The shares of Class A common stock we issue upon such redemptions would be "restricted securities" as defined in Rule 144 described below. However, upon the closing of this offering, we intend to enter into a registration rights agreement with the Legacy Owners that will require us to register under the Securities Act these shares of Class A common stock. See the section titled "Certain Relationships and Related Party Transactions—Registration Rights Agreement."

As a result of the lock-up agreements described below and the provisions of Rule 144 and Rule 701 under the Securities Act, the shares of our Class A common stock (excluding the shares to be sold in this offering) that will be available for sale in the public market are as follows:

- no shares will be eligible for sale on the date of this prospectus or prior to 180 days after the date of this prospectus; and
- shares will be eligible for sale upon the expiration of the lock-up agreements, beginning 180 days after the date of this prospectus when permitted under Rule 144 or Rule 701.

Lock-up Agreements

We,   and our officers and directors have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their Class A common stock or securities convertible into or exchangeable for shares of Class A common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, subject to certain exceptions and extensions. See the section titled “Underwriting” for a description of these lock-up provisions.

Rule 144

In general, under Rule 144 under the Securities Act as currently in effect, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months (including any period of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person (who has been unaffiliated for at least the past three months) who has beneficially owned restricted securities within the meaning of Rule 144 for at least one year would be entitled to sell those shares without regard to the provisions of Rule 144.

A person (or persons whose shares are aggregated) who is deemed to be an affiliate of ours and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months would be entitled to sell within any three-month period a number of shares that does not exceed the greater of one percent of the then outstanding shares of our Class A common stock or the average weekly trading volume of our Class A common stock reported through the NYSE during the four calendar weeks preceding the filing of notice of the sale. Such sales are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us.

Rule 701

In general, under Rule 701 under the Securities Act, any of our employees, directors, officers, consultants or advisors who purchase shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of this offering is entitled to sell such shares 90 days after the effective date of this offering in reliance on Rule 144, without having to comply with the holding period requirement of Rule 144 and, in the case of non-affiliates, without having to comply with the public information, volume limitation or notice filing provisions of Rule 144. The SEC has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after the date of this prospectus.

Stock Issued Under Employee Plans

We intend to file a registration statement on Form S-8 under the Securities Act to register stock issuable under our LTIP. This registration statement on Form S-8 is expected to be filed following the effective date of the registration statement of which this prospectus is a part and will be effective upon filing. Accordingly, shares registered under such registration statement will be available for sale in the open market following the effective date, unless such shares are subject to vesting restrictions with us or the lock-up restrictions described elsewhere in this prospectus.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following is a summary of the material U.S. federal income tax considerations related to the purchase, ownership and disposition of our Class A common stock by a non-U.S. holder (as defined below) that holds our Class A common stock as a “capital asset” within the meaning of Section 1221 of the Code (generally, property held for investment). This summary is based on the provisions of the Code, U.S. Treasury regulations promulgated thereunder, administrative rulings and judicial decisions, all as in effect on the date hereof, and all of which are subject to change or differing interpretations, possibly with retroactive effect. We cannot assure you that a change in law will not significantly alter the tax considerations that we describe in this summary. We have not sought any ruling from the IRS with respect to the statements made and the positions and conclusions described in the following summary. Such statements, positions and conclusions are not free from doubt, and there can be no assurance that the IRS, your tax advisor, or a court will agree with such statements, positions and conclusions.

This summary does not address all aspects of U.S. federal income taxation that may be relevant to non-U.S. holders in light of their personal circumstances. In addition, this summary does not address the impact of the Medicare surtax on certain net investment income, U.S. federal estate or gift tax laws, any U.S. state or local or non-U.S. tax laws, any tax treaties or any other tax law other than the U.S. federal income tax law. This summary also does not address all U.S. federal income tax considerations that may be relevant to particular non-U.S. holders in light of their personal circumstances or that may be relevant to certain categories of investors that may be subject to special rules, such as:

- banks, insurance companies or other financial institutions;
- tax-exempt or governmental organizations;
- tax-qualified retirement plans;
- “qualified foreign pension funds” as defined in Section 897(l)(2) of the Code (or any entities all of the interests of which are held by a qualified foreign pension fund);
- dealers in securities or foreign currencies;
- persons whose functional currency is not the U.S. dollar;
- traders in securities that use the mark-to-market method of accounting for U.S. federal income tax purposes;
- “controlled foreign corporations,” “passive foreign investment companies,” and corporations that accumulate earnings to avoid U.S. federal income tax;
- persons subject to the alternative minimum tax;
- entities or arrangements treated as partnerships or pass-through entities for U.S. federal income tax purposes or holders of interests therein;
- persons deemed to sell our Class A common stock under the constructive sale provisions of the Code;
- persons that acquired our Class A common stock through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan;
- certain former citizens or long-term residents of the United States; and
- persons that hold our Class A common stock as part of a straddle, appreciated financial position, synthetic security, hedge, conversion transaction or other integrated investment or risk reduction transaction.

PROSPECTIVE INVESTORS SHOULD CONSULT WITH, AND RELY SOLELY UPON, THEIR OWN TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS (INCLUDING ANY POTENTIAL FUTURE CHANGES THERETO) TO THEIR PARTICULAR SITUATION, AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR CLASS A COMMON STOCK ARISING UNDER ANY OTHER TAX LAWS, INCLUDING THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY U.S. STATE OR LOCAL OR NON-U.S. TAXING JURISDICTION, OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Non-U.S. Holder Defined

For purposes of this discussion, a “non-U.S. holder” is a beneficial owner of our Class A common stock that is not for U.S. federal income tax purposes a partnership or any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust (i) the administration of which is subject to the primary supervision of a U.S. court and which has one or more “United States persons” (within the meaning of Section 7701(a)(30) of the Code) who have the authority to control all substantial decisions of the trust or (ii) which has made a valid election under applicable U.S. Treasury regulations to be treated as a United States person.

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our Class A common stock, the tax treatment of a partner in the partnership generally will depend upon the status of the partner or the partnership, the activities of the partnership and certain determinations made at the partner level. Accordingly, we urge partners in partnerships (including entities or arrangements treated as partnerships for U.S. federal income tax purposes) considering the purchase of our Class A common stock to consult with, and rely solely upon, their own tax advisors regarding the U.S. federal income tax considerations of the purchase, ownership and disposition of our Class A common stock by such partnership.

Distributions

Distributions of cash or other property on our Class A common stock, if any, will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed our current and accumulated earnings and profits, the distributions will be treated as a non-taxable return of capital to the extent of the non-U.S. holder’s tax basis in our Class A common stock (and will reduce tax basis, but not below zero) and thereafter as capital gain from the sale or exchange of such Class A common stock. See “—Gain on Sale or Other Taxable Disposition of Class A Common Stock.” Subject to the withholding requirements under FATCA (as defined below) and other than with respect to effectively connected dividends, each of which is discussed below, any distribution treated as a dividend paid to a non-U.S. holder on our Class A common stock generally will be subject to U.S. withholding tax at a rate of 30% of the gross amount of the distribution unless an applicable income tax treaty provides for a lower rate. To receive the benefit of a reduced treaty rate, a non-U.S. holder must provide the applicable withholding agent with a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E (or other applicable or successor form) certifying qualification for the reduced rate.

Any portion of a distribution that is treated as a dividend paid to a non-U.S. holder that is effectively connected with a trade or business conducted by the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, that is treated as attributable to a permanent establishment maintained by the non-U.S. holder in the United States) generally will be taxed on a net income basis at the rates and in the manner generally applicable to United States persons. Such effectively connected dividends will not be subject to U.S. withholding tax if the non-U.S. holder satisfies certain certification requirements by providing the applicable withholding agent with a properly executed IRS Form W-8ECI certifying eligibility for exemption. If the non-U.S. holder is a corporation for U.S. federal income tax purposes, it may also be subject to a branch profits tax (at a 30% rate or such lower rate as specified by an applicable income tax treaty) on its effectively connected earnings and profits (as adjusted for certain items), which will include effectively connected dividends.

Gain on Sale or Other Taxable Disposition of Class A Common Stock

Subject to the discussions below under "—Backup Withholding and Information Reporting" and "—Additional Withholding Requirements under FATCA," a non-U.S. holder generally will not be subject to U.S. federal income or withholding tax on any gain realized upon the sale or other taxable disposition of our Class A common stock unless:

- the non-U.S. holder is an individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met;
- the gain is effectively connected with a trade or business conducted by the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States); or
- our Class A common stock constitutes a United States real property interest by reason of our status as a United States real property holding corporation ("USRPHC") for U.S. federal income tax purposes and as a result such gain is treated as effectively connected with a trade or business conducted by the non-U.S. holder in the United States.

A non-U.S. holder described in the first bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate as specified by an applicable income tax treaty) on the amount of such gain, which generally may be offset by U.S. source capital losses provided the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

A non-U.S. holder whose gain is described in the second bullet point above or, subject to the exceptions described in the next paragraph, the third bullet point above, generally will be taxed on a net income basis at the rates and in the manner generally applicable to United States persons unless an applicable income tax treaty provides otherwise. If the non-U.S. holder is a corporation for U.S. federal income tax purposes whose gain is described in the second bullet point above, then such gain would also be included in its effectively connected earnings and profits (as adjusted for certain items), which may be subject to a branch profits tax (at a 30% rate or such lower rate as specified by an applicable income tax treaty).

Generally, a corporation is a USRPHC if the fair market value of its United States real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. We believe that we currently are, and expect to remain for the foreseeable future, a USRPHC for U.S. federal income tax purposes. However, as long as our Class A common stock is and continues to be "regularly traded on an established securities market" (within the meaning of the United States Treasury regulations), only a non-U.S. holder that actually or constructively owns, or owned at any time during the shorter of the five-year period ending on the date of the disposition or the non-U.S. holder's holding period for the Class A common stock, more than 5% of our Class A common stock will be treated as disposing of a United States real property interest and will be taxable on gain realized on the disposition of our Class A common stock as a result of our status as a USRPHC. If our Class A common stock were not considered to be regularly traded on an established securities market, each non-U.S. holder (regardless of the percentage of stock owned) would be treated as disposing of a U.S. real property interest and would be subject to U.S. federal income tax on a taxable disposition of our Class A common stock (as described in the preceding paragraph), and a 15% withholding tax would apply to the gross proceeds from such disposition.

Non-U.S. holders should consult with, and rely solely upon, their own tax advisors with respect to the application of the foregoing rules to their ownership and disposition of our Class A common stock, including regarding potentially applicable income tax treaties that may provide for different rules.

Backup Withholding and Information Reporting

Any dividends paid to a non-U.S. holder must be reported annually to the IRS and to the non-U.S. holder. Copies of these information returns may be made available to the tax authorities in the country in which the non-U.S. holder resides or is established. Payments of dividends to a non-U.S. holder generally will not be subject to backup withholding if the non-U.S. holder establishes an exemption by properly certifying its non-U.S. status on an IRS Form W-8BEN or IRS Form W-8BEN-E (or other applicable or successor form).

Payments of the proceeds from a sale or other disposition by a non-U.S. holder of our Class A common stock effected by or through a U.S. office of a broker generally will be subject to information reporting and backup withholding (at the applicable rate) unless the non-U.S. holder establishes an exemption by properly certifying its non-U.S. status on an IRS Form W-8BEN or IRS Form W-8BEN-E (or other applicable or successor form) and certain other conditions are met. Information reporting and backup withholding generally will not apply to any payment of the proceeds from a sale or other disposition of our Class A common stock effected outside the United States by a non-U.S. office of a broker. However, unless such broker has documentary evidence in its records that the non-U.S. holder is not a United States person and certain other conditions are met, or the non-U.S. holder otherwise establishes an exemption, information reporting will apply to a payment of the proceeds of the disposition of our Class A common stock effected outside the United States by such a broker if it has certain relationships within the United States.

Backup withholding is not an additional tax. Rather, the U.S. federal income tax liability (if any) of persons subject to backup withholding will be reduced by the amount of tax withheld. If backup withholding results in an overpayment of taxes, a refund may be obtained, provided that the required information is timely furnished to the IRS.

Additional Withholding Requirements under FATCA

The Foreign Account Tax Compliance Act (Sections 1471 through 1474 of the Code), and the U.S. Treasury regulations and administrative guidance issued thereunder ("FATCA"), impose a 30% withholding tax on any dividends paid on our Class A common stock and, subject to the proposed U.S. Treasury regulations discussed below, on proceeds from sales or other dispositions of shares of our Class A common stock, if paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code) (including, in some cases, when such foreign financial institution or non-financial foreign entity is acting as an intermediary), unless (i) in the case of a foreign financial institution, such institution enters into an agreement with the U.S. government to withhold on certain payments, and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are non-U.S. entities with U.S. owners); (ii) in the case of a non-financial foreign entity, such entity certifies that it does not have any "substantial United States owners" (as defined in the Code) or provides the applicable withholding agent with a certification identifying the direct and indirect substantial United States owners of the entity (in either case, generally on an IRS Form W-8BEN-E); or (iii) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules and provides appropriate documentation (such as an IRS Form W-8BEN-E). Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing these rules may be subject to different rules. Under certain circumstances, a holder might be eligible for refunds or credits of such taxes. While gross proceeds from a sale or other disposition of our Class A common stock paid after January 1, 2019 would have originally been subject to withholding under FATCA, proposed U.S. Treasury regulations provide that such payments of gross proceeds do not constitute withholdable payments. Taxpayers may generally rely on these proposed U.S. Treasury regulations until they are revoked or final U.S. Treasury regulations are issued. Non-U.S. holders are encouraged to consult with, and rely solely upon, their own tax advisors regarding the effects of FATCA on an investment in our Class A common stock.

INVESTORS CONSIDERING THE PURCHASE OF OUR CLASS A COMMON STOCK SHOULD CONSULT WITH, AND RELY SOLELY UPON, THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS (INCLUDING ANY POTENTIAL FUTURE CHANGES THERETO) TO THEIR PARTICULAR SITUATIONS AND THE APPLICABILITY AND EFFECT OF ANY OTHER TAX LAWS, INCLUDING U.S. FEDERAL ESTATE AND GIFT TAX LAWS AND ANY U.S. STATE OR LOCAL OR NON-U.S. TAX LAWS, AND TAX TREATIES.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the acquisition and holding of our Class A common stock by employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), non-U.S. plans (as described in Section 4(b)(4) of ERISA) or other plans that are not subject to the foregoing but may be subject to provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "Similar Laws"), and entities whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement (each, a "Plan").

This summary is based on the provisions of ERISA and the Code (and related regulations and administrative and judicial interpretations) as of the date of this registration statement. This summary does not purport to be complete, and no assurance can be given that future legislation, court decisions, regulations, rulings or pronouncements will not significantly modify the requirements summarized below. Any of these changes may be retroactive and may thereby apply to transactions entered into prior to the date of their enactment or release. This discussion is general in nature and is not intended to be all inclusive, nor should it be construed as investment or legal advice.

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "ERISA Plan") and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of an ERISA Plan or the management or disposition of the assets of an ERISA Plan, or who renders investment advice for a fee or other compensation to an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in our Class A common stock with a portion of the assets of any Plan, a fiduciary should consider the Plan's particular circumstances and all of the facts and circumstances of the investment and determine whether the acquisition and holding of our Class A common stock is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to the fiduciary's duties to the Plan, including, without limitation:

- whether the investment is prudent under Section 404(a)(1)(B) of ERISA and any other applicable Similar Laws;
- whether, in making the investment, the ERISA Plan will satisfy the diversification requirements of Section 404(a)(1)(C) of ERISA and any other applicable Similar Laws;
- whether the investment is permitted under the terms of the applicable documents governing the Plan;
- whether the acquisition or holding of our Class A common stock will constitute a "prohibited transaction" under Section 406 of ERISA or Section 4975 of the Code (please see the discussion under "—Prohibited Transaction Issues" below); and
- whether the Plan will be considered to hold, as plan assets, (i) only our Class A common stock or (ii) an undivided interest in our underlying assets (please see the discussion under "—Plan Asset Issues" below).

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of our Class A common stock by an ERISA Plan with respect to which the issuer, the initial purchaser, or a guarantor is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption.

Because of the foregoing, our Class A common stock should not be acquired or held by any person investing "plan assets" of any Plan, unless such acquisition and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or a similar violation of any applicable Similar Laws.

Plan Asset Issues

Additionally, a fiduciary of a Plan should consider whether the Plan will, by investing in us, be deemed to own an undivided interest in our assets, with the result that we would become a fiduciary of the Plan and our operations would be subject to the regulatory restrictions of ERISA, including its prohibited transaction rules, as well as the prohibited transaction rules of the Code and any other applicable Similar Laws.

The DOL regulations provide guidance with respect to whether the assets of an entity in which ERISA Plans acquire equity interests would be deemed "plan assets" under some circumstances. Under these regulations, an entity's assets generally would not be considered to be "plan assets" if, among other things:

(a) the equity interests acquired by ERISA Plans are "publicly offered securities" (as defined in the DOL regulations)—i.e., the equity interests are part of a class of securities that is widely held by 100 or more investors independent of the issuer and each other, are freely transferable, and are either registered under certain provisions of the federal securities laws or sold to the ERISA Plan as part of a public offering under certain conditions;

(b) the entity is an "operating company" (as defined in the DOL regulations)—i.e., it is primarily engaged in the production or sale of a product or service, other than the investment of capital, either directly or through a majority-owned subsidiary or subsidiaries; or

(c) there is no significant investment by "benefit plan investors" (as defined in the DOL regulations)—i.e., immediately after the most recent acquisition by an ERISA Plan of any equity interest in the entity, less than 25% of the total value of each class of equity interest (disregarding certain interests held by persons (other than benefit plan investors) with discretionary authority or control over the assets of the entity or who provide investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates thereof) is held by ERISA Plans, IRAs and certain other Plans (but not including governmental plans, foreign plans and certain church plans), and entities whose underlying assets are deemed to include plan assets by reason of a Plan's investment in the entity.

Due to the complexity of these rules and the excise taxes, penalties and liabilities that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering acquiring and/or holding shares of our common stock on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the acquisition and holding of our Class A common stock. Purchasers of our Class A common stock have the exclusive responsibility for ensuring that their acquisition and holding of our Class A common stock complies with the fiduciary responsibility rules of ERISA and does not violate the prohibited transaction rules of ERISA, the Code or applicable Similar Laws. The sale of our Class A common stock to a Plan is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by any such Plan or that such investment is appropriate for any such Plan.

UNDERWRITING

We and the underwriters named below have entered into an underwriting agreement with respect to shares of our Class A common stock being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares of Class A common stock indicated in the following table.

Underwriters	Number of Shares
Goldman Sachs & Co. LLC	
Total	

The underwriters are committed to take and pay for all of the shares of Class A common stock being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional shares of Class A common stock from us to cover sales by the underwriters of a greater number of shares than the total number in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. After the initial offering of the shares, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

The following table provides information regarding the amount of the underwriting discounts and commissions to be paid to the underwriters by us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Per Share	Total Without Option	With Option
Underwriting discounts and commissions paid by us	$	$	$
Proceeds, before expenses, to us	$	$	$

We estimate that the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $ million. We have also agreed to reimburse the underwriters for certain of their expenses in an amount up to $, including expenses incurred in connection with Financial Industry Regulatory Authority ("FINRA") filings or reviews thereof. In accordance with FINRA Rule 5110, these reimbursed amounts are deemed underwriting compensation for this offering.

The representatives have informed us that the underwriters do not intend to make sales to discretionary accounts.

We, and our officers and directors have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their Class A common stock or securities convertible into or exchangeable for shares of Class A common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of Goldman Sachs & Co. LLC and . This agreement does not apply to any existing employee benefit plans. See "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for the Class A common stock. The initial public offering price will be negotiated among us and our representatives. Among the factors to be considered in determining the initial public offering price of the Class A common stock, in addition to prevailing market conditions, will be our historical performance, estimates of the business potential and our earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We intend to apply to list our Class A common stock on NYSE under the symbol " ."

Stabilization

In connection with the offering, the underwriters may purchase and sell shares of Class A common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A "covered short position" is a short position that is not greater than the amount of additional shares for which the underwriters' option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. "Naked" short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of Class A common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the Class A common stock. As a result, the price of the Class A common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected in any trading market.

Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the prices of our Class A common stock. These transactions may occur on any trading market. If any of these transactions are commenced, they may be discontinued without notice at any time.

Certain Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

For example, Goldman Sachs & Co. LLC acted as a joint bookrunner in the initial public offering of Brigham Minerals, Inc., a publicly traded company co-founded by our Executive Chairman, Bud Brigham.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Electronic Prospectus

This prospectus may be made available in electronic format on Internet sites or through other online services maintained by the underwriters or their affiliates. In those cases, prospective investors may view offering terms online and may be allowed to place orders online. Other than this prospectus in electronic format, any information on the underwriters' or their affiliates' websites and any information contained in any other website maintained by the underwriters or any affiliate of the underwriters is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or the underwriters and should not be relied upon by investors.

Notice to Prospective Investors in Canada (Alberta, British Columbia, Manitoba, Ontario and Québec Only)

This document constitutes an "exempt offering document" as defined in and for the purposes of applicable Canadian securities laws. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of shares of Class A common stock described herein (the "Securities"). No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this document or on the merits of the Securities and any representation to the contrary is an offence.

Canadian investors are advised that this document has been prepared in reliance on section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"). Pursuant to section 3A.3 of NI 33-105, this document is exempt from the requirement that the issuer and the underwriters in the offering provide Canadian investors with certain conflicts of interest disclosure pertaining to "connected issuer" and/or "related issuer" relationships as may otherwise be required pursuant to subsection 2.1(1) of NI 33-105.

Resale Restrictions

The offer and sale of the Securities in Canada are being made on a private placement basis only and are exempt from the requirement that the issuer prepare and file a prospectus under applicable Canadian securities laws. Any resale of Securities acquired by a Canadian investor in this offering must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the Securities outside of Canada.

Representations of Purchasers

Each Canadian investor who purchases the Securities will be deemed to have represented to the issuer, the underwriters and each dealer from whom a purchase confirmation is received, as applicable, that the investor (i) is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (ii) is an "accredited investor" as such term is defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* or, in Ontario, as such term is defined in section 73.3(1) of the *Securities Act* (Ontario); and (iii) is a "permitted client" as such term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Taxation and Eligibility for Investment

This prospectus does not address any Canadian tax considerations. No representation or warranty is hereby made as to the tax consequences to a resident, or deemed resident, of Canada of an investment in the Securities or with respect to the eligibility of the Securities for investment by such investor under relevant Canadian federal and provincial legislation and regulations.

Rights of Action for Damages or Rescission

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Personal Information

We and the representatives hereby notify prospective Canadian purchasers that: (a) we may be required to provide personal information pertaining to the purchaser as required to be disclosed in Schedule I of Form 45-106F1 under NI 45-106 (including its name, address, telephone number, email address, if provided, and the number and type of securities purchased, the total purchase price paid for such securities, the date of the purchase and specific details of the prospectus exemption relied upon under applicable securities laws to complete such purchase) ("personal information"), which Form 45-106F1 may be required to be filed by us under NI 45-106, (b) such personal information may be delivered to the securities regulatory authority or regulator in accordance with NI 45-106, (c) such personal information is being collected indirectly by the securities regulatory authority or regulator under the authority granted to it under the securities legislation of the applicable legislation, (d) such personal information is collected for the purposes of the administration and enforcement of the securities legislation of the applicable jurisdiction, and (e) the purchaser may contact the applicable securities regulatory authority or regulator by way of the contact information provided in Schedule 2 to Form 45-106F1. Prospective Canadian purchasers that purchase securities in this offering will be deemed to have authorized the indirect collection of the personal information by each applicable securities regulatory authority or regulator, and to have acknowledged and consented to such information being disclosed to the Canadian securities regulatory authority or regulator, and to have acknowledged that such information may become available to the public in accordance with requirements of applicable Canadian laws.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area (each a Member State), no Class A common stock has been offered or will be offered pursuant to the offering to the public in that Member State prior to the publication of a prospectus in relation to our Class A common stock which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation, except that offers of shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) by the underwriters to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior written consent of the representatives for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Class A common stock shall result in a requirement for us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person in a Member State who initially acquires any Class A common stock or to whom any offer is made will be deemed to have represented, acknowledged, and agreed with us and the representatives that it is a qualified investor within the meaning of the Prospectus Regulation.

In the case of any Class A common stock being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged, and agreed that the Class A common stock acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Member State to qualified investors, in circumstances in which the prior written consent of the representatives has been obtained to each such proposed offer or resale.

We, the underwriters and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgments, and agreements.

For the purposes of this provision, the expression an “offer to the public” in relation to any Class A common stock in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Class A common stock to be offered so as to enable an investor to decide to purchase or subscribe for our Class A common stock, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

Additional Notice to Prospective Investors in the United Kingdom

No shares have been offered or will be offered pursuant to the offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the shares which has been approved by the Financial Conduct Authority, except that the shares may be offered to the public in the United Kingdom at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of the shares to the public in the United Kingdom shall require us or any underwriter to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an “offer to the public” in relation to the shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018. (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (FSMA)) received by it in connection with the issue or sale of our Class A common stock in circumstances in which Section 21(1) of the FSMA does not apply to us.

Notice to Prospective Investors in Germany

This prospectus has not been prepared in accordance with the requirements for a securities or sales prospectus under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), the German Sales Prospectus Act (*Verkaufsprospektgesetz*), or the German Investment Act (*Investmentgesetz*). Neither the German Federal Financial Services Supervisory Authority (*Bundesanstalt für finanzdienstleistungsaufsicht—BaFin*) nor any other German authority has been notified of the intention to distribute our Class A common stock in Germany. Consequently, shares of the Class A common stock may not be distributed in Germany by way of public offering, public advertisement or in any similar manner and this prospectus and any other document relating to this offering, as well as information or statements contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of shares of the Class A common stock to the public in Germany or any other means of public marketing. Shares of Class A common stock is being offered and sold in Germany only to qualified investors which are referred to in Section 3 paragraph 2 no. 1, in connection with Section 2 no. 6, of the German Securities Prospectus Act, Section 8f paragraph 2 no. 4 of the German Sales Prospectus Act, and in Section 2 paragraph 11 sentence 2 no. 1 of the German Investment Act. This prospectus is strictly for use of the person who has received it. It may not be forwarded to other persons or published in Germany.

Notice to Prospective Investors in Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the securities. The securities may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and no application has or will be made to admit the securities to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this document nor any other offering or marketing material relating to the securities constitutes a prospectus pursuant to the FinSA, and neither this document nor any other offering or marketing material relating to the securities may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, us or the securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of securities will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of securities has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the securities.

Notice to Prospective Investors in Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("Companies (Winding Up and Miscellaneous Provisions) Ordinance") or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("Securities and Futures Ordinance"), or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("Regulation 32").

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than $200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Notice to Prospective Investors in Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

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LEGAL MATTERS

The validity of our Class A common stock offered by this prospectus will be passed upon for us by Vinson & Elkins L.L.P., Austin, Texas. The underwriters have been represented by Latham & Watkins LLP, Austin, Texas.

EXPERTS

The consolidated financial statements of our predecessor at December 31, 2020, and for the year ended December 31, 2020, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The information appearing in this prospectus concerning estimates of our proven mineral reserves was derived from the report of John T. Boyd Company, independent mining engineers and geologists, and has been included herein on the authority of John T. Boyd Company as experts with respect to the matters covered by such report and in giving such report.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 (including the exhibits, schedules and amendments thereto) under the Securities Act, with respect to the shares of our Class A common stock offered hereby. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. For further information with respect to us and the Class A common stock offered hereby, we refer you to the registration statement and the exhibits and schedules filed therewith. Statements contained in this prospectus as to the contents of any contract, agreement or any other document are summaries of the material terms of such contract, agreement or other document. With respect to each of these contracts, agreements or other documents filed as an exhibit to the registration statement, reference is made to the exhibits for a more complete description of the matter involved. A copy of the registration statement, and the exhibits and schedules thereto, may be inspected without charge at the Public Reference Room of the SEC at 100 F Street N.E., Washington, D.C. 20549. Copies of these materials may be obtained from such office upon payment of a duplicating fee. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The SEC maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the SEC's website is www.sec.gov.

As a result of this offering, we will become subject to full information reporting requirements of the Exchange Act. We will fulfill our obligations with respect to such requirements by filing periodic reports and other information with the SEC. We intend to furnish our stockholders with annual reports containing financial statements certified by an independent public accounting firm.

INDEX TO FINANCIAL STATEMENTS

ATLAS SAND COMPANY, LLC
CONDENSED CONSOLIDATED BALANCE SHEET

(In thousands, except share data)

	September 30, 2021 (Unaudited)	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 27,297	$ 36,072
Accounts receivable	19,831	11,509
Accounts receivable—related parties	96	95
Inventories	3,070	2,834
Spare part inventories	6,491	6,590
Prepaid expenses and other current assets	2,805	1,539
Total current assets	59,590	58,639
Property, plant and equipment, net	454,385	461,090
Deferred financing costs	492	577
Other long-term and intangible assets	1,216	1,436
Total assets	$ 515,683	$ 521,742
Liabilities & Members' Equity		
Current liabilities:		
Accounts payable	$ 8,161	$ 5,484
Accounts payable—related parties	147	137
Accrued liabilities	7,384	4,305
Current portion of long-term debt	30,663	35,171
Other current liabilities	882	969
Total current liabilities	47,237	46,066
Long-term debt, net of discount and deferred financing costs	122,259	134,844
SBA Loan	—	4,413
Long-term portion of capital lease obligations	380	454
Deferred tax liabilities	1,548	1,548
Asset retirement obligation	1,163	1,116
Other long-term liabilities	1,464	1,604
Total liabilities	174,051	190,045
Members' equity:		
Class A units, 313,700,596 units outstanding as of September 30, 2021 and December 31, 2020	273,701	273,701
Convertible Class C units, 84,598,601 units outstanding as of September 30, 2021 and December 31, 2020	84,599	84,599
Class D units, 45,492,305 units outstanding as of September 30, 2021 and December 31, 2020	36,225	36,225
Class P units, 100,000 units authorized, 83,167 outstanding and 100,000 units authorized, 81,667 units outstanding as of September 30, 2021 and December 31, 2020, respectively	—	—
Member distributions	(3)	(3)
Unit-based compensation	19,630	19,572
Other capital	(882)	(882)
Accumulated deficit	(71,638)	(81,515)
Total members' equity	341,632	331,697
Total liabilities and members' equity	$ 515,683	$ 521,742

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ATLAS SAND COMPANY, LLC
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(In thousands)

	For the Nine Months Ended September 30,	
	2021	2020
Product sales	$ 98,197	$ 58,152
Service sales	21,361	27,300
Total sales	119,558	85,452
Cost of sales (excluding depreciation, depletion and accretion expense)	59,369	56,548
Depreciation, depletion and accretion expense	17,376	15,387
Gross profit	42,813	13,517
Selling, general and administrative expense	11,992	12,986
Impairment of long-lived assets	—	1,250
Operating income (loss)	30,821	(719)
Interest expense, net	(20,803)	(24,129)
Other income (loss)	179	(79)
Income (loss) before income taxes	10,197	(24,927)
Income tax expense	320	174
Net income (loss)	$ 9,877	$ (25,101)

ATLAS SAND COMPANY, LLC
CONDENSED CONSOLIDATED STATEMENT OF MEMBERS' EQUITY
(In thousands)

	Class A		Class C		Class D		Class P					Total
	Units	Value	Units	Value	Units	Value	Units	Value	Unit-Based Compensation	Other Capital	Accumulated Deficit	Members' Equity
Balance at December 31, 2020	313,701	$273,701	84,599	$84,599	45,492	$36,225	82	$ —	$ 19,572	$ (882)	$ (81,518)	$ 331,697
Issuance of class P units	—	—	—	—	—	—	1	—	—	—	—	—
Unit-based compensation expense	—	—	—	—	—	—	—	—	58	—	—	58
Net Income	—	—	—	—	—	—	—	—	—	—	9,877	9,877
Balance at September 30, 2021	313,701	$273,701	84,599	$84,599	45,492	$36,225	83	$ —	$ 19,630	$ (882)	$ (71,641)	$ 341,632

	Class A		Class C		Class D		Class P					
	Units	Value	Units	Value	Units	Value	Units	Value	Unit-Based Compensation	Other Capital	Accumulated Deficit	Members' Equity
Balance at December 31, 2019	313,701	$273,701	84,599	$84,599	42,977	$34,046	52	$ —	$ 17,027	—	$ (47,073)	$ 362,300
Issuance of class D units	—	—	—	—	2,515	2,154	—	—	—	—	—	2,154
Issuance of class P units	—	—	—	—	—	—	28	—	—	—	—	—
Distributions	—	—	—	—	—	—	—	—	—	—	(3)	(3)
Unit-based compensation expense	—	—	—	—	—	—	—	—	2,595	—	—	2,595
Proceeds from warrant exercises	—	—	—	—	—	25	—	—	—	—	—	25
Net Loss	—	—	—	—	—	—	—	—	—	—	(25,101)	(25,101)
Balance at September 30, 2020	313,701	$273,701	84,599	$84,599	45,492	$36,225	80	$ —	$ 19,622	$ —	$ (72,177)	$ 341,970

ATLAS SAND COMPANY, LLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands)

	For the Nine Months Ended September 30, 2021	2020
Operating activities:		
Net income (loss)	$ 9,877	$ (25,101)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and accretion expense	18,069	15,839
Impairment of long-lived assets	—	1,250
Gain on extinguishment of debt	(4,461)	—
Loss on disposal of assets	—	118
Amortization of debt discount	6,749	5,894
Amortization of deferred financing costs	621	587
Unit-based compensation expense	58	2,595
Interest paid-in-kind through issuance of additional term loans	3,039	8,716
Changes in operating assets and liabilities		
Accounts receivable	(8,322)	9,040
Accounts receivable – related parties	(1)	49
Inventories	(236)	223
Spare part inventories	98	1,335
Prepaid expenses and other current assets	(461)	224
Other assets	(620)	35
Accounts payable	2,019	(11,637)
Accounts payable – related parties	10	35
Accrued liabilities and other current liabilities	2,227	(2,568)
Net cash provided by operating activities	28,666	6,634
Investing activities:		
Purchases of property, plant and equipment	(9,695)	(7,932)
Net cash used in investing activities	(9,695)	(7,932)
Financing Activities:		
Proceeds from warrant exercises	—	25
Proceeds from term loan borrowings	—	15,000
Payments on term loan borrowings	(27,339)	(5,407)
Proceeds from SBA Loan	—	4,413
Issuance costs associated with debt financing	(78)	—
Payments under capital leases	(329)	(222)
Member distributions	—	(3)
Net cash provided by (used in) financing activities	(27,746)	13,806
Net increase (decrease) in cash and cash equivalents	(8,775)	12,508
Cash and cash equivalents, beginning of period	36,072	21,292
Cash and cash equivalents, end of period	$ 27,297	33,800
Supplemental cash flow information		
Cash paid during the period for:		
Interest	$ 14,833	$ 8,925
Taxes	$ 14	$ —
Non-cash items:		
Property, plant and equipment in accounts payable and accrued liabilities	$ 1,794	$ 716
Issuance of warrants	$ —	$ 2,154
Gain on extinguishment of debt	$ 4,461	$ —

ATLAS SAND COMPANY, LLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1—Business and Organization

Atlas Sand Company, LLC (the "Company") is a Delaware limited liability company formed on April 20, 2017. The Company is a pure-play, low-cost producer of high-quality, locally sourced 100 mesh and 40/70 raw sand, used as a proppant during the well completion process, necessary to facilitate the recovery of hydrocarbons from oil and natural gas wells, exclusively in the Permian Basin. One hundred percent of the Company's sand reserves are located in Winkler and Ward Counties, Texas, and operations consist of proppant production and processing facilities, including one facility near Kermit, Texas ("the Kermit facility") and a second facility near Monahans, Texas ("the Monahans facility"). The Company also offers logistics solutions to customers.

The Company sells product and services primarily to oil and natural gas exploration and production companies and oilfield service companies either under supply agreements or through spot sales in the open market. The Company also offers complete mine to wellsite sand logistics solutions.

The Company is controlled by Atlas Sand Management Company, LLC ("ASMC"). The Company also has several wholly owned subsidiaries, which include Atlas Sand Employee Company, LLC; Atlas OLC Employee Company, LLC; Atlas Construction Employee Company, LLC; Atlas Sand Employee Holding Company, LLC; Atlas Sand Construction, LLC; OLC Kermit, LLC; and OLC Monahans, LLC. All subsidiaries are included in the consolidated financial statements of the Company.

Note 2—Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements (the "Financial Statements") have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

In the opinion of management of the Company, the unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements, in all material respects, and include all adjustments of a normal recurring nature necessary for a fair presentation. The results of operations for the nine months ended September 30, 2021 are not necessarily indicative of the results to be expected for the year ending December 31, 2021 or for any other period. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes as of and for the year ended December 31, 2020.

Consolidation

The Financial Statements include the accounts of the Company and wholly owned subsidiaries. All intercompany transactions and accounts have been eliminated in consolidation.

Use of Estimates

The preparation of the Financial Statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

ATLAS SAND COMPANY, LLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments that are readily convertible into cash and have original maturities of three months or less when purchased. The Company places cash deposits with high-credit-quality financial institutions. At times, cash may be uninsured or in deposit accounts that exceed or are not covered under the Federal Deposit Insurance Corporation limit.

Concentrations of Credit Risk

Throughout 2021 and 2020, the Company has maintained cash balances on deposit and time deposits with financial institutions in excess of federally insured amounts; however, all these financial institutions hold an investment-grade rating by one or more major rating agencies.

For the nine months ended September 30, 2021, two customers comprised 15% and 11% of the Company's sales, respectively. For the nine months ended September 30, 2020, one customer comprised 36% of the Company's sales, respectively.

Accounts Receivable

Accounts receivable are recorded at cost when earned and represent claims against third parties that will be settled in cash. The carrying value of the Company's receivables, net of allowance for doubtful accounts, represents the estimated collectable amount. If events or changes in circumstances indicate specific receivable balances may be impaired, further consideration is given to the Company's ability to collect those balances and the allowance is adjusted accordingly. Past-due receivable balances are written off when the Company's internal collection efforts have been unsuccessful in collecting the amounts due.

The Company performs credit evaluations of new customers and sometimes require deposits and prepayments, to mitigate credit risk. When it is probable that all or part of an outstanding balance will not be collected, the Company establishes an allowance for doubtful accounts. As of September 30, 2021, there was an allowance for doubtful accounts of $0.1 million. As of December 31, 2020, there was no allowance for doubtful accounts. The Company recorded $0.1 million of bad debt expense during the nine months ended September 30, 2021. The Company did not record bad debt expense during the nine months ended September 30, 2020.

As of September 30, 2021, five customers represented 18%, 15%, 13%, 11%, 10% and 10% of the Company's outstanding accounts receivable balance. As of December 31, 2020, one customer represented 13% of the Company's outstanding accounts receivable balance.

Accounts Receivable—Related Parties

These amounts represent reimbursement of vendor payments from related parties.

Inventories

Inventories include raw sand stockpiles, in-process product, and finished product available for shipment. Inventories are valued at the lower of cost or net realizable value. Cost is determined using a weighted average cost method. Production costs include direct excavation costs, production personnel and benefits costs, processing costs, rental equipment costs, other costs directly attributable to plant operations, depreciation and depletion.

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Spare Part Inventories

Spare part inventories include critical spares, materials and supplies. The Company accounts for spare parts on a weighted average cost basis and value the spare parts inventory at the lower of cost or net realizable value. The spare parts inventory balance was $6.5 million and $6.6 million as of September 30, 2021 and December 31, 2020, respectively. As of September 30, 2021 and December 31, 2020, no spare parts inventory reserve was deemed necessary.

Property, Plant and Equipment, Including Depreciation and Depletion

Property, plant and equipment are recorded at cost and depreciated over their estimated useful lives using either the straight-line method or the units of production method.

Costs of improvements that extend economic life or improve service potential are capitalized and depreciated over the remaining useful life of the asset, with routine repairs and maintenance expensed as incurred.

Fixed assets, other than plant facilities associated with depletable properties, are carried at historical cost and are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Plant facilities and equipment	3 – 40 years
Furniture and office equipment	3 – 15 years
Asset retirement obligation	50 years
Computer and network equipment	3 – 7 years
Buildings and leasehold improvements	31 months –40 years

Mine development project costs are capitalized once the deposit is classified as a proven and probable reserve. Mine development costs include engineering, mineralogical studies, drilling and other related costs to develop the mine and remove the overburden to initially expose the mineral and allow for the construction of an access way. Exploration costs are expensed as incurred and classified as exploration expense.

Mining property and development costs are amortized using the units of production method on estimated measures of tons of in-place reserves. The impact to reserve estimates is recognized on a prospective basis. Drilling and related costs are capitalized for deposits where proven and probable reserves exist. These activities are directed at obtaining additional information on the deposit or converting non-reserve minerals to proven and probable reserves, with the benefit being realized over a period greater than one year.

The Company reviews property, plant, and equipment for impairment annually or whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. If such a review should indicate that the carrying amount of long-lived assets is not recoverable, the Company will reduce the carrying amount of such assets to fair value.

Asset Retirement Obligations

In accordance with ASC 410-20, *Asset Retirement Obligations*, the Company records a liability for asset retirement obligations at the fair value of the estimated costs to retire a tangible long-lived asset at the time the liability is incurred, when there is a legal obligation to incur costs to retire the asset and when a reasonable estimate of the fair value of the obligation can be made. The Company has asset retirement obligations with respect to certain assets due to various contractual obligations to clean and/or dispose of those assets at the time they are retired.

A liability for the fair value of an asset retirement obligation, with a corresponding increase to the carrying value of related long-lived assets, is recognized at the time of an obligating event. The asset is depreciated using the straight-line method, and the discounted liability is increased through accretion over the expected timing of settlement.

The estimated liability is based on third-party estimates of costs to abandon the mine site, including estimated economic lives and external estimates as to the cost to bring the land to a state required by the lease agreements. The Company utilized a discounted rate reflecting management's best estimate of the credit-adjusted risk-free rate. Revisions to the liability could occur due to changes in the estimated costs, changes in the mine's economic life or if federal or state regulators enact new requirements regarding the abandonment of mine sites. Accretion expense, which was de minimis for both the nine months ended September 30, 2021 and 2020, is recorded on the consolidated statement of operations in depreciation, depletion and accretion expense.

