

Cypress Energy Partners, L.P.  
Form 424B5  
April 05, 2019  
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**Filed Pursuant to Rule 424(b)(5)**  
**Registration No. 333-230380**

**PROSPECTUS SUPPLEMENT**

**(To Prospectus dated March 28, 2019)**

**Cypress Energy Partners, L.P.**

**Common Units Representing Limited Partner Interests**

**Having an Aggregate Offering Price of Up to \$10,000,000**

This prospectus supplement and the accompanying base prospectus relate to the offer and sale from time to time of common units representing limited partner interests in Cypress Energy Partners, L.P. having an aggregate offering price of up to \$10,000,000. The issuance and sale of the common units under this prospectus supplement, if any, will be made to or through B. Riley FBR, Inc., as sales agent and/or principal (the Agent). These sales will be made over a period of time and from time to time in transactions at then-current prices, pursuant to the terms of a sales agreement between us and the Agent that has been filed with the Securities and Exchange Commission as an exhibit to a Current Report on Form 8-K.

Sales of common units under this prospectus supplement, if any, may be made by any method deemed to be an at the market offering as defined in Rule 415 under the Securities Act of 1933, as amended, (the Securities Act). The Agent is not required to sell any specific dollar amount of units but will use its commercially reasonable efforts, as our agent and subject to the terms of the sales agreement, to sell the units offered as instructed by us. There is no arrangement for funds to be received in any escrow, trust or similar arrangement.

Our common units trade on the New York Stock Exchange (the NYSE) under the symbol CELP. The last reported sales price of our common units on the NYSE on April 3, 2019 was \$7.06 per common unit.

The compensation of the Agent for sales of units shall be at a fixed commission rate equal to 3.0% of the gross sales price per common unit. The net proceeds from any sales under this prospectus supplement will be used as described under Use of Proceeds in this prospectus supplement.

In connection with the sale of common units on our behalf, the Agent will be deemed to be an underwriter within the meaning of the Securities Act, and its compensation as the sales agent will be deemed to be underwriting commissions or discounts. We have agreed to provide indemnification and contribution to the Agent with respect to certain

liabilities, including liabilities under the Securities Act.

**Investing in our common units involves risks. Limited partnerships are inherently different from corporations. You should consider carefully each of the factors described under Risk Factors beginning on page S-5 of this prospectus supplement and on page 5 of the accompanying base prospectus before you make an investment in our securities.**

**None of the Securities and Exchange Commission, any state securities commission or any other regulatory body has approved or disapproved the securities described herein or determined if this prospectus supplement or the accompanying base prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**B. Riley FBR**

**Prospectus Supplement dated April 5, 2019.**

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of common units. The second part is the accompanying base prospectus, which provides more general information. Generally, when we use the term prospectus, we are referring to both parts combined. If the information varies between this prospectus supplement and the accompanying base prospectus, you should rely on the information in this prospectus supplement.

In making an investment decision, prospective investors must rely on their own examination of the partnership and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this prospectus as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable laws and regulations.

Any statement made in this prospectus supplement, the accompanying base prospectus, any free writing prospectus authorized by us or in a document incorporated or deemed to be incorporated by reference into this prospectus supplement or the accompanying base prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus supplement, or in any other free writing prospectus authorized by us or in any other subsequently filed document that is also incorporated by reference into this prospectus supplement or the accompanying base prospectus modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the accompanying base prospectus. Please read *Incorporation by Reference* on page S-10 of this prospectus supplement.

This prospectus supplement, the accompanying base prospectus and any free writing prospectus that we prepare or authorize contain and incorporate by reference information that you should consider when making your investment decision. Neither we nor the Agent have authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We are offering to sell the common units, and seeking offers to buy the common units, only in jurisdictions where offers and sales are permitted. You should not assume that the information contained in this prospectus supplement, the accompanying base prospectus or any free writing prospectus is accurate as of any date other than the dates shown in these documents or that any information we have incorporated by reference herein is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since such dates.

When we refer to the partnership, we, our, us or like terms in this prospectus supplement, we mean Cypress Energy Partners, L.P. and its consolidated subsidiaries, unless otherwise specified. References in this prospectus supplement to our general partner refer to Cypress Energy Partners GP, LLC, our general partner. References in this prospectus supplement to Cypress Holdings refer to Cypress Energy Holdings, LLC, the indirect owner of our general partner. When we refer to you, we mean the potential holders of the applicable series of securities.