Deferred Debt Discount and Financing Costs

In connection with entering into the 2018 Term Loan Credit Facility, the Company delivered to the 2018 Term Lender warrants for up to 41,299,845 Class D units. The right to purchase Class D units became exercisable upon the funding of each draw under the 2018 Term Loan Credit Facility Agreement. The Company recognized a $32.2 million debt discount associated with the warrants based on the relative fair value of the debt and warrants issued. In connection with the First Amendment to the 2018 Term Loan Credit Facility, the Company committed to deliver the 2018 Term Lender additional warrants for up to 4,192,460 Class D units, which will be exercisable upon funding of the draws in proportion to the additional drawings. The Company delivered, and the lender immediately exercised, 2,515,470 Class D units in connection with the First Amendment for the year ended December 31, 2020. Based on the relative fair value of the debt and warrants issued, the Company recognized a $2.2 million debt discount associated with the warrants delivered for the year ended December 31, 2020. As of September 30, 2021 and December 31, 2020, there were no warrants outstanding. No warrants or Class D units were issued during the nine months ended September 30, 2021. The debt discount is reflected as a direct reduction from the carrying amount of the debt obligation on the Company's consolidated balance sheets. Such costs are amortized to interest expense using the effective interest method. The Company recognized $6.7 million and $5.9 million of interest expense associated with the amortization of the debt discount for the nine months ended September 30, 2021 and 2020, respectively.

The Company defers costs directly associated with acquiring third-party debt financing, primarily loan origination costs and related professional expenses. Deferred financing costs are deferred and amortized using the effective interest method over the life of the 2018 Term Loan Credit Facility that became effective in January 2018. In connection with entering into the 2018 Term Loan Credit Facility, the Company incurred $2.3 million of deferred financing costs that are reflected as a direct deduction from the carrying amount of the debt obligation on the Company's consolidated balance sheet.

In 2018, the Company entered into the ABL Credit Facility and incurred $1.0 million of deferred financing costs. Deferred financing costs, net of amortization, related to the ABL Credit Facility are classified as deferred financing costs on the consolidated balance sheet. Deferred financing costs associated with the ABL Credit Facility are amortized on a straight-line basis over the life of the agreement and are recorded as interest expense in the consolidated statement of operations.

Interest expense associated with the amortization of deferred financing costs was $0.6 million for both the nine months ended September 30, 2021 and 2020.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

The amounts reported in the balance sheet as current assets or liabilities, including cash and cash equivalents, accounts receivable, inventories, prepaid expenses and other current assets, accounts and retainage payable, accrued liabilities and deferred revenues approximate fair value due to the short-term maturities of these instruments. As of the date indicated, the Company's long-term debt consisted of the following (in thousands):

	September 30, 2021		December 31, 2020		
	Carrying Value	Fair Value	Carrying Value	Fair Value	Valuation Technique
Financial liabilities:					
Outstanding principal amount of the 2018 Term Loan Credit Facility	$ 165,305	$ 185,913	$ 189,606	$ 213,243	Level 2 – Market Approach
Outstanding principal amount of the SBA Loan	$ —	$ —	$ 4,413	$ 4,413	Level 2 – Market Approach

The Company's 2018 Term Loan Credit Facility bears interest at a fixed rate of 13%, where its fair value will fluctuate based on changes in interest rates and credit quality. As of September 30, 2021 and December 31, 2020, the Company determined the fair value of the principal amount outstanding under the 2018 Term Loan Credit Facility based on the relative discount received in the First Amendment to the 2018 Term Loan Credit Facility executed in April 2019 relative to the discount recognized at the execution of the 2018 Term Loan Credit Facility agreement executed in January 2018. See Note 5, *Debt*, for discussion of the First Amendment to the 2018 Term Loan Credit Facility. The Company concluded, as the pricing of the 2018 Term Loan Credit Facility was indirectly observable through a recent market transaction, that it is classified as Level 2.

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As of December 31, 2020, the fair value of the SBA Loan approximated its carrying value as the Company pays interest based on the current market rate. As the quoted price is only available for similar financial assets, the Company concluded the pricing is indirectly observable through dealers and has been classified as Level 2.

Environmental Costs and Other Contingencies

The Company recognizes liabilities for environmental and other contingencies when there is an exposure that indicates it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. Where the most likely outcome of a contingency can be reasonably estimated, the Company accrues a liability for that amount. Where the most likely outcome cannot be estimated a range of potential losses is established and, if no one amount in that range is more likely than any other, the amount at the low end of that range is accrued.

The Company records liabilities for environmental contingencies at the undiscounted amounts on the consolidated balance sheet as accrued liabilities and other liabilities when environmental assessments indicate that remediation efforts are probable, and costs can be reasonably estimated. Estimates of the liabilities are based on currently available facts and presently enacted laws and regulations, taking into consideration the likely effects of other societal and economic factors. These estimates are subject to revision in future periods based on actual costs or new circumstances. The Company capitalizes costs that benefit future periods and recognizes a current period charge in operations and maintenance expenses when clean-up efforts do not benefit future periods.

The Company evaluates potential recoveries of amounts from third parties, including insurance coverage, separately from the liability. Recovery is evaluated based on the solvency of the third party, among other factors. When recovery is assured, the Company records and reports an asset separately from the associated liability on the consolidated balance sheet.

Management is not aware of any environmental or other contingencies that would have a material effect on the consolidated financial statement as of September 30, 2021 and December 31, 2020.

Revenues

Under ASC Topic 606, revenue recognition is based on the transfer of control, or the customer’s ability to benefit from the services and products in an amount that reflects the consideration expected to be received in exchange for those services and products. In recognizing revenue for products and services, the transaction price is determined from sales orders or contracts with customers.

The Company generates revenues from the sale of product that customers purchase for use in the oil and gas industry. Revenues are derived from product sold to customers under supply agreements, whose terms can extend for over one year, and from spot sales through individual purchase orders executed at prevailing market rates. The Company’s revenues are primarily a function of the price per ton realized and the volumes sold. Pricing structures under the supply agreements are, in certain cases, subject to certain contractual adjustments and consist of a combination of negotiated pricing and fixed pricing. These arrangements may undergo periodic negotiations regarding pricing and volume requirements, which may occur in volatile market conditions.

The Company recognizes revenue for product at a point in time following the transfer of control and satisfaction of the performance obligation of such items to the customer, under ASC Topic

606-Revenue from Contracts with Customers (“ASC 606”), which typically occurs upon customer pick-up at the facilities. The Company’s standard collection terms are generally 30 days, with certain customer payment terms extending up to 60 days.

Certain of the Company’s contracts contain shortfall provisions that calculate agreed upon fees that are billed when the customer does not meet the minimum purchases over a period of time defined in each contract and when collectability is reasonably certain. As the Company does not have the ability to predict customers’ orders over the period, there are constraints around the ability to recognize the variability in consideration related to this condition.

The Company generates service revenue by providing transportation, storage solutions and contract labor services to companies in the oil and gas industry. Transportation services typically consist of transporting frac sand from the plant facilities to the wellsite. The amount invoiced reflects the transportation services rendered. The amount invoiced for storage solutions and contract labor services reflect the amount of time these services were utilized in the billing period. Transportation, storage solutions and contract labor services are contracted through work orders executed under established pricing terms.

The Company’s contracts for product consist of a single performance obligation as the promise to transfer individual goods or services is not separately identifiable from other promises and, therefore, are not distinct. For the portion of the Company’s contracts that contain multiple performance obligations, such as work orders containing a combination of product and services, the Company allocates the transaction price to each performance obligation identified in the contract based on relative stand-alone selling prices, or estimates of such prices, and recognize the related revenue as control of each individual product or service is transferred to the customer, in satisfaction of the corresponding performance obligations.

All of the Company’s revenue is generated from product and service sales in Texas and New Mexico. As such, no further disaggregation of revenue information is provided.

The Company has elected to use the ASC 606 practical expedients, pursuant to which it has excluded disclosures of transaction prices allocated to remaining performance obligations and when it expects to recognize such revenue. The remaining performance obligations are primarily comprised of unfulfilled contracts to deliver frac sand, most of which hold a remaining duration of less than one year, and of which ultimate transaction prices will be allocated entirely to the unfulfilled contracts. The Company’s transaction prices under these contracts may be impacted by market conditions and potential contract negotiations, which have not yet been determined, and are therefore variable in nature.

Unit-Based Compensation

The Company awards incentive units to members of management, consultants and employees as incentive compensation. The Company accounts for these awards under the measurement and recognition provisions of Accounting Standards Codification (“ASC”) 718, *Compensation – Stock Compensation*. The Company accounts for unit-based compensation by amortizing the fair value of the units, which is determined at the grant date, over the applicable vesting period for each tranche of the award using a graded vesting methodology.

The Company accounts for forfeitures as they occur and reverses any previously recognized unit-based compensation expense for the unvested portion of the awards that were forfeited. The Company did not recognize any forfeitures during the nine months ended September 30, 2021 and 2020. Unit-based compensation expense is recognized as selling, general and administrative expense on the Company's consolidated statement of operations.

Cost of Sales, Excluding Depreciation, Depletion and Accretion Expense

Cost of sales, excluding depreciation, depletion and accretion expense, related to proppant sales primarily consists of the cost to produce proppant, including direct and indirect labor, employee housing costs, excavation costs, rental equipment, maintenance expense, utilities, natural gas and royalty expense.

Cost of sales, excluding depreciation, depletion and accretion expense, related to service sales primarily consists of direct and indirect labor, transportation costs and rental equipment.

Cost of sales, excluding depreciation, depletion and accretion expense, related to product sales was $40.4 million and $34.2 million for the nine months ended September 30, 2021 and 2020, respectively. Cost of sales, excluding depreciation, depletion and accretion expense, related to service sales was $19.0 million and $22.3 million for the nine months ended September 30, 2021 and 2020, respectively.

Selling, General and Administrative Expense

Selling, general and administrative expense primarily consists of non-production personnel wages and benefits, insurance expense, travel and entertainment, advertising expense, professional fees, rent expense for the Company's corporate office and office supplies, among other expenses to support the business.

Income Taxes

The Company is a limited liability company. As a limited liability company, the Company has elected to be treated as a partnership for income tax purposes and, therefore, is not subject to federal income tax. The Company's taxable income or loss, which may differ significantly from taxable income reportable to members as result of differences between the tax basis and financial reporting basis of assets and liabilities and the taxable income allocation requirements under the Company's current LLC Agreement, is included in the federal income tax returns of each member. Accordingly, there is no provision for federal income taxes in the accompanying consolidated financial statements. However, the Company's operations located in Texas are subject to an entity-level tax, the Texas margin tax, at a statutory rate of up to 0.75% of income that is apportioned to Texas. Deferred tax assets and liabilities are recognized for future Texas margin tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective Texas margin tax bases. As of September 30, 2021 and December 31, 2020, the Company's net long-term deferred tax liability related solely to carrying value differences associated with the Company's property, plant and equipment.

The Company evaluates the uncertainty in tax positions taken or expected to be taken in the course of preparing the consolidated financial statements to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. However, the conclusions regarding the evaluation are subject to review and may change based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof. As of September 30, 2021 and December 31, 2020, the Company did not have any liabilities for uncertain tax positions or gross unrecognized tax benefits. The Company's income tax returns from 2017, 2018, and 2019 are subject to examinations by U.S. federal, state or local tax authorities. The IRS is currently examining the Company's federal tax returns for the taxable year ended December 31, 2018. The Company believes the ultimate resolution of the outstanding examination, for which it has not made any accrual, will not have an adverse effect on the Company's consolidated financial statements. The Company cannot predict or provide assurance as to the ultimate outcome of any existing or future examinations.

Segments

The Company operates as one operating segment. Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker ("CODM"). The Company's CODM was collectively its Chairman of the Board and Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer.

The CODM evaluates the Company's financial information and performance on a consolidated basis for purposes of making operating decisions and allocating resources. The Company operates with centralized functions and delivers most of its products and services in a similar way to all customers.

Recently Issued Accounting Pronouncements

Rate Reform—In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides optional guidance for a limited time to ease the potential burden in accounting for reference rate reform. The new guidance provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts and hedging relationships that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform. These amendments are effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The Company is evaluating the impact of this standard on its consolidated financial statements.

Financial Instruments—In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326)*, which amends the guidance on the impairment of financial instruments. The standard adds an impairment model, referred to as current expected credit loss, which is based on expected losses rather than incurred losses. The standard applies to most debt instruments, trade receivables, lease receivables, reinsurance receivables, financial guarantees and loan commitments. Under the guidance, companies are required to disclose credit quality indicators disaggregated by year of origination for a five-year period. In May 2019, ASU 2016-13 was subsequently amended by ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments—Credit Losses, ASU 2019-05, Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief. The new guidance is effective for fiscal years beginning after December 15, 2021. The Company is currently evaluating the impact of the ASU on the consolidated financial statements and does not believe it will have a material impact on the consolidated financial statements.

Leases—In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which provides guidance on the recognition, measurement, presentation and disclosure on leases. Under the standard, substantially all leases will be reported on the balance sheet as right-of-use assets and lease liabilities. In June 2020, ASU 2020-02 was subsequently amended by ASU 2020-05. The new guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after

December 15, 2021. Early adoption is permitted. The Company continues to evaluate the impact of this amended guidance on financial position, results of operations, disclosures and internal controls but have not yet finalized a determination regarding the expected financial impact of this amended guidance. The Company continues to evaluate a listing of all vendors to determine which agreements contain right-of-use assets. While unable to quantify the impact at this time, it is expected the primary impact to the consolidated financial position upon adoption will be the recognition, on a discounted basis, of the minimum commitments under noncancelable operating leases on the consolidated balance sheet resulting in the recording of right-of-use assets and lease obligations.

Note 3—Inventories

Inventories consisted of the following (in thousands):

	September 30, 2021	December 31, 2020
Raw materials	$ 8	$ 40
Work-in-process	2,678	2,399
Finished goods	384	395
Inventories	$ 3,070	$ 2,834

No inventory reserve was deemed necessary as of September 30, 2021 and December 31, 2020.

Note 4—Property, Plant and Equipment, Net

Property, plant and equipment, net, consisted of the following (in thousands):

	September 30, 2021	December 31, 2020
Plant facilities associated with productive, depletable properties	$ 243,381	$ 243,381
Plant equipment	237,519	235,062
Furniture and office equipment	1,230	1,193
Computer and network equipment	1,541	1,385
Buildings and leasehold improvements	17,673	17,391
Land	3,009	—
Construction in progress	15,504	10,776
Property, plant and equipment	519,857	509,188
Less: Accumulated depreciation and depletion	(65,472)	(48,098)
Property, plant and equipment, net	$ 454,385	$ 461,090

Depreciation and depletion expense was $14.4 million and $3.0 million for the nine months ended September 30, 2021, respectively. Depreciation expense recognized in selling, general and administrative expense was $0.7 million for the nine months ended September 30, 2021. Depreciation and depletion expense was $13.1 million and $2.2 million for the nine months ended September 30, 2020, respectively. Depreciation expense recognized in selling, general and administrative expense was $0.5 million for the nine months ended September 30, 2020. For the nine months ended September 30, 2021, the Company recognized no impairment of long-lived assets. For the nine months ended September 30, 2020, the Company recognized $1.3 million of impairment loss related to certain power generation assets where the vendor was unable to meet its obligations. The Company pursued legal remedy and determined the assets were not recoverable. For the nine months ended September 30, 2021, the Company did not recognize losses on disposal of fixed assets. For the nine months ended September 30, 2020, the Company recognized a $0.1 million loss on disposal of fixed assets in other income (loss) on the consolidated statement of operations in selling, general and administrative expense.

The Company has capital leases that are reported as part of plant equipment. The amortization of capital leases is included in depreciation expense. As of September 30, 2021 and December 31, 2020, the Company has capital leases with a cost of $1.5 million and $1.3 million, respectively, and accumulated depreciation of $0.8 million and $0.5 million, respectively. The Company recognized $0.3 million and $0.2 million of depreciation expense associated with capital leases for the nine months ended September 30, 2021 and 2020.

Note 5—Debt

Debt consists of the following (in thousands):

	September 30, 2021	December 31, 2020
2018 Term Loan Credit Facility	$ 165,305	$ 189,606
SBA Loan	—	4,413
Total debt	165,305	194,019
Less: Debt discount, net of accumulated amortization of $24,140 and $17,391, respectively	(11,630)	(18,379)
Less: Deferred financing fees, net of accumulated amortization of $1,828 and $1,369, respectively	(753)	(1,212)
Less: Current portion(a)	(30,663)	(35,171)
Long-term debt	$ 122,259	$ 139,257

(a) The current portion of long-term debt reflects anticipated payments based on the terms of the First Amendment to the 2018 Term Loan Credit Facility.

2018 Term Loan Credit Facility

On January 30, 2018, the Company closed on the 2018 Term Loan Credit Facility that provided debt financing in an aggregate principal amount of $150.0 million, which was funded in a series of tranches during 2018. The Company refers to these borrowings, collectively, as the “2018 Term Loan Credit Facility.” In connection with the 2018 Term Loan Credit Facility, the Company delivered to the lender warrants for up to 41,299,845 Class D units. See Note 7, *Equity,* for further discussion.

Obligations under the 2018 Term Loan Credit Facility were secured by a second-priority lien on substantially all assets of the Company, until September 9, 2019, when the lenders and the Company entered into the split collateral intercreditor agreement, at which time the 2018 Term Loan Credit Facility became secured by a second-priority lien on inventory and accounts receivable held by the Company and its subsidiaries, and a first-priority lien on the remaining assets of the Company. In addition, the Company’s subsidiaries have guaranteed the Company’s obligations under the 2018 Term Loan Credit Facility and have granted to the lender security interests in substantially all respective assets.

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Borrowings under the 2018 Term Loan Credit Facility bear interest equal to the lesser of (1) the applicable interest rate, which is set at either 10% or 13% per annum, based upon the Company's consolidated leverage ratio or (2) the highest lawful rate, as defined in the 2018 Term Loan Credit Facility agreement. The Company, at its option, can pay up to 50% of any interest payment in-kind. The interest rate for the 2018 Term Loan Credit Facility was 13% as of December 31, 2020. The Company recognized interest expense associated with the 2018 Term Loans of $17.7 million and $17.5 million for the nine months ended September 30, 2021 and 2020, respectively. The Company did not capitalize interest expense during the nine months ended September 30, 2021 and 2020.

The 2018 Term Loan Credit Facility will mature on January 30, 2023, and, for certain loans, will amortize in quarterly installments equal to 1.00% of the aggregate outstanding principal balance as of each quarterly payment date beginning with the initial payment, which was made for the year ended December 31, 2018. Beginning on March 31, 2021, the quarterly principal payments increased to 5.00% of the aggregate outstanding principal balance, with the balance payable on the final maturity date, subject to the amend and extend provisions applicable under the agreement.

The Company may voluntarily prepay the outstanding 2018 Term Loan Credit Facility along with all interest then accrued and unpaid, in whole or in part, and the applicable premium payment based upon either (a) the present value using a discount rate based upon a U.S. Treasury rate plus 50 basis points of the amount of interest that would have been payable on the principal balance prepaid if prior to January 30, 2020, (b) 7% of the principal balance prepaid, thereafter and prior to January 30, 2021, (c) 3% of the principal balance prepaid, anytime thereafter, or (d) 1% of the principal balance if prepaid upon the occurrence of an Initial Public Offering ("IPO") event. Additionally, the agreement may require the Company to make early principal payments at the discretion of the lender in the event of the incurrence of certain debt not permitted under the agreement, asset sales, casualty events and upon the occurrence of a change in control other than an IPO.

The 2018 Term Loan Credit Facility contain customary representations and warranties and customary affirmative and negative covenants, including limits or restrictions on the Company's ability to incur liens, incur indebtedness, make certain restricted payments, merge or consolidate and dispose of assets. In addition, it contains customary events of default that entitle the lenders to cause any or all of the Company's indebtedness under the 2018 Term Loan Credit Facility to become immediately due and payable. The events of default (some of which are subject to applicable grace or cure periods) include, among other things, nonpayment defaults, covenant defaults, cross-defaults to other material indebtedness, bankruptcy and insolvency defaults and material judgment defaults. As of September 30, 2021, the Company was in compliance with the covenants of the 2018 Term Loan Credit Facility.

Fourth Amendment to the 2018 Term Loan Credit Facility

On April 13, 2020, the Company and the lender agreed to amend certain terms of the 2018 Term Loan Credit Facility to allow the Company to receive the Qualified Small Business Administration Loan in an amount not to exceed $10.0 million.

Extinguishment of the 2018 Term Loan Credit Facility

On October 25, 2021, the Company repaid all borrowings outstanding under the 2018 Term Loan Credit Facility, in connection with entering into a new Term Loan Credit Facility with Stonebriar Commercial Finance. The Company paid a total of $171.0 million, which included principal of $143.1 million, paid-in-kind borrowings of $22.2 million, make-whole premium of $4.5 million, and $1.2 million of accrued interest. In connection with the repayment on October 25, 2021, unamortized debt discount and deferred financing costs of $11.9 million and make-whole premium of $4.5 million were recognized as a loss on debt extinguishment.

Asset-Based Loan Credit Facility

On December 14, 2018, the Company closed on the Asset-Based Loan Credit Facility ("ABL Credit Facility") that provides revolving credit financing with a borrowing capacity of up to $50.0 million. The ABL Credit Facility is unconditionally guaranteed, jointly and severally, by the Company and its subsidiaries. The ABL Credit Facility will mature on the earlier of the stated maturity date, December 14, 2023, or the date that is 91 days prior to the maturity date of the Term Loans; that is November 1, 2022.

The ABL Credit Facility includes a letter of credit sub-facility, which permits issuances of letters of credit up to an aggregate amount of $10.0 million. As of September 30, 2021 and December 31, 2020, the Company had a $0.6 million outstanding letter of credit under the ABL Credit Facility.

The Company may also request swingline loans under the agreement in an aggregate principal amount not to exceed $7.5 million. During the nine months ended September 30, 2021 and the year ended December 31, 2020, the Company had no outstanding swingline loans under the ABL Credit Facility.

Obligations under the ABL Credit Facility were secured by a first-priority lien on substantially all assets of the Company, until September 9, 2019, when the lenders and the Company entered into the split collateral intercreditor agreement, at which time the ABL Credit Facility became secured by a first-priority lien on inventory and accounts receivable held by the Company and its subsidiaries, and a second-priority lien on the remaining assets of the Company.

Initially, the borrowing base was set at $35.0 million for the period beginning on December 14, 2018 and ending on April 1, 2019. Thereafter, the amount of available credit changes every month, depending on the amount of eligible accounts receivable and inventory the Company has available to serve as collateral. For the period beginning on April 1, 2019, and ending on June 30, 2019, the facility was limited to the lesser of (a) 85% to 90% of the eligible accounts receivable and (b) 75% of the market value of the eligible inventory. Thereafter, the facility is limited to the lesser of (i) the aggregate commitment and (ii) the sum of (a) 85% to 90% of the eligible accounts receivable and (b) lesser of 70% of the cost of the eligible inventory and 85% of the orderly liquidation value of the eligible inventory. The borrowing base components are subject to customary reserves and eligibility criteria. As of September 30, 2021, availability was $17.1 million.

Borrowings under the ABL Credit Facility bear interest, at the Company's option, at either a base rate or London Interbank Offered Rate ("LIBOR"), as applicable, plus an applicable margin that ranges based on average excess availability. LIBOR loans bear interest at the LIBOR plus an applicable margin, which ranges from 1.50% to 2.00%. Base rate loans bear interest at the applicable base rate, plus an applicable margin, which ranges from 0.50% to 2.00%. In addition to paying interest on outstanding principal under the ABL Credit Facility, the Company is required to pay a commitment fee of 0.375% per annum with respect to the unutilized commitment under the ABL Credit Facility, based on the average utilization of the ABL Credit Facility. The Company is also required to pay customary letter of credit fees, to the extent that one or more letter of credit is outstanding. There were no outstanding borrowings under the ABL Credit Facility as of September 30, 2021. The Company recognized $0.1 million and $0.2 million of interest expense, unutilized commitment fees and other fees under the ABL Credit Facility, classified as interest expense, for the nine months ended September 30, 2021 and 2020.

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The ABL Credit Facility requires that if the excess availability, as defined, is less than the greater of (i) 12.50% of the maximum credit and (ii) $5.0 million, the Company shall comply with a minimum fixed charge coverage ratio of at least 1.00 to 1.00, for covenant trigger periods beginning after March 14, 2019. In addition, the ABL Credit Facility contains negative covenants that restrict the Company from, among other things, incurring additional debt, granting liens, entering into guarantees, entering into certain mergers, making certain loans and investments, entering into swap agreements, disposing of assets, prepaying certain debt, declaring dividends, accounting changes, transactions with affiliates, modifying certain material agreements or organizational documents relating to, or changing the business it conducts.

The ABL Credit Facility contains certain customary representations and warranties, affirmative covenants, and events of default, including, among other things, payment defaults, breach of representations and warranties, covenant defaults, cross-defaults and cross-acceleration to certain indebtedness, certain events of bankruptcy, certain events of abandonment, certain events under the Employee Retirement Income Security Act of 1974 as amended from time to time, material judgments, actual or asserted failure of any guaranty or security document supporting the ABL Credit Facility to be in full force and effect and change of control. If such an event of default occurs, the lenders under the ABL Credit Facility would be entitled to take various actions, including the acceleration of amounts due under the ABL Credit Facility and all actions permitted to be taken by a secured creditor. As of September 30, 2021, the Company was in compliance with the covenants of the ABL Credit Facility.

Fourth Amendment to the ABL Credit Facility

On March 23, 2021, the Company and the lender agreed to amend certain terms of the ABL Credit Facility, including expanding the list of assets available for the calculation of available credit. Subsequent to the execution of the Fourth Amendment to the ABL Credit Facility ("Fourth Amendment"), the facility is limited to the lessor of (i) the aggregate commitment and (ii) the sum of (a) 90% of the book value of eligible accounts receivable, (b) lesser of 100% Pledged Cash, defined on any date, as the aggregate amount of unrestricted cash on deposit in the cash collateral account, and $25.0 million, and (c) the lesser of 70% of the cost of eligible inventory and 85% of the net orderly liquidation value of the eligible inventory. The Company is required to keep cash on deposit in the cash collateral account only to the extent any outstanding borrowings under the ABL Credit Facility exceed the portion of the borrowing base represented by accounts receivable and inventory. The borrowing base components are subject to customary reserves and eligibility criteria. Additionally, the Fourth Amendment contains provisions addressing the potential transition from LIBOR to a secured overnight financing rate ("SOFR"), in the event the administrator has ceased or will cease publication of LIBOR.

Fifth Amendment to the ABL Credit Facility

On October 20, 2021, the Company and the lender agreed to amend certain terms of the ABL Credit Facility to, among other things, allow the Company to enter into the Term Loan Credit Facility with Stonebriar Commercial Finance (the "Term Loan Credit Facility"), to repay all borrowings outstanding under the Term Loan Credit Facility and to conform certain covenants under the ABL Credit Facility to the Term Loan Credit Facility.

Qualified SBA Loan

On April 18, 2020, the Company closed on the Qualified United States Small Business Administration ("SBA") Note ("SBA Loan"), pursuant to the Paycheck Protection Program ("PPP") that provided unsecured debt financing of $4.4 million. The SBA Loan bears interest at 1% per annum. The SBA Loan will mature on April 22, 2022 and will amortize in eleven monthly installments, including accrued interest, beginning on June 22, 2021. The Company has the right to prepay all or any portion of the principal and accrued interest balance of the SBA Loan at any time without penalty or fee. The Company may apply for forgiveness of the SBA Loan amounts used for certain qualifying payroll and other operating expenses, in accordance with the requirements of the PPP, including provision of Section 1106 of the CARES Act. The Company recognized SBA Loan di minimis interest expense for the year ended December 31, 2020. Company submitted its application for forgiveness to the SBA on October 6, 2020. As of December 31, 2020, the Company's application for forgiveness of the SBA Loan amounts was under review. No SBA Loan payments are due until after the SBA evaluates the Company's application for forgiveness. On June 25, 2021, the Company received notice that the SBA Loan, including accrued interest, of approximately $4.5 million was forgiven by the SBA. The Company recognized a gain on extinguishment of debt of approximately $4.5 million for the nine months ended September 30, 2021.

Term Loan Credit Facility

On October 20, 2021, the Company entered into a $180 million, aggregate principal amount Term Loan Credit Facility which bears an interest rate of 8.47% per annum on borrowings outstanding under the facility with Stonebriar Commercial Finance LLC (the "Term Lender") and has a maturity date of October 1, 2027. The Term Loan Credit Facility is guaranteed on a secured basis and interest, plus principal, is payable in seventy-two consecutive monthly installments.

At any time prior to the October 1, 2027, maturity date, the Company may redeem the Term Loan Credit Facility, in whole or in part, at a price equal to 100% of the principal amount plus a prepayment fee. The prepayment fee ranges from 3% on or before October 19, 2022, to 2% after October 19, 2022, and on or before October 19, 2023, and 1% thereafter. Upon maturity of the Term Loan Credit Facility, the entire unpaid principal amount, together with interest, fees and other amounts payable in connection with the facility, is immediately due and payable without further notice or demand.

The Term Loan Credit Facility includes certain non-financial covenants, including but not limited to restrictions on incurring additional debt and certain restricted payments. The Term Loan Credit Facility is not subject to financial covenants unless greater than $5.0 million or more in aggregate is outstanding under the Company's ABL Credit Agreement and for which a minimum average liquidity balance of $20.0 million must be maintained.

Proceeds from the Term Loan Credit Facility were used exclusively for general corporate purposes, which included the repayment of outstanding indebtedness under the 2018 Term Loan Credit Facility, and to make permitted distributions.

Note 6—Commitments and Contingencies

Royalty Agreements

The Company has entered into a royalty agreement associated with its leased properties with a related party, under which it is committed to pay royalties on product sold from its production facilities for which the Company has received payment from the end customer. Royalty expense is recorded as the product is sold, is included in costs of sales, and totaled less than 5% of cost of sales for both the nine months ended September 30, 2021 and 2020.

Standby Letters of Credit

As of September 30, 2021 and December 31, 2020, the Company had a $0.6 million outstanding standby letter of credit issued under the ABL Credit Facility.

Litigation

The Company is involved in various legal and administrative proceedings that arise from time to time in the ordinary course of doing business. Some of these proceedings may result in fines, penalties or judgments being assessed against the Company, which may adversely affect financial results. In addition, from time to time, the Company is involved in various disputes, which may or may not be settled prior to legal proceedings being instituted and which may result in losses in excess of accrued liabilities, if any, relating to such unresolved disputes. Expenses related to litigation reduce operating income. The Company does not believe that the outcome of any of these proceedings or disputes would have a significant adverse effect on the financial position, long-term results of operations or cash flows. It is possible, however, that charges related to these matters could be significant to results of operations or cash flows in any single accounting period. Management is not aware of any legal, environmental or other commitments and contingencies that would have a material effect on the consolidated financial statements.

Note 7—Equity

The Company has authority to issue an unlimited number of units under its current capital structure and the ability to issue additional units of different classes or series. The outstanding units are designated as Class A units, Class C units, Class D units and Class P units. Additional units, of the same or different classes or series, having the same or different rights, powers and duties as preexisting units may be created and issued. All Class A, Class C, Class D and Class P unitholders are deemed to be members of the Company ("Members").

On January 30, 2018, the Company executed the Third Amended and Restated Limited Liability Company Agreement of Atlas Sand Company, LLC ("LLC Agreement") to create Class D units as a class of unit that the Company is authorized to issue. This amendment was executed in connection with the issuance of the Term Loans. The Company delivered to the lender warrants for up to 41,299,845 Class D units, with an exercise price of $0.01 per warrant unit, that became exercisable upon the funding of each draw under the Term Loans. During the year ended December 31, 2018, the lender exercised all 41,299,845 Class D warrants.

On April 3, 2019, the Company amended certain terms of the Term Loan Credit Facility. In connection with the First Amendment to the Term Loan Credit Facility ("First Amendment"), the Company delivered to the lender additional warrants for up to 4,192,460 Class D units, which will be exercisable upon funding of the draws in proportion to the additional drawings. During the year ended December 31, 2020, the Company delivered and the lender immediately exercised the remaining 2,515,470 Class D warrants associated with the First Amendment. There were no warrants outstanding as of September 30, 2021

Each Member of the Company is entitled to one vote for each Class A, Class C and Class D unit owned by such Member. Class P units are issued in connection with the Company's long-term incentive plan and have no voting rights.

ATLAS SAND COMPANY, LLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company's LLC Agreement contains provisions for the allocation of net income and loss to the Class A and Class D units. For purposes of maintaining Member capital accounts, the LLC Agreement specifies that net income or net loss shall be allocated proportionally among Members in accordance with their respective percentage ownership interest.

In accordance with the Company's LLC Agreement, all Class C units shall automatically convert to Class A units immediately prior to the closing of a Capital Event, as defined in the Company's LLC Agreement, which, in general, includes a public offering or sale of the Company's assets or equity. Additionally, the holders of Class C units may elect, at any time prior to the approval of a Capital Event, to convert all Class C units into newly issued Class A units by providing notice to the Company.

The Company's LLC Agreement sets forth the calculation to be used to determine the amount of cash distributions that the unitholders will receive.

In December 2021, the Company paid a cash distribution to Class A and Class D unitholders in the aggregate amount of $10.0 million, based on the Company's LLC Agreement calculation. Class C units do not participate in cash distributions, based on the terms of the Company's LLC Agreement.

Upon admittance as Members of the Company, the Class C unitholders were initially granted an option that entitles them to acquire a percentage of the units of the Company that are offered in conjunction with additional capital contribution events, which generally includes instances where additional units are issued by the Company. The option is not unconditional and can only be exercised upon the occurrence of certain capital events. The consideration for the exercise of the option is based on the percentage ownership of the Class C unitholders at the date of the capital event and the total capital to be contributed in connection with such capital event.

In October 2021, pursuant to the Company's LLC Agreement, the Company delivered a Funding Notice to the Atlas Sand Company, LLC unitholders (other than ASMC, which is the majority unitholder and had already made Additional Capital Contributions related to such Funding Notice), by which the Company offered each unitholder the right, but not the obligation, to make Additional Capital Contributions to the Company. In addition, the Company delivered a notice to the Class C unitholders pursuant to their option, giving them the right to make additional capital contributions, which they exercised. The offering closed on December 1, 2021 and resulted in Additional Capital Contributions of $12.6 million in December 2021.

Note 8—Unit-Based Compensation

The Company recognizes unit-based compensation expense for awards granted under two long-term incentive plans, the Atlas Sand Management Company, LLC Long-Term Incentive Plan (the "ASMC Plan") and the Atlas Sand Company, LLC Long-Term Incentive Plan (the "ASCo Plan"). The ASMC Plan was adopted on September 15, 2017, by ASMC for officers, employees, directors, managers and consultants of the Company (the "ASMC Participants"). The ASCo Plan was adopted by the Company on December 15, 2017, for officers, employees, directors, managers, consultants or other advisors of the Company (the "ASCo Participants").

The Company has applied the guidance of FASB Interpretation 44, which establishes an accounting model where equity awards granted by a parent company to employees of a subsidiary are recognized in the financial statements of the subsidiary. During the nine months ended September 30, 2021 and 2020, the Company recognized di minimis and $0.7 million of unit-based compensation expense in its consolidated statement of operations related to awards in the ASMC Plan, respectively.

ATLAS SAND COMPANY, LLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On May 28, 2018, the Company adopted the Amended and Restated Long-Term Incentive Plan that reduced the authorized available awards to be issued under the ASCo Plan from 149,425 to 100,000. The ASCo Plan consists of equity grants of Class P units made to ASCo Participants at the discretion of the plan administrator. Pursuant to the terms of the ASCo Plan, to the extent that an award is canceled, any and all Class P units that are canceled and repurchased will be available again for new awards under the ASCo Plan.

The vesting schedule for each grant under the plans shall be determined by the respective plans' administrator.

A summary of ASCo's Class P unit activity is as follows (in thousands):

ASCo Plan Class P unit activity	Number of Class P Units	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2020	2,500	$ 151.37
Granted	—	—
Vested	(1,833)	151.37
Forfeited	—	—
Non-vested at September 30, 2021	667	151.37

The Company accounts for each tranche of the unit awards as compensatory awards in accordance with FASB ASC 718, and as such, compensation expense is recognized over the service condition vesting period based on the grant date fair values using a graded vesting methodology. To determine grant date fair value, the Company valued these unit awards utilizing a Monte Carlo option pricing model, to take into consideration the probability of a market condition on being met. This methodology involves making assumptions for the expected time to liquidity, volatility and risk-free rate.

The Company estimated expected volatility based on a 50/50 blend of historical and implied volatility. The risk-free interest rate is based on the yield on U.S. government bonds for a period commensurate with the expected term. The expected term is based on time to the expected exit date as of the valuation date based on the probability weighted average of exit scenario terms. The Company applies a discount to reflect the lack of marketability due to the absence of an active market for its shares. Further, the Company assumed no expected dividend yield.

For the nine months ended September 30, 2021 and 2020, the Company recognized $0.1 million and $1.3 million of unit-based compensation expense related to awards in the ASCo Plan, respectively.

There were no grants for the nine months ended September 30, 2021. As of September 30, 2021, unrecognized unit-based compensation expense amounts related to the ASCo and ASMC Plans were each de minimis, with a weighted average remaining service period of 0.5 years.

Note 9—Income Taxes

As a limited liability company, the Company has elected to be treated as a partnership for income tax purposes and, therefore, is not subject to federal income tax. However, the Company's operations located in Texas are subject to an entity-level tax, the Texas margin tax, at a statutory rate of up to 0.75% of income that is apportioned to Texas. The tax expense or benefit associated with the interim period is computed using the most recent estimated tax rate applied to the year-to-date revenues less cost of sales.

ATLAS SAND COMPANY, LLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

During the nine months ended September 30, 2021 and 2020, the Company recognized income tax expense, associated with Texas margin tax, of $0.3 million and $0.2 million, respectively. Given the Company is a partnership, there is no federal income tax expense.

Note 10—Related-Party Transactions

One member of the Company's Board of Managers served as an executive for a company to whom the Company sold frac sand. For the nine months ended September 30, 2021, there were no revenues from this customer. For the nine months ended September 30, 2020, the Company recognized $0.8 million in revenues from this customer. As of September 30, 2021 and December 31, 2020, there were no accounts receivable balance for this customer outstanding.

The Company had one month-to-month man camp lease and certain office leases with a counterparty controlled by one member of the Company's Board of Managers. During the nine months ended September 30, 2021 and 2020, the Company recognized $1.1 million and $1.1 million of rent expense associated with these leases. As of September 30, 2020, only the man camp lease was active.

On December 10, 2021, the Company acquired a lodging facility and related assets in West Texas for $7.0 million from counterparties controlled by the Executive Chairman of the Company's Board of Managers. This transaction is considered an asset acquisition in 2021.

During the nine months ended September 30, 2021 and 2020, the Company incurred $1.0 million and $0.9 million of expenses with members of the Company, including such activities as payroll reimbursements, business development activities, travel expenditures and other general business expenditures, respectively.

As of September 30, 2021 and December 31, 2020, the Company's outstanding balance of related-party accounts payable to these members was $0.1 million for each period.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the members and the Board of Managers of Atlas Sand Company, LLC

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Atlas Sand Company, LLC (the Company) as of December 31, 2020, the related consolidated statement of operations, members' equity and cash flows for the year ended December 31, 2020, and the related notes to the consolidated financial statements (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2017.

Austin, Texas

February 14, 2022

ATLAS SAND COMPANY, LLC
CONSOLIDATED BALANCE SHEET

(In thousands, except share data)

	December 31, 2020
Assets	
Current assets:	
Cash and cash equivalents	$ 36,072
Accounts receivable	11,509
Accounts receivable—related parties	95
Inventories	2,834
Spare part inventories	6,590
Prepaid expenses and other current assets	1,539
Total current assets	58,639
Property, plant and equipment, net	461,090
Deferred financing costs	577
Other long-term and intangible assets	1,436
Total assets	$ 521,742
Liabilities & Members' Equity	
Current liabilities:	
Accounts payable	$ 5,484
Accounts payable—related parties	137
Accrued liabilities	4,305
Current portion of long-term debt	35,171
Other current liabilities	969
Total current liabilities	46,066
Long-term debt, net of discount and deferred financing costs	134,844
SBA Loan	4,413
Long-term portion of capital lease obligations	454
Deferred tax liabilities	1,548
Asset retirement obligation	1,116
Other long-term liabilities	1,604
Total liabilities	190,045
Members' equity:	
Class A units, 313,700,596 units outstanding as of December 31, 2020	273,701
Convertible Class C units, 84,598,601 units outstanding as of December 31, 2020	84,599
Class D units, 45,492,305 units outstanding as of December 31, 2020	36,225
Class P units, 100,000 units authorized, 81,667 units outstanding as of December 31, 2020	—
Member distributions	(3)
Unit-based compensation	19,572
Other capital	(882)
Accumulated deficit	(81,515)
Total members' equity	331,697
Total liabilities and members' equity	$ 521,742

ATLAS SAND COMPANY, LLC
CONSOLIDATED STATEMENT OF OPERATIONS

(In thousands)

	For the Year Ended December 31, 2020
Product sales	$ 80,527
Service sales	31,245
Total sales	111,772
Cost of sales (excluding depreciation, depletion and accretion expense)	73,118
Depreciation, and depletion and accretion expense	20,887
Gross profit	17,767
Selling, general and administrative expense	17,743
Impairment of long-lived assets	1,250
Operating loss	(1,226)
Interest expense, net	(32,819)
Other loss	(25)
Loss before income taxes	(34,070)
Income tax expense	372
Net loss	$ (34,442)

ATLAS SAND COMPANY, LLC
CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands)

	For the Year Ended December 31, 2020
Operating activities:	
Net loss	$ (34,442)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation, depletion and accretion expense	21,579
Impairment of long-lived assets	1,250
Loss on disposal of assets	118
Amortization of debt discount	8,110
Amortization of deferred financing costs	791
Unit-based compensation expense	2,545
Deferred tax liabilities	372
Interest paid-in-kind through issuance of additional term loans	11,794
Changes in operating assets and liabilities:	
Accounts receivable	13,466
Accounts receivable—related parties	49
Inventories	1,031
Spare part inventories	1,631
Prepaid expenses and other current assets	216
Other assets	(66)
Accounts payable	(11,721)
Accounts payable—related parties	127
Accrued liabilities and other current liabilities	(4,364)
Net cash provided by operating activities	12,486
Investing activities:	
Purchases of property, plant and equipment	(9,532)
Net cash used in investing activities	(9,532)
Financing Activities:	
Proceeds from warrant exercises	25
Proceeds from term loan borrowings	15,000
Payments on term loan borrowings	(7,291)
Proceeds from SBA Loan	4,413
Payments under capital leases	(318)
Member distributions	(3)
Net cash provided by financing activities	11,826
Net increase in cash and cash equivalents	14,780
Cash and cash equivalents, beginning of period	21,292
Cash and cash equivalents, end of period	$ 36,072
Supplemental cash flow information	
Cash paid during the period for:	
Interest	$ 12,106
Non-cash items:	
Property, plant and equipment in accounts payable and accrued liabilities	$ 440
Issuance of warrants	2,154

ATLAS SAND COMPANY, LLC
CONSOLIDATED STATEMENT OF MEMBERS' EQUITY

(In thousands)

	Class A		Class C		Class D		Class P		Unit-Based	Other	Accumulated	Members'
	Units	Value	Units	Value	Units	Value	Units	Value	Compensation	Capital	Deficit	Equity
Balance at December 31, 2019	313,701	$273,701	84,599	$84,599	42,977	$34,046	52	$ —	$ 17,027	$ —	$ (47,073)	$ 362,300
Issuance of class D units	—	—	—	—	2,515	2,154	—	—	—	—	—	2,154
Issuance of class P units	—	—	—	—	—	—	30	—	—	—	—	—
Member distributions	—	—	—	—	—	—	—	—	—	—	(3)	(3)
Unit-based compensation expense	—	—	—	—	—	—	—	—	2,545	—	—	2,545
Proceeds from warrant exercises	—	—	—	—	—	25	—	—	—	—	—	25
Deferred tax liabilities	—	—	—	—	—	—	—	—	—	(882)	—	(882)
Net loss	—	—	—	—	—	—	—	—	—	—	(34,442)	(34,442)
Balance at December 31, 2020	313,701	$273,701	84,599	$84,599	45,492	$36,225	82	$ —	$ 19,572	$ (882)	$ (81,518)	$ 331,697

The accompanying notes are an integral part of these financial statements

ATLAS SAND COMPANY, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1—Business and Organization

Atlas Sand Company, LLC (the "Company") is a Delaware limited liability company formed on April 20, 2017. The Company is a pure-play, low-cost producer of high-quality, locally sourced 100 mesh and 40/70 raw sand, used as a proppant during the well completion process, necessary to facilitate the recovery of hydrocarbons from oil and natural gas wells, exclusively in the Permian Basin. One hundred percent of the Company's sand reserves are located in Winkler and Ward Counties, Texas, and operations consist of proppant production and processing facilities, including one facility near Kermit, Texas ("the Kermit facility") and a second facility near Monahans, Texas ("the Monahans facility"). The Company also offers sand logistics solutions to customers.

The Company sells product and services primarily to oil and natural gas exploration and production companies and oilfield service companies either under long-term supply agreements or through spot sales in the open market. The Company also offers complete mine to wellsite sand logistics solutions.

The Company is controlled by Atlas Sand Management Company, LLC ("ASMC"). The Company also has several wholly owned subsidiaries, which include Atlas Sand Employee Company, LLC; Atlas OLC Employee Company, LLC; Atlas Construction Employee Company, LLC; Atlas Sand Employee Holding Company, LLC; Atlas Sand Construction, LLC; OLC Kermit, LLC; and OLC Monahans, LLC. All subsidiaries are included in the consolidated financial statements of the Company.

Note 2—Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements (the "Financial Statements") have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). All adjustments necessary for a fair presentation of the Financial Statements have been included. Such adjustments are of a normal, recurring nature.

The Company has evaluated events occurring after the balance sheet date as possible subsequent events through February 14, 2022. Any material subsequent events that occurred during this time have been properly recognized or disclosed in the financial statements.

Consolidation

The Financial Statements include the accounts of the Company and wholly owned subsidiaries. All intercompany transactions and accounts have been eliminated in consolidation.

Use of Estimates

The preparation of the Financial Statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist of all highly liquid investments that are readily convertible into cash and have original maturities of three months or less when purchased. The Company places cash deposits with high-credit-quality financial institutions. At times, cash may be uninsured or in deposit accounts that exceed or are not covered under the Federal Deposit Insurance Corporation limit.

Concentrations of Credit Risk

Throughout 2020, the Company has maintained cash balances on deposit and time deposits with financial institutions in excess of federally insured amounts; however, all these financial institutions hold an investment-grade rating by one or more major rating agencies.

For the year ended December 31, 2020, two customers comprised 29% and 10% of the Company's sales, respectively.

Accounts Receivable

Accounts receivable are recorded at cost when earned and represent claims against third parties that will be settled in cash. The carrying value of the Company's receivables, net of allowance for doubtful accounts, represents the estimated collectable amount. If events or changes in circumstances indicate specific receivable balances may be impaired, further consideration is given to the Company's ability to collect those balances and the allowance is adjusted accordingly. Past-due receivable balances are written off when the Company's internal collection efforts have been unsuccessful in collecting the amounts due.

The Company performs credit evaluations of new customers and sometimes require deposits and prepayments, to mitigate credit risk. When it is probable that all or part of an outstanding balance will not be collected, the Company establishes an allowance for doubtful accounts. As of December 31, 2020, there was no allowance for doubtful accounts. The Company did not record bad debt expense during the year ended December 31, 2020.

As of December 31, 2020, one customer represented 13% of the Company's outstanding accounts receivable balance.

Accounts Receivable-Related Parties

These amounts represent reimbursement of vendor payments from related parties and outstanding billings with a customer.

Inventories

Inventories include raw sand stockpiles, in-process product, and finished product available for shipment. Inventories are valued at the lower of cost or net realizable value. Cost is determined using a weighted average cost method. Production costs include direct excavation costs, production personnel and benefits costs, processing costs, rental equipment costs, other costs directly attributable to plant operations, depreciation, and depletion.

Spare Part Inventories

Spare part inventories include critical spares, materials and supplies. The Company accounts for spare parts on a weighted average cost basis and value the spare parts inventory at the lower of cost or net realizable value. The spare parts inventory balance was $6.6 million as of December 31, 2020. For the year ended December 31, 2020, no spare parts inventory reserve was deemed necessary.

ATLAS SAND COMPANY, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Prepaid Expenses and Other Current Assets

Prepaid expenses consist primarily of prepaid software fees, delay rental payments on leased land, insurance, trade show fees and sales events. These expenses are recognized over the contract period as events occur or when the future benefit is realized. Other current assets consist of certain short-term supplier deposits for leased equipment.

Other Long-Term and Intangible Assets

Other long-term assets consist of long-term supplier deposits associated with equipment rental and office lease agreements. Intangible assets consist of internal-use software. The Company applies the provisions of ASC 350, Intangibles-Goodwill and Other. Costs associated with the acquisition of an internal-use software are capitalized when incurred and amortized over the estimated useful life of the license or application, which is generally one to five years. For the year ended December 31, 2020, the Company recorded $0.1 million of capitalized internal-use software. The Company did not recognize amortization for the year ended December 31, 2020, as the assets were not yet placed into service.

Property, Plant and Equipment, Including Depreciation and Depletion

Property, plant and equipment are recorded at cost and depreciated over their estimated useful lives using either the straight-line method or the units of production method.

Interest incurred during the construction of plant facilities is capitalized. Capitalized interest is recorded within plant facilities associated with productive depletable properties, until the plant facilities were placed into service, and is being amortized using the units of production method. The Company did not capitalize interest for the year ended December 31, 2020.

Costs of improvements that extend economic life or improve service potential are capitalized and depreciated over the remaining useful life of the asset, with routine repairs and maintenance expensed as incurred.

Fixed assets, other than plant facilities associated with depletable properties, are carried at historical cost and are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Plant facilities and equipment	3 – 40 years
Furniture and office equipment	3 – 15 years
Asset retirement obligation	50 years
Computer and network equipment	3 – 7 years
Buildings and leasehold improvements	31 months –40 years

Mine development project costs are capitalized once the deposit is classified as a proven and probable reserve. Mine development costs include engineering, mineralogical studies, drilling and other related costs to develop the mine and remove the overburden to initially expose the mineral and allow for the construction of an access way. Exploration costs are expensed as incurred and classified as exploration expense.

Mining property and development costs are amortized using the units of production method on estimated measures of tons of in-place reserves. The impact to reserve estimates is recognized on a prospective basis. Drilling and related costs are capitalized for deposits where proven and probable reserves exist. These activities are directed at obtaining additional information on the deposit or converting non-reserve minerals to proven and probable reserves, with the benefit being realized over a period greater than one year.

The Company reviews property, plant, and equipment for impairment annually or whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. If such a review should indicate that the carrying amount of long-lived assets is not recoverable, the Company will reduce the carrying amount of such assets to fair value.

Asset Retirement Obligations

In accordance with ASC 410-20, Asset Retirement Obligations, the Company records a liability for asset retirement obligations at the fair value of the estimated costs to retire a tangible long-lived asset at the time the liability is incurred, when there is a legal obligation to incur costs to retire the asset and when a reasonable estimate of the fair value of the obligation can be made. The Company has asset retirement obligations with respect to certain assets due to various contractual obligations to clean and/or dispose of those assets at the time they are retired.

A liability for the fair value of an asset retirement obligation, with a corresponding increase to the carrying value of related long-lived assets, is recognized at the time of an obligating event. The asset is depreciated using the straight-line method, and the discounted liability is increased through accretion over the expected timing of settlement.

The estimated liability is based on third-party estimates of costs to abandon the mine site, including estimated economic lives and external estimates as to the cost to bring the land to a state required by the lease agreements. The Company utilized a discounted rate reflecting management’s best estimate of the credit-adjusted risk-free rate. Revisions to the liability could occur due to changes in the estimated costs, changes in the mine’s economic life or if federal or state regulators enact new requirements regarding the abandonment of mine sites. Accretion expense, which was $0.1 million for the year ended December 31, 2020, is recorded on the consolidated statement of operations in depreciation, depletion and accretion expense.

Changes in the asset retirement obligations are as follows (in thousands):

	December 31, 2020
Beginning Balance	$ 1,054
Additions to liabilities	—
Accretion expense	62
Ending Balance	$ 1,116

Deferred Lease Incentives

All incentives received from landlords for office leasehold improvements are recorded as deferred lease incentives and amortized over the term of the respective lease on a straight-line basis as a reduction of rental expense.

Deferred Debt Discount and Financing Costs

In connection with entering into the 2018 Term Loan Credit Facility, the Company delivered to the lender warrants for up to 41,299,845 Class D units. The right to purchase Class D units became exercisable upon the funding of each draw under the 2018 Term Loan Credit Facility Agreement. The Company recognized a $32.2 million debt discount associated with the warrants based on the relative fair value of the debt and warrants issued. In connection with the First Amendment to the 2018 Term Loan Credit Facility, the Company delivered to the lender additional warrants for up to 4,192,460 Class D units, which will be exercisable upon funding of the draws in proportion to the additional drawings. The Company delivered 2,515,470 Class D units in connection with the First Amendment for the year ended December 31, 2020. Based on the relative fair value of the debt and warrants issued, the Company recognized a $2.2 million debt discount associated with the warrants delivered for the year ended December 31, 2020. The debt discount is reflected as a direct reduction from the carrying amount of the debt obligation on the Company's consolidated balance sheet. Such costs are amortized to interest expense using the effective interest method. The Company recognized $8.1 million of interest expense associated with the amortization of the debt discount for the year ended December 31, 2020. All warrants delivered have been exercised by the lender. There are no outstanding warrants as of December 31, 2020.

The Company defers costs directly associated with acquiring third-party debt financing, primarily loan origination costs and related professional expenses. Deferred financing costs are deferred and amortized using the effective interest method over the life of the 2018 Term Loan Credit Facility that became effective in January 2018. In connection with entering into the 2018 Term Loan Credit Facility, the Company incurred $2.3 million of deferred financing costs that are reflected as a direct deduction from the carrying amount of the debt obligation on the Company's consolidated balance sheet.

In 2018, the Company entered into the ABL Credit Facility and incurred $1.0 million of deferred financing costs. Deferred financing costs, net of amortization, related to the ABL Credit Facility are classified as deferred financing costs on the consolidated balance sheet. Deferred financing costs associated with the ABL Credit Facility are amortized on a straight-line basis over the life of the agreement and are recorded as interest expense in the consolidated statement of operations.

Interest expense associated with the amortization of deferred financing costs was $0.8 million for the year ended December 31, 2020.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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Level 3—Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

The amounts reported in the balance sheet as current assets or liabilities, including cash and cash equivalents, accounts receivable, inventories, prepaid expenses and other current assets, accounts and retainage payable, and accrued liabilities approximate fair value due to the short-term maturities of these instruments. As of the date indicated, the Company's long-term debt consisted of the following (in thousands):

	December 31, 2020		
	Carrying Value	Fair Value	Valuation Technique
Financial liabilities:			
Outstanding principal amount of the 2018 Term Loan Credit Facility	$ 189,606	$ 213,243	Level 2—Market Approach
Outstanding principal amount of the SBA Loan	$ 4,413	$ 4,413	Level 2—Market Approach

The Company's 2018 Term Loan Credit Facility bears interest at a fixed rate of 13%, where its fair value will fluctuate based on changes in interest rates and credit quality. As of December 31, 2020, the Company determined the fair value of the principal amount outstanding under the 2018 Term Loan Credit Facility based on the relative discount received in the First Amendment to the 2018 Term Loan Credit Facility executed in April 2019 relative to the discount recognized at the execution of the 2018 Term Loan Credit Facility agreement executed in January 2018. See Note 6, Debt, for discussion of the First Amendment to the 2018 Term Loan Credit Facility. The Company concluded, as the pricing of the 2018 Term Loan Credit Facility was indirectly observable through a recent market transaction, that it is classified as Level 2.

As of December 31, 2020, the fair value of the SBA Loan approximated its carrying value as the Company pays interest based on the current market rate. As the quoted price is only available for similar financial assets, the Company concluded the pricing is indirectly observable through dealers and has been classified as Level 2.

Environmental Costs and Other Contingencies

The Company recognizes liabilities for environmental and other contingencies when there is an exposure that indicates it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. Where the most likely outcome of a contingency can be reasonably estimated, the Company accrues a liability for that amount. Where the most likely outcome cannot be estimated a range of potential losses is established and, if no one amount in that range is more likely than any other, the amount at the low end of that range is accrued.

The Company records liabilities for environmental contingencies at the undiscounted amounts on the consolidated balance sheet as accrued liabilities and other liabilities when environmental assessments indicate that remediation efforts are probable, and costs can be reasonably estimated. Estimates of the liabilities are based on currently available facts and presently enacted laws and regulations, taking into consideration the likely effects of other societal and economic factors. These estimates are subject to revision in future periods based on actual costs or new circumstances. The Company capitalizes costs that benefit future periods and recognizes a current period charge in operations and maintenance expenses when clean-up efforts do not benefit future periods.

The Company evaluates potential recoveries of amounts from third parties, including insurance coverage, separately from the liability. Recovery is evaluated based on the solvency of the third party, among other factors. When recovery is assured, the Company records and reports an asset separately from the associated liability on the consolidated balance sheet.

Management is not aware of any environmental or other contingencies that would have a material effect on the consolidated financial statement for the year ended December 31, 2020.

Revenues

Under ASC Topic 606, revenue recognition is based on the transfer of control, or the customer's ability to benefit from the services and products in an amount that reflects the consideration expected to be received in exchange for those services and products. In recognizing revenue for products and services, the transaction price is determined from sales orders or contracts with customers.

The Company generates revenues from the sale of product that customers purchase for use in the oil and gas industry. Revenues are derived from product sold to customers under supply agreements, whose terms can extend for over one year, and from spot sales through individual purchase orders executed at prevailing market rates. The Company's revenues are primarily a function of the price per ton realized and the volumes sold. Pricing structures under the supply agreements are, in certain cases, subject to certain contractual adjustments and consist of a combination of negotiated pricing and fixed pricing. These arrangements may undergo periodic negotiations regarding pricing and volume requirements, which may occur in volatile market conditions.

The Company recognizes revenue for product at a point in time following the transfer of control and satisfaction of the performance obligation of such items to the customer, under ASC Topic 606-Revenue from Contracts with Customers ("ASC 606"), which typically occurs upon customer pick-up at the facilities. The Company's standard collection terms are generally 30 days, with certain customer payment terms extending up to 60 days.

Certain of the Company's contracts contain shortfall provisions that calculate agreed upon fees that are billed when the customer does not meet the minimum purchases over a period of time defined in each contract and when collectability is reasonably certain. As the Company does not have the ability to predict customers' orders over the period, there are constraints around the ability to recognize the variability in consideration related to this condition.

The Company generates service revenue by providing transportation, storage solutions and contract labor services to companies in the oil and gas industry. Transportation services typically consist of transporting frac sand from the plant facilities to the wellsite. The amount invoiced reflects the transportation services rendered. The amount invoiced for storage solutions and contract labor services reflect the amount of time these services were utilized in the billing period. Transportation, storage solutions and contract labor services are contracted through work orders executed under established pricing terms.

The Company's contracts for product consist of a single performance obligation as the promise to transfer individual goods or services is not separately identifiable from other promises and, therefore, are not distinct. For the portion of the Company's contracts that contain multiple performance obligations, such as work orders containing a combination of product and services, the Company allocates the transaction price to each performance obligation identified in the contract based on relative stand-alone selling prices, or estimates of such prices, and recognize the related revenue as control of each individual product or service is transferred to the customer, in satisfaction of the corresponding performance obligations.

All of the Company’s revenue is generated from product and service sales in Texas and New Mexico. As such, no further disaggregation of revenue information is provided.

The Company has elected to use the ASC 606 practical expedients, pursuant to which it has excluded disclosures of transaction prices allocated to remaining performance obligations and when it expects to recognize such revenue. The remaining performance obligations are primarily comprised of unfulfilled contracts to deliver frac sand, most of which hold a remaining duration of less than one year, and of which ultimate transaction prices will be allocated entirely to the unfulfilled contracts. The Company’s transaction prices under these contracts may be impacted by market conditions and potential contract negotiations, which have not yet been determined, and are therefore variable in nature.

Unit-Based Compensation

The Company awards incentive units to members of management, consultants and employees as incentive compensation. The Company accounts for these awards under the measurement and recognition provisions of Accounting Standards Codification (“ASC”) 718, Compensation—Stock Compensation. The Company accounts for unit-based compensation by amortizing the fair value of the units, which is determined at the grant date, over the applicable vesting period for each tranche of the award using a graded vesting methodology.

The Company accounts for forfeitures as they occur and reverses any previously recognized unit-based compensation expense for the unvested portion of the awards that were forfeited. The Company recognized $0.2 million of forfeitures during the year ended December 31, 2020. Unit-based compensation expense is recognized as selling, general and administrative expense on the Company’s consolidated statement of operations.

Cost of Sales, Excluding Depreciation, Depletion and Accretion Expense

Cost of sales, excluding depreciation, depletion and accretion expense, related to proppant sales primarily consists of the cost to produce proppant, including direct and indirect labor, employee housing costs, excavation costs, rental equipment, maintenance expense, utilities, natural gas and royalty expense.

Cost of sales, excluding depreciation, depletion and accretion expense, related to service sales primarily consists of direct and indirect labor, transportation costs and rental equipment.

Cost of sales, excluding depreciation, depletion and accretion expense, related to product and service sales were $47.1 million and $26.0 million for the year ended December 31, 2020, respectively.

Selling, General and Administrative Expense

Selling, general and administrative expense primarily consists of non-production personnel wages and benefits, insurance expense, travel and entertainment, advertising expense, professional fees, rent expense for the Company’s corporate office and office supplies, among other expenses to support the business.

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Defined Contribution Plans

The Company has defined contribution plans covering substantially all employees who meet certain service and eligibility requirements. The Company's matching contribution to defined contribution plans was approximately $0.3 million for the year ended December 31, 2020.

Income Taxes

The Company is a limited liability company. As a limited liability company, the Company has elected to be treated as a partnership for income tax purposes and, therefore, is not subject to federal income tax. The Company's taxable income or loss, which may differ significantly from taxable income reportable to members as result of differences between the tax basis and financial reporting basis of assets and liabilities and the taxable income allocation requirements under the Company's current LLC Agreement, is included in the federal income tax returns of each member. Accordingly, there is no provision for federal income taxes in the accompanying consolidated financial statements. However, the Company's operations located in Texas are subject to an entity-level tax, the Texas margin tax, at a statutory rate of up to 0.75% of income that is apportioned to Texas. Deferred tax assets and liabilities are recognized for future Texas margin tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective Texas margin tax bases. As of December 31, 2020, the Company's net long-term deferred tax liability related solely to carrying value differences associated with the Company's property, plant and equipment.

The Company evaluates the uncertainty in tax positions taken or expected to be taken in the course of preparing the consolidated financial statements to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. However, the conclusions regarding the evaluation are subject to review and may change based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof. As of December 31, 2020, the Company did not have any liabilities for uncertain tax positions or gross unrecognized tax benefits. The Company's income tax returns from 2017, 2018, and 2019 are subject to examinations by U.S. federal, state or local tax authorities. The IRS is currently examining the Company's federal tax returns for the taxable year ended December 31, 2018. The Company believes the ultimate resolution of the outstanding examination, for which it has not made any accrual, will not have an adverse effect on the Company's consolidated financial statements. The Company cannot predict or provide assurance as to the ultimate outcome of any existing or future examinations.

Segments

The Company operates as one operating segment. Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker ("CODM"). For the year ended December 31, 2020, the Company's CODM was collectively its Chairman of the Board and Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer.

The CODM evaluates the Company's financial information and performance on a consolidated basis for purposes of making operating decisions and allocating resources. The Company operates with centralized functions and delivers most of its products and services in a similar way to all customers.

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Recently Issued Accounting Pronouncements

Rate Reform—In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides optional guidance for a limited time to ease the potential burden in accounting for reference rate reform. The new guidance provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts and hedging relationships that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform. These amendments are effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The Company is evaluating the impact of this standard on its consolidated financial statements.

Financial Instruments—In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326)* , which amends the guidance on the impairment of financial instruments. The standard adds an impairment model, referred to as current expected credit loss, which is based on expected losses rather than incurred losses. The standard applies to most debt instruments, trade receivables, lease receivables, reinsurance receivables, financial guarantees and loan commitments. Under the guidance, companies are required to disclose credit quality indicators disaggregated by year of origination for a five-year period. In May 2019, ASU 2016-13 was subsequently amended by ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments – Credit Losses, ASU 2019-05, Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief. The new guidance is effective for fiscal years beginning after December 15, 2021. The Company is currently evaluating the impact of the ASU on the consolidated financial statements and does not believe it will have a material impact on the consolidated financial statements.

Leases—In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which provides guidance on the recognition, measurement, presentation and disclosure on leases. Under the standard, substantially all leases will be reported on the balance sheet as right-of-use assets and lease liabilities. In June 2020, ASU 2020-02 was subsequently amended by ASU 2020-05. The new guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. Early adoption is permitted. The Company continues to evaluate the impact of this amended guidance on financial position, results of operations, disclosures and internal controls but have not yet finalized a determination regarding the expected financial impact of this amended guidance. The Company continues to evaluate a listing of all vendors to determine which agreements contain right-of-use assets. While unable to quantify the impact at this time, it is expected the primary impact to the consolidated financial position upon adoption will be the recognition, on a discounted basis, of the minimum commitments under noncancelable operating leases on the consolidated balance sheet resulting in the recording of right-of-use assets and lease obligations.

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Note 3—Inventories

Inventories consisted of the following (in thousands):

	December 31, 2020
Raw materials	$ 40
Work-in-process	2,399
Finished goods	395
Inventories	$ 2,834

For the year ended December 31, 2020, no inventory reserve was deemed necessary.

Note 4—Property, Plant and Equipment, Net

Property, plant and equipment, net, consisted of the following (in thousands):

	December 31, 2020
Plant facilities associated with productive, depletable properties	$ 243,381
Plant equipment	235,062
Furniture and office equipment	1,193
Computer and network equipment	1,385
Buildings and leasehold improvements	17,391
Construction in progress	10,776
Property, plant and equipment	509,188
Less: Accumulated depreciation and depletion	(48,098)
Property, plant and equipment, net	$ 461,090

Depreciation and depletion expense was $17.5 million and $3.2 million for the year ended December 31, 2020, respectively. Depreciation expense recognized in selling, general and administrative expense was $0.8 million for the year ended December 31, 2020. The Company recognized $1.3 million of impairment of long-lived assets related to certain power generation assets where the vendor was unable to meet its obligations for the year ended December 31, 2020. The Company pursued legal remedy and determined the assets were not recoverable. The Company recognized $0.1 million of loss on disposal of fixed assets for the year ended December 31, 2020.

The Company has capital leases that are reported as part of plant equipment. The amortization of capital leases is included in depreciation expense. As of December 31, 2020, the Company has capital leases with a cost of $1.3 million and accumulated depreciation of $0.2 million. Future minimum payment obligations for capital leases as of December 31, 2020, consists of the following (in thousands):

2021	$356
2022	225
2023	167
2024	73
	$821

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Note 5—Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

	December 31, 2020
Accrued capital expenditures	$ 269
Accrued personnel costs	295
Accrued production costs	732
Accrued royalties	523
Professional services	537
Property, sales and use tax payable	780
Other	1,169
Total accrued liabilities	$ 4,305

Note 6—Debt

Debt consists of the following (in thousands):

	December 31, 2020
2018 Term Loan Credit Facility	$ 189,606
SBA Loan	4,413
Total debt	194,019
Less: Debt discount, net of accumulated amortization of $17,391	(18,379)
Less: Deferred financing fees, net of accumulated amortization of $1,369	(1,212)
Less: Current portion(a)	(35,171)
Long-term debt	$ 139,257

(a) The current portion of long-term debt reflects anticipated payments based on the terms of the First Amendment to the 2018 Term Loan Credit Facility.

2018 Term Loan Credit Facility

On January 30, 2018, the Company closed on the 2018 Term Loan Credit Facility that provided debt financing in an aggregate principal amount of $150.0 million, which was funded in a series of tranches during 2018. The Company refers to these borrowings, collectively, as the “2018 Term Loan Credit Facility.” In connection with the 2018 Term Loan Credit Facility, the Company delivered to the lender warrants for up to 41,299,845 Class D units. See Note 8, *Equity*, for further discussion.

Obligations under the 2018 Term Loan Credit Facility were secured by a second-priority lien on substantially all assets of the Company, until September 9, 2019, when the lenders and the Company entered into the split collateral intercreditor agreement, at which time the 2018 Term Loan Credit Facility became secured by a second-priority lien on inventory and accounts receivable held by the Company and its subsidiaries, and a first-priority lien on the remaining assets of the Company. In addition, the Company’s subsidiaries have guaranteed the Company’s obligations under the 2018 Term Loan Credit Facility and have granted to the lender security interests in substantially all respective assets.

Borrowings under the 2018 Term Loan Credit Facility bear interest equal to the lesser of (1) the applicable interest rate, which is set at either 10% or 13% per annum, based upon the Company's consolidated leverage ratio or (2) the highest lawful rate, as defined in the 2018 Term Loan Credit Facility agreement. The Company, at its option, can pay up to 50% of any interest payment in-kind. The interest rate for the 2018 Term Loan Credit Facility was 13% as of December 31, 2020. The Company recognized interest expense associated with the 2018 Term Loan Credit Facility of $23.6 million for the year ended December 31, 2020. The Company did not capitalize interest expense during the year ended December 31, 2020.

The 2018 Term Loan Credit Facility will mature on January 30, 2023, and, for certain loans, will amortize in quarterly installments equal to 1.00% of the aggregate outstanding principal balance as of each quarterly payment date beginning with the initial payment, which was made for the year ended December 31, 2018. Beginning on March 31, 2021, the quarterly principal payments will increase to 5.00% of the aggregate outstanding principal balance, with the balance payable on the final maturity date, subject to the amend and extend provisions applicable under the agreement.

The Company may voluntarily prepay the outstanding 2018 Term Loan Credit Facility along with all interest then accrued and unpaid, in whole or in part, and the applicable premium payment based upon either (a) the present value using a discount rate based upon a U.S. Treasury rate plus 50 basis points of the amount of interest that would have been payable on the principal balance prepaid if prior to January 30, 2020, (b) 7% of the principal balance prepaid, thereafter and prior to January 30, 2021, (c) 3% of the principal balance prepaid, anytime thereafter, or (d) 1% of the principal balance if prepaid upon the occurrence of an Initial Public Offering ("IPO") event. Additionally, the agreement may require the Company to make early principal payments at the discretion of the lender in the event of the incurrence of certain debt not permitted under the agreement, asset sales, casualty events and upon the occurrence of a change in control other than an IPO.

The 2018 Term Loan Credit Facility contain customary representations and warranties and customary affirmative and negative covenants, including limits or restrictions on the Company's ability to incur liens, incur indebtedness, make certain restricted payments, merge or consolidate and dispose of assets. In addition, it contains customary events of default that entitle the lenders to cause any or all of the Company's indebtedness under the 2018 Term Loan Credit Facility to become immediately due and payable. The events of default (some of which are subject to applicable grace or cure periods) include, among other things, nonpayment defaults, covenant defaults, cross-defaults to other material indebtedness, bankruptcy and insolvency defaults and material judgment defaults. As of December 31, 2020, the Company was in compliance with the covenants of the 2018 Term Loan Credit Facility.

First Amendment to the 2018 Term Loan Credit Facility

On April 3, 2019, the Company amended certain terms of the 2018 Term Loan Credit Facility, which allowed for borrowings of an additional $25.0 million, primarily to fund capital improvement projects. In addition, language related to payment terms for certain 2018 Term Loan Credit Facility was amended so that all aggregate outstanding principal related to the 2018 Term Loan Credit Facility, other than the paid-in-kind loans, is paid according to the terms noted above.

In connection with the First Amendment to the 2018 Term Loan Credit Facility above on April 3, 2019, additional warrants were delivered for up to 4,192,460 Class D units, which will be exercisable upon funding of the draws in proportion to the additional $25.0 million in borrowings, see Note 8, *Equity,* for further discussion.

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On June 20, 2019, the Company borrowed $5.0 million of the additional $25.0 million under the 2018 Term Loan Credit Facility. On June 28, 2019, the Company borrowed another $5.0 million of the additional $25.0 million under the 2018 Term Loan Credit Facility.

Limited Waiver and Second Amendment to the 2018 Term Loan Credit Facility

On June 4, 2019, the Company and the lender agreed to amended certain terms of the 2018 Term Loan Credit Facility to extend the due date for taking certain actions with regard to two wholly owned subsidiaries of the Company, OLC Kermit, LLC and OLC Monahans, LLC, and to allow the making of limited investments into those subsidiaries. In addition, the lender agreed to waive any defaults or events of default that may have resulted from the Company's acquisition of the two subsidiaries. The Limited Waiver and Second Amendment was extended on August 31, 2019, on December 31, 2019, on June 30, 2020, and August 29, 2020.

Third Amendment to the 2018 Term Loan Credit Facility

On October 22, 2019, the Company and the lender agreed to amend certain terms of the 2018 Term Loan Credit Facility to allow the Company to enter into insurance premium financing arrangements in the ordinary course of business.

Fourth Amendment to the 2018 Term Loan Credit Facility

On April 13, 2020, the Company and the lender agreed to amend certain terms of the 2018 Term Loan Credit Facility to allow the Company to receive the Qualified Small Business Administration Loan in an amount not to exceed $10.0 million.

Extinguishment of the 2018 Term Loan Credit Facility

On October 25, 2021, the Company repaid all borrowings outstanding under the 2018 Term Loan Credit Facility, in connection with entering into a new Term Loan Credit Facility with Stonebriar Commercial Finance. The Company paid a total of $171.0 million, which included principal of $143.1 million, paid-in-kind borrowings of $22.2 million, make-whole premium of $4.5 million, and $1.2 million of accrued interest. In connection with the repayment on October 25, 2021, unamortized debt discount and deferred financing costs of $11.9 million and make-whole premium of $4.5 million were recognized as a loss on debt extinguishment.

Asset-Based Loan Credit Facility

On December 14, 2018, the Company closed on the Asset-Based Loan Credit Facility ("ABL Credit Facility") that provides revolving credit financing with a borrowing capacity of up to $50.0 million. The ABL Credit Facility is unconditionally guaranteed, jointly and severally, by the Company and its subsidiaries. The ABL Credit Facility will mature on the earlier of the stated maturity date, December 14, 2023, or the date that is 91 days prior to the maturity date of the Term Loans; that is November 1, 2022.

The ABL Credit Facility includes a letter of credit sub-facility, which permits issuances of letters of credit up to an aggregate amount of $10.0 million. As of December 31, 2020, the Company had a $0.6 million outstanding letter of credit under the ABL Credit Facility.

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The Company may also request swingline loans under the agreement in an aggregate principal amount not to exceed $7.5 million. During the year ended December 31, 2020, the Company had no outstanding swingline loans under the ABL Credit Facility.

Obligations under the ABL Credit Facility were secured by a first-priority lien on substantially all assets of the Company, until September 9, 2019, when the lenders and the Company entered into the split collateral intercreditor agreement, at which time the ABL Credit Facility became secured by a first-priority lien on inventory and accounts receivable held by the Company and its subsidiaries, and a second-priority lien on the remaining assets of the Company.

Initially, the borrowing base was set at $35.0 million for the period beginning on December 14, 2018 and ending on April 1, 2019. Thereafter, the amount of available credit changes every month, depending on the amount of eligible accounts receivable and inventory the Company has available to serve as collateral. For the period beginning on April 1, 2019, and ending on June 30, 2019, the facility was limited to the lesser of (a) 85% to 90% of the eligible accounts receivable and (b) 75% of the market value of the eligible inventory. Thereafter, the facility is limited to the lesser of (i) the aggregate commitment and (ii) the sum of (a) 85% to 90% of the eligible accounts receivable and (b) lesser of 70% of the cost of the eligible inventory and 85% of the orderly liquidation value of the eligible inventory. The borrowing base components are subject to customary reserves and eligibility criteria. As of December 31, 2020, availability was $10.7 million.

Borrowings under the ABL Credit Facility bear interest, at the Company's option, at either a base rate or London Interbank Offered Rate ("LIBOR"), as applicable, plus an applicable margin that ranges based on average excess availability. LIBOR loans bear interest at the LIBOR plus an applicable margin, which ranges from 1.50% to 2.00%. Base rate loans bear interest at the applicable base rate, plus an applicable margin, which ranges from 0.50% to 2.00%. In addition to paying interest on outstanding principal under the ABL Credit Facility, the Company is required to pay a commitment fee of 0.375% per annum with respect to the unutilized commitment under the ABL Credit Facility, based on the average utilization of the ABL Credit Facility. The Company is also required to pay customary letter of credit fees, to the extent that one or more letter of credit is outstanding. There were no outstanding borrowings under the ABL Credit Facility as of December 31, 2020. The Company recognized $0.3 million of interest expense, unutilized commitment fees and other fees under the ABL Credit Facility, classified as interest expense, for the year ended December 31, 2020.

The ABL Credit Facility requires that if the excess availability, as defined, is less than the greater of (i) 12.50% of the maximum credit and (ii) $5.0 million, the Company shall comply with a minimum fixed charge coverage ratio of at least 1.00 to 1.00, for covenant trigger periods beginning after March 14, 2019. In addition, the ABL Credit Facility contains negative covenants that restrict the Company from, among other things, incurring additional debt, granting liens, entering into guarantees, entering into certain mergers, making certain loans and investments, entering into swap agreements, disposing of assets, prepaying certain debt, declaring dividends, accounting changes, transactions with affiliates, modifying certain material agreements or organizational documents relating to, or changing the business it conducts.

The ABL Credit Facility contains certain customary representations and warranties, affirmative covenants, and events of default, including, among other things, payment defaults, breach of representations and warranties, covenant defaults, cross-defaults and cross-acceleration to certain indebtedness, certain events of bankruptcy, certain events of abandonment, certain events under the Employee Retirement Income Security Act of 1974 as amended from time to time, material judgments, actual or asserted failure of any guaranty or security document supporting the ABL Credit Facility to be in full force and effect and change of control. If such an event of default occurs, the lenders under the ABL Credit Facility would be entitled to take various actions, including the acceleration of amounts due under the ABL Credit Facility and all actions permitted to be taken by a secured creditor. As of December 31, 2020, the Company was in compliance with the covenants of the ABL Credit Facility.

Limited Waiver and First Amendment to the ABL Credit Facility

On June 4, 2019, the Company and the lenders agreed to amended certain terms of the ABL Credit Facility to extend the due date for taking certain actions with regard to two wholly owned subsidiaries of the Company, OLC Kermit, LLC and OLC Monahans, LLC, and to allow the making of limited investments into those subsidiaries. In addition, the lender agreed to waive any defaults or events of default that may have resulted from the Company's acquisition of the two subsidiaries. The Limited Waiver and First Amendment was extended on August 31, 2019, on December 31, 2019, and on June 30, 2020.

Second Amendment to the ABL Credit Facility

On October 22, 2019, the Company and the lenders agreed to amend certain terms of the ABL Credit Facility to allow the Company to enter into insurance premium financing arrangements in the ordinary course of business.

Third Amendment to the ABL Credit Facility

On April 13, 2020, the Company and the lenders agreed to amend certain terms of the ABL Credit Facility that, in the event the Qualified SBA Loan is not forgiven, or fails to qualify for forgiveness, in accordance with the terms of the CARES ACT, allows the Company to establish reserves up to the amount of the Qualified Small Business Administration Loan that is not forgiven or fails to qualify for forgiveness.

Fourth Amendment to the ABL Credit Facility

On March 23, 2021, the Company and the lenders agreed to amend certain terms of the ABL Credit Facility, including expanding the list of assets available for the calculation of available credit. Subsequent to the execution of the Fourth Amendment to the ABL Credit Facility ("Fourth Amendment"), the facility is limited to the lessor of (i) the aggregate commitment and (ii) the sum of (a) 90% of the book value of eligible accounts receivable, (b) lesser of 100% Pledged Cash, defined on any date, as the aggregate amount of unrestricted cash on deposit in the cash collateral account, and $25.0 million, and (c) the lesser of 70% of the cost of eligible inventory and 85% of the net orderly liquidation value of the eligible inventory. The Company is required to keep cash on deposit in the cash collateral account only to the extent any outstanding borrowings under the ABL Credit Facility exceed the portion of the borrowing base represented by accounts receivable and inventory. The borrowing base components are subject to customary reserves and eligibility criteria. Additionally, the Fourth Amendment contains provisions addressing the potential transition from LIBOR to a secured overnight financing rate ("SOFR"), in the event the administrator has ceased or will cease publication of LIBOR.

Fifth Amendment to the ABL Credit Facility

On October 20, 2021, the Company and the lender agreed to amend certain terms of the ABL Credit Facility to, among other things, allow the Company to enter into the Term Loan Credit Facility with Stonebriar Commercial Finance (the "Term Loan Credit Facility"), to repay all borrowings outstanding under the 2018 Term Loan Credit Facility and to conform certain covenants under the ABL Credit Facility to the Term Loan Credit Facility.

Qualified SBA Loan

On April 18, 2020, the Company closed on the Qualified United States Small Business Administration ("SBA") Note ("SBA Loan"), pursuant to the Paycheck Protection Program ("PPP") that provided unsecured debt financing of $4.4 million. The SBA Loan bears interest at 1% per annum. The SBA Loan will mature on April 22, 2022 and will amortize in eleven monthly installments, including accrued interest, beginning on June 22, 2021. The Company has the right to prepay all or any portion of the principal and accrued interest balance of the SBA Loan at any time without penalty or fee. The Company may apply for forgiveness of the SBA Loan amounts used for certain qualifying payroll and other operating expenses, in accordance with the requirements of the PPP, including provision of Section 1106 of the CARES Act. The Company recognized SBA Loan di minimis interest expense for the year ended December 31, 2020. Company submitted its application for forgiveness to the SBA on October 6, 2020. As of December 31, 2020, the Company's application for forgiveness of the SBA Loan amounts was under review. No SBA Loan payments are due until after the SBA evaluates the Company's application for forgiveness. On June 25, 2021, the Company received notice that the SBA Loan, including accrued interest, of approximately $4.5 million was forgiven by the SBA. The Company recognized a gain on extinguishment of debt of approximately $4.5 million in June 2021. The SBA Loan contain customary representations and warranties, including the use of funds considered for forgiveness. In addition, it contains event of default that entitle the lender to cause any or all of the Company's indebtedness under the SBA Loan to become immediately due and payable. The events of default include, among other things, cross-defaults to other indebtedness, bankruptcy and insolvency defaults and material judgement defaults. As of December 31, 2020, the Company was in compliance with the covenants of the SBA Loan.

Term Loan Credit Facility

On October 20, 2021, the Company entered into a $180 million, aggregate principal amount, Term Loan Credit Facility which bears an interest rate of 8.47% per annum on borrowings outstanding under the facility with Stonebriar Commercial Finance LLC (the "Term Lender") and has a maturity date of October 1, 2027. The Term Loan Credit Facility is guaranteed on a secured basis and interest, plus principal, is payable in seventy-two consecutive monthly installments.

At any time prior to the October 1, 2027, maturity date, the Company may redeem the Term Loan Credit Facility, in whole or in part, at a price equal to 100% of the principal amount plus a prepayment fee. The prepayment fee ranges from 3% on or before October 20, 2022, to 2% after October 20, 2022, and on or before October 20, 2023, and 1% thereafter. Upon maturity of the Term Loan Credit Facility, the entire unpaid principal amount, together with interest, fees and other amounts payable in connection with the facility, is immediately due and payable without further notice or demand.

The Term Loan Credit Facility includes certain non-financial covenants, including but not limited to restrictions on incurring additional debt and certain restricted payments. The Term Loan Credit Facility is not subject to financial covenants unless greater than $5.0 million or more in aggregate is outstanding under the Company's ABL Credit Agreement and for which a minimum average liquidity balance of $20.0 million must be maintained.

ATLAS SAND COMPANY, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Proceeds from the Term Loan Credit Facility were used exclusively for general corporate purposes, which included the repayment of outstanding indebtedness under the 2018 Term Loan Credit Facility, and to make permitted distributions.

Debt Obligations

The following table sets forth future principal payment obligations as of December 31, 2020, based on the terms of the First Amendment to the 2018 Term Loan Credit Facility (in thousands).

2021	$ 35,171
2022	28,647
2023	125,788
Total	$ 189,606

Note 7—Commitments and Contingencies

Royalty Agreements

The Company has entered into a royalty agreement associated with its leased properties with a related party, under which it is committed to pay royalties on product sold from its production facilities for which the Company has received payment from the end customer. Royalty expense is recorded as the product is sold, is included in costs of sales, and totaled less than 5% of cost of sales for the year ended December 31, 2020.

Standby Letters of Credit

As of December 31, 2020, the Company had a $0.6 million outstanding standby letter of credit issued under the ABL Credit Facility.