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**FORWARD-LOOKING STATEMENTS**

The information in this prospectus supplement includes forward-looking statements. These forward-looking statements are identified by their use of terms and phrases such as may, will, expect, estimate, project, plan, intend, achievable, anticipate, continue, potential, should, could or other similar words. Although we believe our expectations reflected in these forward-looking statements are reasonable, they do involve certain assumptions, risks and uncertainties that are difficult to predict and, accordingly, we can give no assurance that such expectations or assumptions will be achieved and our actual results may differ materially from the results discussed in such forward-looking statements are described under *Item 1A. Risk Factors* and *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* in our annual report on Form 10-K for the year ended December 31, 2018. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements in this paragraph and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2018. The forward-looking statements are and will be based upon the management's then-current views and assumptions regarding future events and operating performance, and are applicable only as of the dates of such statements. Other than as required under the securities laws, we do not assume a duty to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, changes in expectations or otherwise.

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**SUMMARY**

*This summary provides a brief overview of information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before investing in our common units. For a more complete understanding of this offering and our common units, you should read the entire prospectus supplement, the accompanying base prospectus and the documents incorporated by reference, including our historical financial statements and the notes to those financial statements, which are incorporated herein by reference. Please read **Where You Can Find More Information** on page S-10 of this prospectus supplement. Please read **Risk Factors** beginning on page S-5 of this prospectus supplement, on page 5 of the accompanying base prospectus and in the other documents incorporated by reference to which that section refers for more information about important risks that you should consider before investing in our common units.*

**About Cypress Energy Partners, L.P.**

We are a diversified Delaware limited partnership formed to serve energy companies throughout North America. We completed our initial public offering in January 2014. We currently provide essential midstream services that include independent pipeline inspection and integrity services to producers and pipeline companies and water and environmental services to U.S. onshore oil and natural gas producers and trucking companies.

Our business is organized into three reportable segments: (1) Pipeline Inspection Services ( Pipeline Inspection ), (2) Pipeline & Process Services ( Pipeline & Process Services ) and (3) Water and Environmental Services ( Water Services ), constituting saltwater disposal activities in our saltwater disposal entities. We also have a number of other potential lines of business outlined in our IRS private letter ruling that would allow us to further diversify our business activities and lines of business serving the energy industry.

The Pipeline Inspection segment generates revenue primarily by providing essential inspection and integrity services on a variety of infrastructure assets, including midstream pipelines, gathering systems, and distribution systems. Services include non-destructive examination, mechanical integrity, survey, data gathering, and supervision of third-party contractors. Our results in this segment are driven primarily by the number of inspectors that perform services for our customers and the fees that we charge for those services, which depend on the type, skills, technology, equipment, and number of inspectors used on a particular project, the nature of the project, and the duration of the project. The number of inspectors engaged on projects is driven by the type of project, prevailing market rates, the age and condition of customers' assets including pipelines, gas plants, compression stations, storage facilities, and gathering and distribution systems, including the legal and regulatory requirements relating to the inspection and maintenance of those assets. Our customers are also billed for per diem charges, mileage, and other reimbursement items.

The Pipeline & Process Services segment generates revenue primarily by providing essential midstream services, including hydrostatic testing services and chemical cleaning related to newly-constructed and existing pipelines and related infrastructure. We generally charge our customers in this segment on a fixed-bid basis, depending on the size and length of the pipeline being tested, the complexity of services provided, and the utilization of our work force and equipment. Our results in this segment are driven primarily by the number of field personnel that perform services for our customers and the fees that we charge for those services, which depend on the type and number of field personnel used on a particular project, the type of equipment used and the fees charged for the utilization of that equipment, and the nature and duration of the project. These projects are typically based on fixed-bid agreements with customers.

The Water Services segment owns and operates nine (9) Environmental Protection Agency Class II saltwater disposal facilities in the Williston Basin region of North Dakota. Eight (8) of the facilities are wholly

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owned and we have ten (10) pipelines from multiple E&P customers connected to these saltwater disposal facilities, including two (2) that were developed and are owned by us. Our saltwater disposal facilities provide essential midstream services to oil and natural gas upstream producers and their transportation companies. All of the saltwater disposal facilities utilize specialized equipment and remote monitoring to minimize the facilities' downtime and increase the facilities' efficiency for peak utilization. These facilities also utilize oil skimming and recovery processes that remove residual oil from water delivered to our saltwater disposal facilities via pipeline or truck. We sell the oil recovered from these skimming processes, which contributes to our revenues. In addition to these saltwater disposal facilities, we provide management and staffing services to a saltwater disposal facility in which we own a 25% ownership interest.