Lease Obligations

The Company, through conducting business, has entered into various lease agreements for plant equipment, office space and office equipment. Rent expense associated with noncancelable lease obligations was $2.7 million for the year ended December 31, 2020. Noncancelable lease obligations as of December 31, 2020, are as follows (in thousands):

2021	$ 3,365
2022	2,461
2023	1,299
2024	1,143
2025	1,098
Thereafter	2,035
Total	$ 11,401

The Company also has long-term commitments associated with its reserves near the Kermit facility as certain mineral leases contain delay rental terms. Delay rental expense was $0.3 million for the year ended December 31, 2020. Delay rental payments may be required in future years until proppant production begins on the respective lessor properties.

ATLAS SAND COMPANY, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

On June 23, 2020, the Company subleased a portion of its Austin office lease that expires on July 14, 2021. The sublease will decrease the Company's rent expense by $0.1 million for the year ended December 31, 2020.

Litigation

The Company is involved in various legal and administrative proceedings that arise from time to time in the ordinary course of doing business. Some of these proceedings may result in fines, penalties or judgments being assessed against the Company, which may adversely affect financial results. In addition, from time to time, the Company is involved in various disputes, which may or may not be settled prior to legal proceedings being instituted and which may result in losses in excess of accrued liabilities, if any, relating to such unresolved disputes. Expenses related to litigation reduce operating income. The Company does not believe that the outcome of any of these proceedings or disputes would have a significant adverse effect on the financial position, long-term results of operations or cash flows. It is possible, however, that charges related to these matters could be significant to results of operations or cash flows in any single accounting period. Management is not aware of any legal, environmental or other commitments and contingencies that would have a material effect on the consolidated financial statements.

Note 8—Equity

The Company has authority to issue an unlimited number of units under its current capital structure and the ability to issue additional units of different classes or series. The outstanding units are designated as Class A units, Class C units, Class D units and Class P units. Additional units, of the same or different classes or series, having the same or different rights, powers and duties as preexisting units may be created and issued. All Class A, Class C, Class D and Class P unitholders as of December 31, 2020, are deemed to be members of the Company ("Members").

On January 30, 2018, the Company executed the Third Amended and Restated Limited Liability Company Agreement of Atlas Sand Company, LLC ("LLC Agreement") to create Class D units as a class of unit that the Company is authorized to issue. This amendment was executed in connection with the issuance of the Term Loans. The Company delivered to the lender warrants for up to 41,299,845 Class D units, with an exercise price of $0.01 per warrant unit, that became exercisable upon the funding of each draw under the Term Loans. During the year ended December 31, 2018, the lender exercised all 41,299,845 Class D warrants.

On April 3, 2019, the Company amended certain terms of the 2018 Term Loan Credit Facility. In connection with the First Amendment to the 2018 Term Loan Credit Facility ("First Amendment"), the Company delivered to the lender additional warrants for up to 4,192,460 Class D units, which will be exercisable upon funding of the draws in proportion to the additional drawings. During the year ended December 31, 2020, the lender exercised the remaining 2,515,470 Class D warrants associated with the First Amendment. There were no outstanding warrants as of December 31, 2020.

Each Member of the Company is entitled to one vote for each Class A, Class C and Class D unit owned by such Member. Class P units are issued in connection with the Company's long-term incentive plan and have no voting rights.

The Company's LLC Agreement contains provisions for the allocation of net income and loss to the Class A and Class D units. For purposes of maintaining Member capital accounts, the LLC Agreement specifies that net income or net loss shall be allocated proportionally among Members in accordance with their respective percentage ownership interest.

In accordance with the Company's LLC Agreement, all Class C units shall automatically convert to Class A units immediately prior to the closing of a Capital Event, as defined in the Company's LLC Agreement, which, in general, includes a public offering or sale of the Company's assets or equity. Additionally, the holders of Class C units may elect, at any time prior to the approval of a Capital Event, to convert all Class C units into newly issued Class A units by providing notice to the Company.

The Company's LLC Agreement sets forth the calculation to be used to determine the amount of cash distributions that the unitholders will receive. Cash distributions were de minimis as of December 31, 2020.

In December 2021, the Company paid a cash distribution to Class A and Class D unitholders in the aggregate amount of $10.0 million, based on the Company's LLC Agreement calculation. Class C units do not participate in cash distributions, based on the terms of the Company's LLC Agreement.

Upon admittance as Members of the Company, the Class C unitholders were initially granted an option that entitles them to acquire a percentage of the units of the Company that are offered in conjunction with additional capital contribution events, as defined by the Company's LLC Agreement, which generally includes instances where additional units are issued by the Company. The option is not unconditional and can only be exercised upon the occurrence of certain capital events. The consideration for the exercise of the option is based on the percentage ownership of the Class C unitholders at the date of the capital event and the total capital to be contributed in connection with such capital event.

In October 2021, pursuant to the Company's LLC Agreement, the Company delivered a Funding Notice to the Atlas Sand Company, LLC unitholders (other than ASMC, which is the majority unitholder and had already made Additional Capital Contributions related to such Funding Notice), by which the Company offered each unitholder the right, but not the obligation, to make Additional Capital Contributions to the Company. In addition, the Company delivered a notice to the Class C unitholders pursuant to their option giving them the right to make additional capital contributions, which they exercised. The offering closed on December 1, 2021 and resulted in Additional Capital Contributions of $12.6 million in December 2021.

Note 9—Unit-Based Compensation

The Company recognizes unit-based compensation expense for awards granted under two long-term incentive plans, the Atlas Sand Management Company, LLC Long-Term Incentive Plan (the "ASMC Plan") and the Atlas Sand Company, LLC Long-Term Incentive Plan (the "ASCo Plan"). The ASMC Plan was adopted on September 15, 2017, by ASMC for officers, employees, directors, managers and consultants of the Company (the "ASMC Participants"). The ASCo Plan was adopted by the Company on December 15, 2017, for officers, employees, directors, managers, consultants or other advisors of the Company (the "ASCo Participants").

The Company has applied the guidance of FASB Interpretation 44, which establishes an accounting model where equity awards granted by a parent company to employees of a subsidiary are recognized in the financial statements of the subsidiary. During the year ended December 31, 2020, the Company recognized $0.9 million of unit-based compensation expense in its consolidated statement of operations related to awards in the ASMC Plan.

On May 28, 2018, the Company adopted the Amended and Restated Long-Term Incentive Plan that reduced the authorized available awards to be issued under the ASCo Plan from 149,425 to 100,000. The ASCo Plan consists of equity grants of Class P units made to ASCo Participants at the discretion of the plan administrator. Pursuant to the terms of the ASCo Plan, to the extent that an award is canceled, any and all Class P units that are canceled and repurchased will be available again for new awards under the ASCo Plan.

The vesting schedule for each grant under the plans shall be determined by the respective plans' administrator.

A summary of ASCo's Class P unit activity is as follows (in thousands):

ASCo Plan Class P Unit Activity	Number of Class P Units	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2019	29,667	$ 151.37
Granted	3,000	—
Vested	(29,500)	151.37
Forfeited	(667)	—
Non-vested at December 31, 2020	2,500	$ 151.37

The Company accounts for each tranche of the unit awards as compensatory awards in accordance with FASB ASC 718, and as such, compensation expense is recognized over the service condition vesting period based on the grant date fair values using a graded vesting methodology. To determine grant date fair value, the Company valued these unit awards utilizing a Monte Carlo option pricing model, to take into consideration the probability of a market condition being met. This methodology involves making assumptions for the expected time to liquidity, volatility and risk-free rate.

The Company estimated expected volatility based on a 50/50 blend of historical and implied volatility. The risk-free interest rate is based on the yield on U.S. government bonds for a period commensurate with the expected term. The expected term is based on time to the expected exit date as of the valuation date based on the probability weighted average of exit scenario terms. The Company applies a discount to reflect the lack of marketability due to the absence of an active market for its shares. Further, the Company assumed no expected dividend yield.

For the year ended December 31, 2020, the Company recognized $1.6 million of unit-based compensation expense related to awards in the ASCo Plan.

As of December 31, 2020, unrecognized unit-based compensation expense amounts related to the ASCo and ASMC Plans were $0.1 million and de minimis, respectively, each with a weighted average remaining service period of 0.4 years.

ATLAS SAND COMPANY, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 10—Income Taxes

The components of the income tax provision are as follows (in thousands):

	December 31, 2020
Current income tax provision:	
Federal	$ —
State	(294)
Total current income tax provision	$ (294)
Deferred income tax provision:	
Federal	$ —
State	666
Total deferred income tax provision	$ 666
Income tax provision	$ 372

Income tax expense was different than the amounts computed by applying the statutory federal income tax rate for partnerships (0%) as follows (in thousands, except effective tax rates):

	December 31, 2020
Loss before income taxes	$ 34,070
Income tax expense at the federal statutory rate	—
State income tax expense	$ (372)
Income tax expense	$ (372)
Effective tax rate	1.1%

The tax effects of cumulative temporary differences that give rise to significant deferred tax assets and deferred tax liabilities are presented below (in thousands):

	December 31, 2020
Deferred tax assets:	
Other	$ —
Total deferred tax assets	$ —
Deferred tax liabilities:	
Depreciable and depletable assets	$ 1,548
Other	—
Total deferred tax liabilities	$ 1,548

Due to the contribution of certain depletable assets by members of the Company, a deferred tax liability was created equal to the difference between the fair market value of the contributed assets ("GAAP basis") and the historical cost basis ("Tax basis"). A deferred tax liability of $0.9 million has been recorded as a component of members' equity because the difference resulted from transactions with members. The deferred tax liability will be amortized as the associated basis difference is realized on the tax return.

ATLAS SAND COMPANY, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 12—Related-Party Transactions

One member of the Company's Board of Managers served as an executive for a company to whom the Company sells proppant solutions. For the year ended December 31, 2020, the Company recognized $0.8 million in revenues from this customer. As of December 31, 2020, there was no accounts receivable balance for this customer outstanding.

The Company has one month-to-month man camp lease and certain office leases with a counterparty controlled by one member of the Company's Board of Managers. During the year ended December 31, 2020, the Company recognized $1.5 million of rent expense associated with these leases. As of December 31, 2020, only the man camp lease is active.

On December 10, 2021, the Company acquired a lodging facility and related assets in West Texas for $7.0 million from counterparties controlled by the Executive Chairman of the Company's Board of Managers. This transaction is considered an asset acquisition in 2021.

During the year ended December 31, 2020, the Company incurred $1.2 million of expenses with members of the Company, including such activities as payroll reimbursements, business development activities, travel expenditures and other general business expenditures, respectively.

As of December 31, 2020, the Company's outstanding balance of related-party accounts payable to these members was $0.1 million.

GLOSSARY OF CERTAIN INDUSTRY TERMS

100 mesh frac sand: Sand that passes through a sieve with 40 holes per linear inch and is retained by a sieve with 140 holes per linear inch.

40/70 mesh frac sand: Sand that passes through a sieve with 40 holes per linear inch and is retained by a sieve with 70 holes per linear inch.

API: American Petroleum Institute.

Crush strength: A proppant is exposed to varying stress levels in one-thousand PSI increments. The crush strength classifies a proppant according to the stress at which 10% fines is generated. For example, a 7,000 PSI proppant would produce less than 10% fines at 7,000 PSI.

Frac sand: A proppant used in the completion and re-completion of unconventional oil and natural gas wells to stimulate and maintain oil and natural gas exploration and production through the process of hydraulic fracturing.

Hydraulic fracturing: The process of pumping fluids, mixed with granular proppants, into a geological formation at pressures sufficient to create fractures in the hydrocarbon-bearing rock.

Inferred resource: The part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

Mesh size: Measurement of the size of a grain of sand indicating it will pass through a sieve of a certain size.

***MMtpy*:** Means one million metric tons per year.

Natural gas: A mixture of hydrocarbons (principally methane, ethane, propane, butanes and pentanes), water vapor, hydrogen sulfide, carbon dioxide, helium, nitrogen and other chemicals that occur naturally underground in a gaseous state.

Overburden: Material such as soil and unusable sand that lies above the useable sand and must be removed to excavate the useable sand.

Probable reserves: Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

Proppant: A sized particle mixed with fracturing fluid to hold fractures open after a hydraulic fracturing treatment.

Proven reserves: Reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.

Reserves: Sand that can be economically extracted or produced at the time of determination based on relevant legal, economic and technical considerations.

Roundness: A measure of how round the curvatures of an object are. The opposite of round is angular. It is possible for an object to be round but not spherical (e.g. an egg-shaped particle is round, but not spherical). When used to describe proppant, roundness is a reference to having a curved shape which promotes hydrocarbon flow, as the curvature creates a space through which the hydrocarbons can flow.

Silica: A chemically resistant dioxide of silicon that occurs in crystalline, amorphous and cryptocrystalline forms.

Sphericity: A measure of how well an object is formed in a shape where all points are equidistant from the center. The more spherical a proppant, the more highly it is desired relative to non-spherical proppant, as the gaps created by it are typically the largest and this promotes maximum hydrocarbon flow.

Turbidity: Measurement of the level of contaminants, such as silt and clay, in a sample.

Shale play: A geological formation that contains petroleum and/or natural gas in nonporous rock that requires special drilling and completion techniques.

U.S. Energy Information Administration (EIA): The statistical and analytical agency within the U.S. Department of Energy.

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Atlas Energy Solutions Inc.

Shares

Class A Common Stock

Until , 2022 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer’s obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth an itemized statement of the amounts of all expenses (excluding underwriting discounts and commissions) payable by us in connection with the registration of the common stock offered hereby. With the exception of the SEC registration fee, FINRA filing fee and the NYSE listing fee, the amounts set forth below are estimates.

SEC registration fee	$ *
FINRA filing fee	*
NYSE listing fee	*
Accounting fees and expenses	*
Directors' & officers' liability insurance premiums	*
Legal fees and expenses	*
Printing and engraving expenses	*
Transfer agent and registrar fees	*
Miscellaneous	*
Total	$ *

* To be provided by amendment

Item 14. Indemnification of Directors and Officers.

Subsection (a) of Section 145 of the General Corporation Law of the State of Delaware (referred to as the "DGCL") empowers a corporation to indemnify any person who was or is a party or who is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful.

Subsection (b) of Section 145 empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person acted in any of the capacities set forth above, against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 145 further provides that to the extent a director or officer of a corporation has been successful on the merits or otherwise in the defense of any action, suit or proceeding referred to in subsections (a) and (b) of Section 145, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith; that indemnification provided for by Section 145 shall not be deemed exclusive of any other rights to which the indemnified party may be entitled; and the indemnification provided for by Section 145 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of such person's heirs, executors and administrators. Section 145 also empowers the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify such person against such liabilities under Section 145.

Section 102(b)(7) of the DGCL provides that a corporation's certificate of incorporation may contain a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL or (iv) for any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation will provide for indemnification of its directors, officers, employees and other agents to the maximum extent permitted by the Delaware General Corporation Law, and our bylaws will provide for indemnification of its directors, officers, employees and other agents to the maximum extent permitted by the Delaware General Corporation Law.

In addition, we will enter into indemnification agreements with each of our directors and officers. These agreements will require us to indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. We intend to enter into indemnification agreements with its future directors.

The proposed form of underwriting agreement, to be filed as Exhibit 1.1 to this registration statement provides for indemnification of our directors and officers by the underwriters against certain liabilities arising under the Securities Act or otherwise in connection with this offering.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or person controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 15. Recent Sales of Unregistered Securities.

In connection with our incorporation on February 3, 2022 under the laws of the State of Delaware, we issued 1,000 shares of our Class A common stock to Atlas LLC for an aggregate purchase price of $10.00. These securities were offered and sold by us in reliance upon the exemption from the registration requirements provided by Section 4(a)(2) of the Securities Act. These shares will be redeemed for nominal value in connection with our reorganization.

Further, pursuant to the terms of certain reorganization transactions that will be completed prior to the closing of this offering, as described in further detail under "Corporate Reorganization," we will issue shares of Class B common stock that will be distributed to certain of the Legacy Owners. Such issuances will not involve any underwriters, underwriting discounts or commissions or a public offering, and we believe that each such issuance will be exempt from registration requirements pursuant to Section 4(a)(2) of the Securities Act.

Item 16. Exhibits and Financial Statement Schedules.

Exhibit Number	Description
*1.1	Form of Underwriting Agreement.
*2.1	Form of Master Reorganization Agreement.
**3.1	Certificate of Incorporation of Atlas Energy Solutions Inc.
*3.2	Form of Amended and Restated Certificate of Incorporation of Atlas Energy Solutions Inc.
**3.3	Bylaws of Atlas Energy Solutions Inc.
*3.4	Form of Amended and Restated Bylaws of Atlas Energy Solutions Inc.
**4.1	Form of Class A Common Stock Certificate.
*4.2	Form of Registration Rights Agreement.
*5.1	Opinion of Vinson & Elkins L.L.P. as to the legality of the securities being registered.
*10.1†	Form of Atlas Energy Solutions Inc. Long Term Incentive Plan.
*10.2†	Form of Indemnification Agreement.
*10.3	Form of Tax Receivable Agreement.
*10.4	Form of Fourth Amended and Restated Limited Liability Company Agreement of Atlas Sand Company, LLC.
*10.5	ABL Credit Agreement, dated as of December 14, 2018, among Atlas Sand Company, LLC, as borrower, the lender parties thereto and Barclays Bank PLC, as Administrative Agent and Collateral Agent.
*10.6	Limited Waiver and First Amendment to the ABL Credit Agreement, dated as of June 4, 2019, among Atlas Sand Company, LLC, as borrower, the lender parties thereto and Barclays Bank PLC, as Administrative Agent and Collateral Agent.
*10.7	Second Amendment to the ABL Credit Agreement, dated as of October 22, 2019, among Atlas Sand Company, LLC, as borrower, the lender parties thereto and Barclays Bank PLC, as Administrative Agent and Collateral Agent.
*10.8	Third Amendment to the ABL Credit Agreement, dated as of April 13, 2020, among Atlas Sand Company, LLC, as borrower, the lender parties thereto and Barclays Bank PLC, as Administrative Agent and Collateral Agent.
*10.9	Fourth Amendment to the ABL Credit Agreement, dated as of March 23, 2021, among Atlas Sand Company, LLC, as borrower, the lender parties thereto and Barclays Bank PLC, as Administrative Agent and Collateral Agent.
*10.10	Fifth Amendment to the ABL Credit Agreement, dated as of October 20, 2021, among Atlas Sand Company, LLC, as borrower, the lender parties thereto and Barclays Bank PLC, as Administrative Agent and Collateral Agent.

Exhibit Number	Description
**10.11	Credit Agreement, dated October 20, 2021 by and between Atlas Sand Company, LLC, as borrower, and Stonebriar Commercial Finance, LLC as lender.
*21.1	List of subsidiaries of Atlas Energy Solutions Inc.
*23.1	Consent of Ernst & Young LLP, independent registered public accounting firm to Atlas Energy Solutions Inc.
*23.2	Consent of Ernst & Young LLP, independent registered public accounting firm to Atlas Sand Company, LLC.
*23.3	Consent of Vinson & Elkins L.L.P. (included as part of Exhibit 5.1 hereto).
*23.4	Consent of John T. Boyd Company, independent mining engineers and geologists.
*24.1	Power of Attorney (included on the signature page of this Registration Statement).
**99.1	John T. Boyd Company Summary of Reserves at December 31, 2021.
*107	Calculation of Filing Fee Table.

* To be filed by amendment.
** Filed herewith.
† Compensatory plan or arrangement

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

For the purpose of determining liability under the Securities Act of 1933 to any purchaser, if the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. *Provided*, *however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

For the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(1) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(2) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(3) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(4) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Austin, State of Texas, on , 2022.

ATLAS ENERGY SOLUTIONS INC.

By: ______________________________
Name:
Title:

Each person whose signature appears below appoints and , and each of them, any of whom may act without the joinder of the other, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and any registration statement (including any amendment thereto) for this offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or would do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below by the following persons in the capacities indicated below on , 2022.

Name	Title
Ben M. Brigham	Executive Chairman
	(Principal Executive Officer)
John Turner	Chief Financial Officer (Principal Accounting and Financial Officer)

CERTIFICATE OF INCORPORATION
OF
ATLAS ENERGY SOLUTIONS INC.

February 3, 2022

FIRST: The name of the corporation is Atlas Energy Solutions Inc. (the "***Corporation***").

SECOND: The address of the Corporation's registered office in the State of Delaware is 838 Walker Road, Suite21-2, Dover, Delaware 19904, County of Kent. The name of the Corporation's registered agent at such address is Registered Agent Solutions, Inc.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "***DGCL***"). The Corporation shall have all power necessary or convenient to the conduct, promotion or attainment of such acts and activities.

FOURTH: The total number of shares of all classes of capital stock that the Corporation shall have authority to issue is 1,000 shares of common stock, par value of One Cent ($0.01) per share.

FIFTH: The name of the incorporator is Jonathan Burks and his mailing address is 1001 Fannin Street, Suite 2500, Houston, TX 77002.

SIXTH: In furtherance of, and not in limitation of, the powers conferred by the General Corporation Law of the State of Delaware, the Board of Directors is expressly authorized and empowered to adopt, amend or repeal the bylaws of the Corporation or adopt new bylaws without any action on part of the stockholders; provided that any bylaw adopted or amended by the Board of Directors, and any powers thereby conferred, may be amended, altered or repealed by the stockholders.

SEVENTH: The number of directors of the Corporation shall be as specified, or determined in the manner provided, in the bylaws of the Corporation. Unless and except to the extent that the bylaws of the Corporation so provide, the election of directors need not be by written ballot. Except as otherwise provided in this certificate of incorporation, each director of the Corporation shall be entitled to one vote on all matters voted or acted upon by the Board of Directors of the Corporation.

EIGHTH: The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors of the Corporation.

NINTH: No director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL or (iv) for any transaction from which the director derived an improper personal benefit. Any repeal or modification of this Article NINTH shall be prospective only and shall not adversely affect any right or protection, or limitation of the liability, of a director of the Corporation existing at, or arising out of facts or incidents occurring prior to, the effective date of such repeal or modification.

TENTH: The Corporation reserves the right at any time, and from time to time, to amend, change or repeal any provision contained in this certificate of incorporation, and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted, in the manner now or hereafter prescribed by law; and all rights, preferences and privileges of any nature conferred upon directors, stockholders or any other persons by and pursuant to this certificate of incorporation in its present form or as hereafter amended are granted subject to the rights reserved in this Article TENTH.

[*Remainder of Page Intentionally Left Blank*]

I, the undersigned, being the incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the DGCL, do make this certificate of incorporation, hereby declaring that this is my act and deed and that the facts herein stated are true, and accordingly have hereunto set my hand on the date first set forth above.

/s/ Jonathan Burks

Jonathan Burks
Incorporator

SIGNATURE PAGE TO
CERTIFICATE OF INCORPORATION OF
ATLAS ENERGY SOLUTIONS INC.

Exhibit 3.3

BYLAWS

OF

ATLAS ENERGY SOLUTIONS INC.

A Delaware Corporation

Date of Adoption:

February 3, 2022

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ARTICLE I
OFFICES

Section 1. Registered Office. The registered office of Atlas Energy Solutions Inc.(the "***Corporation***") required by the General Corporation Law of the State of Delaware (the "***DGCL***") to be maintained in the State of Delaware, shall be the registered office named in the original Certificate of Incorporation of the Corporation (as the same may be amended and restated from time to time, the "***Certificate of Incorporation***"), or such other office as may be designated from time to time by the Board of Directors of the Corporation (the "***Board of Directors***") in the manner provided by law. Should the Corporation maintain a principal office within the State of Delaware, such registered office need not be identical to such principal office of the Corporation.

Section 2. Other Offices. The Corporation may have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or as the business of the Corporation may require.

ARTICLE II
STOCKHOLDERS

Section 1. Place of Meetings. All meetings of the stockholders shall be held at the principal office of the Corporation, or at such other place within or without the State of Delaware as shall be specified or fixed in the notices or waivers of notice thereof.

Section 2. Quorum; Adjournment of Meetings. Unless otherwise required by law or provided in the Certificate of Incorporation or these bylaws, the holders of shares of stock with a majority of the voting power entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at any meeting of stockholders for the transaction of business. The stockholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Shares of the Corporation's stock belonging to the Corporation or to another corporation, if such shares of stock representing a majority of the voting power entitled to vote in the election of directors of such other corporation are held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation or any subsidiary of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

Notwithstanding the other provisions of the Certificate of Incorporation or these bylaws, the chairman of the meeting or the holders of shares of stock with a majority of the voting power present in person or represented by proxy at any meeting of stockholders, whether or not a quorum is present, shall have the power to adjourn such meeting from time to time, without any notice other than announcement at the meeting of the time and place of the holding of the adjourned meeting; provided, however, if the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at such meeting. At any such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally called.

Section 3. Annual Meetings. An annual meeting of the stockholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, within or without the State of Delaware, on such date, and at such time as the Board of Directors shall fix and set forth in the notice of the meeting.

Section 4. Special Meetings. Unless otherwise provided in the Certificate of Incorporation, special meetings of the stockholders for any purpose or purposes may be called at any time by the Chairman of the Board (if any), by the Chief Executive Officer or by a majority of the Board of Directors, or by a majority of the executive committee (if any), and shall be called by the Chairman of the Board (if any), by the Chief Executive Officer or the Secretary upon the written request therefor, stating the purpose or purposes of the meeting, delivered to such officer, signed by the holder(s) of at least twenty-five percent (25%) of the issued and outstanding stock entitled to vote at such meeting.

Section 5. Record Date. For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders, or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a date as the record date for any such determination of stockholders, which date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action.

If the Board of Directors does not fix a record date for any meeting of the stockholders, the record date for determining stockholders entitled to notice of or to vote at such meeting shall be at the close of business on the day next preceding the day on which notice is given, or, if in accordance with Section 3 of Article VIII of these bylaws, notice is waived, at the close of business on the day next preceding the day on which the meeting is held. If, in accordance with Section 12 of this Article II, corporate action without a meeting of stockholders is to be taken, the record date for determining stockholders entitled to express consent to such corporate action in writing, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed. The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 6. Notice of Meetings. Written notice of the place, date and hour of all meetings, and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be given by or at the direction of the Chairman of the Board (if any) or the Chief Executive

Officer, the Secretary or the other person(s) calling the meeting to each stockholder entitled to vote thereat and shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, personally, by electronic transmission or by mail. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at his or her address as it appears on the records of the Corporation. The Corporation may provide stockholders with notice of a meeting by electronic transmission provided such stockholders have consented to receiving electronic notice.

Section 7. Stock List. A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in the name of such stockholder, shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either on a reasonably accessible electronic network, provided that the information required to gain access to the list is provided with the notice of the meeting, or during ordinary business hours, at the principal place of business of the Corporation. The stock list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 8. Proxies. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to a corporate action in writing without a meeting may authorize another person or persons to act for him by proxy. Proxies for use at any meeting of stockholders shall be filed with the Secretary, or such other officer as the Board of Directors may from time to time determine by resolution, before or at the time of the meeting. All proxies shall be received and taken charge of and all ballots shall be received and canvassed by the secretary of the meeting who shall decide all questions touching upon the qualification of voters, the validity of the proxies, and the acceptance or rejection of votes, unless an inspector or inspectors shall have been appointed by the chairman of the meeting, in which event such inspector or inspectors shall decide all such questions.

No proxy shall be valid after three (3) years from its date, unless the proxy provides for a longer period. Each proxy shall be revocable unless expressly provided therein to be irrevocable and coupled with an interest sufficient in law to support an irrevocable power.

Should a proxy designate two (2) or more persons to act as proxies, unless such instrument shall provide the contrary, a majority of such persons present at any meeting at which their powers thereunder are to be exercised shall have and may exercise all the powers of voting or giving consents thereby conferred, or if only one be present, then such powers may be exercised by that one; or, if an even number attend and a majority do not agree on any particular issue, each proxy so attending shall be entitled to exercise such powers in respect of the same portion of the shares as he or she is of the proxies representing such shares.

Section 9. Voting; Elections; Inspectors. Unless otherwise required by law or provided in the Certificate of Incorporation, each stockholder shall have one vote for each share of stock entitled to vote which is registered in his or her name on the record date for the meeting. Shares registered in the name of another corporation, domestic or foreign, may be voted by such officer, agent or proxy as the bylaw (or comparable instrument) of such corporation may prescribe, or in the absence of such provision, as the Board of Directors (or comparable body) of such corporation may determine. Shares registered in the name of a deceased person may be voted by his or her executor or administrator, either in person or by proxy.

All elections for directors shall be by written ballot unless otherwise provided in the Certificate of Incorporation. Unless otherwise provided in the Certificate of Incorporation or these bylaws, directors shall be elected by a plurality of the votes cast by the holders of shares of stock entitled to vote in the election of directors at a meeting of stockholders at which a quorum is present. All other elections and questions presented to the stockholders at a meeting at which a quorum is present shall, unless otherwise provided by the Certificate of Incorporation, these bylaws, the rules or regulations of any stock exchange applicable to the Corporation or applicable law or pursuant to any regulation applicable to the Corporation or its securities, be decided by the affirmative vote of the holders of a majority in voting power of the shares of stock of the Corporation which are present in person or by proxy and entitled to vote thereon. Every stock vote shall be taken by written ballots, each of which shall state the name of the stockholder or proxy voting and such other information as may be required under the procedure established for the meeting.

At any meeting at which a vote is taken by ballots, the chairman of the meeting may appoint one or more inspectors, each of whom shall subscribe an oath or affirmation to execute faithfully the duties of inspector at such meeting with strict impartiality and according to the best of his or her ability. Such inspector shall ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each such share, determine the shares of capital stock of the Corporation represented at the meeting and the validity of proxies and ballots, count all votes and ballots, determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors and certify their determination of the number of shares of capital stock of the Corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. The chairman of the meeting may appoint any person to serve as inspector, except no candidate for the office of director shall be appointed as an inspector.

Unless otherwise provided in the Certificate of Incorporation, cumulative voting for the election of directors shall be prohibited.

Section 10. Conduct of Meetings. The meetings of the stockholders shall be presided over by the Chairman of the Board (if any), or if he or she is not present, by the Chief Executive Officer, or if neither the Chairman of the Board (if any), nor Chief Executive Officer is present, by a chairman elected at the meeting. The Secretary of the Corporation, if present, shall act as secretary of such meetings, or if he or she is not present, an Assistant Secretary shall so act; if neither the Secretary nor an Assistant Secretary is present, then a secretary shall be appointed by the chairman of the meeting. The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him in order. Unless the chairman of the meeting of stockholders shall otherwise determine, the order of business shall be as follows:

(a) Calling of meeting to order.

(b) Election of a chairman and the appointment of a secretary if necessary.

(c) Presentation of proof of the due calling of the meeting.

(d) Presentation and examination of proxies and determination of a quorum.

(e) Reading and settlement of the minutes of the previous meeting.

(f) Reports of officers and committees.

(g) The election of directors if an annual meeting, or a meeting called for that purpose.

(h) Unfinished business.

(i) New business.

(j) Adjournment.

Section 11. Treasury Stock. The Corporation shall not vote, directly or indirectly, shares of its own stock owned by it or any other corporation, if a majority of shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation and such shares shall not be counted for quorum purposes.

Section 12. Action Without Meeting. Unless otherwise provided in the Certificate of Incorporation, any action permitted or required by law, the Certificate of Incorporation or these bylaws to be taken at a meeting of stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than a unanimous written consent shall be given by the Secretary to those stockholders who have not consented in writing.

ARTICLE III
BOARD OF DIRECTORS

Section 1. Power; Number; Term of Office. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors, and subject to the restrictions imposed by law or the Certificate of Incorporation, they may exercise all the powers of the Corporation.

The number of directors of the Corporation shall be determined from time to time by resolution of the Board of Directors, unless the Certificate of Incorporation fixes the number of directors, in which case a change in the number of directors shall be made only by amendment of the Certificate of Incorporation. Each director shall hold office for the term for which he or she is elected, and until his or her successor shall have been elected and qualified or until his or her earlier death, resignation or removal.

Unless otherwise provided in the Certificate of Incorporation, directors need not be stockholders or residents of the State of Delaware.

Section 2. Quorum. Unless otherwise provided in the Certificate of Incorporation, a majority of the total number of directors shall constitute a quorum for the transaction of business of the Board of Directors and the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 3. Place of Meetings; Order of Business. The directors may hold their meetings and may have an office and keep the books of the Corporation, except as otherwise provided by law, in such place or places, within or without the State of Delaware, as the Board of Directors may from time to time determine by resolution. At all meetings of the Board of Directors, business shall be transacted in such order as shall from time to time be determined by the Chairman of the Board (if any), or in his or her absence by the Chief Executive Officer, or by resolution of the Board of Directors.

Section 4. First Meeting. Each newly elected Board of Directors may hold its first meeting for the purpose of organization and the transaction of business, if a quorum is present, immediately after and at the same place as the annual meeting of the stockholders. Notice of such meeting shall not be required.

Section 5. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times and places as shall be designated from time to time by resolution of the Board of Directors. Notice of such regular meetings shall not be required.

Section 6. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board (if any), the Chief Executive Officer or, on the written request of any two (2) directors, by the Secretary, in each case on at least twenty-four (24) hours' personal or written notice or on at least twenty-four (24) hours' notice by electronic transmission to each director. Such notice, or any waiver thereof pursuant to Section 3 of Article VIII hereof, need not state the purpose or purposes of such meeting, except as may otherwise be required by law or provided for in the Certificate of Incorporation or these bylaws.

Section 7. Removal. Any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors; provided that, unless the Certificate of Incorporation otherwise provides, if the Board of Directors is classified, then the stockholders may effect such removal only for cause; and provided further that, if the Certificate of Incorporation expressly grants to stockholders the right to cumulate votes for the election of directors and if less than the entire Board of Directors is to be removed, no director may be removed without cause if the votes cast against his or her removal would be sufficient to elect him or her if then cumulatively voted at an election of the entire Board of Directors, or, if there be classes of directors, at an election of the class of directors of which such director is a part.

Section 8. Vacancies; Increases in the Number of Directors. Unless otherwise provided in the Certificate of Incorporation, vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or a sole remaining director; and any director so chosen shall hold office until the next annual election and until his or her successor shall be duly elected and shall qualify, unless sooner displaced.

If the directors of the Corporation are divided into classes, any directors elected to fill vacancies or newly created directorships shall hold office until the next election of the class for which such directors shall have been chosen, and until their successors shall be duly elected and shall qualify.

Section 9. Compensation. Unless otherwise restricted by the Certificate of Incorporation, the Board of Directors shall have the authority to fix the compensation of directors.

Section 10. Action Without a Meeting; Telephone Conference Meeting. Unless otherwise restricted by the Certificate of Incorporation, any action required or permitted to be taken at any meeting of the Board of Directors, or any committee designated by the Board of Directors, may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such consent shall have the same force and effect as a unanimous vote at a meeting, and may be stated as such in any document or instrument filed with the Secretary of State of Delaware.

Unless otherwise restricted by the Certificate of Incorporation, subject to the requirement for notice of meetings, members of the Board of Directors, or members of any committee designated by the Board of Directors, may participate in a meeting of such Board of Directors or committee, as the case may be, by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such a meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 11. Approval or Ratification of Acts or Contracts by Stockholders. The Board of Directors in its discretion may submit any act or contract for approval or ratification at any annual meeting of the stockholders, or at any special meeting of the stockholders called for the purpose of considering any such act or contract, and any act or contract that shall be approved or be ratified by the vote of the holders of shares of stock representing a majority of the voting power entitled to vote and present in person or by proxy at such meeting (provided that a quorum is present), shall be as valid and as binding upon the Corporation and upon all the stockholders as if it has been approved or ratified by every stockholder of the Corporation. In addition, any such act or contract may be approved or ratified by the written consent of the holders of shares of stock representing a majority of the voting power entitled to vote and such consent shall be as valid and as binding upon the Corporation and upon all the stockholders as if it had been approved or ratified by every stockholder of the Corporation.

ARTICLE IV
COMMITTEES

Section 1. Designation; Powers. The Board of Directors may, by resolution passed by a majority of the whole board, designate one or more committees, including, if they shall so determine, an executive committee, each such committee to consist of one or more of the directors of the Corporation. Any such designated committee shall have and may exercise such of the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation as may be provided in such resolution, except that no such committee shall have the power or authority of the Board of Directors in reference to amending the Certificate of Incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders an agreement of merger, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution of the Corporation or amending, altering or repealing the bylaws or adopting new bylaws for the Corporation and, unless such resolution or the Certificate of Incorporation expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Any such designated committee may authorize the seal of the Corporation to be affixed to all papers which may require it. In addition to the above, such committee or committees shall have such other powers and limitations of authority as may be determined from time to time by resolution adopted by the Board of Directors.

Section 2. Procedure; Meetings; Quorum. Any committee designated pursuant to Section 1 of this Article IV shall choose its own chairman, shall keep regular minutes of its proceedings and report the same to the Board of Directors when requested, shall fix its own rules or procedures and shall meet at such times and at such place or places as may be provided by such rules, or by resolution of such committee or resolution of the Board of Directors. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum and the affirmative vote of a majority of the members present shall be necessary for the adoption by it of any resolution.

Section 3. Substitution of Members. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

ARTICLE V
OFFICERS

Section 1. Number, Titles and Term of Office. The officers of the Corporation shall be a Chief Executive Officer and a Secretary and, if the Board of Directors so elects, a Chairman of the Board, a President, one or more Vice Presidents (any one or more of whom may be designated Executive Vice President or Senior Vice President), a Chief Financial Officer, one or more Assistant Chief Financial Officers, one or more Assistant Secretaries and such other officers as the Board of Directors may from time to time elect or appoint. Each officer shall hold office until his or her successor shall be duly elected and shall qualify or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided. Any number of offices may be held by the same person, unless the Certificate of Incorporation provides otherwise. Except for the Chairman of the Board, if any, no officer need be a director.

Section 2. Salaries. The salaries or other compensation of the officers and agents of the Corporation shall be fixed from time to time by the Board of Directors.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed, either with or without cause, by the vote of a majority of the whole Board of Directors at a special meeting called for the purpose, or at any regular meeting of the Board of Directors. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 4. Vacancies. Any vacancy occurring in any office of the Corporation may be filled by the Board of Directors.

Section 5. Powers and Duties of the Chief Executive Officer. The President, if any, shall be the Chief Executive Officer of the Corporation unless the Board of Directors designates the Chairman of the Board or any other officer as Chief Executive Officer. Subject to the control of the Board of Directors and the executive committee (if any), the Chief Executive Officer shall have general executive charge, management and control of the properties, business and operations of the Corporation with all such powers as may be reasonably incident to such responsibilities; he or she may agree upon and execute all leases, contracts, evidences of indebtedness and other obligations in the name of the Corporation and may sign all certificates for shares of capital stock of the Corporation; and shall have such other powers and duties as designated in accordance with these bylaws and as from time to time may be assigned to him by the Board of Directors.

Section 6. Powers and Duties of the Chairman of the Board. If elected, the Chairman of the Board shall preside at all meetings of the stockholders and of the Board of Directors and shall have such other powers and duties as designated in these bylaws and as from time to time may be assigned to him by the Board of Directors.

Section 7. President. Unless the Board of Directors otherwise determines, the President, if any, shall have the authority to agree upon and execute all leases, contracts, evidences of indebtedness and other obligations in the name of the Corporation; and, unless the Board of Directors otherwise determines, he or she shall, in the absence of the Chairman of the Board or if there be no Chairman of the Board, preside at all meetings of the stockholders and (should he or she be a director) of the Board of Directors; and he or she shall have such other powers and duties as designated in accordance with these bylaws and as from time to time may be assigned to him or her by the Board of Directors.

Section 8. Vice Presidents. In the absence of the Chief Executive Officer, or in the event of his or her inability or refusal to act, a Vice President designated by the Board of Directors shall perform the duties of the Chief Executive Officer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer. In the absence of a designation by the Board of Directors of a Vice President to perform the duties of the Chief Executive Officer, or in the event of his or her absence or inability or refusal to act, the Vice President who is present and who is senior in terms of time as a Vice President of the Corporation shall so act. The Vice Presidents shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 9. Chief Financial Officer. The Chief Financial Officer, if any, shall have responsibility for the custody and control of all the funds and securities of the Corporation, and he or she shall have such other powers and duties as designated in these bylaws and as from time to time may be assigned to him or her by the Board of Directors. He or she shall perform all acts incident to the position of Chief Financial Officer, subject to the control of the Chief Executive Officer and the Board of Directors; and he or she shall, if required by the Board of Directors, give such bond for the faithful discharge of his or her duties in such form as the Board of Directors may require.

Section 10. Assistant Chief Financial Officers. Each Assistant Chief Financial Officer, if any, shall have the usual powers and duties pertaining to his or her office, together with such other powers and duties as designated in these bylaws and as from time to time may be assigned to him or her by the Chief Executive Officer or the Board of Directors. The Assistant Chief Financial Officers shall exercise the powers of the Chief Financial Officer during that officer’s absence or inability or refusal to act.

Section 11. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors, committees of directors and the stockholders, in books provided for that purpose; he or she shall attend to the giving and serving of all notices; he or she may in the name of the Corporation affix the seal of the Corporation to all contracts of the Corporation and attest the affixation of the seal of the Corporation thereto; he or she may sign with the other appointed officers all certificates for shares of capital stock of the Corporation; he or she shall have charge of the certificate books, transfer books and stock ledgers, and such other books and papers as the Board of Directors may direct, all of which shall at all reasonable times be open to inspection of any director upon application at the office of the Corporation during business hours; he or she shall have such other powers and duties as designated in these bylaws and as from time to time may be assigned to him or her by the Board of Directors or the Chief Executive Officer; and he or she shall in general perform all acts incident to the office of Secretary, subject to the control of the Chief Executive Officer and the Board of Directors.

Section 12. Assistant Secretaries. Each Assistant Secretary, if any, shall have the usual powers and duties pertaining to his or her office, together with such other powers and duties as designated in these bylaws and as from time to time may be assigned to him or her by the Chief Executive Officer or the Board of Directors. The Assistant Secretaries shall exercise the powers of the Secretary during that officer’s absence or inability or refusal to act.

Section 13. Action with Respect to Securities of Other Corporations. Unless otherwise directed by the Board of Directors, the Chief Executive Officer shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of security holders of or with respect to any action of security holders of any other corporation in which the Corporation may hold securities and to otherwise exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

ARTICLE VI
INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

Section 1. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "***proceeding***"), by reason of the fact that he or she or a person of whom he or she is the legal representative, is or was or has agreed to become a director or officer of the Corporation or is or was serving or has agreed to serve at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving or having agreed to serve as a director or officer, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended, (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) against all expense, liability and loss (including without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity hereunder and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof), other than a proceeding (or part thereof) brought under Section 3 of this Article VI, initiated by such person or his or her heirs, executors and administrators only if such proceeding (or part thereof) was authorized by the Board of Directors. The right to indemnification conferred in this Article VI shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the DGCL requires, the payment of such expenses incurred by a current, former or proposed director or officer in his or her capacity as a director or officer or proposed director or officer (and not in any other capacity in which service was or is or has been agreed to be rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such indemnified person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified person is not entitled to be indemnified under this Section or otherwise.

Section 2. Indemnification of Employees and Agents. The Corporation may, by action of its Board of Directors, provide indemnification to employees and agents of the Corporation, individually or as a group, with the same scope and effect as the indemnification of directors and officers provided for in this Article VI.

Section 3. Right of Claimant to Bring Suit. If a written claim received by the Corporation from or on behalf of an indemnified party under this Article VI is not paid in full by the Corporation within ninety (90) days after such receipt, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the DGCL for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 4. Nonexclusivity of Rights. The right to indemnification and the advancement and payment of expenses conferred in this Article VI shall not be exclusive of any other right which any person may have or hereafter acquire under any law (common or statutory), provision of the Certificate of Incorporation of the Corporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

Section 5. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any person who is or was serving as a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

Section 6. Savings Clause. If this Article VI or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and hold harmless each director and officer of the Corporation, as to costs, charges and expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative, or investigative to the full extent permitted by any applicable portion of this Article VI that shall not have been invalidated and to the fullest extent permitted by applicable law. Any repeal or modification of the foregoing provisions of this Article VI shall not adversely affect any right or protection hereunder of any covered person indemnified under this Article VI in respect of any act or omission occurring prior to the time of such repeal or modification.

Section 7. Definitions. For purposes of this Article VI, reference to the "Corporation" shall include, in addition to the Corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger prior to (or, in the case of an entity specifically designated in a resolution of the Board of Directors, after) the adoption hereof and which, if its separate existence had continued, would have had the power and authority to indemnify its directors, officers, employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VI with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued.

ARTICLE VII
CAPITAL STOCK

Section 1. Certificates of Stock. Except as provided in this Section 1 of Article VII, the certificates for shares of the capital stock of the Corporation shall be in such form, not inconsistent with that required by law and the Certificate of Incorporation, as shall be approved by the Board of Directors. The Chairman of the Board (if any), Chief Executive Officer or a Vice President shall cause to be issued to each stockholder one or more certificates, under the seal of the Corporation or a facsimile thereof if the Board of Directors shall have provided for such seal, and signed by the Chairman of the Board (if any), the Chief Executive Officer or any Vice President, Secretary, Assistant Secretary, Chief Financial Officer or Assistant Chief Financial Officer certifying the number of shares (and, if the stock of the Corporation shall be divided into classes or series, the class and series of such shares) owned by such stockholder in the Corporation; provided, however, that any of or all the signatures on the certificate may be facsimile. The stock record books and the blank stock certificate books shall be kept by the Secretary, or at the office of such transfer agent or transfer agents as the Board of Directors may from time to time by resolution determine. In case any officer, transfer agent or registrar who shall have signed or whose facsimile signature or signatures shall have been placed upon any such certificate or certificates shall have ceased to be such officer, transfer agent or registrar before such certificate is issued by the Corporation, such certificate may nevertheless be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. The stock certificates shall be consecutively numbered and shall be entered in the books of the Corporation as they are issued and shall exhibit the holder's name and number of shares. The Board of Directors may deem that any outstanding shares of the Corporation will be uncertificated and registered in such form on the stock books of the Corporation.

Section 2. Transfer of Shares. Subject to the provisions of the Certificate of Incorporation and any other applicable agreements regarding the transfer of stock, the shares of stock of the Corporation shall be transferable only on the books of the Corporation by the holders thereof in person or by their duly authorized attorneys or legal representatives upon surrender and cancellation of certificates for a like number of shares. Subject to the provisions of the Certificate of Incorporation and any other applicable agreements regarding the transfer of stock, upon surrender to the Corporation or a transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 3. Ownership of Shares. The Corporation shall be entitled to treat the holder of record of any share or shares of capital stock of the Corporation as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

Section 4. Regulations Regarding Certificates. The Board of Directors shall have the power and authority to make all such rules and regulations as they may deem expedient concerning the issue, transfer and registration or the replacement of certificates for shares of capital stock of the Corporation.

Section 5. Lost or Destroyed Certificates. The Board of Directors may determine the conditions upon which a new certificate of stock may be issued in place of a certificate which is alleged to have been lost, stolen or destroyed; and may, in their discretion, require the owner of such certificate or his or her legal representative to give bond, with sufficient surety, to indemnify the Corporation and each transfer agent and registrar against any and all losses or claims which may arise by reason of the issue of a new certificate in the place of the one so lost, stolen or destroyed.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

Section 1. Fiscal Year. The fiscal year of the Corporation shall be such as established from time to time by the Board of Directors.

Section 2. Corporate Seal. The Board of Directors may provide a suitable seal containing the name of the Corporation. The Secretary shall have charge of the seal (if any). If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Chief Financial Officer or by any Assistant Secretary or Assistant Chief Financial Officer.

Section 3. Notice and Waiver of Notice. Whenever any notice is required to be given by law, the Certificate of Incorporation or under the provisions of these bylaws, said notice shall be deemed to be sufficient if given by electronic transmission or by deposit of the same in a post office box in a sealed prepaid wrapper addressed to the person entitled thereto at his or her post office address, as it appears on the records of the Corporation, and such notice shall be deemed to have been given on the day of such transmission or mailing, as the case may be.

Whenever notice is required to be given by law, the Certificate of Incorporation or under any of the provisions of these bylaws, a written waiver thereof, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the grounds that the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice unless so required by the Certificate of Incorporation or these bylaws.

Section 4. Resignations. Any director, member of a committee or officer may resign at any time. Such resignation shall be made in writing or by electronic transmission and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the Chief Executive Officer or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 5. Facsimile Signatures. In addition to the provisions for the use of facsimile signatures elsewhere specifically authorized in these bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors.

Section 6. Reliance upon Books, Reports and Records. Each director and each member of any committee designated by the Board of Directors shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or reports made to the Corporation by any of its officers, or by an independent certified public accountant, or by an appraiser selected with reasonable care by the Board of Directors or by any such committee, or in relying in good faith upon other records of the Corporation.

Section 7. Form of Records. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or by means of or be in the form of, any information storage device or method, provided that the records so kept can be converted into clearly legible paper form within a reasonable time.

ARTICLE IX
AMENDMENTS

Section 1. Amendments. If provided in the Certificate of Incorporation of the Corporation, the Board of Directors shall have the power to adopt, amend and repeal from time to time bylaws of the Corporation, subject to the right of the stockholders entitled to vote with respect thereto to amend or repeal such bylaws as adopted or amended by the Board of Directors.

ATLAS ENERGY SOLUTIONS INC.

CLASS A COMMON STOCK **CUSIP**

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

THIS CERTIFIES THAT

SPECIMEN

IS THE REGISTERED HOLDER OF

FULLY PAID AND NON-ASSESSABLE SHARES OF CLASS A COMMON STOCK, $0.01 PAR VALUE PER SHARE OF
ATLAS ENERGY SOLUTIONS INC.

transferable on the books of the Corporation in person or by duly authorized attorney upon surrender of the Certificate properly endorsed.

This Certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

WITNESS, the facsimile signature of the Corporation's duly authorized officers.

Dated:

, Chief Executive Officer	**[SEAL]**	**John Turner, Chief Financial Officer**

STONEBRIAR COMMERCIAL FINANCE

CREDIT AGREEMENT

This **CREDIT AGREEMENT**, dated as of October 20, 2021, is made by and between**ATLAS SAND COMPANY, LLC**, a Delaware limited liability company (together with its successors and permitted assigns, "**Borrower**"), and **STONEBRIAR COMMERCIAL FINANCE LLC**, a Delaware limited liability company (together with its successors and assigns, "**Lender**").

WHEREAS, Borrower has applied to Lender for a term loan, and Lender has agreed to extend a term loan facility to Borrower in an aggregate principal amount of $180,000,000.00 (the "**Maximum Principal Amount**").

NOW, THEREFORE, in consideration of the premises, agreements, provisions and covenants herein contained, the parties hereto agree as follows:

1. DEFINITIONS; CONSTRUCTION. In addition to terms that are defined elsewhere in this Agreement, capitalized words and terms used in this Agreement shall have the meanings specified therefor in **Exhibit A** attached hereto. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement that are defined in the Uniform Commercial Code shall have the meanings attributed to such terms in the Uniform Commercial Code. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all determinations with respect to accounting matters hereunder shall be made, and all financial statements and certificates and reports as to financial matters required to be furnished to Lender hereunder shall be prepared in accordance with GAAP applied on a consistent basis except for changes in which the Borrower's independent certified public accountants concur and which are disclosed to Lender on the next date on which financial statements are required to be delivered to Lender pursuant to Section 5(d); *provided* that, unless Borrower and Lender shall otherwise agree in writing, no such change shall modify or affect the manner in which compliance with the covenants contained herein are computed such that all such computations shall be conducted utilizing financial information presented consistently with prior periods. Notwithstanding any changes in GAAP after December 31, 2017 any lease of Borrower or its Subsidiaries that would be characterized as an operating lease under GAAP in effect on December 31, 2017 (whether such lease is entered into before or after December 31, 2017) shall not constitute a Capital Lease under this Agreement or any other Loan Document as a result of such changes in GAAP unless otherwise agreed to in writing by Borrower and Lender (it being understood and agreed that, for the avoidance of doubt, any future effectiveness of ASC 842 after December 31, 2017 shall be disregarded for purposes of this Agreement). Borrower and Lender agree to negotiate in good faith to amend such computation or determination to preserve the original intent in light of the change in GAAP. References herein to any Section, Schedule or exhibit shall be to a Section of, or a Schedule or an exhibit to, this Agreement, unless otherwise specifically provided, and the words "**herein,**" "**hereof**" and "**hereunder,**" and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof. The words "**include,**" "**includes**" and "**including**" shall be deemed to be followed by the phrase "**without limitation.**" The word "**will**" shall be construed to have the same meaning and effect as the word "**shall.**"

2. TERM. This Agreement shall be effective as of the date hereof, and shall continue in full force and effect until such time as all of the Indebtedness and other Obligations of Borrower under the Loan have been indefeasibly paid and satisfied in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges required to be paid pursuant to the terms of the Loan Documents.

3. LOAN AND TERMS OF PAYMENT; ADVANCE PROVISIONS.

(a) **The Loan.** Subject to the terms and conditions set forth in this Agreement and in the other Loan Documents (including, for avoidance of doubt, satisfaction of the conditions precedent set forth in **Exhibit B** attached hereto), Lender agrees to make a loan to Borrower in an amount equal to the Maximum Principal Amount (the "**Loan**"), which Loan shall be funded in a single Advance made on the Closing Date and repaid in accordance with the terms of this Agreement and the Note. The Loan will be evidenced by the Note in the Maximum Principal Amount. Borrower agrees to borrow and repay the Loan, with interest, in accordance with the Note, this Agreement, and the other Loan Documents. **The obligation of Borrower to repay the Loan, together with interest as provided in this Agreement and in the Note, shall commence upon the funding of the Loan on the Closing Date and shall be unconditional**. Borrower hereby accepts the Loan on the Closing Date, subject to and upon the terms and conditions set forth herein.

(b) **Closing Fee**. On the Closing Date, Borrower shall pay Lender a closing fee equal to $1,800,000.00 (the "**Closing Fee**") which fee shall be fully earned as of the Closing Date and shall not be refundable. The Closing Fee shall be deducted from the proceeds of the Loan funded on the Closing Date.

(c) **No Reborrowings**. Amounts borrowed hereunder and that are repaid or prepaid may not be reborrowed.

(d) **Lender's Records.** Lender shall record in its records the date and amount of the Loan and each repayment thereof. The amounts so recorded shall be conclusive evidence, absent manifest error, of the principal amount owing and unpaid with respect to the Loan; *provided, however,* that the failure to so record any such amount or any error in so recording any such amount shall not limit or otherwise affect the obligations of Borrower hereunder or under the Note or any other Loan Document to repay the principal amount of the Loan together with all interest accruing thereon.

(e) **Use of Proceeds.** Proceeds of the Loan will be used exclusively by Borrower for general corporate purposes (including, e.g., to refinance existing indebtedness, to make permitted distributions, etc.), in each case in accordance with the terms of this Agreement and the other Loan Documents. No proceeds of the Loan will be used in violation of any Applicable Law.

(f) **Collateral**. The Loan will be secured by the Collateral. Notwithstanding that the total Obligations may, at any time, exceed the Maximum Principal Amount, the total of all such disbursements and all other Obligations hereunder and under any other Loan Document shall be secured by all of the Collateral. All other sums expended by Lender pursuant to any Loan Document shall constitute Obligations under the Loan Documents and shall be secured by all of the Collateral.

(g) **Payments.** During the term of the Loan, Borrower shall make payments on each Payment Day as required by the Note. Payments of principal, interest and all other amounts due under the Note and this Agreement shall be made by wire transfer. All such payments shall be payable to Lender as to such account or place as Lender may designate in writing from time to time. If an Event of Default has occurred and is continuing, Lender may apply payments received or collected from Borrower or for the account of Borrower (including, the monetary proceeds of collection or of realization upon any Collateral) to the Indebtedness in such order and manner as Lender determines in its sole discretion, but subject to the terms of the ABL/Term Intercreditor Agreement. If no Event of Default shall have occurred and be continuing all payments shall be applied as set forth in this Agreement and the Loan Documents.

(h) **No Deductions or Setoff; Reinstatement of Obligations**. Borrower hereby unconditionally promises to pay Lender all Indebtedness as and when due in accordance with this Agreement and the Loan Documents. Borrower shall make all payments to Lender on the Indebtedness free and clear of, and without deduction or withholding for or on account of, any setoff, counterclaim, defense, duties, taxes, levies, imposts, fees, deductions, withholding, restriction or conditions of any kind. If after receipt of any payment of, or proceeds of Collateral applied to the payment of, any of the Indebtedness, Lender is required to surrender or return such payment or proceeds to any Person for any reason, then the Indebtedness intended to be satisfied by such payment or proceeds shall be reinstated and continue, and this Agreement shall continue in full force and effect as if such payment or proceeds has not been received by Lender. Borrower shall be liable to pay to Lender, and does hereby indemnify and hold the Lender harmless for, the amount of any payments or proceeds surrendered or returned. This Section 3(h) shall remain effective notwithstanding any contrary action which may be taken by Lender in reliance upon such payment or proceeds, and this Section 3(h) shall survive the payment of the Indebtedness and the termination of this Agreement.

(i) **Late Fees**. If Borrower fails to make any payment pursuant to this Agreement, the Note or any other Loan Document on or before the fifth day after the due date for such payment (other than the payment due at maturity, in which case, if Borrower fails to make such payment on the date such payment is due), then Borrower shall, following Lender's written request therefor, pay Lender a late fee equal to 3% of such past-due payment (not to exceed the lawful maximum). Such late fee will be immediately due and payable and is in addition to any other charges, costs, fees, and expenses that Borrower may owe as a result of the late payment, including the imposition of the Default Rate pursuant to the Note or any other Loan Document.

4. REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement:

(a) **Organization.** Borrower (i) is a "**registered organization**" (as defined in the Uniform Commercial Code) duly organized, validly existing and in good standing under the laws of the State of Delaware, and Borrower's exact legal name is as set forth in the first paragraph of this Agreement; (ii) has the power and authority to own its properties and assets and to transact the businesses in which it is presently, or proposes to be, engaged and (iii) is duly qualified and authorized to do business and is in good standing in every jurisdiction in which the laws of such jurisdiction require Borrower to be so qualified or authorized, except where failure to be so qualified or authorized would not reasonably be expected to result in a Material Adverse Effect.

(b) **Authorization.** The execution, delivery and performance by Borrower hereof and of each of the other Loan Documents to which it is a party are within the powers of Borrower, do not contravene the organizational documents of Borrower, and do not (i) violate any law or regulation, or any order or decree of any court or Governmental Authority, (ii) conflict with or result in a breach of, or constitute a default under, any material indenture, mortgage or deed of trust or any material lease, agreement or other instrument binding on Borrower or any of its properties, or (iii) require the consent, authorization by or approval of or notice to or filing or registration with any Governmental Authority or other Person, except (A) such as have been obtained or made and are in full force and effect, (B) the recording and filing of the Security Instruments and Uniform Commercial Code financing statements as required by the Loan Documents and (C) those third party approvals or consents which, if not made or obtained, would not cause a Default hereunder and would not reasonably be expected to result in a Material Adverse Effect. This Agreement is, and each of the other Loan Documents to which Borrower is or will be a party, when delivered hereunder or thereunder, will be, the legal, valid and binding obligation of Borrower enforceable against Borrower in accordance with such Loan Document's terms, subject to applicable bankruptcy laws and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(c) **Financial Information.** All financial statements of Borrower (including in each case the related statements and notes) supplied to Lender on or prior to the Closing Date fairly present in all material respects the financial position of Borrower for the respective periods so specified and have been prepared in accordance with GAAP except as may be set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments). Moreover, Borrower is expressly stating that as of the date of this Agreement there has been no material adverse change in Borrower's financial condition as compared to the condition represented in the audited financial statements of Borrower for the fiscal year ending December 31, 2020. It is understood and agreed for all purposes under the Loan Documents that (i) to the extent any certificate, statement, report, or information furnished by any Loan Party pursuant to or in connection with the Loan Documents was based upon or constitutes a forecast or projection, each Loan Party represents only that it acted in good faith and utilized reasonable assumptions and due care in the preparation of such certificate, statement, report, or information (it being recognized by Lender, however, that projections as to future events are not to be viewed as facts and that results during the period(s) covered by such projections may differ from the projected results and that such differences may be material and that the Loan Parties make no representation that such projections will be realized) and (ii) as to statements, information and reports supplied by third parties after the Closing Date, each of the Loan Parties represents only that it is not aware of any material misstatement or omission therein.

(d) **Hazardous Substances.** Except as disclosed by Borrower and acknowledged by Lender in writing on or prior to the date hereof or for matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, Borrower represents and warrants that Borrower has no knowledge of (i) any violation of Environmental Laws by Borrower or any other Loan Party or affecting Borrower's or any other Loan Party's property, including the Collateral; (ii) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on any of Borrower's or any other Loan Party's property, including the Collateral, by Borrower, any Loan Party or any prior owners or occupants of any of the such property; or (iii) any litigation or claims of any kind relating to such matters. Any inspections or tests made by Lender related to the foregoing during the continuance of an Event of Default shall be at Borrower's expense and for Lender's purposes only. Borrower hereby (A) releases and waives any claims (including any future claims) against Lender for indemnification or contribution in the event Borrower becomes liable for cleanup or other costs in connection with any event described in clauses (i) or (ii) above, and (B) agrees to indemnify, defend and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly suffer as a consequence of any event described in clauses (i) or (ii) above or any event similar or related thereto. The provisions of this Section 4(d) shall survive the payment of the Indebtedness and the termination, expiration or other satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in the Collateral, whether by foreclosure or other means.

(e) **Litigation and Claims.** No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower or any other Loan Party is pending or, to Borrower's knowledge, threatened (in writing), and, to Borrower's knowledge, no other event has occurred which may adversely affect Borrower's or any other Loan Party's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing on or prior to the date hereof or that could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

(f) **Taxes.** All of Borrower's and each other Loan Party's federal tax returns and all other material tax returns required to be filed have been filed by the date of this Agreement, and all material Taxes (other than Contested Taxes) resulting therefrom have been paid in full when due.

(g) **Solvency.** Borrower and the other Loan Parties, on a consolidated basis, are solvent, are paying their debts as they become due and have sufficient capital to conduct their business. The fair salable value of the Loan Parties' assets, on a consolidated basis, is in excess of the total amount of their liabilities (including contingent liabilities) as they become absolute and matured.

(h) **No Defaults or Events of Default.** Neither Borrower nor any other Loan Party is in default under any Major Material Contract to which it is a party or by which it is bound, and Borrower knows of no ongoing dispute regarding any contract or lease of a Loan Party which could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

(i) **Foreign Assets Control Regulations, Etc.** (i) No Loan Party nor any Affiliate of any Loan Party is (A) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by the Office of Foreign Assets Control, United States Department of the Treasury ("**OFAC**" and each such Person, an "**OFAC Listed Person**") (B) an agent, department, or instrumentality of, or is otherwise beneficially owned by, controlled by or acting on behalf of, directly or indirectly, (1) any OFAC Listed Person or (2) any Person, entity, organization, foreign country or regime that is subject to any OFAC sanctions program, or (3) otherwise blocked, subject to sanctions under or engaged in any activity in violation of other United States economic sanctions (collectively, "**U.S. Economic Sanctions**") (each OFAC Listed Person and each other Person, entity, organization and government of a country described in clause (A), clause (B) or clause (C), a "**Blocked Person**"). (ii) No part of the proceeds from and Loan constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used by Borrower or any Affiliate of Borrower, directly or indirectly, (A) in connection with any investment in, or any transactions or dealings with, any Blocked Person, or (B) otherwise in violation of U.S. Economic Sanctions. (iii) No Loan Party nor any Affiliate of any Loan Party (A) has been found in violation of, charged with, or convicted of, money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes under the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act), the USA PATRIOT Act or any other United States law or regulation governing such activities (collectively, "**Anti-Money Laundering Laws**") or any U.S. Economic Sanctions violations, (B) to Borrower's actual knowledge, after making due inquiry, is under investigation by any Governmental Authority for possible violation of Anti-Money Laundering Laws or any U.S. Economic Sanctions violations, (C) has been assessed civil penalties under any Anti-Money Laundering Laws or any U.S. Economic Sanctions, or (D) has had any of its funds seized or forfeited in an action under any Anti-Money Laundering Laws.

(j) **Investment Company Act.** None of the Loan Parties is an "investment company" or a company "controlled" by an "investment company," within the meaning of, or subject to regulation under, the Investment Company Act of 1940, as amended.

(k) **ERISA**. Borrower and each other Loan Party is in compliance with all applicable provisions of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and no event has occurred or other circumstance now exists with respect to any "employee pension benefit plan" (as defined in Section 3(2) of ERISA, other than a Multiemployer Plan) that, in any case, could reasonably be expected to cause a Material Adverse Effect.

5. COVENANTS. For the term of this Agreement:

(a) **Existence, Compliance with Laws, Fundamental Changes.** Borrower will maintain its existence and its current yearly accounting cycle and will maintain in full force and affect all licenses, bonds, franchises, leases, trademarks, patents, contracts and other rights necessary to the conduct of its business, in each case, except where the failure to do so could not reasonably be expected to cause a Material Adverse Effect. Borrower will comply with all applicable laws and regulations of any applicable Governmental Authority, except for such laws and regulations the violations of which would not, in the aggregate, reasonably be expected to have a Material Adverse Effect on Borrower. Borrower will give Lender prior written notice of any intent to change Borrower's or any other Loan Party's name, principal address or jurisdiction of formation. Neither Borrower nor any other Loan Party shall amend, restate, supplement, modify or terminate any of its organizational documents in any manner that would reasonably be expected to be materially adverse to the interests of Lender without the prior written consent of Lender in each instance. In the event that Borrower or any other Loan Party shall amend, restate, supplement, modify or terminate any of its organizational documents in any manner, Borrower or such other Loan Party shall provide Lender with notice and copies of any and all such amendments, restatements, supplements, modifications or terminations within thirty (30) days following the effective date thereof.

(b) **Merger, Consolidation, Etc**. Without the prior written consent of Lender (such consent to be granted or withheld at Lender's sole discretion), no Loan Party will merge or consolidate with any other Person, divide or be divided, amend or modify its capital structure if such amendment or modification could reasonably be expected to result in a Material Adverse Effect, sell or otherwise dispose of all or substantially all of its assets, or otherwise allow a Change of Control; *provided, however,* that so long as no Default or Event of Default is continuing or would occur as a result thereof, (i) any Loan Party shall be permitted to merge into or consolidate with any other Loan Party, (ii) any Loan Party would be permitted to sell or otherwise dispose of any of its assets to any other Loan Party, and (iii) any Person may be consolidated (by merger, liquidation or otherwise) with (A) any Loan Party (other than Borrower), so long as a Loan Party is the surviving business entity or the surviving business entity becomes a Guarantor in accordance with this Agreement and the other Loan Documents and (B) Borrower, so long as Borrower is the surviving business entity.

(c) **Insurance.** Borrower will maintain or will cause to be maintained insurance on the Collateral under such policies of insurance, with such insurance companies, in such amounts and covering such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations and which insurance shall be reasonably satisfactory to Lender (it being understood and agreed that the insurance coverages maintained by Borrower as of the Closing Date are satisfactory to Lender as of the Closing Date); *provided* that Borrower shall not reduce the insurance coverages maintained by Borrower as of the Closing Date without the prior written consent of Lender, such consent not to be unreasonably withheld, conditioned or delayed. The loss payable clauses or provisions of the insurance policies insuring any of the Collateral (excluding the Title Policy and any business interruption insurance) shall be endorsed to confer lender's loss payable status to Lender as its interests may appear. All such insurance policies shall contain a clause requiring (or shall be endorsed to require) the insurer to give Lender at least thirty (30) days' prior written notice (or ten (10) days' prior written notice of cancellation for non-payment of premium) of any material change in the terms or cancellation of the policy and shall include a waiver of subrogation as respects Lender's insurance policies. At Lender's request, true copies of all original insurance policies (with endorsements) are to be promptly delivered to Lender. All liability policies shall name Lender, its affiliates and its and their successors and assigns as additional insureds. If Borrower fails to maintain such insurance, Lender may arrange for (at Borrower's expense and without any responsibility on Lender's part for) obtaining the insurance required by this Agreement. Unless Lender will otherwise agree with Borrower in writing, during the continuance of an Event of Default and subject to the ABL/Term Intercreditor Agreement, Lender will have the sole right, in the name of Lender or Borrower, to file claims under any insurance policies, to receive and give acquittance for any payments that may be payable thereunder, and to execute any endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies; *provided* that, subject to the two immediately following sentences, so long as no Event of Default under Sections 7(a), (e), (f) or (g) has occurred and is continuing, the Loan Parties shall be entitled to receive and reinvest all insurance proceeds in the business and Properties of the Loan Parties. The Loan Parties shall deposit all cash proceeds of any Casualty Event in a Term Cash Collateral Account (as defined in the ABL/Term Intercreditor Agreement) that is subject to a Control Agreement in favor of Lender. The Loan Parties may only withdraw and use funds in such account to (i) pay costs and expenses incurred in connection with the repair or replacement of the Property that was subject to the applicable Casualty Event or (ii) repay all or a portion of the Indebtedness. **COLLATERAL PROTECTION INSURANCE NOTICE**. (A) BORROWER IS REQUIRED TO: (i) KEEP THE COLLATERAL INSURED AGAINST DAMAGE AS SPECIFIED IN THIS AGREEMENT; (ii) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER; AND (iii) NAME LENDER AS A PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF A LOSS; (B) BORROWER MUST, IF REQUIRED BY LENDER IN ACCORDANCE WITH THIS AGREEMENT, DELIVER TO LENDER A COPY OF THE POLICY AND PROOF OF THE PAYMENT OF PREMIUMS THEREFOR; AND (C) IF BORROWER FAILS TO MEET ANY REQUIREMENT LISTED IN CLAUSES (A) OR (B) HEREOF, LENDER MAY OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF BORROWER AT BORROWER'S EXPENSE.

(d) **Financial Statements & Records; Other Information.** Until the payment and satisfaction in full of all Obligations, Borrower will deliver to Lender the following financial information:

(i). as soon as available, but not later than 120 days after the end of each fiscal year of Borrower and its consolidated subsidiaries, the consolidated balance sheet, income statement and statements of cash flows and shareholders equity for Borrower and its consolidated subsidiaries (the "**Financial Statements**") for such year, prepared in accordance with GAAP and certified by independent certified public accountants of recognized standing selected by Borrower;

(ii). as soon as available, but not later than 60 days after the end of each of the first three fiscal quarters in any fiscal year of Borrower and its consolidated subsidiaries, the Financial Statements for such fiscal quarter, together with a certification duly executed by the chief financial officer of Borrower that such Financial Statements have been prepared in accordance with GAAP and presenting fairly in all material respects the financial condition and results of operations of Borrower and its consolidated subsidiaries (subject to normal year-end audit adjustments and the absence of footnotes);

(iii). as soon as practicable, and in any event within five Business Days after Borrower or any other Loan Party learns of any of the following, Borrower will give written notice to Lender of (A) the occurrence of any Default or Event of Default, together with a statement of the action which Borrower has taken or proposes to take with respect thereto, (B) the occurrence of any material loss or damage with respect to any material Collateral, or (C) the occurrence of any other development or event which could reasonably be expected to result in a Material Adverse Effect together with a statement of the action which Borrower has taken or proposes to take with respect thereto;

(iv). concurrently with any delivery of Financial Statements under subclause (i) above, an annual budget of Borrower and its consolidated subsidiaries in form and detail reasonably satisfactory to Lender and forecasts prepared by Borrower in the form of consolidated balance sheets and income statements for Borrower and its consolidated subsidiaries on a quarterly basis for the first year following the year for which such Financial Statements are then being delivered;

(v). promptly, but in any event within five (5) Business Days, after the execution or furnishing, as applicable, thereof, copies of (i) any amendment to, or waiver or consent with respect to any provision of, any ABL Loan Document entered into by any Loan Party and (ii) any notice of default or notice of the commencement of a Cash Dominion Period (as defined in the ABL Credit Agreement), in either case, furnished by any Loan Party to the ABL Agent under, and pursuant to the terms of, the ABL Credit Agreement; and

(vi). promptly following Lender's reasonable request therefor, any other information regarding the operations, business affairs and financial condition of any Loan Party or compliance with the terms of this Agreement or any other Loan Document (e.g., purchaser lists, extraction reports, reserves reports, copies of material contracts, copies of investor presentations, copies of certificates or other notices provided to the holders of any Material Other Indebtedness); provided that, notwithstanding the foregoing or anything to the contrary herein, neither the Borrower nor any other Loan Party shall be required to disclose, permit the inspection, examination or making copies or abstracts of, or discussion of, any document, information or other matter that (A) constitutes non-financial trade secrets or nonfinancial proprietary information, (B) in respect of which disclosure to Lender (or its representatives or contractors) is prohibited by law or (C) is subject to attorney-client or similar privilege or constitutes attorney work-product.

Financial statements, opinions of independent certified public accountants and other certificates and information required to be delivered by Borrower pursuant to subclauses (i) or (ii) above shall be deemed to have been delivered if Borrower shall have timely filed an SEC Form 10-Q or Form 10-K, satisfying the requirements of such subclauses, as the case may be, with the SEC or EDGAR; or such financial statements are timely posted by or on behalf of Borrower on a website to which Lender has free access, *provided, however,* that the Borrower shall have given Lender prior written notice of such posting or filing in connection with each delivery, *provided further*, that upon request of Lender to receive paper copies of such deliverables, Borrower will promptly deliver such paper copies to Lender.

(e) **Notices of Claims and Litigation**. Borrower will inform Lender in writing of all existing or threatened (in writing) litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any other Loan Party which would reasonably be expected to have a Material Adverse Effect.

(f) **Additional Information; Further Assurances.** Subject to the exceptions, thresholds and limitations set forth herein and the other Loan Documents, Borrower will, and will cause each other Loan Party to, promptly upon the reasonable request of Lender, execute and deliver or obtain any document reasonably required by Lender (including, *e.g.,* warehouseman or processor disclaimers, mortgagee waivers, landlord disclaimers, or subordination agreements with respect to the Indebtedness and the Collateral), give any notices, execute (if applicable) and file any financing statements or other documents (all in form and substance reasonably satisfactory to Lender), and take any other actions that are necessary or, in the reasonable opinion of Lender, desirable to perfect or continue the perfection and the required priority of Lender's security interest in the Collateral, to protect the Collateral against the rights, claims, or interests of any Persons, or to effect the purposes of this Agreement or any other Loan Documents. Borrower hereby authorizes Lender to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Collateral. All costs incurred in connection with any of the foregoing shall be for the account of and paid by Borrower.

(g) [**Reserved**].

(h) **Other Agreements.** Borrower and each other Loan Party will (i) comply with all terms and conditions of all other agreements to which Borrower or such other Loan Party is a party, now existing or later entered into, and (ii) provide written notice to Lender of any default in connection with any such agreements, except, in the case of both clauses (i) and (ii), for any such defaults or failure to comply that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(i) **Responsibilities.** Borrower will, and will cause each other Loan Party to, perform and satisfy, in a timely fashion, all terms and conditions in this Agreement and in the other Loan Documents, in each case subject to all applicable grace periods.

(j) **Government Requirements.** Borrower will, and will cause each other Loan Party to, comply with all laws, ordinances, and regulations now or hereafter created applicable to Borrower's properties, business and operations, except for such laws, ordinances, and regulations the violations of which would not reasonably be expected to have a Material Adverse Effect on Borrower.

(k) **Use of Collateral; Entry and Inspection.** **The Collateral will not be used or operated for personal, family or household purposes** Borrower will permit Lender's employees or agents, at reasonable times during normal business hours, at Borrower's expense but at Lender's sole risk, to inspect any Collateral; *provided* that so long as no Event of Default shall have occurred and be continuing, (i) Lender shall provide reasonable notice prior to conducting any inspections, (ii) Lender shall limit the number of inspections to not more than four (4) during any twelve (12) month period, and (iii) not more than one such inspection during any twelve (12) month period shall be at Borrower's expense; *provided, further*, that during any such inspection, Lender and its employees and agents shall comply with Borrower's standard health and safety policies and procedures.

(l) **Taxes.** Borrower will pay, when due, all Taxes, except where the failure to make payment would not reasonably be expected to result in a Material Adverse Effect or result in the seizure or levy of any material Property of Borrower or any other Loan Party or of any Collateral (other than Collateral that, individually or in the aggregate, (i) has a fair market value of less than $5,000,000 and (ii) is not of material importance to the normal operation of the Sand Facilities and the business operations of the Loan Parties). If any Taxes remain unpaid after the date fixed for the payment thereof, or if any lien will be claimed therefor in violation of the immediately preceding sentence, then, without notice to Borrower, but on Borrower's behalf, Lender may (but is not obligated to) pay such Taxes, and the amount thereof will be included in the Indebtedness immediately upon such payment.

(m) **Fees on Collateral**. Except, in each case, where the failure to do so could not reasonably be expected to result in a Material Adverse Effect or in the seizure, levy or forfeiture of any Collateral (other than Collateral that, individually or in the aggregate, (i) has a fair market value of less than $5,000,000 and (ii) is not of material importance to the normal operation of the Sand Facilities and the business operations of the Loan Parties), Borrower will, and will cause each other Loan Party to, promptly pay, when due, all transportation, storage and warehousing charges and license fees, registration fees, assessments, charges and permit fees which may now or hereafter be imposed upon the ownership, leasing, renting, possession, sale or use of the Collateral.

(n) **No Liens or Disposition of Collateral**. Borrower will not, and will not permit any other Loan Party to, in any way hypothecate or create or permit to exist any Lien in any of the Collateral or in any other Property of Borrower or any other Loan Party, except for Permitted Liens. No Loan Party, except for Permitted Sales, will sell, transfer, assign, pledge, collaterally assign, exchange or otherwise dispose of any the Collateral, including, but not limited to, transfer to any entity with the same or similar name as any Loan Party and organized under the laws of a state other than the state of such Loan Party's organization on the date hereof. In the event the Collateral, or any part thereof, is sold, transferred, assigned, exchanged, or otherwise disposed of in violation of this Section 5(n), the Liens of Lender will continue in such Collateral or part thereof notwithstanding such sale, transfer, assignment, exchange or other disposition, and Borrower will hold the proceeds thereof in the Term Cash Collateral Account for the benefit of Lender. Following such a sale in violation of this Section 5(n) and subject to the ABL/Term Intercreditor Agreement, Borrower will transfer such proceeds to Lender in kind, and all of the Indebtedness will survive until otherwise satisfied in accordance with the terms hereof and under the other Loan Documents.

(o) **No Further Indebtedness**. Neither Borrower nor any other Loan Party shall create, incur, assume, permit to exist, or otherwise become or remain directly or indirectly liable with respect to any Debt other than Permitted Debt.

(p) **Equity Distributions**. Neither Borrower nor any other Loan Party shall make any Restricted Payment; *provided, however* that notwithstanding the foregoing:

(i). the Loan Parties shall be permitted to make Permitted Payments at any time;

(ii). so long as no Event of Default has occurred and is continuing, Borrower shall be permitted to make, on one occasion and one occasion only under this subclause (ii) after the Closing Date, a Restricted Payment in the form of a one-time distribution of up to $10,000,000 to the holders of its Equity Interests;

(iii). so long as no Event of Default has occurred and is continuing or would occur, Borrower shall be permitted to make any other Restricted Payment if, (A) Lender receives the required Related Paydown prior to or substantially simultaneously with the making of such other Restricted Payment and (B) immediately after making such Restricted Payment and required Related Paydown, the sum of the Loan Parties' Cash and Cash Equivalents would be not less than $30,000,000. Any Related Paydown received by Lender shall be applied to the Loan in inverse order of maturity, and no Prepayment Fee shall be due in connection therewith; *provided* that no Restricted Payments shall be permitted under this subclause (iii) if the Annualized Leverage Ratio on a pro forma basis immediately after giving effect to such Restricted Payment and the Related Paydown would be greater than 2.00:1.00 (determined as of the date such Restricted Payment is declared so long as such Restricted Payment is paid within 90 days of the date of declaration);

(iv). following the consummation of an IPO Event, the Borrower may make additional Restricted Payments in an amount not to exceed 10.00% per annum of the net proceeds received by or contributed to the Borrower in or from such IPO Event; provided, that both immediately before and after giving effect thereto, no Event of Default shall have occurred and be continuing; and

(v). at least five (5) Business Days prior to declaring a Restricted Payment pursuant to subclause (iii) or (iv) of this Section 5(p), Borrower shall provide Lender with a certificate (in form and substance reasonably satisfactory to Lender) duly executed by a Responsible Officer of Borrower stating that the requisite conditions to the making of such Restricted Payment have been satisfied and containing a calculation, in form and detail reasonably satisfactory to Lender, in support of the amount of such Restricted Payment.

(q) **No Limitation on Lender's Rights**. Borrower will not, and will not permit any other Loan Party to, enter into any contractual obligations which may restrict or inhibit Lender's rights or ability to sell or otherwise dispose of the Collateral or any part thereof; *provided* that the foregoing shall not apply to (i) the ABL/Term Intercreditor Agreement, (ii) the ABL Credit Agreement, (iii) documents creating Permitted Liens described in (A) clauses (ii), (iv), (v), (vi), (vii), (viii), (x), (xi), and (xiv) of the definition of "Permitted Liens" and (B) clauses (c), (e) and (h) of the definition of "Excepted Liens", (iv) customary restrictions and conditions with respect to the sale or disposition of Property or Equity Interests not prohibited under Section 5(n) pending the consummation of such sale or disposition, (v) restrictions on cash and other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business, and (vi) prohibitions or restrictions imposed by any Governmental Requirement. Additionally, neither Borrower nor any other Loan Party will enter into any obligation with an Excluded Subsidiary or with a third party for the primary benefit of an Excluded Subsidiary that, if breached, would reasonably be expected to have a Material Adverse Effect on Borrower and the other Loan Parties (other than, for the avoidance of doubt, any diminution in the value of the Loan Parties' investment in the applicable Excluded Subsidiary).

(r) **Terrorism Sanctions Regulations**. The Loan Parties will not, directly or indirectly, use the proceeds of the Loan, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any applicable Anti-Money Laundering Laws, or (ii) (A) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is the subject of U.S. Economic Sanctions, or (B) in any other manner that would result in a violation of U.S. Economic Sanctions by any Person (including Lender). Borrower and each other Loan Party shall, and Borrower shall cause each Controlled Affiliate of Borrower to, comply in all material respects with all applicable Anti-Money Laundering Laws and not violate applicable U.S. Economic Sanctions.

(s) **Maintenance of Collateral.** Except for such acts or failures to act as could not reasonably be expected to result in a Material Adverse Effect or could otherwise materially diminish the fair market value of a Sand Facility or any other Mortgaged Property (other than Mortgaged Property that (i) is not a Specified Property and (ii), individually or in the aggregate, is not of material importance to the normal operation of the Sand Facilities and the business operations of the Loan Parties), Borrower, at no expense to Lender will, and will cause each other Loan Party to operate all Collateral material to the conduct of its business, or cause such Collateral to be operated, in a careful, workmanlike manner in accordance with the practices of the industry and in compliance with all applicable contracts and agreements and in compliance with all Applicable Law, and consistent with the requirement of every Governmental Authority and otherwise to preserve, maintain and keep in good repair and working order (ordinary wear and tear and obsolescence excepted) all Collateral necessary for the normal operation of the Sand Facilities.

(t) **No Sale-Leasebacks**. No Loan Party shall enter into any arrangement, directly or indirectly, with any Person whereby in a substantially contemporaneous transaction such Loan Party shall sell or transfer all or substantially all of its right, title and interest in a Property and, in connection therewith, rent or lease back the right to use such Property.

(u) **Affiliate Transactions**. No Loan Party shall enter into any transaction, including, without limitation, any purchase, sale, lease or exchange of Property or the rendering of any service, with any Affiliate of a Loan Party (other than a Loan Party) involving aggregate payments or consideration in any fiscal year in excess of $500,000 unless such transaction is upon fair terms, as reasonably determined by the Borrower, that are no less favorable to such Loan Party than it would obtain in a comparable arm's length transaction with a Person not an Affiliate or that are otherwise fair to such Loan Party from a financial point of view; provided, however, that the restrictions set forth in this clause shall not apply to (i) the execution and delivery of any Loan Document, (ii) compensation to, and the terms of any employment contracts with, individuals who are employees, officers, managers or directors of the Loan Parties (including, the performance of employment, equity award, equity option or equity appreciation agreements, plans or other similar compensation or benefit plans or arrangements (including vacation plans, health and insurance plans, deferred compensation plans and retirement or savings plans)), (iii) any Restricted Payment permitted pursuant to Section 5(p) and any other payment expressly permitted under this Agreement, (iv) the issuance and sale of Equity Interests in Borrower (other than Disqualified Capital Stock) or the amendment of the terms of any Equity Interests issued by Borrower (other than Disqualified Capital Stock), (v) Permitted Intercompany Activities, (vi) Investments described in clauses (i), (vii), (ix), (xii) (with respect to Debt permitted under clause (ii) of the definition of "Permitted Debt"), (xiv), (xv), (xvi), (xvii) and (xviii) of the definition of "Permitted Investments", and (vii) reasonable and customary fees and compensation to, the reimbursement of reasonable out of pocket costs of, and indemnities provided on behalf of, officers, directors, and employees of the Borrower (or any parent entity) or any subsidiary in their capacity as such.