We filed our certificate of incorporation with the Secretary of State of Delaware on September 19, 2013.

Our principal executive offices are located at 5727 S. Lewis Avenue, Suite 300, Tulsa, Oklahoma 74105, and our telephone number is (918) 748-3900.



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**The Offering**

<b>Issuer</b>	Cypress Energy Partners, L.P., a Delaware limited partnership.
<b>Common units offered by us</b>	Common units having an aggregate offering price of up to \$10,000,000.
<b>Manner of offering</b>	At-the-market offering that may be made from time to time to or through the Agent. Please read Plan of Distribution.
<b>Use of proceeds</b>	We intend to use the net proceeds from this offering, after deducting the Agent's commissions and our offering expenses, for general partnership purposes. Please read Use of Proceeds.
<b>Cash distribution policy</b>	<p>Our general partner has adopted a cash distribution policy that requires us to distribute all of our cash on hand at the end of each quarter, less reserves established by our general partner. We refer to this cash as available cash, and it is defined in our partnership agreement. Please read Cash Distribution Policy and Restrictions on Distributions and Provisions of our Partnership Agreement Relating to Cash Distributions in the accompanying base prospectus.</p> <p>On January 28, 2019, the board of directors of our general partner declared a quarterly cash distribution to our limited partners for the fourth quarter of 2018 of \$0.21 per common unit, paid on February 14, 2019, to holders of record as of February 7, 2019. This distribution is consistent with the previous seven quarters.</p> <p>If cash distributions to our unitholders exceed \$0.445625 per unit in any quarter, affiliates of our general partner will receive, in addition to any distributions that our general partner or its affiliates may receive on common units that they own, increasing percentages, up to 50.0%, of the available cash we distribute from operating surplus (as defined in the base prospectus). We refer to these distributions as incentive distributions.</p>
<b>Issue of additional units</b>	Our partnership agreement authorizes us to issue an unlimited number of additional common units without the approval of our unitholders. Please read Our Partnership Agreement Issuance of Additional Securities in the accompanying base prospectus.

**Limited voting rights**

Our general partner manages and operates our partnership. Common unitholders have only limited voting rights on matters affecting our business. Common unitholders have no right to elect our general partner or its directors on an annual or continuing basis. Our general partner may not be removed except by a vote of the holders of at least 66 2/3% of the outstanding units voting together as a single class, including any units owned by our general partner and its affiliates. Please read Our Partnership Agreement Voting Rights.

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**Material federal income tax consequences** For a discussion of the material federal income tax consequences that may be relevant to prospective unitholders who are individual citizens or residents of the United States, please read **Material Federal Income Tax Consequences** in this prospectus supplement.

**Exchange listing** Our common units are listed on the NYSE under the symbol **CELP**.

**Risk factors** You should carefully read and consider the information beginning on page S-5 of this prospectus supplement, set forth under the heading **Risk Factors**, on page 5 of the accompanying base prospectus and all other information set forth in this prospectus, including the information incorporated by reference, before deciding to invest in our common units.

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**RISK FACTORS**

Investment in any securities offered pursuant to this prospectus supplement and the applicable base prospectus involves risks. You should carefully consider the risk factors included or incorporated by reference herein, including the risk factors discussed under the heading "Risk Factors" in our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K we file after the date of this prospectus supplement, and all other information contained or incorporated by reference into this prospectus supplement, as updated by our subsequent filings under the Exchange Act, and the risk factors and other information contained in any applicable free writing prospectus before acquiring any of such securities. The occurrence of any of these risks might cause you to lose all or part of your investment in the offered securities.

**Risks Related to This Offering**

*Management will have broad discretion as to the use of the proceeds from this offering and may not use the proceeds effectively.*

Because we have not designated the amount of net proceeds from this offering to be used for any particular purpose, our management will have broad discretion as to the application of the net proceeds from this offering and could use them for purposes other than those contemplated at the time of the offering. Our management may use the net proceeds for general partnership purposes that may not improve our financial condition or market value.