(v) **Subsidiaries**. No Loan Party shall create or acquire any additional Subsidiary unless Borrower gives reasonable advance written notice to Lender of such creation or acquisition, as applicable, and complies with Section 5(w) below. No Loan Party shall sell, assign or otherwise dispose of any Equity Interests in any Subsidiary except in compliance with Section 5(b) or Section 5(n). No Loan Party shall have any Subsidiary not organized under the laws of the United States of America or any state thereof or the District of Columbia, and each Subsidiary shall be a Wholly-Owned Subsidiary.

(w) **Additional Guarantors**. Borrower shall promptly cause each of its Subsidiaries (for the avoidance of doubt, excluding Excluded Subsidiaries) to unconditionally guarantee, on a joint and several basis, the prompt payment and performance of the Indebtedness pursuant to the Guaranty Agreement. In connection therewith, Borrower shall, or shall cause such Subsidiary to, promptly, but in any event no later than 30 days (or such longer period as Lender may agree in Lender's sole discretion) after the formation or acquisition (or similar event) of such Subsidiary, (i) execute and deliver an amendment or a supplement to the Guaranty Agreement in form and substance reasonably acceptable to Lender, (ii) cause the applicable Loan Party that owns Equity Interests in such Subsidiary (for the avoidance of doubt, excluding any Excluded Subsidiary) to execute and deliver an amendment or supplement to the Security Agreement to confirm the pledge of all of the Equity Interests in such Subsidiary that are owned by such Loan Party (and deliver the original stock or other equity certificates, if any, evidencing the Equity Interests in such Subsidiary owned by it, together with an appropriate undated stock power for each such certificate duly executed in blank by the registered owner thereof), and (iii) execute and deliver such other additional customary closing documents, certificates and legal opinions as shall reasonably be requested by Lender.

(x) **Additional Collateral**. Subject to the final sentence of this Section 5(x), within 30 days after the consummation of any Material Acquisition (or such longer period as Lender may agree in Lender’s sole discretion) or whenever requested by Lender in Lender’s reasonable discretion, Borrower shall, and shall cause the other Loan Parties to, execute and deliver Security Instruments that will, upon recording or other appropriate action, create in favor of Lender, first priority (subject to Permitted Liens), perfected Liens on the Property acquired by any Loan Party in connection with the Material Acquisition, excluding any assets or properties excluded as Collateral pursuant to the terms of the Security Instruments. All such Liens will be created and perfected by and in accordance with the provisions of Security Instruments in form and substance reasonably satisfactory to Lender and in sufficient executed (and acknowledged where necessary or appropriate) counterparts for recording purposes. Notwithstanding anything herein or in any other Loan Document to the contrary, the Liens granted by the Loan Parties under the Security Instruments shall not, and the Loan Parties shall not be required to grant any such Liens that, encumber any real or personal property interests of the Loan Parties excluded as Collateral pursuant to the terms of the Security Instruments.

(y) **Liquidity**. At any time when loans of $5,000,000 or more in the aggregate are outstanding under the ABL Credit Agreement, the Loan Parties shall maintain, on a consolidated basis, a minimum average Liquidity of at least $20,000,000, such Liquidity to be calculated and tested on the last day of each calendar month based on the average Liquidity during such calendar month.

(z) **Investments and Loans**. Borrower will not, and will not permit any other Loan Party to, make or permit to remain outstanding any Investments in or to any Person other than Permitted Investments.

(aa) **Term Cash Collateral Account**. Borrower shall (i) maintain with a depository bank reasonably acceptable to Lender the Term Cash Collateral Account in which Borrower will only deposit identifiable proceeds of Term Priority Collateral that constitute Term Priority Collateral and (ii) notify the ABL Agent (as defined in the ABL/Term Intercreditor Agreement) in writing that such Term Cash Collateral Account will be used solely and exclusively for holding identifiable proceeds of Term Priority Collateral. The Loan Parties shall not deposit any funds in the Term Cash Collateral Account other than identifiable proceeds of Term Priority Collateral that constitute Term Priority Collateral. Notwithstanding the foregoing or anything else to the contrary herein, so long as no Event of Default has occurred and is continuing, (x) the Loan Parties shall not be required to deposit proceeds of Term Priority Collateral into the Term Cash Collateral Account and (y) promptly following the request of Borrower therefor, any funds on deposit in the Term Cash Collateral Account shall be transferred to Borrower.

(bb) **Negative Pledge Agreements; Dividend Restrictions**. Borrower will not, and will not permit any other Loan Party to, create, incur, assume or suffer to exist any contract, agreement or understanding (other than this Agreement, the Security Instruments, agreements with respect to purchase money Debt or Capital Leases creating Liens permitted by clause (vi) of the definition of “Permitted Liens”, documents creating Liens which are described in clause (c), (e) or (h) of the definition of “Excepted Liens”, agreements, instruments, and documents executed in connection with Debt permitted under clause (ix) of the definition of “Permitted Debt”, and contracts, agreements and arrangements described in the proviso to Section 5(q)) that in any way prohibits or restricts the granting, conveying, creation or imposition of any Lien in favor of Lender with respect to any Collateral or restricts any Subsidiary from paying dividends or making distributions in respect of its Equity Interests to the Borrower or any other Loan Party.

(cc) **Post-Closing Matters**. The Loan Parties will execute and deliver the documents, take the actions and complete the tasks as set forth in**Exhibit D**, in each case within the applicable time limits specified on such exhibit.

6. LENDER’S EXPENDITURES. During the continuance of an Event of Default, Lender will have the right at any time to make any payments and do any other acts Lender may reasonably deem necessary to protect its security interests in the Collateral, including, without limitation, the rights to satisfy, purchase, contest or compromise any encumbrance, charge or lien which, in the reasonable judgment of Lender, appears to be prior to or superior to the security interests granted hereunder, and appear in and defend any action or proceeding purporting to affect its security interests in, or the value of, any of the Collateral, in each case other than with respect to Permitted Liens. Borrower hereby agrees to reimburse Lender for all payments made and documented out-of-pocket expenses incurred under this Agreement including reasonable and documented out-of-pocket fees, expenses and disbursements of external attorneys and paralegals engaged by Lender, including any of the foregoing payments under, or acts taken to protect its security interests in, any of the Collateral, which amounts will be secured under the Security Instruments, and agrees it will be bound by any payment made or act taken by Lender hereunder absent Lender’s gross negligence or willful misconduct. Lender will have no obligation to make any of the foregoing payments or perform any of the foregoing acts.

7. EVENTS OF DEFAULT. The occurrence of any of the following events will constitute an Event of Default hereunder:

(a) failure of Borrower to pay any Indebtedness, whether at stated maturity, by acceleration, or otherwise within five (5) days of the stated due date;

(b) failure of any Loan Party to observe or perform any covenant, condition or agreement contained in Section 5(b), Section 5(c), Section 5(d)(iii), Section 5(k), Section 5(p) or Section 5(r);

(c) failure of Borrower or any other Loan Party to perform, comply with or observe any other term, covenant or agreement applicable to it contained in any of the Loan Documents and such failure will continue unremedied for a period of thirty (30) days after Lender's written notice thereof to Borrower or such Loan Party; or if such failure is not reasonably capable of being cured within such thirty (30) day period, but Borrower or any other Loan Party is diligently pursuing such cure within such period, then Borrower and any other Loan Party shall have an additional thirty (30) days to remedy such failure so long as Borrower or any other Loan Party continues to diligently pursue such cure;

(d) any representation or warranty made or deemed made by a Loan Party hereunder, under or in connection with any financial statements provided to Lender, under any other Loan Document, or under any document, instrument or certificate executed by any of the Loan Parties in favor of Lender in connection with the Loan Documents, will prove to have been false, misleading, inaccurate or incorrect in any material respect when made;

(e) the admission in writing by any of the Loan Parties of its inability to pay its debts as they mature;

(f) the voluntary commencement by any of the Loan Parties of any bankruptcy, insolvency, reorganization, receivership or similar proceedings under any Debtor Relief Laws;

(g) the commencement against any of the Loan Parties of any bankruptcy, insolvency, reorganization, receivership or similar proceedings under any Debtor Relief Laws and, either (i) such proceeding remains undismissed or unstayed for sixty (60) days following the commencement thereof, or (ii) any Loan Party takes any action authorizing any such proceedings;

(h) a Loan Party defaults (a) in the payment of principal of or interest on any Material Other Indebtedness beyond any grace period provided with respect thereto or (b) in the observance or performance of any other agreement or condition relating to any Material Other Indebtedness or contained in any instrument or agreement relating thereto, or any other event will occur or condition exist, the effect of such default or other event or condition is to cause, or to permit the holder or holders of such Material Other Indebtedness to cause, with the giving of notice if required, such Material Other Indebtedness to become due prior to its stated maturity, in each case other than any event requiring prepayment pursuant to customary asset sale or change of control provisions;

(i) any final, non-appealable judgment or judgments for the payment of money in an aggregate amount in excess of $15,000,000 (to the extent not covered by independent third-party insurance) shall be rendered against a Loan Party which shall remain unpaid or is not fully stayed for a period of sixty (60) days; *provided, however,* that commencing at such time as the Loan Parties' consolidated trailing twelve months' EBITDA exceeds $100,000,000 for two consecutive fiscal quarters, the amount set forth above in this clause (i) shall automatically be increased to $25,000,000;

(j) any event or circumstance occurs with respect to any Major Material Contract which, after giving effect to the expiration of any applicable grace period or the giving of notice, or both, provided in such Major Material Contract, would entitle any party thereto (other than a Loan Party) to terminate such Major Material Contract prior to its scheduled termination;

(k) any material covenant, agreement or obligation of any Loan Party contained in or evidenced by any of the Loan Documents is determined to be unenforceable, in accordance with its terms, except to the extent permitted by the terms thereof; any Loan Party denies or disaffirm its obligations under any of the Loan Documents or any Liens granted in connection therewith; or any Lien granted on any material part of the Collateral is determined to be void, voidable or invalid, is subordinated or is not given the priority contemplated by this Agreement or any other Loan Document (except to the extent permitted by the terms of this Agreement or any other Loan Document or as otherwise agreed in writing by Lender); or

(l) any event or circumstance occurs with respect to any other agreement between any Loan Party or any Controlled Affiliate of any Loan Party, on the one hand, and Lender or any Affiliate of Lender, on the other, pursuant to which any Loan Party pays, receives or incurs liabilities (or could reasonably be expected to pay, receive or incur liabilities) in excess of $5,000,000 in any twelve (12) month period, which, after giving effect to the expiration of any applicable grace period or the giving of notice, or both, provided in such agreement, would entitle any party thereto (other than the applicable Loan Party) to accelerate the obligations under such agreement prior to their stated maturity and such event or circumstance continues unremedied for a period of thirty (30) days after Lender's written notice thereof to Borrower.

8. REMEDIES. If any Event of Default will have occurred and be continuing beyond all applicable notice and cure periods:

(a) Lender may, without prejudice to any of its other rights under any Loan Document or applicable law, declare all Indebtedness to be immediately due and payable (except with respect to any Event of Default set forth in Section 7(f) or Section 7(g) hereof, in which case all Indebtedness will automatically become immediately due and payable without necessity of any declaration) without presentment, representation, demand of payment or protest, all of which are hereby expressly waived;

(b) Lender may, subject to the terms of the ABL/Term Intercreditor Agreement, take possession of the Collateral and, for that purpose may enter, with the aid and assistance of any person or persons, any premises where the Collateral or any part hereof is, or may be placed, and remove the same;

(c) the obligation of Lender, if any, to make any Advances or give additional (or to continue) financial accommodations of any kind to Borrower will immediately terminate;

(d) subject to the terms of the ABL/Term Intercreditor Agreement, Lender may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein (or in any other Loan Document) or otherwise available to it, all the rights and remedies of a secured party under the Uniform Commercial Code whether or not the Uniform Commercial Code applies to the affected Collateral and also may (i) require Borrower to, and Borrower hereby agrees that it will at its expense and upon request of Lender forthwith, use commercially reasonable efforts to assemble all or part of the Collateral (other than real property) as directed by Lender and make it available to Lender at a place to be designated by Lender that is reasonably convenient to both parties and (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of Lender's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as Lender may deem commercially reasonable. Borrower agrees that, to the extent notice of sale will be required by law with respect to Collateral consisting of personal property, at least ten days' prior written notice to Borrower of the time and place of any public sale or the time after which any private sale is to be made will constitute reasonable notification. Lender will not be obligated to make any sale of Collateral regardless of notice of sale having been given. Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned;

(e) all cash proceeds received by Lender in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of Lender, be held by Lender as collateral for, or then or at any time thereafter applied in whole or in part by Lender against, all or any part of the Indebtedness in such order as Lender will elect; *provided*, *that*, notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence and during the continuance of an Event of Default, the proceeds of any sale of, or other realization upon, all or any part of the Collateral shall be applied in accordance with the terms of the ABL/Term Intercreditor Agreement. Any surplus of such cash or cash proceeds held by Lender and remaining after the full and final payment of all the Indebtedness will be paid over to Borrower or to such other Person to which Lender may be required under applicable law, or directed by a court of competent jurisdiction, to make payment of such surplus; and

(f) Lender may pursue any other rights or remedies under any other Loan Document or available at law or in equity, including, without limitation, rights or remedies seeking damages, specific performance and injunctive relief, and Lender shall have the right, in its sole discretion, to exercise any one or more of the remedies described in this Section 8 or otherwise.

Notwithstanding anything to the contrary set forth herein, (i) (A) upon the occurrence and during the continuance of an Event of Default under clauses (e), (f) or (g) of Section 7 or (B) upon the maturity or acceleration of the Indebtedness (to the extent the Indebtedness is not paid in full on the date thereof), and/or (ii) if Lender so elects, upon the occurrence and during the continuance of any other Event of Default, all unpaid and overdue amounts of the Indebtedness (whether or not accelerated) shall bear interest (including post-petition interest in any proceeding under applicable Debtor Relief Laws, whether or not allowed in such a proceeding), at a rate per annum equal to the lesser of (i) a rate per annum equal to (A) the rate otherwise applicable to such amounts *plus* (B) 5.0% per annum and (ii) the highest rate Lender can legally collect under Applicable Law (such lesser rate, the "**Default Rate**"), and such interest shall be paid by Borrower upon demand.

9. MISCELLANEOUS PROVISIONS.

(a) **Final Agreement.** This Agreement, together with the Loan Documents, constitutes the entire understanding and agreement of the parties hereto as to the matters set forth herein, superseding all proposals and prior agreements, oral or written, and all other communications between the parties with respect to the subject matter hereof. **There are no unwritten oral agreements between the parties hereto**. Any amendment or waiver of any provision of this Agreement and any consent to any departure by Borrower from any provision of this Agreement will be effective only by a writing signed by Lender and will bind and benefit Borrower and Lender and their respective successors and assigns, subject, in the case of Borrower, to the first sentence of Section 9(d) below.

(b) **Attorneys' Fees and Expenses.** Borrower agrees to pay upon demand all of Lender's reasonable and documented out-of-pocket costs and expenses, including but not limited to Lender's out-of-pocket attorneys' fees and legal expenses, incurred in connection with the administration or any enforcement of this Agreement or any of the other Loan Documents.

(c) **Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to define or interpret this Agreement.

(d) **Assignment; Lender Transfers.** Neither Borrower nor any other Loan Party shall have the right to assign this Agreement, any other Loan Document or any interest herein or therein without first obtaining Lender's written consent, such consent to be granted or withheld at Lender's sole and absolute discretion. Lender, from time to time and without the consent of any Loan Party, may assign, sell, or transfer all or any portion of its right, title, and interest, including servicing rights, in the Loan or the Loan Documents, in each case whether as part of a securitization or by participation, assignment, sale or other transfer (each, a "**Lender Transfer**" with the interests that are the subject of the Lender Transfer being referred to as the "**Transferred Interests**"). Notwithstanding the foregoing or anything in this Section 9(d) to the contrary, so long as no Event of Default had occurred, any Lender Transfer to a party not a Controlled subsidiary of Stonebriar Finance Holdings LLC shall require the prior consent of Borrower, such consent not to be unreasonably withheld, conditioned or delayed. From and after the date of a Lender Transfer (other than the sale of a participation), Lender shall automatically be released from liability for the performance of any obligation arising out of or relating to the Transferred Interests. Upon a Lender Transfer (including the transfer of a participation interest) of less than all of the Loan (a "**Partial Assignment**"), each

Loan Party agrees that: (i) Lender may become a fiscal agent, administrative agent, or servicer of the Loan or may delegate servicing or agent responsibilities to another Person, which if not a Controlled affiliate of Lender shall be reasonably satisfactory to Borrower; (ii) the granting of consents or approvals by Lender pursuant to the Loan Documents may require the compliance with participation agreements, servicing agreements, co-lending agreements or other agreements governing the Partial Assignment, including the joinder or agreement of other Persons holding an interest pursuant to the Partial Assignment or providing servicing with respect to the Loan; and (iii) Lender will not be in breach or violation of this Agreement or the other Loan Documents or be deemed to have acted unreasonably after a Partial Assignment if Lender withholds a consent or approval by reason of Lender's inability to obtain the required joinder or agreement of such other Persons. Subject to Section 9(o), Lender may provide to any one or more purchasers, or potential purchasers, any information or knowledge about Borrower, the other Loan Parties and the Loan. Borrower additionally waives any and all notices of sales of participation interests, as well as all notices of any repurchase of any participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the economic owners of such interests in the Loan and will have all the rights under the agreement(s) governing the sale of such participation interests or other assignment of Lender's interests. Borrower unconditionally agrees that either Lender or such purchaser (through Lender) may enforce Borrower's obligations under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser or assignee of any such interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender. Notwithstanding the foregoing or anything in this Agreement to the contrary, (i) in the case of the sale of a participation, (A) Lender's obligations under this Agreement shall remain unchanged, (B) Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) Borrower and the other Loan Parties shall continue to deal solely and directly with Lender in connection with Lender's rights and obligations under this Agreement, and (ii) Borrower shall incur no cost or expense (other than its own attorneys' fees) with respect to any Lender Transfer, including the payment of Lender's or any transferee's attorneys' fees.

(e) **Governing Law.** This Agreement and the rights and obligations of the parties hereunder will in all respects be governed by, and construed in accordance with, the laws of the State of Texas (without regard to the conflict of laws principles of such state), including all matters of construction, validity and performance, except for any matters that are <u>required</u> by Applicable Law to be governed and construed in accordance with the laws of the jurisdiction where the Sand Facilities are located.

(f) **VENUE.** THE PARTIES HERETO AGREE THAT ANY ACTION OR PROCEEDING ARISING UNDER OR RELATED TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS MAY BE COMMENCED IN ANY FEDERAL OR STATE COURT SITTING IN THE EASTERN FEDERAL DISTRICT OF TEXAS, AND BORROWER IRREVOCABLY SUBMITS TO THE JURISDICTION OF EACH SUCH COURT AND AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURT, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF SUCH SUIT, ACTION OR PROCEEDING IS IMPROPER, OR THAT THIS AGREEMENT OR THE SUBJECT MATTER HEREOF OR THE TRANSACTION CONTEMPLATED HEREBY MAY NOT BE ENFORCED IN OR BY SUCH COURT. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL LIMIT OR RESTRICT LENDER'S RIGHT TO COMMENCE ANY PROCEEDING IN THE FEDERAL OR STATE COURTS LOCATED IN THE STATE IN WHICH THE SAND FACILITIES OR ANY COLLATERAL IS LOCATED TO THE EXTENT LENDER DEEMS SUCH PROCEEDING NECESSARY OR ADVISABLE TO EXERCISE REMEDIES AVAILABLE UNDER ANY LOAN DOCUMENT. THE PARTIES HERETO AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING WILL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(g) **WAIVER OF JURY TRIAL. BORROWER AND LENDER IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.**

(h) **No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor or any Guarantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's, any Grantor's or any Guarantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

(i) **Notices.** Except as otherwise provided herein, all notices, approvals, consents, correspondence or other communications required or desired to be given hereunder will be given in writing and will be delivered by overnight courier, hand delivery or certified or registered mail, postage prepaid to the addresses stated below. All such notices and correspondence will be effective when received:

<u>If to Lender</u>: 5601 Granite Parkway, Suite 1350, Plano, Texas 75024, attention: General Counsel; or such other address as will be designated by Lender to Borrower; and

If to any Loan Party: 5918 West Courtyard Drive, Suite 500, Austin, Texas 78730, attention: John Turner; or such other address as will be designated by Borrower to Lender

Borrower and Lender agree to keep the other informed at all times of Borrower's and Lender's, as applicable, current address. Unless otherwise provided or required by law, if there is more than one Loan Party, any notice given by Lender to Borrower is deemed to be notice given to all Loan Parties.

(j) **Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

(k) **Successors and Assigns.** The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby. Without limiting the generality of the foregoing, all covenants and agreements by or on behalf of Borrower contained in this Agreement or any Loan Documents shall bind Borrower's successors and permitted assigns and shall inure to the benefit of Lender and its successors and assigns.

(l) **Survival of Representations and Warranties**. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender in connection with this Agreement or the Loan Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive (as of the date made) the extension of the Loan and delivery to Lender of the Loan Documents, shall be continuing in nature, shall be deemed made and then dated by Borrower at the time each subsequent Advance (if any) is made, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

(m) **Time is of the Essence.** Time is of the essence in the performance of this Agreement.

(n) **Indemnification**. **Borrower agrees to indemnify, hold harmless and defend Lender and its Affiliates (each, an "Indemnitee") for, from and against all Liabilities that may be imposed on, incurred by or asserted against an Indemnitee in any matter relating to or arising out of: (i) any Loan Document or Obligation (or repayment thereof) or the use of Loan proceeds; (ii)Borrower's operations at or relating to the Sand Facilities; (iii) the Collateral, including its design, construction, operation, alteration, maintenance, or use by Borrower or any other Person; (iv) any permitted disclosure of information of any Loan Party not in violation of Section9(o); (v) any misrepresentation or inaccuracy in any representation or warranty in any Loan Document; (vi) any breach or failure by any Loan Party to pay or perform the Obligations; (vii)any action taken by Lender pursuant to an Advance Request; or (viii) any other act, event or transaction related, contemplated in or attendant to any of the foregoing, including any actual or prospective investigation, litigation or other proceeding relating to any of the foregoing, whether or not such Indemnitee initiated such investigation, litigation or other proceeding or is a party thereto and without regard to legal theory, including pursuant to Applicable Law, common law, equity, contract, tort, or otherwise (collectively, the "Indemnified Matters"). Notwithstanding the foregoing, Borrower shall not have any liability hereunder to any Indemnitee with respect to any Indemnified Matter, to the extent such liability has resulted from the gross negligence or willful misconduct of such Indemnitee or any of its Affiliates, as determined by a court of competent jurisdiction in a final non-appealable judgment or order. This Section9(n) shall not apply to Taxes other than any Taxes that represent losses, claims or damages arising from any non-Tax claim. Borrower and Lender agree that, to the extent permissible under applicable law, in no event will any Indemnitee or any Loan Party have any liability to the other for any special, punitive, indirect or consequential damages relating to this Agreement or any other Loan Document or arising out of its activities in connection herewith or therewith (whether before or after the Closing Date); provided that the foregoing shall not relieve Borrower of its obligation to indemnify an Indemnitee for any claims for special, punitive, indirect or consequential damages brought against such Indemnitee by a third party in connection with an Indemnified Matter.**

(o) **Confidentiality**. Each party hereto agrees to treat information concerning the terms of this Agreement and the other Loan Documents confidentially including all information received or obtained hereunder, except to the extent that disclosure is required by Applicable Law. The foregoing constraint shall not include: (i) information that is now in the public domain or subsequently enters the public domain without fault on the part of the disclosing party; (ii) information currently known to the disclosing party from its own sources and not subject to confidentiality obligations; (iii) information that the disclosing party receives from a third party not under any obligation to keep such information confidential; (iv) disclosure made to direct or indirect beneficiaries, Affiliates, agents, employees, officers, directors, auditors, lawyers or other professional advisors of the disclosing party (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential); (v) disclosure made in connection with the enforcement of any right or the fulfillment of any obligation pursuant hereto or pursuant to any other Loan Document; (vi) disclosure made to credit rating agencies, bank examiners or other regulatory officials; and (vii) disclosure made to any assignee, potential assignee, participant or potential participant of Lender and any counsel or other professional advisors of the foregoing respecting the transactions contemplated by this Agreement so long as such recipient shall be informed of the confidential nature of such information and shall agree that by receiving such information such recipient is obligated to maintain the confidentiality of such information in accordance with the terms hereof.

(p) **Counterparts**. This Agreement and the other Loan Documents may be executed in any number of counterparts (electronic delivery accepted) and by different parties in separate counterparts, each of which, when so executed, shall be deemed an original and all of which, taken together, shall constitute one integrated agreement. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart.

(q) **ABL/Term Intercreditor Agreement**. For so long as the ABL/Term Intercreditor Agreement is in effect (including any replacement thereof), this Agreement and the other Loan Documents are subject to the terms and conditions set forth in the ABL/Term Intercreditor Agreement in all respects and, in the event of any conflict between the terms of the ABL/Term Intercreditor Agreement and this Agreement, the terms of the ABL/Term Intercreditor Agreement shall govern. Upon the expiration or termination of the ABL/Term Intercreditor Agreement (other than in connection with a replacement thereof), all references to the ABL/Term Intercreditor Agreement in this Agreement shall be of no further force or effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed or caused this Agreement to be executed by their respective duly authorized officers as of the date first above written.

BORROWER:

ATLAS SAND COMPANY, LLC

By: /s/ John Turner
Name: John Turner
Title: Chief Financial Officer

LENDER:

STONEBRIAR COMMERCIAL FINANCE LLC

By: /s/ Jeffrey L. Wilkison
Name: Jeffrey L. Wilkison
Title: Senior Vice President

[Signature Page to Credit Agreement]

EXHIBIT A

DEFINITIONS

As used in the Agreement, the following terms shall have the following definitions:

"**ABL Agent**" means Barclays Bank PLC, together with its successors and assigns in its capacity as administrative agent under the ABL Credit Agreement.

"**ABL Credit Agreement**" means that certain ABL Credit Agreement, dated as of December 14, 2018, among the Borrower, each of the lenders and letter of credit issuers from time to time party thereto, and ABL Agent, as administrative agent and collateral agent (as amended, amended and restated, supplemented, renewed or otherwise modified from time to time), as such agreement may be amended, modified, supplemented, restated or replaced from time to time.

"**ABL Loan Documents**" means the "Loan Documents" as defined in the ABL Credit Agreement.

"**ABL Obligations**" means all Debt and other obligations incurred under the ABL Loan Documents.

"**ABL/Term Intercreditor Agreement**" means that certain Amended and Restated ABL/Term Intercreditor Agreement dated as of the Closing Date and initially entered into among the Borrower, the other Grantors (as defined therein) party thereto, Lender, ABL Agent, and each additional Representative (as defined therein) that from time to time becomes a party thereto, as amended, amended and restated, replaced, supplemented, renewed or otherwise modified from time to time.

"**Advance**" means a disbursement of the Loan made to Borrower or on Borrower's behalf under the terms and conditions of this Agreement.

"**Affiliate**" means, with respect to a Person, each officer, director, manager, general partner, or joint-venturer of such Person and any other Person that directly or indirectly Controls, is Controlled by, or is under common Control with, such Person.

"**Agreement**" means this Credit Agreement, as the same may be amended or modified from time to time, together with all exhibits and schedules attached hereto.

"**Annualized Leverage Ratio**" means the ratio of (i) the outstanding Net Indebtedness to (ii) the product of (A) the Loan Parties' consolidated EBITDA for the calendar month most recently ended multiplied by (B) twelve (12).

"**Anti-Money Laundering Laws**" has the meaning given to such term in Section 4(i).

"**Applicable Law**" means, as to a Person, any law (statutory or common), ordinance, rule, regulation, order, policy, code, other legal requirement, directive or determination of any arbitrator or Governmental Authority, in each case applicable to or binding on such Person or any of its assets or to which such Person or any of its assets is subject.

"**Board**" means the Board of Governors of the Federal Reserve System of the United States of America or any successor Governmental Authority.

"**Borrower**" has the meaning ascribed to such term in the first paragraph of this Agreement.

"**Brigham Family**" means, collectively: (i) the lineal descendants by blood or adoption of Bud Brigham ("**descendants**"), and the spouses and surviving spouses of such descendants, (ii) any estate, trust, guardianship, custodian or other fiduciary arrangement for the primary benefit of any one or more individuals described in clause (i) of this definition, and (iii) any corporation, partnership, limited liability company or other business organization so long as (A) one or more individuals or entities described in clause (i) or (ii) of this definition possess, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, partnership, limited liability company or other business organization, and (B) substantially all of the ownership, beneficial or other equity interests in such corporation, partnership, limited liability company or other business organization are owned, directly or indirectly, by one or more individuals or entities described in clause (i) or clause (ii) of this definition.

"**Business Day**" means any day of the year that is not a Saturday, Sunday or a day on which banks are required or authorized to close in Austin, Texas, Plano, Texas or Kansas City, Missouri.

"**Capital Leases**" means, in respect of any Person, all leases which shall have been, or should have been, in accordance with GAAP, recorded as capital leases on the balance sheet of the Person liable for the payment of rent thereunder.

"**Cash**" means money, currency or a credit balance in any demand or deposit account; provided, however, for purposes of calculating compliance with any requirements set forth herein, "Cash" shall exclude any amounts that would not be considered "cash" under GAAP or "cash" as recorded on the books of the Loan Parties.

"**Cash Collateral Accounts**" means any deposit account designated by the Borrower as a "Cash Collateral Account" by written notice to Lender, in each case maintained for the exclusive purpose of securing Debt in respect of letters of credit permitted under this Agreement.

"**Cash Equivalents**" means Investments described in clauses (iii), (iv), (v) and (vi) of the definition of Permitted Investments.

“**Casualty Event**” means any loss, casualty or other insured damage to, or any nationalization, taking under power of eminent domain or by condemnation or similar proceeding of, any Property of the Borrower or of any other Loan Party having a fair market value in excess of $50,000,000.

“**Change of Control**” means (i) at any time prior to an IPO Event, Bud Brigham and/or the Brigham Family shall cease to have the authority, directly or indirectly, to appoint a majority of the members of the board of managers of Borrower or to otherwise cease to own, directly or indirectly, more than 50% of the Equity Interests in the Borrower held, directly or indirectly, by Bud Brigham and the Brigham Family in the Borrower as of the Closing Date; or (ii) from and after the occurrence of an IPO Event, any person, entity or “group” (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended), other than Bud Brigham or the Brigham Family, shall at any time have acquired, beneficially or of record, direct or indirect ownership (as defined in SEC Rules 13(d)-3 and 13(d)-5 under the Securities Exchange Act of 1934, as amended) of 50% or more of the economic and/or voting interest in the equity interests in Borrower or any other Loan Party.

“**Closing Date**” means the date of this Agreement.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute.

“**Collateral**” means all property and assets granted as collateral security for the Indebtedness pursuant to the Security Instruments, whether real or personal property, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, or any other security or lien interest whatsoever.

“**Consolidated Interest Expense**” means, for any period of determination, total interest expense of the Borrower and its Consolidated Subsidiaries on a consolidated basis with respect to all of the outstanding Debt of the Borrower and its subsidiaries (including, to the extent included in interest expense under GAAP: (i) interest paid-in-kind, (ii) amortization of financing fees, (iii) the amortization of original issue discount resulting from the issuance of Debt at less than par, (iv) the interest component of obligations under Capital Leases, and (v) other non-cash interest expense) net of cash interest income.

“**Consolidated Net Tangible Assets**” means, at any date of determination, the total amount of consolidated assets of the Borrower and its Subsidiaries on a consolidated basis (including the Sand Reserves Value of the Loan Parties’ Sand Reserves) after deducting, without duplication, therefrom: (a) all current liabilities (excluding (i) any current liabilities that by their terms are extendable or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed and (ii) current maturities of long-term debt) and (b) the value (net of any applicable reserves) of all goodwill, trade names, trademarks, patents and other like intangible assets, all as set forth, or on a pro forma basis would be set forth, on the consolidated balance sheet of the Borrower and its Subsidiaries on a consolidated basis for the most recently completed fiscal quarter, prepared in accordance with GAAP.

“**Contested Tax**” means taxes that are being contested in good faith by Borrower by appropriate proceedings promptly instituted and diligently conducted and (i) for which an adequate reserve is being maintained by Borrower in accordance with GAAP or (ii) so long as Borrower has a reasonable expectation of succeeding in such contest and there is no material risk of any Collateral (other than Collateral that, individually or in the aggregate, (i) has a fair market value of less than $5,000,000 and (ii) is not of material importance to the normal operation of the Sand Facilities and the business operations of the Loan Parties) being seized or forfeited in connection with such contest.

“**Control**” means the sole power, directly or indirectly, to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. “**Controlling**” and “**Controlled**” have meanings correlative thereto.

“**Controlled Affiliate**” means, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, is Controlled by such specified Person.

“**Credit Card Agreement**” means all agreements entered into by the Borrower or for the benefit of the Borrower, in each case with any Credit Card Issuer or any Credit Card Processor, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

“**Credit Card Issuer**” means any Person (other than any Loan Party) who issues or whose members issue credit cards, including, without limitation, MasterCard or VISA bank credit or debit cards or other bank credit or debit cards issued through MasterCard International, Inc., Visa, U.S.A., Inc. or Visa International and American Express, Discover, Japan Credit Bureau (a/k/a JCB Co.), Diners Club, Carte Blanche and other non-bank credit or debit cards, including, without limitation, credit or debit cards issued by or through American Express Travel Related Services Company, Inc., and Novus Services, Inc.

“**Credit Card Processor**” means any servicing or processing agent or any factor or financial intermediary (other than Borrower and its Subsidiaries) who facilitates, services, processes or manages the credit authorization, billing transfer and/or payment procedures with respect to any Borrower’s sales transactions involving credit card or debit card purchases by customers using credit cards or debit cards issued by any Credit Card Issuer.

“**Credit Card Receivables Account**” means one or more deposit accounts established in connection with a Credit Card Agreement.

"**Debt**" means, for any Person, the sum of the following (without duplication): (a) all obligations of such Person for borrowed money or evidenced by bonds, bankers' acceptances, debentures, notes or other similar instruments; (b) all obligations of such Person (whether contingent or otherwise) in respect of letters of credit, surety or other bonds and similar instruments; (c) all accrued expenses, liabilities or other obligations of such Person to pay the deferred purchase price of Property or services; (d) all obligations of such Person under Capital Leases; (e) all Debt (as defined in the other clauses of this definition) of others secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) a Lien on any Property of such Person, whether or not such Debt is assumed by such Person; (f) all Debt (as defined in the other clauses of this definition) of others guaranteed by such Person or in respect of which such Person otherwise assures a creditor against loss of such Debt (howsoever such assurance shall be made, including by means of obligations to pay for goods or services even if such goods or services are not actually taken, received or utilized) to the extent of the lesser of the amount of such Debt and the maximum stated amount of such guarantee or assurance against loss; (g) any Debt (as defined in the other clauses of this definition) of a partnership for which such Person is liable either by agreement or by operation of Applicable Law but only to the extent of such liability; and (h) obligations of such Person with respect to Disqualified Capital Stock; *provided, however,* that "**Debt**" does not include (i) obligations with respect to surety or performance bonds and similar instruments entered into in the ordinary course of business in connection with the operation of the Sand Facilities or with respect to appeal or utility bonds, (ii) accounts payable and accrued expenses, liabilities or other obligations to pay the deferred purchase price of Property or services, from time to time incurred in the ordinary course of business which are not greater than 90 days past the date of invoice or which are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP, or (iii) endorsements of negotiable instruments for collection. The Debt of any Person shall include all obligations of such Person of the character described above to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is not included as a liability of such Person under GAAP.

"**Debtor Relief Laws**" means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect.

"**Default**" means any event or circumstance that, with the passing of time or the giving of notice, or both, would (if not cured or otherwise remedied during such time) become an Event of Default.

"**Default Rate**" has the meaning given to such term in Section 8.

"**Disqualified Capital Stock**" means any Equity Interest that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event, (i) matures or is mandatorily redeemable for any consideration other than other Equity Interests (which would not constitute Disqualified Capital Stock), pursuant to a sinking fund obligation or otherwise, or (ii) is convertible or exchangeable for Debt or redeemable for any consideration other than other Equity Interests (which would not constitute Disqualified Capital Stock) at the option of the holder thereof, in whole or in part, in each case of clauses (i) and (ii), on or prior to the date that is 91 days after the earlier of (A) the Maturity Date and (B) the date on which all Indebtedness is indefeasibly satisfied in full.

"**EBITDA**" means, for any period of determination, with respect to the Loan Parties, net income for such period, plus the sum of the following items for the same period, all determined on a consolidated basis, without duplication and (except in the case of clause (h) below) to the extent deducted in calculating net income for such period: (a) Consolidated Interest Expense for such period, (b) the sum of federal, state, local and foreign income Taxes accrued or paid (including as a Restricted Payment made pursuant to clause (iii) of the definition of Permitted Payment) during such period, (c) the amount of depreciation, depletion, exploration and amortization expense for such period, (d) any extraordinary, unusual or non-recurring items, (e) transaction costs, expenses and charges, including legal, professional and advisory fees and expenses, (i) with respect to the Transactions incurred prior to or within 90 days of the Closing Date and (ii) incurred in connection with any Investment, acquisition, merger, asset disposition, equity issuance, issuance or modification of any Debt (including any amendment, waiver or modification of the Loan Documents) or similar transactions after the Closing Date, in each case that are permitted hereunder and whether or not such transactions are ultimately consummated, (f) any non-cash items (excluding any such non-cash item to the extent that it represents an accrual or reserve for potential cash items in any future period or amortization of a prepaid cash item that was paid in a prior period), (g) other non-recurring costs and expenses approved by Lender in its reasonable discretion, and (h) the amount of pro forma "run rate" cost savings, operating expense reductions and synergies related to mergers and other business combinations, acquisitions, Investments, dispositions, divestitures, restructurings, operating improvements, cost savings initiatives and other similar initiatives (including the modification and renegotiation of contracts and other arrangements) that are projected by the Borrower in good faith to result from actions that have been taken, are committed to be taken or with respect to which substantial steps have been taken (including prior to the Closing Date), in each case (i) net of the amount of actual benefits realized during such period from such actions, (ii) calculated on a pro forma basis as though such cost savings, operating expense reductions and synergies had been realized on the first day of such period for which EBITDA is being determined and as if such cost savings, operating expense reductions and synergies were realized on the first day of the applicable period for the entirety of such period and (iii) the pro forma "run rate" being the full benefit associated with any action taken, committed to be taken or with respect to which substantial steps have been taken calculated on a pro forma basis as though such cost savings, operating expense reductions and synergies had been fully realized on the first day of the applicable period for the entirety of such period; provided that (A) the Borrower reasonably expects to realize such savings, operating expense reductions and/or synergies within 18 months after the consummation of such transaction or the taking of the applicable actions, (B) such cost savings, operating expense reductions and/or synergies are factually supportable and reasonably identified in writing to Lender and (C) no cost savings, operating expense reductions and/or synergies shall be added pursuant to this clause (h) to the extent duplicative of any expenses or charges otherwise added to EBITDA, whether through a pro forma adjustment or otherwise, for such period; provided further that the aggregate amount added back under this clause (h) shall not exceed 10% of EBITDA, minus (without duplication) (i) any extraordinary, unusual or non-recurring items increasing consolidated net income for such period, and (ii) anynon-cash items increasing consolidated net income for such period (excluding any such non-cash item to the extent it represents the reversal of an accrual or reserve for potential cash item in any prior period). For the purposes of calculating EBITDA for any period, if at any time during such period, any Loan Party shall have made any Material Acquisition or Material Disposition, then EBITDA for such period shall be calculated after giving pro forma effect thereto (including pro forma adjustments arising out of events which are directly attributable to such Material Acquisition or Material Disposition, are factually supportable, and are expected to have a continuing impact, in each case to be determined by the Borrower in good faith and reasonably acceptable to Lender) or in such other manner acceptable to the Borrower and Lender as if any such Material Acquisition, Material Disposition or adjustment occurred on the first day of such period.

"**Environmental Laws**" means any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("**CERCLA**"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L.No. 99-499 ("**SARA**"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

"**Equity Interests**" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such Equity Interest.

"**Excepted Liens**" means: (a) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights ofset-off or similar rights and remedies and burdening only deposit accounts or other funds maintained with a creditor depository institution; *provided* that no such deposit account is a dedicated cash collateral account or is subject to restrictions against access by the depositor in excess of those set forth by regulations promulgated by the Board and no such deposit account is intended by the Borrower or any of the other Loan Parties to provide collateral to the depository institution; (b) Liens in favor of the depository bank arising under documentation governing deposit accounts or in any Control Agreement (as defined in the Security Agreement) or Liens of a collecting bank arising in the ordinary course of business under Section 4-208 of the UCC, which Liens secure the payment of returned items, settlement item amounts, bank fees, or similar items or fees; (c) Immaterial Title Deficiencies and easements, restrictions, servitudes, permits, conditions, covenants, exceptions, reservations, zoning and land use requirements in any Property of the Borrower or any of the other Loan Parties for the purpose of roads, pipelines, transmission lines, transportation lines, distribution lines and other means of ingress and egress for the removal of gas, oil, coal, other minerals or sand or timber, and other like and/or usual and customary purposes, or for the joint or common use of real estate, rights of way, facilities and equipment, and leases or subleases of real property and any interest or title of a lessee or sublessee under any such lease or sublease, in each case, that do not secure any Debt for borrowed money and which in the aggregate do not materially impair the use of such Property for the purposes of which such Property is held by the Borrower or any of the other Loan Parties or materially impair the value of such Property subject thereto; (d) Liens on cash or securities pledged to secure (either directly, or indirectly by securing letters of credit that in turn secure) performance of tenders, surety and appeal bonds, government contracts, performance and return of money bonds, bids, trade contracts, leases, statutory obligations, regulatory obligations and other obligations of a like nature incurred in the ordinary course of business; (e) title and ownership interests of lessors (including sub-lessors) of Property leased by such lessors to any Loan Party, Liens and encumbrances encumbering such lessors' titles and interests in such Property and to which the applicable Loan Party's leasehold interests may be subject or subordinate, in each case whether or not evidenced by UCC financing statement filings or other documents of record, provided that such Liens do not secure Debt for borrowed money of any Loan Party and do not encumber Property of any Loan Party other than the Property that is the subject of such leases and items located thereon; provided, further, that any such Lien referred to in this clause does not materially impair the use of the Property covered by such Lien for the purposes for which such Property is held by the applicable Loan Party or materially impair the value of such Property subject thereto; (f) judgment and attachment Liens not giving rise to an Event of Default; *provided* that any appropriate legal proceedings which may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such proceeding may be initiated shall not have expired and no action to enforce such Lien has been commenced; (g) (i) a Lien on any Property acquired by a Loan Party after the Closing Date that existed on such Property prior to the acquisition thereof or (ii) a Lien existing on any Property of any Person that becomes a Loan Party after the date hereof prior to the time such Person becomes a Loan Party; provided that, in each case, (A) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Loan Party, as applicable, (B) such Lien shall not apply to any other Property of such Loan Party and (C) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Loan Party, as applicable, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof; (h) licenses of intellectual property rights granted in the ordinary course of business, which in the aggregate do not materially impair the use of any Property owned by the Borrower or any of the other Loan Parties for the purposes of which such Property is held by the Borrower or any of the other Loan Parties; and (i) purported Liens evidenced by the filing of UCC financing statements as a precautionary measure in connection with leases of personal property; *provided,* that (x) Liens described in clause (a) shall remain "Excepted Liens" only for so long as no action to enforce such Lien has been commenced and no intention to subordinate the Lien granted in favor of Lender is to be hereby implied or expressed by the permitted existence of such Excepted Liens and (y) the term "Excepted Liens" shall not include any Lien securing Debt for borrowed money other than the Indebtedness.

"**Excluded Subsidiary**" means each of (i) OLC Kermit, LLC, a Texas limited liability company; (ii) OLC Monahans, LLC, a Texas limited liability company; (iii) any subsidiary of a Loan Party formed or acquired after the Closing Date and designated as an "Excluded Subsidiary" in writing to Lender so long as, treating such designation as an Investment by the Loan Parties in such subsidiary for purposes of Section 5(z) in an amount equal to (A) for a subsidiary designated as an Excluded Subsidiary as of the date of its formation or acquisition, the purchase price paid for such subsidiary and its assets, or (B) for a subsidiary designated as an Excluded Subsidiary at any time following the date of its formation or acquisition, the greater of (x) the fair market value of the assets of such subsidiary on the date of designation or (y) the original purchase price paid for such subsidiary and its assets, such Investment would constitute a Permitted Investment at the time of designation; (iv) any Person that is not a Guarantor or a Subsidiary on the date hereof, that later becomes the owner of 100% of the common Equity Interests of either company identified in clauses (i), (ii) or (ii) above and holds no other material assets; and (v) any wholly-owned subsidiary of any of the foregoing. Notwithstanding anything to the contrary herein, the representations, warranties, covenants and events of default set forth in this Agreement and the other Loan Documents shall not apply to any Excluded Subsidiary.

"**Existing Credit Agreement**" means that certain Credit Agreement dated as of January 30, 2018, by and among Borrower, BlackGold SPV I LP, as administrative agent and the lenders party thereto, as amended or otherwise modified prior to the date hereof.

"**Existing Debt**" means Debt of a Loan Party existing on the date hereof and disclosed by Borrower on Schedule 1 hereto.

"**Existing Title Policies**" means the title policies covering the Sand Facilities issued pursuant to the Existing Credit Agreement.

"**Event of Default**" means any condition or event set forth in Section 7.

"**GAAP**" means generally accepted accounting principles, consistently applied.

"**Good Faith Deposit**" means the "Good Faith Deposit" as defined in that certain letter agreement dated as of August 16, 2021, between Lender and Borrower.

"**Governmental Authority**" means any federal, state, municipal, national, supranational or other government, governmental department, commission, board, bureau, court, agency or instrumentality or political subdivision thereof or any entity, officer or examiner exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case whether associated with the United States of America, any state thereof or the District of Columbia or a foreign entity or government.

"**Grantor**" means each and all Persons granting a Lien in any Collateral to secure the Loan.

"**Guarantor**" means any guarantor, surety, or accommodation party of the Loan or any portion thereof.

"**Guaranty Agreement**" means that certain Guaranty Agreement, dated as of even date herewith, executed by the Guarantors in favor of Lender pursuant to which the Guarantors unconditionally guaranty, on a joint and several basis, payment of the Indebtedness and performance of all other Obligations, as such agreement may be amended, modified, supplemented, restated or replaced from time to time.

"**Hazardous Substances**" means any chemical, material, waste or substance that is prohibited, limited or regulated in any manner by any Governmental Authority or that, because of its quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "**Hazardous Substances**" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "**Hazardous Substances**" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

"**Improvements**" means the buildings and other improvements located or erected on the Sand Facilities, including any and all items of property attached or affixed to such buildings or other improvements (or any portion thereof).

"**Indebtedness**" means the indebtedness created or evidenced by this Agreement, the Note or any other Loan Document, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Loan Documents.

"**Investment Returns**" means, with respect to any Investment, any return on such Investment received by a Loan Party in cash in the form of dividends, interest, distributions, returns of principal, and/or proceeds of the sale thereof.

"**Investments**" means, for any Person: (a) the acquisition (whether for cash, Property, services or securities or otherwise) of Equity Interests in any other Person or any agreement to make any such acquisition (including, e.g., any "**short sale**" or any sale of any securities at a time when such securities are not owned by the Person entering into such short sale); (b) the making of any deposit with, or advance, loan or capital contribution to, assumption of Debt of, purchase or other acquisition of any other Debt or equity participation interest in, or other extension of credit to, any other Person (including the purchase of Property from another Person subject to an understanding or agreement, contingent or otherwise, to resell such Property to such Person, but excluding (i) any such advance, loan or extension of credit having a term not exceeding ninety (90) days representing the purchase price of inventory or supplies sold by such Person in the ordinary course of business) and (ii) unsecured intercompany loans, advances, or Debt in each case solely among Borrower and its subsidiaries and made in the ordinary course of business; (c) the purchase or acquisition (in one or a series of transactions) of the Property of another Person that constitutes a business unit; or (d) the entering into of any guarantee of, or other surety obligation (including the deposit of any Equity Interests to be sold) with respect to, Debt of any other Person. The amount of any Investment shall be the original cost or amount of such Investment plus the cost or amount of all additions thereto, without any adjustment for increases or decreases in value, or write-ups, write-downs, or writeoffs with respect to such Investment, minus any actual returns received in cash or Cash Equivalents on such Investment.

"**IPO Event**" means either (i) the issuance by Borrower of its common Equity Interests in an underwritten primary public offering (other than a public offering pursuant to a registration statement on Form S-8) on a United States national securities exchange (including NYSE, NASDAQ, or any other stock exchanges having a market capitalization of over $3 trillion or otherwise acceptable to Lender in its reasonable discretion), pursuant to an effective registration statement filed with the SEC in accordance with the Securities Act of 1933 (whether alone or in connection with a secondary public offering) or (ii) a SPAC Transaction.

"**Kermit Facility**" means the sand mine located in or around Kermit, Texas as described within PBR Permit #148113.

"**Lender**" has the meaning ascribed to such term in the first paragraph of this Agreement.

"**Leverage Ratio**" means the ratio of (i) the outstanding Net Indebtedness to (ii) the Loan Parties' consolidated trailing twelve months' EBITDA.

"**Lien**" means any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise and shall include, for the avoidance of doubt, any easement, restriction, servitude, permit, condition, covenant, exception or reservation where the effect is to secure an obligation owed to, or a claim by, a Person other than the owner of the Property.

"**Liquidity**" means for any calendar month, the sum of (i) the average aggregate daily Cash and Cash Equivalents held by the Loan Parties during such month *plus* (ii) the average daily Availability under (and as defined in) the ABL Credit Agreement during such month.

"**Loan**" has the meaning assigned such term in Section 3(a).

"**Loan Documents**" means this Agreement, the Note, the Security Instruments, together with all environmental indemnity agreements, guaranties, security agreements, pledge agreements, mortgages, deeds of trust, security deeds, collateral mortgages, subordination agreements, collateral assignments, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with this Agreement.

"**Loan Party**" means Borrower and each Guarantor.

"**Major Material Contract**" means (i) any contract or agreement (other than any Loan Document) entered into in respect of a Sand Facility the breach, nonperformance, cancellation, or failure to renew could reasonably be expected to result in a material adverse effect with respect to such Sand Facility and (ii) any other contract or agreement the breach, nonperformance, cancellation, or failure to renew could reasonably be expected to result in a Material Adverse Effect; *provided, however,* that no such agreement that is permitted to be terminated by any party thereto (absent any breach by any party thereto) within 180 days of such date shall constitute a Major Material Contract during such 180-day period.

"**Material Adverse Effect**" means a material adverse change in, or material adverse effect on (i) the business, operations, property or financial condition of Borrower and the other Loan Parties taken as a whole, (ii) the ability of (A) Borrower to perform its payment obligations under any Loan Document or (B) the Loan Parties, taken as a whole, to perform any of their obligations under any Loan Document, (iii) the validity or enforceability of any Loan Document or (iv) the rights and remedies of or benefits available to Lender, taken as a whole, under this Agreement, the Note or the Security Instruments.

"**Material Acquisition**" means any acquisition of Property or series of related acquisitions of Property (including by way of merger or consolidation) that involves the payment of consideration by one or more of the Loan Parties in excess of $25,000,000.

"**Material Disposition**" means any assignment, sale or other transfer of Property or series of related assignments, sales or other transfers of Property that yields gross proceeds to one or more of the Loan Parties in excess of $25,000,000.

"**Material Other Indebtedness**" means Debt (other than the Indebtedness, but including obligations in respect of one or more Swap Agreements) of one or more Loan Parties in an aggregate principal amount exceeding $25,000,000. For purposes of determining Material Other Indebtedness, the "**principal amount**" of the obligations of the Loan Party in respect of any Swap Agreement at any time shall be the Swap Termination Value of such Swap Agreement.

"**Maturity Date**" means the first to occur of (i) October 1, 2027 and (ii) the date, if any, on which the maturity of the Loan shall have been accelerated pursuant to Section 8 hereof.

"**Maximum Principal Amount**" has the meaning ascribed to such term in the second paragraph of this Agreement.

"**Monahans Facility**" means the sand mine located in or around Monahans, Texas as described within PBR Permit #148572.

"**Mortgage**" means each of the mortgages and deeds of trust executed by any Loan Party for the benefit of Lender covering the Mortgaged Property to secure the Loan as the same may be amended, modified, supplemented, restated or replaced from time to time.

"**Mortgaged Property**" means any Property owned or leased by any Loan Party that is subject to the Liens existing and to exist under the terms of any Mortgage.

"**Net Indebtedness**" means, as of any date of determination, an amount equal to (i) the total outstanding Indebtedness of the Loan Parties, *minus* (ii) the aggregate amount of Cash and Cash Equivalents of the Loan Parties.

"**Note**" means a promissory note executed by Borrower in connection with this Agreement in favor of Lender in the Maximum Principal Amount, as the same may be amended, supplemented, replaced or otherwise modified from time to time.

"**Obligations**" means the Indebtedness and all other amounts, obligations, liabilities, covenants and duties of every type and description owing by Borrower or any other Loan Party to Lender arising out of, under, or in connection with any Loan Document, whether direct or indirect, absolute or contingent, due or to become due, liquidated or not, now existing or hereafter arising, however acquired, and whether or not evidenced by any instrument.

"**Payment Day**" means the first day of each calendar month.

"**Permitted Debt**" means:

(i) the Indebtedness;

(ii) intercompany Debt between or among the Loan Parties that is subordinated to the Indebtedness as and to the extent provided in the Guaranty Agreement;

(iii) Debt constituting a guaranty by any Loan Party of other Debt permitted to be incurred hereunder;

(iv) Debt constituting purchase money Debt or under Capital Leases (or other equipment financing arrangements for mobile excavation equipment, automobiles, trucks, rental equipment or other personal Property to be used in the ordinary course of business) not to exceed in the aggregate principal amount at any one time outstanding the greater of (i) $25,000,000 and (ii) an amount equal to 3.0% of Borrower's Consolidated Net Tangible Assets (calculated based on the Financial Statements most recently delivered pursuant to this Agreement);

(v) Debt and obligations owing under Swap Agreements;

(vi) Debt arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business so long as such Debt is extinguished within two Business Days of its incurrence;

(vii) Debt incurred in respect of insurance premium financing arrangements in the ordinary course of business;

(viii) the Existing Debt and extensions, renewals and replacements of any such Existing Debt and any refinancings, modifications, renewals and extensions of any such Debt so long as (A) the principal amount of such Debt shall not be increased from the principal amount outstanding at the time of such refinancing, renewal or extension plus amounts to fund any original issue discount or upfront fees relating thereto plus amounts to fund accrued interest, fees, expenses and premiums, (B) the maturity of such Debt shall not be shortened and (C) the covenants and events of default governing such refinanced, renewed, modified or extended Debt shall not be, taken as a whole, materially more restrictive to the Loan Parties than those under the Debt being so refinanced, renewed, modified or extended;

(ix) the ABL Obligations and other first lien senior secured Debt in an aggregate principal amount not to exceed $50,000,000 at any one time; *provided*, that such Debt will be subject to the ABL/Term Intercreditor Agreement;

(x) unsecured Debt arising from loan programs of the Small Business Administration or other Governmental Authorities where the principal thereof is eligible for forgiveness under the applicable program or legislation; *provided* that the Loan Party incurring such Debt meets the requirements and criteria for forgiveness under such program or legislation;

(xi) Debt incurred or assumed in connection with permitted acquisitions, including Debt consisting of indemnities, obligations in respect of earn outs or other purchase price adjustments or similar obligations in connection therewith, not to exceed (x) $50,000,000 or (y) an unlimited amount so long as (A) on the date of incurrence or assumption thereof, Borrower would be in compliance on a pro forma basis with a Total Leverage Ratio of no greater than 3.00 to 1.00 as of such time and (B) Borrower has at least five (5) Business Days prior to the incurrence thereof delivered a certificate duly executed by a Responsible Officer of Borrower in form and detail reasonably satisfactory to Lender demonstrating compliance with such Total Leverage Ratio;

(xii) Debt incurred by the Loan Parties in respect of Credit Card Agreements in the ordinary course of business in an aggregate principal amount not to exceed $500,000 at any one time outstanding;

(xiii) Debt in respect of letters of credit in an aggregate face amount not to exceed $5,000,000 at any one time outstanding;

(xiv) other unsecured Debt, *provided that* (A) no Default or Event of Default shall exist or will result immediately after giving effect to the incurrence of such unsecured Debt, (B) the maturity of such unsecured Debt is not prior to, and such unsecured Debt does not require any scheduled amortization or other scheduled payments of principal prior to, the date that is ninety one (91) days after the Maturity Date, (C) the covenants and events of default governing such unsecured Debt shall not be, taken as a whole, materially more restrictive to the Loan Parties than those under this Agreement, (D) on the date of incurrence thereof and after taking into account the incurrence of such Debt, Borrower would be in compliance on a pro forma basis with a Total Leverage Ratio of no greater than 5.00 to 1.00 as of such time and (E) Borrower has at least five (5) Business Days prior to the incurrence thereof delivered a certificate duly executed by a Responsible Officer of Borrower in form and detail reasonably satisfactory to Lender demonstrating compliance with the conditions set forth in this clause (xiv);

(xv) other Debt not otherwise permitted under the foregoing clauses (i) through (xiv) so long as: (A) no Default or Event of Default shall exist or will result immediately after giving effect to the incurrence of such Debt; (B) on the date of incurrence thereof and after taking into account the incurrence of such Debt, Total Other Debt (including all Debt under this clause (xv)) does not exceed 10% of Borrower's Consolidated Tangible Assets (calculated based on the Financial Statements most recently delivered pursuant to this Agreement); (C) on the date of incurrence thereof and after taking into account the incurrence of such Debt, Borrower would be in compliance on a pro forma basis with a Total Leverage Ratio of no greater than 2.00 to 1.00 as of such time and (D) Borrower has at least five (5) Business Days prior to the incurrence thereof delivered a certificate duly executed by a Responsible Officer of Borrower in form and detail reasonably satisfactory to Lender demonstrating compliance with the conditions set forth in this clause (xv); and

(xvi) other Debt not otherwise permitted under the foregoing clauses (i) through (xv) in an aggregate amount not to exceed $2,500,000 at any one time outstanding.

"**Permitted Intercompany Activities**" means administrative, overhead, operating, technology or licensing arrangements and related payments or obligations in respect thereof entered into in the ordinary course of business or consistent with customary industry practices between or among the Borrower and its subsidiaries that are, in the good faith judgment of the Borrower, necessary or advisable in connection with the ownership or operation of the business of the Borrower and its subsidiaries.

"**Permitted Investments**" means

(i) Investments existing as of the date of this Agreement which are disclosed to Lender on Schedule 2 hereto;

(ii) accounts receivable arising in the ordinary course of business and promissory notes received in settlement of any such accounts receivable;

(iii) direct obligations of the United States or any agency thereof, or obligations guaranteed by the United States or any agency thereof, in each case maturing within one year from the date of acquisition thereof;

(iv) commercial paper maturing within one year from the date of acquisition thereof having a rating of at least P-1 or A-1 from either Moody's or S&P, respectively;

(v) deposits (including certificates of deposit) maturing within one year from the date of deposit thereof with or issued by any Lender or any office located in the United States of any other bank or trust company which is organized under the laws of the United States or any state thereof, has capital, surplus and undivided profits aggregating at least $1,000,000 (as of the date of such bank or trust company's most recent financial reports) and has a short term deposit rating of no lower than A2 or P2, as such rating is set forth from time to time, by S&P or Moody's, respectively;

(vi) deposits in money market funds investing not less than 90% of their assets in Investments described in the preceding clauses (iii), (iv) and (v);

(vii) Investments (A) made by the Borrower in or to any of the other Loan Parties including any Person who, contemporaneously with the making of such Investment becomes a Guarantor, (B) made by any Loan Party in or to the Borrower or any other Loan Party, and (C) made by a Loan Party in an Excluded Subsidiary or any other Subsidiary that is not a Guarantor; *provided* that the amounts of Investments made under this clause (C) shall not exceed $25,000,000 plus the amount of any Investment Returns in respect of Investments previously made pursuant to this clause (C) in the aggregate at any time;

(viii) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts arising in the ordinary course of business and disputes with, customers and suppliers;

(ix) Investments in any new Subsidiary (whether by formation or acquisition) to the extent such Subsidiary becomes a Guarantor hereunder in accordance with the terms hereof and complies with Section 5(w);

(x) any endorsement of a check or other medium of payment for deposit or collection through normal banking channels or similar transaction in the ordinary course of business;

(xi) extensions of trade credit in the ordinary course of business;

(xii) Investments constituting Permitted Debt;

(xiii) Investments permitted by Section 5(b);

(xiv) loans or advances to employees, officers or directors in the ordinary course of business of any Loan Party, in each case only as permitted by applicable law, but in any event not to exceed $1,000,000 in aggregate principal amount at any time outstanding except to the extent that the proceeds of such loans are paid to or retained by the Borrower substantially contemporaneously with the making of such loans to fund such employee's, officer's or director's purchase of Equity Interests (other than Disqualified Capital Stock) in the Borrower;

(xv) Investments, including Investments in Excluded Subsidiaries and acquisitions, to the extent funded with cash proceeds from contributions to the Borrower's common equity capital or from the sale of its Equity Interests (other than Disqualified Capital Stock) received by the Borrower after the Closing Date and within 90 days of the making of such Investment;

(xvi) Investments consisting of the contribution of the Specified OLC Assets to one or more Excluded Subsidiaries;

(xvii) to the extent constituting an Investment, the guarantee by a Loan Party of any Debt of an Excluded Subsidiary so long as such guarantee is limited solely to a non-recourse pledge of the Equity Interests of such Excluded Subsidiary owned by a Loan Party;

(xviii) other Investments; *provided* that (A) no Event or Default has occurred and is continuing or would result therefrom and (B) the aggregate amount of Investments made pursuant to this clause (xviii) shall not exceed $10,000,000 plus the amount of any Investment Returns in respect of Investments previously made pursuant to this clause (xviii) at any time outstanding; and

(xix) Investments in Excluded Subsidiaries to the extent funded solely with prepayments from customers in connection with the conveyor project of one or more of the Excluded Subsidiaries that are received by the Borrower in cash after the Closing Date (a "**Pass-Through Customer Prepayment**") (it being understood and agreed that the Borrower shall provide Lender prior written notice of any such Pass-Through Customer Prepayment, which such notice shall designate the applicable cash proceeds as a Pass-Through Customer Prepayment).

"**Permitted Liens**" means

(i) Liens and security interests in favor of Lender securing the Indebtedness owed by Borrower to Lender (collectively, the "**Lender's Liens**");

(ii) Liens securing Permitted Debt described in clause (ix) of the definition thereof;

(iii) Liens for taxes, assessments, other governmental charges or levies, and Liens in connection with workers' compensation, unemployment insurance, or other social security, old age pension or public liability obligations or similar legislation, in each case which are either not yet overdue by more than 90 days or which are being contested in good faith and for which adequate reserves have been maintained in accordance with GAAP (i.e., "**which are Not Risks**");

(iv) landlords' liens, operators', vendors', carriers', warehousemen's, repairmen's, mechanics', suppliers', workers', materialmen's, construction or similar Liens, in each case, arising in the ordinary course of business and which are Not Risks;

(v) contractual Liens which arise in the ordinary course of business under real property leases, operating agreements, joint venture agreements, mineral leases, contracts for the sale, transportation or exchange of sand or minerals, area of mutual interest agreements, overriding royalty agreements, marketing agreements, processing agreements, net profits agreements, development agreements, supply agreements, seismic or other geophysical permits or agreements, and other agreements which are or have become usual and customary in the sand extracting, producing, processing, developing and/or marketing business and are for claims which are Not Risks;

(vi) purchase money Liens or purchase money security interests securing Debt permitted under clause (iv) of the definition of "Permitted Debt"; *provided* that (A) such Liens do not attach to any Property other than the Property leased or financed by such Debt and (B) the principal amount of Debt secured by any such Lien shall at no time exceed 100% of the original purchase price or lease payment amount of such Property at the time it was acquired;

(vii) Liens existing on the date of this Agreement and disclosed to Lender in Schedule 3 hereto, so long as any such Lien shall apply only to the Property to which it currently applies and shall secure only those obligations which it secures on the date hereof, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(viii) Liens on insurance proceeds or unearned premiums incurred in in the ordinary course of business in connection with the financing of insurance premium permitted pursuant to clause (vii) of the definition of Permitted Debt;

(ix) those Liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets (as determined by Lender in Lender's sole reasonable discretion);

(x) Liens on Cash Collateral Accounts that secure Debt in respect of letters of credit permitted under clause (xiii) of the definition of "Permitted Debt" so long as the aggregate amount credited to the Cash Collateral Accounts does not exceed $5,000,000;

(xi) Liens or rights of setoff against credit balances or cash and Cash Equivalents held in a Credit Card Receivables Account of the Borrower or any of its Subsidiaries with Credit Card Issuers or Credit Card Processors to secure obligations described in clause (xii) of the definition of Permitted Debt; provided, however, that the aggregate amount of credit balances or cash or Cash Equivalents subject to such Liens and rights of setoff under this clause (xi) shall not exceed $500,000;

(xii) Liens securing Debt and obligations owing under Swap Agreements permitted hereunder; *provided* that at the time of the incurrence thereof, the aggregate outstanding amount of Debt and other obligations secured by Liens under this clause (xii) shall not exceed $5,000,000;

(xiii) Excepted Liens;

(xiv) other Liens not otherwise described under clauses (i) through (xiii) above so long as (A) such Liens only secure Permitted Debt and (B) such Liens do not attach to any Sand Facilities, any Specified Property or to any personal property, fixture or improvement constituting Collateral related thereto or used in connection therewith; and

(xv) other Liens not otherwise described under clauses (i) through (xiv) above so long as the outstanding amount of Debt and other obligations secured by Liens under this clause (xv) shall not exceed $2,500,000 in the aggregate at any time.

"**Permitted Payments**" means (i) Restricted Payments made by Borrower with respect to its Equity Interests payable solely in additional membership interests or shares of its Equity Interests (other than Disqualified Capital Stock); (ii) Restricted Payments made by any Loan Party to any other Loan Party; and (iii), with respect to any taxable period (or portion thereof corresponding to a period used for computing estimated tax of a U.S. individual), Restricted Payments made by Borrower to the holders of its Equity Interests in an amount equal to the Tax Distribution Amount, calculated with respect to such period (or applicable portion thereof) on or prior to such period's (or such portion's) tax (or estimated tax) payment due date.

"**Permitted Sale**" means (i) the sale of Inventory in the ordinary course of business; (ii) the transfer of Property by means of a transaction permitted under Section 5(b) hereof; (iii) the issuance or transfer of any Equity Interest in a Subsidiary to any Loan Party; (iv) the issuance of Equity Interests (other than Disqualified Capital Stock) in Borrower; (v) the transfer of Property among the Loan Parties; (vi) the sale or transfer of equipment and other personal property that is (A) worn out, obsolete or surplus Property or (B) is replaced by equipment or other personal property of at least comparable value and use; (vii) licensing and cross-licensing arrangements involving any technology or other intellectual property of Borrower or any Subsidiary in the ordinary course of business; (viii) the abandonment of any rights, franchises, licenses, or intellectual property that any Loan Party reasonably determines are no longer necessary in its business or commercially desirable; (ix) the transfer of Property in connection with a Casualty Event; (x) the use, transfer or disposition of cash and Cash Equivalents pursuant to any transaction not prohibited by the terms of the Loan Documents; (xi) the sale or other disposition of the Equity Interests in any Excluded Subsidiary; (xii) other sales, dispositions or transfers not regulated by the other clauses in this definition of any Properties that are not Specified Properties or personal property, fixtures or improvements constituting Collateral related to or used in connection with the Sand Facilities or the Specified Properties and which have a fair market value of not more than $25,000,000 in the aggregate during any 12-month period; and (xiii) the sale, disposition or other transfer of any Properties that are not Specified Properties having a fair market value of not more than $7,500,000 in the aggregate during the term of this Agreement.

"**Person**" means any natural person, corporation, limited partnership, general partnership, limited liability company, limited liability partnership, joint stock company, joint venture, association, company, trust, bank, trust company, land trust, business trust or other organization, whether or not a legal entity, and any Governmental Authority.

"**Prepayment Fee**" has the meaning given to such term in the Note.

"**Property**" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including, without limitation, cash, securities, accounts and contract rights.

"**Related Paydown**" means, with respect to any Restricted Payment made pursuant to Section 5(p)(iii), (i) if the Leverage Ratio on a pro forma basis immediately after giving effect to such Restricted Payment would be greater than 1.25:1.0, then an amount equal to one-third (1/3) of such Restricted Payment; and (ii) if the Leverage Ratio on a pro forma basis immediately after giving effect to such Restricted Payment would be less than or equal to 1.25:1.0, then an amount equal to one-fourth (1/4) of such Restricted Payment.

"**Responsible Officer**" means, as to any Person, the chief executive officer, the president, any financial officer (for purposes of this Agreement, meaning the chief financial officer, principal accounting officer, treasurer or controller of such Person) or any vice president of such Person. Unless otherwise specified, all references to a Responsible Officer herein shall mean a Responsible Officer of the Borrower.

"**Restricted Payment**" means any dividend or other distribution (whether in cash, securities or other property (but excluding dividends paid in Equity Interests)) with respect to any Equity Interests in Borrower or any of the other Loan Parties, or any payment (whether in cash or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in Borrower or any of the other Loan Parties or any option, warrant or other right to acquire any such Equity Interests in Borrower or any of the other Loan Parties.

"**Sand Facilities**" mean the Kermit Facility and the Monahans Facility.

"**Sand Reserves**" means, collectively, sand reserves that, in accordance with S-K 1300, are classified as "Probable mineral reserves" or "Proven mineral reserves".

"**Sand Reserves Value**" means, as of any date of determination, the present value of the reasonably estimated future net revenues, discounted at a rate of 9% per annum, from forecasted sales of Inventory during the remaining expected economic lives of the reserves related thereto.

"**Security Agreement**" means that certain Security Agreement, dated as of even date herewith, by the Loan Parties in favor of Lender granting Liens and a security interest on each Loan Party's personal property constituting Collateral (as defined therein) in favor of Lender to secure the Indebtedness, as such agreement may be amended, modified, supplemented, restated or replaced from time to time.

"**Security Instruments**" means the Guaranty Agreement, the Security Agreement, the Mortgages, and each account control agreement, deed of trust, collateral assignment, and other agreement or instrument described or referred to in **Exhibit C** attached hereto, and any and all other agreements or instruments now or hereafter executed and delivered by any Loan Party to provide security for or guarantee the payment or performance of the Indebtedness, the Loan, this Agreement or any other Loan Document, as such agreements or instruments may be amended, modified, supplemented, restated or replaced from time to time.

"**SPAC**" means a newly formed special purpose acquisition entity, which (i) has been formed with the purpose of raising capital, (ii) has completed an initial public offering resulting in the Equity Interests of such entity being listed on a United States national securities exchange, and (iii) does not conduct any material business or maintain any material assets other than cash.

"**SPAC Transaction**" means an acquisition, merger or other business combination pursuant to between Borrower and a SPAC, provided that (i) the surviving entity shall be Borrower, (ii) the transaction shall result in Borrower being listed on a United States national securities exchange, and (iii) Borrower shall have provided ten (10) Business Days prior written notice of the transaction to Lender, and Lender shall have received copies of the material documents entered into to effect the SPAC Transaction.

"**Specified OLC Assets**" means, collectively, the assets and Property disclosed to Lender on Schedule 4 hereto and other assets reasonably related thereto with an aggregate fair market value for all such other assets not to exceed $7,500,000.

"**Specified Property**" means the Property described on Schedule 5 hereto.

"**subsidiary**" means, with respect to any Person (the "**parent**") at any date, (i) any other Person the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, or (ii) any other Person of which (A) Equity Interests representing more than 50% of the equity or more than 50% of the ordinary voting power (irrespective of whether or not at the time Equity Interests of any other class or classes in such Person shall have or might have voting power by reason of the happening of any contingency) are, or (B) in the case of a partnership, any general partnership interests are, in each case, as of such date, owned, controlled or held by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"**Subsidiary**" means any subsidiary of the Borrower other than an Excluded Subsidiary.

"**Swap Agreement**" means any "swap" within the meaning of Section 1a(47) or Section 2(e) of the Commodity Exchange Act entered into with a Person whose long term senior unsecured debt rating is BBB-/Baa3 or higher by S&P or Moody's, respectively, (or their equivalent) and includes any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement; *provided, however,* that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of any Loan Party shall be a Swap Agreement.

"**Swap Termination Value**" means, in respect of any Swap Agreement, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Agreement, (i) for any date on or after the date such Swap Agreement has been closed out and the termination value determined in accordance therewith, such termination value and (ii) for any date prior to the date referenced in clause (i), the amount determined as the mark-to-market value for such Swap Agreement, as determined by (A) the Borrower in good faith, if no Event of Default has occurred and is continuing or (B) Lender in good faith, if otherwise.

"**Tax Distribution Amount**" means for any taxable period (or portion thereof corresponding to a period used for computing estimated tax of a U.S. individual) of the Borrower ending after the date of this Agreement and during which the Borrower is a partnership for U.S. federal income tax purposes, an aggregate amount equal to the product of (i) the Borrower's "taxable income" for such period (or portion thereof), not including income arising under Section 704(c) of the Code, and determined as though the Borrower were an individual and each of its subsidiaries were pass-through entities for tax purposes, reduced by the cumulative net taxable loss of the Borrower for all periods ending after the date of this Agreement (determined as if all such prior periods were one taxable period) to the extent such loss is of a character that would permit such loss to be deducted against the current period's income and was not previously taken into account, and (ii) the highest combined United States federal, state and local income Tax rate applicable to a resident individual of New York, New York for such period (taking into account (x) the deductibility of state and local income taxes for U.S. federal income tax purposes and (y) the character (e.g., long-term or short-term capital gain or ordinary or exempt) of the applicable income), as properly adjusted to reflect the final determination of any previously estimated taxable income or loss, provided that, if any amount distributed as a Tax Distribution Amount for the taxable year exceeds the appropriate Tax Distribution Amount for such taxable year (including where the amounts included in taxable income for such taxable year decreased as a result of an audit, amended return or otherwise), then such excess shall be credited against the next Tax Distribution Amount permitted to be made with respect to subsequent taxable years.

"**Taxes**" means any and all taxes, assessments, claims and other charges lawfully levied or assessed by any Governmental Authority against, in connection with or otherwise with respect to Borrower, the Sand Facilities or any of the Collateral.

"**Term Cash Collateral Account**" means a deposit account in which Borrower will only deposit identifiable proceeds of Term Priority Collateral that constitute Term Priority Collateral.

"**Term Priority Collateral**" has the meaning assigned to such term in the ABL/Term Intercreditor Agreement.

"**Title Company**" means Madison Title Agency (and its issuing agent, if and as applicable), issuing the Title Policy.

"**Title Policy**" means a loan policy of title insurance issued by the Title Company, in form and substance reasonably acceptable to and approved by Lender (as well as the Borrower and the Title Company), insuring that the Mortgage encumbering each Sand Facility constitutes a valid first priority lien upon each Sand Facility subject to such Mortgage. The Title Policy may be subject only to those exceptions set forth in the Existing Title Policies and any others which Lender may approve in writing, and must contain endorsements consistent with the Existing Title Policies.

"**Total Debt**" means, as of any date of determination, an amount equal to the total outstanding Debt of the Loan Parties, minus the aggregate amount of Cash and Cash Equivalents of the Loan Parties.

"**Total Leverage Ratio**" means the ratio of (i) Total Debt to (ii) the Loan Parties' consolidated trailing twelve months' EBITDA.

"**Total Other Debt**" means, as of any date of determination, an amount equal to the total outstanding Debt of the Loan Parties, minus (i) the aggregate amount of Cash and Cash Equivalents of the Loan Parties and (ii) the outstanding principal amount of the Loan.

"**Transactions**" means, collectively, (i) the negotiation, execution and delivery of this Agreement and the other Loan Documents and the consummation of the transactions hereunder and thereunder, including the borrowing of Loans, (ii) the consummation of the repayment in full of all amounts outstanding under the Existing Credit Agreement and the execution and delivery of all documents and instruments related thereto, and (iii) the payment of costs, fees, expenses and premiums related to the foregoing.

"**Uniform Commercial Code**" means the Uniform Commercial Code as in effect in the State of Texas, or, where applicable to specific Property, any other relevant State.

"**U.S. Economic Sanctions**" has the meaning given to such term in Section 4(i).

"**Wholly-Owned Subsidiary**" means any Subsidiary of which all of the outstanding Equity Interests (other than any directors' qualifying shares mandated by applicable law), on a fully-diluted basis, are owned by the Borrower or one or more of the Wholly-Owned Subsidiaries or are owned by the Borrower and one or more of the Wholly-Owned Subsidiaries.

EXHIBIT B

CLOSING CONDITIONS SCHEDULE

Lender's obligation to close the Loan (the "Closing") and to fund the Advance with respect to the Loan is subject to Lender's reasonable satisfaction with or waiver of the following conditions, including required deliverables, each at Borrower's expense:

1. Due Diligence. Lender shall have received and approved all items, documents and information required by Lender in connection with its credit underwriting and due diligence for the Loan and shall have completed such credit underwriting and due diligence with respect to Borrower, each other Loan Party, the Collateral, and all aspects of the Loan as Lender deems appropriate, and the results of such underwriting and due diligence are satisfactory to Lender, in its sole discretion.

2. Payments. All costs, expenses and fees to be paid by Borrower on or before the Closing shall have been paid in full, including after giving effect to the application of the Good Faith Deposit.

3. No Default; Representations. No Default has occurred and is continuing or would occur as a result of the consummation of the transactions at the Closing. All representations and warranties of each of the Loan Parties in Loan Documents signed by such Loan Party are true, correct, and complete in all material respects.

4. Executed Loan Documents. Lender shall have received the following Loan Documents, together with all such other documents and instruments as Lender may require, in each case duly executed and, where appropriate, acknowledged, by all parties thereto, other than Lender, each in form and substance satisfactory to Lender:

   a. This Agreement;

   b. The Note;

   c. The Security Agreement;

   d. The Guaranty; and

   e. A Mortgage for each Sand Facility.

5. Financing Statements. Lender shall be reasonably satisfied that the Security Instruments listed on Exhibit C will, when properly recorded (or when the applicable financing statements related thereto are properly filed or such other actions needed to perfect are taken) create perfected Liens (subject to Permitted Liens) on all of the Property purported to be encumbered by such Security Instruments.

6. Deliverables. Borrower shall have delivered to Lender, or Lender shall otherwise have obtained, and Lender shall have approved, the following, together with such other information and documentation as Lender may reasonably require, all at Borrower's expense:

   a. Insurance. Evidence that all insurance that Borrower is required to have at Closing has been obtained, is in full force and effect, and complies with the requirements of the Loan Documents.

   b. Appraisal. An appraisal of the Collateral and Borrower's enterprise value issued by an appraiser and valuation firm selected and engaged by Lender.

   c. Legal Opinion. A legal opinion of Vinson & Elkins LLP, special counsel to the Loan Parties, in form and substance reasonably satisfactory to Lender.

   d. Independent Audit Report. An independent audit report issued for Borrower covering the year ended December 31, 2020.

   e. Financial and Operations Information. Lender shall have received, and satisfactorily completed its review of, information regarding ownership, business operations, business prospects, litigation, Tax, accounting, labor, insurance, pension liabilities (actual or contingent), real estate leases, Major Material Contracts, debt agreements, property ownership, and contingent liabilities of the Loan Parties.

f. Solvency Certificate. If required by Lender, a certificate from Borrower, signed by Borrower's chief financial officer or other comparable person certifying to Lender that, both before and immediately after closing the Loan, and giving effect thereto, the Loan Parties, on a consolidated basis, are solvent.

g. KYC. All information requested by Lender at least five (5) Business Days prior to the Closing Date to verify the representations set forth in Section 4(i) with respect to Borrower and any other Loan Party.

h. Secretary's Certificates. A certificate of the Secretary, an Assistant Secretary or other officer of each Loan Party setting forth (i) resolutions of its board of directors (or comparable governing body) with respect to the authorization of such Loan Party to execute and deliver the Loan Documents to which it is a party and perform its obligations thereunder, (ii) the officers of such Loan Party (y) who are authorized to sign the Loan Documents to which such Loan Party is a party and (z) who will, until replaced by another officer or officers duly authorized for that purpose, act as its representative for the purposes of signing documents and giving notices and other communications in connection with this Agreement and the transactions contemplated hereby, (iii) specimen signatures of such authorized officers, and (iv) the Organizational Documents of such Loan Party, certified as being true and complete.

i. Existence and Good Standing Certificates. Certificates of the appropriate State agencies with respect to the existence, qualification and good standing of each Loan Party in each jurisdiction where such Loan Party is required to be qualified or in good standing, as applicable, in accordance with Section 5(a).

7. Title Insurance. At Borrower's sole expense, the Mortgages in favor of Lender shall have been recorded and the Title Company shall be unconditionally committed to issue to Lender a Title Policy with respect to each of (a) the owned property related to the Kermit Facility and (b) the leased property related to the Monahans Facility, in such form and amount and with such endorsements as Lender may reasonably require, insuring that the Mortgages are in first lien position subject only to Permitted Liens and such recorded easements, covenants, restrictions, encumbrances and other matters of record affecting such properties as approved by Lender in its reasonable discretion.

8. Environmental. Lender shall be reasonably satisfied with the environmental condition of the Sand Facilities and such other real property Collateral of the Borrower and the Guarantors and shall have been furnished with all environmental site assessments reports in the possession of Borrower.

9. Due Diligence. Lender shall have received appropriate UCC search certificates, fixture filing, judgment, tax and county-level real property record search results reflecting no Liens encumbering the Properties of the Loan Parties for each jurisdiction reasonably requested by Lender, other than those being assigned or released on or prior to the Closing Date or Permitted Liens and bankruptcy and litigation searches.

EXHIBIT C

SECURITY INSTRUMENTS AS OF THE CLOSING DATE

1. Security Agreement.

2. Guaranty Agreement.

3. Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Rents and Leases to be recorded in the Real Property Records of Winkler County, Texas.

4. Leasehold Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Rents and Leases to be recorded in the Real Property Records of Ward County, Texas.

5. Leasehold Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Rents and Leases to be recorded in the Real Property Records of Winkler County, Texas.

6. UCC-1 Financing Statement for Atlas Sand Company, LLC, to be filed with the Delaware Secretary of State.

7. UCC-1 Financing Statement for Atlas Sand Employee Company, LLC, to be filed with the Texas Secretary of State.

8. UCC-1 Financing Statement for Atlas Sand Employee Holding Company, LLC, to be filed with the Texas Secretary of State.

9. UCC-1 Financing Statement for Atlas Sand Construction, LLC, to be filed with the Texas Secretary of State.

10. UCC-1 Financing Statement for Atlas Construction Employee Company, LLC, to be filed with the Texas Secretary of State.

11. UCC-1 Financing Statement for OLC Employee Company, LLC, to be filed with the Texas Secretary of State.

<u>EXHIBIT D</u>

POST-CLOSING MATTERS

Not later than the date that is 45 days following the Closing Date (or such later date as Lender may agree in its reasonable discretion) the Loan Parties shall have delivered:

(a) Control Agreements executed by each of the parties thereto (other than Lender) in form and substance reasonably satisfactory to Lender with respect to each Deposit Account, Securities Account and Commodity Account maintained by the Loan Parties as of the Closing Date; and

(b) Collateral Access Agreements executed by each of the parties thereto (other than Lender) from the lessor of each leased property (other than lessors of leases with respect to the Kermit Facility and the Monahans Facility) where a Loan Party maintains original books and records in respect of the Collateral.

(c) An Unsecured Indemnity Agreement executed by each of the Loan Parties in form and substance reasonably satisfactory to Lender.

Not later than the date that is 90 days following the Closing Date (or such later date as Lender may agree in its reasonable discretion) the Loan Parties shall have delivered an ALTA survey of the Sand Facilities from a licensed surveyor reasonably acceptable to Lender, certified to Lender and the Title Company. In the event that such survey identifies defect(s) that would reasonably be expected to have a Material Adverse Effect, Borrower would cure such defect(s) within 180 days of Lender’s request for such cure (or such later date as Lender may agree in its reasonable discretion).

TECHNICAL REPORT SUMMARY

FRAC SAND RESOURCES AND RESERVES

KERMIT AND MONAHANS MINES

Winkler and Ward Counties, Texas

Prepared For

ATLAS SAND COMPANY, LLC

By

John T. Boyd Company

Mining and Geological Consultants

Pittsburgh, Pennsylvania, USA

Report No. 3871.006

FEBRUARY 2022

John T. Boyd Company
Mining and Geological Consultants

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February 11, 2022
File: 3871.006

Atlas Sand Company, LLC
5918 W. Courtyard Drive #500
Austin, TX 78730

Attention: Mr. John Turner
Chief Financial Officer

Subject: Technical Report Summary
Frac Sand Resources and Reserves
Kermit and Monahans Mines
Winkler and Ward Counties, Texas

Dear Sirs:

This SK-1300-compliant technical report summary provides the results of John T. Boyd Company's (BOYD) independent estimate of the frac (proppant) sand resources and reserves for Atlas Sand Company, LLC's (Atlas) Kermit and Monahans mines as of December 31, 2021.

We wish to acknowledge the cooperation of Atlas' management and staff for providing the technical, financial, and legal information used in completing this project. Our findings are based on BOYD's extensive experience in preparing frac sand resource and reserve estimates used in US Securities and Exchange Commission (SEC) filings, and our knowledge of frac sand mining in Texas and throughout North America.

Introduction
BOYD was retained by Atlas to complete an independent technical audit of mineral resource and mineral reserve estimates—hereafter referred to as frac sand resource and frac sand reserve estimates—for their active mining operations located near Kermit, Texas (the "Kermit Mine") and Monahans, Texas (the "Monahans Mine"). Throughout

the report, the Kermit and Monahans mines may also be referred to as the Kermit and Monahans "operations", "plants", "properties", or "facilities". This report summarizes the results of our resource and reserve estimate and satisfies the requirements for Atlas' disclosure of frac sand resources and reserves set forth in Subpart 1300 and Item 601(b)(96) of the SEC's Regulation S-K (S-K 1300). This is the first technical report summary filed with the SEC by Atlas for the Kermit and Monahans mines.

BOYD's findings are based on our detailed examination of the supporting geologic, technical, and economic information obtained from: (1) Atlas provided files, (2) discussions with Atlas personnel, (3) records on file with regulatory agencies, (4) public sources, and (5) nonconfidential BOYD files. Our analysis was performed to obtain reasonable assurance that Atlas' frac sand resource and reserve statements are free from material misstatement. This report provides an independent estimate of the frac sand resources and reserves underlying the Kermit and Monahans controlled properties. The basis for these estimates is BOYD's recent volumetric estimation of the resources and reserves.

This report provides a summary of primary information and is supported by a more comprehensive report that includes commercially sensitive and competitive information that was not included in this summary report at the request of the client. The Economic Analysis and resulting present value (PV) estimate in this report were made for the purposes of confirming the economic viability of the reported sand reserves and not for the purposes of valuing Atlas or its assets. Internal Rate of Return (IRR) and project payback were not calculated, as there was no initial investment considered in the financial model.

Weights and measurements are expressed in US customary units. Unless noted, the effective date of the information, including estimates of frac sand reserves, is December 31, 2021.

Property Description and Control

Atlas has two mines located within the Permian basin of Texas. In June 2018, Atlas received a Mine Safety and Health Administration (MSHA) identification number (41-05367) for the Kermit Mine, and in July 2018 they received Monahans' MSHA identification number(41-05359). Both mines have been operating continuously since that time.

The Kermit operation, in Winkler County, Texas, is located approximately seven miles northeast of the town of Kermit and is a surface frac sand mining and processing facility, located on approximately 5,826 “gross” acres (the “Kermit Property”) of which 5,341 “net” acres are controlled (leases and fee-owned). After applying requisite mining offsets, approximately 4,521 acres (or 78% of the property) have been explored and are considered as either mineable resources or reserves.

The Monahans operation is a surface frac sand mining and processing facility, located on approximately 32,224 “gross” acres (the “Monahans Property”) which is entirely leased by Atlas. After applying requisite mining offsets, a total area covering approximately 11,187 acres (or 35%) of the Monahans Property has had exploration work completed, with dense enough drill hole coverage to be considered as frac sand resources and reserves, as of the date of this report. Atlas has also completed a reconnaissance-level of exploration drilling and sampling work on an additional 9,575 acres (or an additional 30%) outside of the resource and reserve areas of the Monahans Property. This “exploration target” area has a more widely spaced drilling density than the aforementioned resource and reserve areas, however drilling and testing indicates this portion of the deposit exhibits similar characteristics, both in thickness and frac sand quality. The mine, located in Ward and Winkler counties, Texas is approximately three miles northeast of the town of Monahans.

Mining and related activities for the Atlas operations are predominantly regulated by the Texas Commission on Environmental Quality (TCEQ). The Kermit operation has a Permit-By-Rule number of 148113, and their current New Source Review (NSR) air pollution control permit is renewable in 2028. The Monahans operation has a Permit-By-Rule number of 148572, and their current New Source Review air pollution control permit is also renewable in 2028. Other permits held for the operations include Stormwater, Above Ground Storage Tank, Aggregate Production Operation, and a septic permit. A SPCC plan (spill prevention plan) is also active at each operation. There are no formal state or federal reclamation plans or permits required for the operations.

Atlas participates in a voluntary Candidate Conservation Agreement with Assurances (CCAA) for the Dunes Sagebrush Lizard (DSL). The agreement, which Atlas signed in January 2021, lasts for 23 years. Their voluntary participation in the CCCA effectively mitigates DSL regulatory risk for the Atlas Kermit and Monahans mining operations. Atlas can either set aside acreage for DSL habitat or contribute cash to continue participating in the CCAA. Atlas holds significant sand acreage outside of their current resources and reserves that would be able to be contributed or set aside for the CCAA, allowing them to continue mining operations, even if the DSL is listed as an endangered species.

The general location of both mines is provided in Figure 1 following this page.

Physiography

The Kermit Property and the Monahans Property are situated within the Texas Great Plains physiographic province, a region encompassing much of northwestern and western Texas. The surrounding areas generally consist of desert valleys covered with windblown sheet and dune sands, high plains covered with thick alluvium (the Llano Estacado or Staked Plains), or plateaus consisting of thin carbonate-based soils (the Caprock Escarpment). The two properties encompass a majority of the active dune complexes found in this area. The plateau areas, typically covered by a weathering-resistant caliche (a hardened natural cement of calcium carbonate that binds other materials—such as gravel, sand, clay, and silt), may abruptly stand up to 1,000 ft above the plains. Much of the region may be covered by various types of desert scrub grasses, sages, yuccas, junipers, shin oaks, and mesquites.

Regional Geology

Quaternary-aged sand formations are present across the surface of much of the area in and around the Kermit and Monahans properties. Both properties contain active sand dune complexes, consisting of large and open dunes exposed at the surface, which are constrained by the Llano Estacado Caprock to the east, and caliche outcrops towards the west. Much of the surrounding areas contain surficial deposits consisting primarily of windblow sheet sands, ancient dunes, and dune ridges.

Local Stratigraphy

Surficial geologic units overlying the properties and surrounding areas are predominantly Quaternary age unconsolidated deposits, ranging from windblown sheet sands and dunes to alluvial sands, silts, clays, and caliche. Origins of these deposits are believed to be a combination of eroded bedrock material from the southern Rocky Mountains, and locally eroded Ogallala Formation sandstone. As portions of the southern Rockies were eroded via weathering, particles were carried to the Pecos River. Ancient flooding events of the Pecos River resulted in the suspended particles being deposited into flood plains.

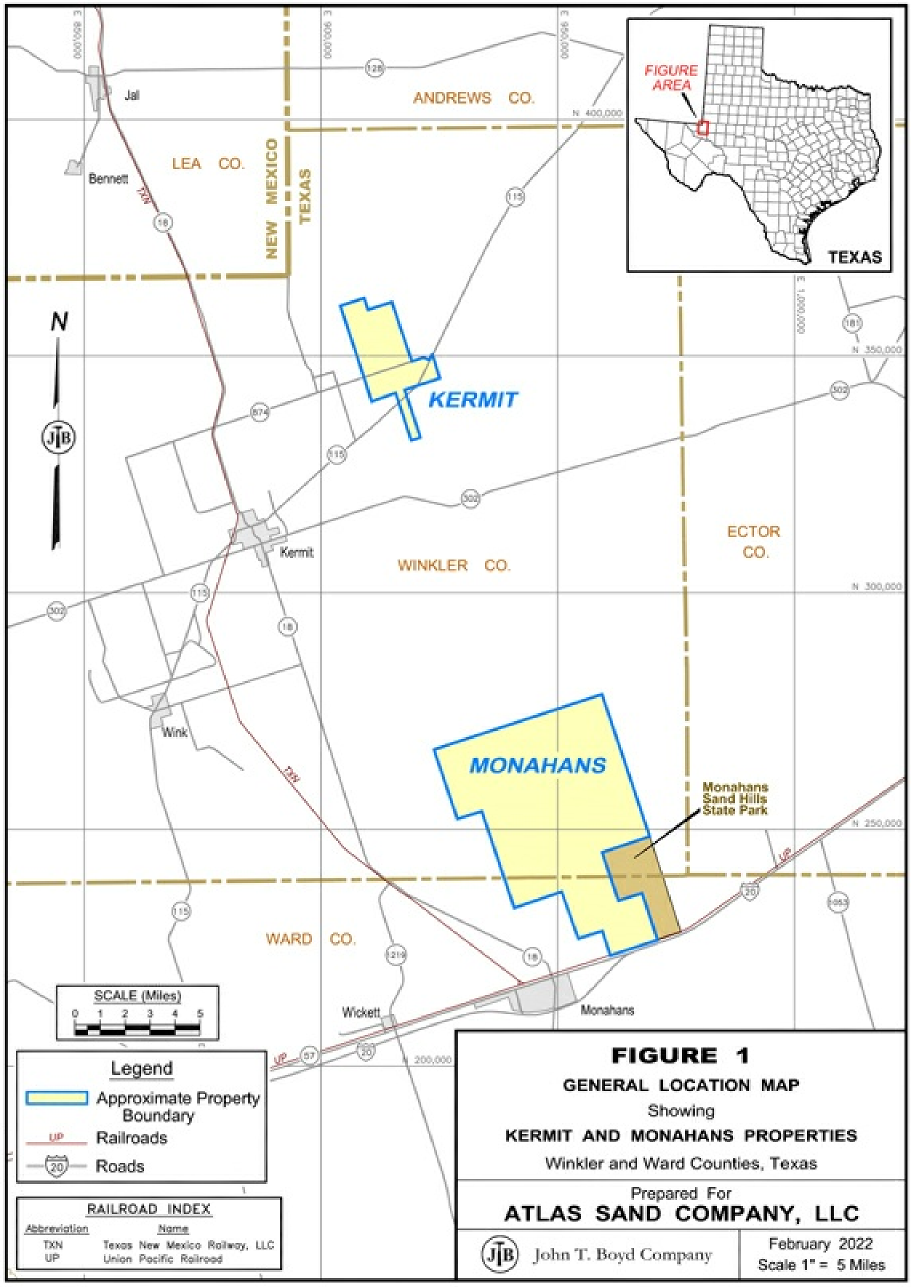
FIGURE 1
GENERAL LOCATION MAP
Showing
KERMIT AND MONAHANS PROPERTIES
Winkler and Ward Counties, Texas
Prepared For
ATLAS SAND COMPANY, LLC
John T. Boyd Company
February 2022
Scale 1" = 5 Miles
KERMIT
MONAHANS
Monahans Sand Hills State Park
ANDREWS CO.
LEA CO.
NEW MEXICO
TEXAS
WINKLER CO.
ECTOR CO.
WARD CO.
Jal
Bennett
Kermit
Wink
Wickett
Monahans
FIGURE AREA
TEXAS
N
SCALE (Miles)
0 1 2 3 4 5
Legend
Approximate Property Boundary
Railroads
Roads
RAILROAD INDEX
Abbreviation Name
TXN Texas New Mexico Railway, LLC
UP Union Pacific Railroad
Q:\CAD_GROUP\3871.006\FIGURE 1.DWG

Once flood waters receded, winds took over, drying and further transporting these particles into the western Texas region.

The Llano Estacado Caprock Escarpment marks the eastern-most extent of the surficial sand deposits. Winds transporting particles into the area are thought to have collided with the escarpment, which slows the velocity of the particles and drops particles out of suspension, where they have accumulated over time. Winnowing processes have caused some degree of particle sorting to occur. Due to the mechanisms and long distances of particle transport, sand grains were abraded and rounded as they reached their current locations.

These processes resulted in the formation of the Kermit and Monahans dune fields, covering an area of approximately5-10 miles wide, and 60 miles long, extending primarily through Winkler and Ward counties in west Texas. The present-day dune system and surrounding sheet sands are largely vegetated, however the active dune fields, on which Atlas' Kermit and Monahans operations are located, contain no discernable overburden materials except for sparse areas of vegetation and roots that are removed during processing. The Kermit and Monahans deposits are mineable from the surface down to the total defined depths of the deposit.

Quaternary unconsolidated dune deposits cover the subject properties generally ranging in thickness from60-ft to over 100-ft, which is above average thicknesses seen in other surficial sand deposits of the area. A generalized stratigraphic chart of the geologic units in Ward and Winkler counties, Texas is presented in Figure 2.

System	Series	Geologic Unit
Quaternary	Pleistocene / Holocene	Sheet and Dune Sand
	Pleistocene	Unconsolidated Alluvium
Neogene	Pliocene	Ogallala Formation

Figure 2: Generalized Stratigraphic Chart, Surficial Deposits of Ward and Winkler Counties, TX

Quaternary Sheet and Dune Sands

The Kermit and Monahans properties are uniformly covered by Quaternary sheet and dune sands generally consisting offine-to medium-grained quartz sand grains mixed with varying degrees of silts, calcareous sands, and caliche nodules. Surficial sand deposition may range in thickness from less than 10 ft of windblown sheet sands to hundreds of feet of dune sands. Unconsolidated alluvial deposits consisting of pebble-to cobble-sized limestone and chert nodules overlain by silts are found to the east of the properties.

Ogallala Formation

The Ogallala Formation is predominantly comprised of weakly cemented to unconsolidated fine-to medium-grained sands, which may be silty and calcareous in places. A caliche caprock is frequently exhibited, which resists weathering and forms ledges. Thickness of this formation has been recorded up to 550 ft.

Frac Sand Geology

Frac sand is a naturally occurring, high silica content quartz sand with grains that are generally well-rounded and monocrystalline. The main difference between frac sand and other sands is that frac sand grains are relatively pure in composition, consisting almost entirely of quartz; other sands have numerous impurities that may be cemented to the quartz grains. The pure quartz composition of frac sand grains, along with being well-rounded and spherical in shape, gives these sands the characteristics (crush strength, high acid solubility, low turbidity) that are sought after by oil and gas producers for use in developing wells.

Exploration

Atlas contracted Westward Environmental Inc (Westward) to perform a series of drilling and sampling programs on the Kermit and Monahans properties, which occurred over the period June 2017 through March 2018.

The drilling and sampling program was executed in equivalent manner on each property as Westward supervised the field work and sampled each hole. Holes were drilled using a rotosonic drill rig, and each hole was sampled on 5-ft increments from the surface. Westward geologists and geological technicians determined the terminus of the sampling interval of a hole, as drilling would be stopped when the amount of sand in a recovered interval was neither the first nor second most abundant material present in a given sample interval. All drilled intervals were geologically logged, photographed, and sampled in duplicate. One set of samples was retained by Atlas for archival purposes, while the other set of samples was sent to a lab for grain size analyses and proppant sand quality testing.

In 2017, an initial drilling and sampling program utilized widely spaced exploration drill holes, with nominal spacing of3,000-ft to 4,500-ft between drill holes (one hole drilled per section of controlled property), in order to determine the depth and lateral extent of the sand deposits across the Kermit and Monahans properties. There were 36 holes drilled and sampled on the Kermit Property in June and July 2017. There were 53 holes drilled and sampled on the Monahans Property from June to August 2017. Sample analyses were performed by PropTester in Cyprus, Texas and FracTAL in St. Paul, Minnesota.

An infill drilling program was subsequently initiated in March 2018 to increase geologic confidence on each of the subject properties. This consisted of completing an additional 25 drill holes on the Kermit Property and 27 drill holes on the Monahans Property. Upon completion of the infill drilling programs, each property now had a nominal 1,500-ft drill hole spacing within their respective initial mining areas, which provided enough geoscientific information to be able to classify the infill drilled areas as Proven Reserves. A summary of both drilling campaigns is presented in Table 1.

Table 1: Atlas Drilling and Sampling Program

	Rotosonic Holes Drilled and Sampled		
	Initial*	Infill**	Combined
Kermit Property	36	25	61
Monahans Property	53	27	80
Total	89	52	141

* Drilled and sampled June to August 2017
** Drilled and sampled March 2018

Frac Sand Reserves and Quality

This technical report summary provides an estimate of frac sand reserves for Atlas' Kermit and Monahans mines in accordance with the requirements set forth in S-K 1300. These estimates were independently prepared by BOYD and utilized in conjunction with information provided by Atlas including: a life-of-mine (LOM) plan, the relevant processing, economic (including estimates of capital, revenue, and cost), marketing, legal, environmental, socio-economic, and regulatory factors for each operation.

Estimates of mineral resources and reserves are always subject to a degree of uncertainty. The level of confidence that can be applied to a particular estimate is a function of, among other things: the amount, quality, and completeness of exploration data; the geological complexity of the deposit; and economic, legal, social, and environmental factors associated with mining the resource/reserve. BOYD used the definitions provided in S-K 1300 to describe the varying degree of certainty associated with the estimates reported herein.

Estimates of frac sand resources are subdivided to reflect the different levels of geological confidence into measured (highest geologic confidence), indicated, and inferred (lowest geologic assurance). Upon application of modifying factors that include adjustments for mining loss, processing loss, and economic factors, a measured resource may be converted to either a proven or probable reserve, while an indicated resource may only be converted to a probable reserve. An inferred resource may not be converted to a reserve, due to the lower level of geological confidence.

A mineral reserve is the economically mineable part of a measured or indicated mineral resource, which includes diluting materials and allowances for losses that may occur when the material is mined or extracted. Estimates of mineral reserves are subdivided to reflect geologic confidence, and potential uncertainties in the modifying factors, into proven (highest assurance) and probable.

In this report, the term “frac sand reserves” represents the tonnage and quality of product sand that will be available for sale after washing and drying the run-of-mine (ROM) sand. When material variations in thickness, depth, and/or sand quality occur between drill holes, the allowable spacing distance is reduced. The following drill hole spacing criteria were determined by the Qualified Person and used in this report to define the sand resources within Atlas’ properties:

Resource Classification	Spacing Requirement (ft) (Nominal Maximum)
Measured	1,500
Indicated	2,500
Inferred	5,000

BOYD’s estimate of frac sand reserves for the Kermit and Monahans mines as of December 31, 2021, total 368 million saleable product (i.e., greater than 140-mesh and less than 40-mesh in grain size) tons. There are 198 million tons underlying the Kermit Property and 170 million tons underlying the Monahans Property.

Table 2 presents the estimated frac sand reserves by product mesh size, reserve classification, and mineral ownership status for the Kermit and Monahans mines:

Table 2: Atlas Sand Company, Kermit and Monahans Reserves (As of December 31, 2021)

	Tons (000) By Classification and Mesh Size						Total		
	Proven			Probable			By Mesh Size		
Control	40/70	70/140	Total	40/70	70/140	Total	40/70	70/140	Total
	Kermit Operation								
Owned	79,019	61,269	140,288	—	—	—	79,019	61,269	140,288
Leased	28,580	24,433	53,013	2,599	2,232	4,831	31,179	26,665	57,844
Total	107,599	85,702	193,301	2,599	2,232	4,831	110,198	87,934	198,132
	Monahans Operation								
Leased	72,021	46,826	118,847	32,041	19,057	51,098	104,062	65,883	169,945

Projecting sales volumes of approximately 5 million tons per year per operation, the expected LOM of the Kermit operation is plus 40 years and the Monahans operation is plus 34 years. This longevity only considers the estimated Proven and Probable Reserves as shown above. Substantial additional saleable product will be available as the in-place resources and other exploration target areas are converted to reserves.

The additional in-place resources consist of the Measured and Indicated resources that have not been formally included in a mine plan by Atlas but have adequate geoscientific information to be converted to reserves in the future. The Inferred Resources consist of areas that generally need additional exploration drilling on a closer spacing to classify them as a Measured or Indicated Resource. These resources, estimated at 1.665 billion tons (398 million tons Kermit, 1,267 million tons Monahans), represent the in-ground material prior to applying any mining and processing losses. As additional mine planning is developed and additional drilling is performed on the resource areas of the properties, the in-place material may be converted to reserves by factoring in the mining and process loss.

Concerning the frac sand quality of the properties, PropTester and Lonquist performed APIRP-19C/ISO 13503-2 tests on composite samples created from sample material collected during the drilling programs on the Kermit and Monahans properties. A composite of the entire depth drilled from each hole selected was created, and for each composite sample, the testing labs created 40/70-mesh and 40/140-mesh product samples which were then analyzed for the full suite of APIRP-19C/ISO 13503-2 proppant sand tests.

Overall, this extensive testing indicated that a relatively uniform range of crush values exist through the entire depth of the deposit, except for one or two intervals where the caliche interval was not completely removed before performing the crush tests. These caliche intervals were about 1,000 psi less than all other intervals, and as such were not included in the summary quality data.

Combining the extensive crush testing conducted with the API testing performed on the composite samples, Atlas has completed a comprehensive review of grain characteristics for each of the reserve areas within each property. The data indicate little variability within the overall mineable deposit on each property.

Sample testing results are summarized in Table 3 below for each product size analyzed within each property:

Table 3: Proppant Performance Test Results for Kermit and Monahans

	Average ISO/API Test Results By Product Size and Property				
	40/70-mesh			40/140-mesh*,**	
Test	Kermit	Monahans	Recommended Specification	Kermit	Monahans
Sphericity	0.7	0.7	≥ 0.6	0.7	0.7
Roundness	0.8	0.7	≥ 0.6	0.7	0.7
Acid Solubility (%)	1.1	0.9	≤ 3.0	2.6	1.6
Turbidity (NTU)	15.0	7.0	≤ 250	15.0	13.0
K-Value (000 psi)	7 - 8	7 - 8	—	10 - 11	10 - 11

* 100-mesh proppant sand material currently does not have an API/ISO specification.

** Test results were for a single 40/140-mesh product.

The extent to which the frac sand reserves may be affected by any known geological, operational, environmental, permitting, legal, title, variation, socio-economic, marketing, political, or other relevant issues has been reviewed as warranted. It is the opinion of BOYD that Atlas has appropriately mitigated, or has the operational acumen to mitigate, the risks associated with these factors. BOYD is not aware of any additional risks that could materially affect the development of the frac sand reserves.

Based on our independent estimate and operations review, we have a high degree of confidence that the estimates shown in this report accurately represent the available frac sand reserves controlled by Atlas, as of December 31, 2021.

Operations

Mining

The Kermit and the Monahans mines both employ dredging as the primary sand extraction method. Most of the mineable area at both locations has minimal overburden and vegetation; as such, sand excavation normally begins at the surface throughout most of the mine plan area. BOYD has reviewed the LOM plans for both operations and they appear to be representative of the Reserve tonnage estimates reported herein. Both mines operate continuously, 24/7.

Processing

Each plant has a nominal capacity of approximately 5.0 million tons per year of finished product. The Kermit Plant was commissioned in July 2018 and the Monahans Plant was commissioned in October 2018.The predominant frac sand products produced at the operations include 40/70-mesh and 100-mesh (40/140-mesh) products. Since the commissioning of the wet plants in 2018 through the end of 2021, the actual process yield for both plants is approximately 90%. In general, for every 100 tons of ROM material fed into the plant, 90 tons of saleable product is produced prior to entering the dry process plant. It should be noted that these actual process yields are slightly different than the process yields used to estimate the entire Reserve. The Reserve estimate utilized the average of all of the corehole laboratory analysis data for the entire property.

Once the material has been mined from the pit, it proceeds to the processing plants as follows:

- Wet Process Plant- ROM material from the dredge is pumped to the wet plant and the greater than40-mesh and less than 140-mesh sand and silt material is removed. The wet plant has a nominal capacity of 1,500 tph and typically operates in the 900 tph to 1,300 tph range to allow for fluctuations in feed.
- Dry Process Plant- The wet 40/140-mesh material produced by the wet process plant is dried and screened into finished products. The dry plant capacity is 750 tph and typically produces 600 tph to 620 tph depending on residual moisture and screening configuration to maximize 40/70-mesh product yield. An on-site quality laboratory samples and monitors production and shipping sand quality daily.

- Storage and Loadout- Finished products are stored in silos and gravity loaded from under the silos into highway trucks for transport to the customer. The Atlas loadout operates 24 hours per day, 7 days per week every day of the year.

Figure 3: Kermit Plant with Truck Loadouts

Figure 4: Monahans Plant with Truck Loadouts

Infrastructure

The Kermit Operation is supplied three-phase power by Oncor Electric Company (Oncor), headquartered in Dallas. A substation (Chevenne) accesses Oncor's 138 kV line and steps voltage down to a 12.5 kV line which delivers power to the plant approximately 3.8 miles northeast of the substation. Monahans has a similar power distribution scheme with Oncor supplying power from a substation approximately
1.3 miles south of the plant. The incoming voltage to the plant is 12.5 kV.

Line natural gas is supplied to both plants by West Texas Gas (WTG). Natural gas line capacity into both plants is 16,000 standard cubic feet (mscf)/day.

Plant process water is recycled within the plants and is pumped from the dredge pond reservoir. Additional makeup water is obtained from a wellfield containing 14 water wells having an approximate capacity of 1,600 gallons per minute (gpm) at Kermit, and 21 water wells having an approximate capacity of 2,500 gpm at Monahans. The wells at both plants are only utilized as a backup water supply.

On-site facilities at each site include a scale house, office, shop, and a quality laboratory located in the dry process plant. The surface facilities currently located at the mine are well constructed and have the necessary capacity/capabilities to support both of the operations. Operational preference may constitute the upgrading of some existing facilities if the operation expands in the future.

Financial Analysis

Market Analysis

Permit submissions for horizontal oil and gas wells in the Permian Basin indicate a continuation of strong drilling ahead. Utilizing data from Baker Hughes and The Railroad Commission of Texas (RRC of TX), the total number of permits filed per average annual working rig for 2021 is tracking at multi-year highs as evidenced in the chart below. For calendar year 2021, there was a total of 4,413 permit submissions with an average 227 horizontal rigs active in the Permian Basin (ratio of 19.5).

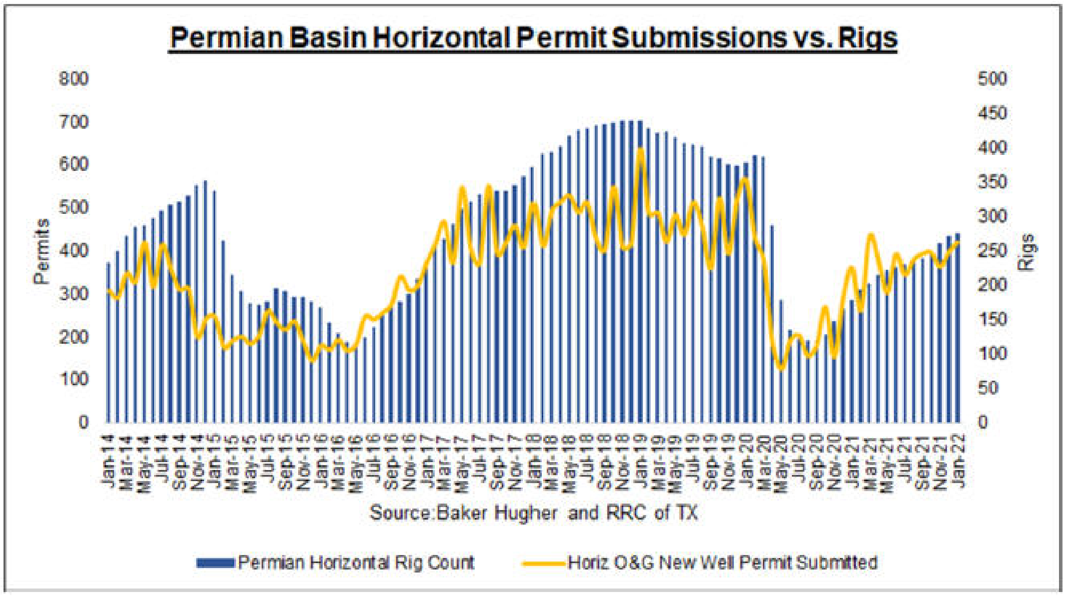

Figure 5: Permian Basin HZ Permit Submissions vs. Rigs

Rig counts in the Permian Basin are up approximately 64% as ofyear-end 2021 versus 2020. This has led to increased production for both crude oil and natural gas. Over the same time-period, crude oil production (barrels per day) and natural gas production (thousand cubic feet per day) in the Permian Basin are up 13% and 16%, respectively. Both Permian Basin daily crude oil production and daily natural gas production continue to exceed pre-pandemic peaks and reach new records. As of year-end 2021, crude oil production in the basin is nearly 5.0 million barrels per day while basin natural gas production stands at 19.8 billion cubic feet per day.

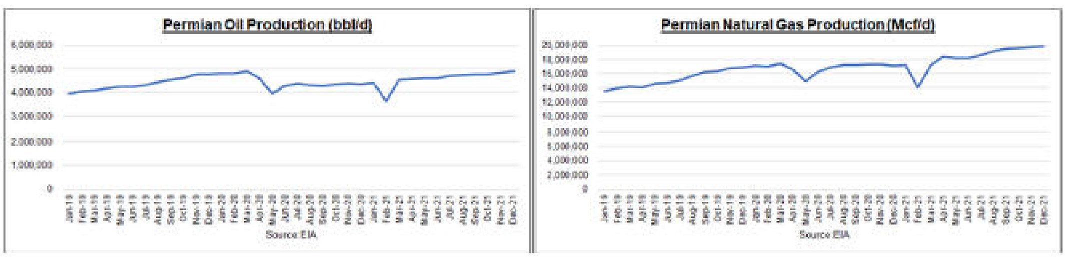

Figure 6: Permian Oil Production and Natural Gas Production

Consequently, with increases in production and well completions, activity at frac sand mines in the region have increased. According to MSHA, operating hours for the third quarter of 2021 for Permian Basin frac sand mines were up 36% since year-end 2020.

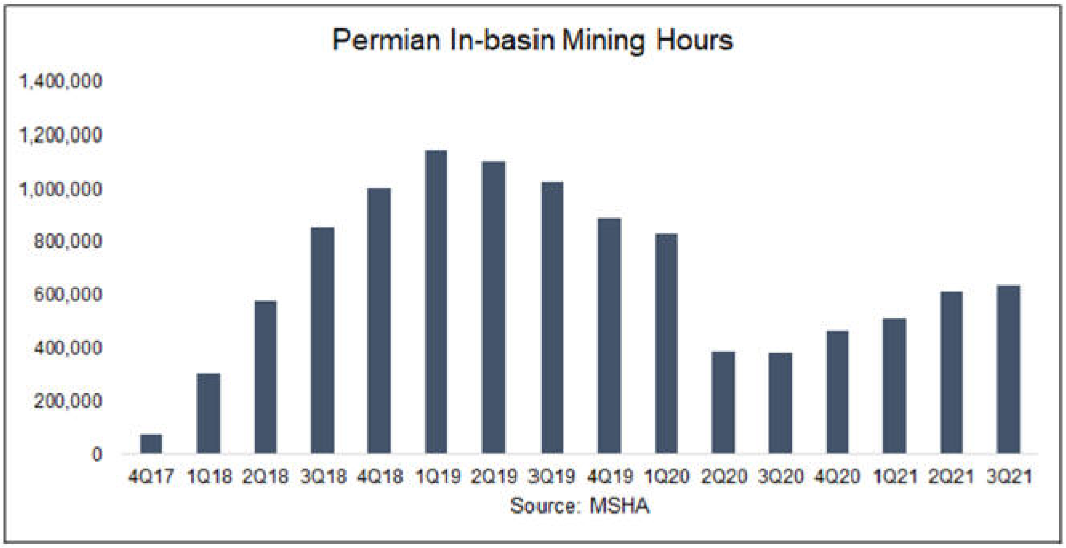

Figure 7: Permian Wide In-Basin Mine Operating Hours (Quarterly)

According to industry reports, all but one frac sand mine in the Permian Basin is currently fully operational. However, totalin-basin mine operating hours are still about 45% below their historical peak. Generally, mine operating hours correlate well with crude oil and natural gas production and drilling and uncompleted (DUC) well data. Current frac sand production in the Permian Basin is estimated to be nearing prior peak production of about 70 million tons leading to stable pricing in the basin. BOYD anticipates stable frac sand pricing with a slight upside bias due to potential supply chain disruptions and high commodity input costs.

Economic Analysis

BOYD reviewed historical sales, production costs, and other financial data pertaining to the Kermit and Monahans operations. In addition, we were provided production, sales, and cost projections for the subject operations.

Cash Cost of Goods Sold (COGS) include operating costs (mining, wet processing, dry processing, product loadout, maintenance, and other related costs), royalty, property taxes and insurance, and final reclamation.

Cash flow projections for the Kermit and Monahans operations have been estimated utilizing LOM production and sales volume projections, historic operating costs, and

CapEx estimates supplied by Atlas. Atlas provided current sand pricing (as of the report date) utilized for revenue projections.

The net present value (NPV) estimates for Kermit and Monahans were made for purposes of confirming the general economic viability of the reported frac sand reserves and not for purposes of valuing Atlas or its assets. Internal rate-of-return (IRR) and project payback were not calculated, as there was no initial investment considered in the financial model. All values are as of January 1, 2022, for both operations. The intent of this exercise is to demonstrate that the operations generate positive cash flows (based on a 10% discount rate), on a pre-tax basis, that supports the statement of frac sand reserves herein.

A Discounted Cash Flow-Net Present Value (DCF-NPV) on a pre-tax basis, using a discount rate of 10% was calculated utilizing projected cash flows for the LOM. The DCF-NPV values used mid-year discounting and all cash flows were on a constant dollar basis. The estimatedpre-tax DCF-NPV at a 10% discount rate for the Kermit operation is approximately $1,201 million. The estimated pre-tax DCF-NPV at a 10% discount rate for the Monahans operation is approximately $1,183 million. The combined pre-tax DCF-NPV at a 10% discount rate is approximately $2,384 million.

Other Relevant Information

Registrant and Purpose

This technical report summary was prepared for Atlas in support of their disclosure of frac sand reserves for the Kermit and Monahans mines in accordance with S-K 1300 Regulations.

Atlas is a private, US-based mining company headquartered in Austin, Texas. Atlas' first shipments from the Kermit Mine were in July 2018 and from the Monahans Mine in October 2018. Atlas provides in-basin frac sand to the surrounding energy drilling market within the Permian Basin. All of Atlas' products are trucked to the surrounding energy projects from both of their Permian based mines. Atlas' website is found at www.atlassand.com.

Terms of Reference

Atlas initially retained BOYD to complete an independent technical report for both mines (Kermit and Monahans) which was issued in December 2018 (BOYD Report No. 3871.000). Subsequently, Atlas retained BOYD to prepare a SEC-compliant technical report summary to support their disclosure of frac sand reserves following S-K 1300 requirements. Our objective is to utilize the original report as a basis and incorporate additional information that we have reviewed into compiling an updated compliant technical report summary contained herein. The estimates within this report are adjusted to reflect an "as of" date of December 31, 2021.

The results of our review, presented in report form herein, were prepared in accordance with the disclosure requirements set forth in Subpart 1300 and Item 601(b)(96) of the SEC's Regulation S-K. The purpose of this report is threefold: (1) to summarize available information for the subject mining properties, (2) to provide the conclusions of our technical audit, and (3) to provide a statement of frac sand resources and reserves for the Kermit and Monahans mines. This is the first technical report summary filed by Atlas for the mines.

BOYD's findings are based on our detailed examination of the supporting geologic, technical, and economic information provided by Atlas in formulating the estimates of frac sand resources and reserves disclosed in this report. We independently estimated the frac sand resources and reserves from first principles based on third-party exploration information provided to BOYD.

We used standard engineering and geoscience methods, or a combination of methods, that we considered to be appropriate and necessary to establish the conclusions set forth herein. As in all aspects of mining property evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, our conclusions necessarily represent only informed professional judgment.

The ability of Atlas, or any mine operator, to recover all of the estimated frac sand reserves presented in this report is dependent on numerous factors that are beyond the control of, and cannot be anticipated by, BOYD. These factors include mining and geologic conditions, the capabilities of management and employees, the securing of required approvals and permits in a timely manner, future sand prices, etc. Unforeseen changes in regulations could also impact performance. Opinions presented in this report apply to the site conditions and features as they existed at the time of BOYD's investigations and those reasonably foreseeable.

This report is intended for use by Atlas subject to the terms and conditions of its engagement agreement with BOYD. The agreement permits Atlas to file this report as a technical report summary with the SEC pursuant to Subpart 1300 and Item 601(b)(96) of Regulation S-K. Except for the purposes legislated under US securities law, any other uses of or reliance on this report by any third party is at that party's sole risk. The responsibility for this disclosure remains with Atlas. The user of this document should ensure that this is the most recent disclosure of frac sand resources and reserves for the Kermit and Monahans mines as it is no longer valid if more recent estimates have been issued.

Expert Qualifications

BOYD is an independent consulting firm specializing in mining-related engineering and financial consulting services. Since 1943, BOYD has completed over 4,000 projects in the United States and more than 90 other countries. Our full-time staff comprises mining experts in: civil, environmental, geotechnical, and mining engineering; geology; mineral economics; and market analysis. Our extensive experience in frac sand resources/reserve estimation and our knowledge of the subject property, provides BOYD an informed basis on which to opine on the frac sand reserves available at the Atlas mines. An overview of BOYD can be found on our website at www.jtboyd.com.

The individuals primarily responsible for this audit and the preparation of this report are by virtue of their education, experience, and professional association considered qualified persons as defined in Subpart 1300 of Regulation S-K.

Neither BOYD nor its staff employed in the preparation of this report have any beneficial interest in Atlas, and are not insiders, associates, or affiliates of Atlas. The results of our resource/reserve estimate and subsequent audit were not dependent upon any prior agreements concerning the conclusions to be reached, nor were there any undisclosed understandings concerning any future business dealings between Atlas and BOYD. This report was prepared in return for fees based upon agreed commercial rates, and the payment for our services was not contingent upon our opinions regarding the project or approval of our work by Atlas and its representatives.

Principal Sources of Information

Information used in this assignment was obtained from: (1) Atlas files, (2) discussions with Atlas personnel, (3) records on file with regulatory agencies, (4) public sources, and (5) nonconfidential BOYD files. The basis for this report is the previously compiled BOYD technical report (BOYD Report No. 3871.000 issued in December 2018) which provided an independent estimate of frac sand reserves for the Kermit Mine and the Monahans Mine as of the commencement of mining in 2018.

Additional information was provided by Atlas including:

- Financial forecasting models.
- Historical information, including:
    - Production reports and reconciliation statements.
    - Financial statements.
    - Product sales and pricing.
    - Mine plans.
    - Site plans.
    - Operational data.

The data and work papers used in the preparation of this report are on file in our offices.

Site Visits

A personal inspection of the Atlas operation was made by two of BOYD's senior geology and mining staff—both qualified persons and co-authors of this report—on April 4, 2018. The site visit included: (1) observation of the active mining operations, (2) a tour of the mine site's surface infrastructure, and (3) a tour of the process plant and truck loadouts. BOYD's representatives were accompanied by Atlas' General Manager who openly and cooperatively answered questions regarding, but not limited to: site geology, mining conditions and operations, equipment usage, labor relations, operating and capital costs, current and proposed processing operations, and frac sand marketing. The predominant significant operational change to the operations since the time of our site visit has been the transition to a dredge mining scheme. The dredges were not in operation at the time of the visit.

Reliance on Information Provided by the Registrant

In the preparation of this report we have relied, without independent verification, upon information furnished by Atlas with respect to: property interests; exploration results; current and historical production from such properties; current and historical costs of operation and production; and agreements relating to current and future operations and sale of production.

BOYD exercised due care in reviewing the information provided by Atlas within the scope of our expertise and experience (which is in technical and financial mining issues) and concluded the data are valid and appropriate considering the status of the subject properties and the purpose for which this report was prepared. BOYD is not qualified to provide findings of a legal or accounting nature. We have no reason to believe that any material facts have been withheld, or that further analysis may reveal additional material information. However, the accuracy of the results and conclusions of this report are reliant on the accuracy of the information provided by Atlas.

While we are not responsible for any material omissions in the information provided for use in this report, we do not disclaim responsibility for the disclosure of information contained herein which is within the realm of our expertise.

Effective Date

The frac sand reserves presented in this technical report summary are effective as of December 31, 2021. The report effective date is December 31, 2021.

Units of Measure

The US customary measurement system has been used throughout this report. Tons are dry short tons of 2,000 pounds-mass. Unless otherwise stated, all currency is expressed in constant 2022 US Dollars ($).

Interpretation and Conclusions

Findings

Based on our independent technical review and geoscientific study of the Kermit and Monahans mines, BOYD concludes:

- Sufficient data have been obtained through the site exploration and sampling program and mining operations to support the geological interpretations of seam thickness, grain size distribution and API quality for the portions of the sand underlying the controlled property. The data are of sufficient quantity and reliability to reasonably support the sand resource and sand reserve estimates in this technical report summary.
- Estimates of proppant sand reserves reported herein are reasonably and appropriately supported by technical studies, which consider mining plans, revenue, and operating and capital cost estimates.
- The 368 million product tons of frac sand reserves (as of December 31, 2021) estimated for the two mines are economically extractable under reasonable expectations of market volumes and pricing for proppant sand products, estimated operation costs, and capital expenditures.
- There are no other relevant data or information material to the Kermit or Monahans mine that is necessary to make this technical report summary not misleading.

Significant Risks and Uncertainties

As with any mining project there are certain inherent risks associated with the overall operation of a facility. Atlas has sufficiently mitigated operational risk through obtaining sufficient geologic sampling information and analysis. Additionally, Atlas has engineered the processing plant to include parallel duplicate process circuits which significantly increases plant availability. However, it should be noted that frac sand is generally marketed exclusively to the energy industry which has historically been a volatile industry.

BOYD notes that the ability of Atlas, or any mine operator, to recover all of the reported frac sand reserves is dependent on numerous factors that are beyond the control of, and cannot be anticipated by, BOYD. These factors include mining and geologic conditions, the capabilities of management and employees, the securing of required approvals and permits in a timely manner, future sand prices, etc. Unforeseen changes in regulations could also impact performance. Opinions presented in this report apply to the site conditions and features as they existed at the time of BOYD's investigations and those reasonably foreseeable.

Respectfully submitted,

JOHN T. BOYD COMPANY

By: /s/ John T. Boyd II

John T. Boyd II
President and CEO