*The market price of our common units may be adversely affected by the future issuance and sale of additional common units, including pursuant to the sales agreement, or by our announcement that such issuances and sales may occur.*

We cannot predict the size of future issuances or sales of our common units, including those made pursuant to the sales agreement with our sales agent or in connection with future acquisitions or capital raising activities, or the effect, if any, that such issuances or sales may have on the market price of our common units. The issuance and sale of substantial amounts of our common units, including issuances and sales pursuant to the sales agreement, or announcement that such issuances and sales may occur, could adversely affect the market price of our common units.

*It is not possible to predict the actual number of common units we will sell under the sales agreement, or the gross proceeds resulting from those sales.*

Subject to certain limitations in the sales agreement and compliance with applicable law, we have the discretion to deliver a placement notice to the Agent at any time throughout the term of the sales agreement. The number of common units that are sold through or to the Agent after delivering a placement notice will fluctuate based on a number of factors, including the market price of the common units during the sales period, the limits we set with the Agent in any applicable placement notice, and the demand for our common units during the sales period. Because the price per unit of each common unit sold will fluctuate during the sales period, it is not currently possible to predict the number of common units that will be sold or the gross proceeds to be raised in connection with those sales.

*The common units offered hereby will be sold in at the market offerings, and investors who buy common units at different times will likely pay different prices.*

Investors who purchase common units in this offering at different times will likely pay different prices, and so may experience different levels of dilution and different outcomes in their investment results. We will have discretion, subject to market demand, to vary the timing, prices, and numbers of common units sold in this offering. In addition,

there is no minimum or maximum sales price for common units to be sold in this offering. Investors may experience a decline in the value of the common units they purchase in this offering as a result of sales made at prices lower than the prices they paid.

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**USE OF PROCEEDS**

The amount of proceeds from this offering will depend upon the number of common units sold and the market price at which they are sold. There can be no assurance that we will be able to sell any common units under or fully utilize the sales agreement as a source of financing.

We intend to use the net proceeds of this offering, after deducting the Agent's commissions and our offering expenses, for general partnership purposes, which may include, among other things, repayment of indebtedness, financing of future acquisitions and capital expenditures and additions to working capital. We may temporarily invest the net proceeds in short-term, interest-bearing instruments or other investment-grade securities. We have not determined the amount of net proceeds to be used specifically for such purposes. As a result, management will retain broad discretion over the allocation of net proceeds.

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**MATERIAL FEDERAL INCOME TAX CONSEQUENCES**

The tax consequences to you of an investment in our common units will depend in part on your own tax circumstances. Although this section updates and adds information related to certain tax considerations, it should be read in conjunction with the risk factors in our most recent Annual Report on Form 10-K, and with **Material Federal Income Tax Consequences** in the accompanying base prospectus, which provides a discussion of the principal federal income tax considerations associated with our operations and the purchase, ownership and disposition of our common units. The following discussion is limited as described under the caption **Material Federal Income Tax Consequences** in the accompanying base prospectus.

All prospective unitholders are encouraged to consult with their own tax advisors about the federal, state, local and foreign tax consequences particular to their own circumstances. In particular, ownership of common units by tax-exempt entities, including employee benefit plans and IRAs, and non-U.S. investors raises issues unique to such persons. The relevant rules are complex, and the discussions herein and in the accompanying base prospectus do not address tax considerations applicable to tax-exempt entities and non-U.S. investors, except as specifically set forth in the accompanying base prospectus. Please read **Material Federal Income Tax Consequences Tax-Exempt Organizations and Other Investors** in the accompanying base prospectus.

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**PLAN OF DISTRIBUTION**

We have entered into a sales agreement with B. Riley FBR, Inc. (the Agent) under which we may issue and sell our common units from time to time through or to the Agent, acting as sales agent or principal. Sales of our common units, if any, under this prospectus supplement and the accompanying prospectus may be made by any method that is deemed an at the market offering as defined in Rule 415 promulgated under the Securities Act. We may instruct the Agent not to sell common units if the sales cannot be effected at or above the price designated by us from time to time. We or the Agent may suspend the offering of common units upon notice and subject to other conditions.

The Agent will offer our common units subject to the terms and conditions of the sales agreement as agreed upon by us and the Agent. Each time we wish to issue and sell common units under the sales agreement, we will notify the Agent of the number or dollar value of common units to be issued, the time period during which such sales are requested to be made, any limitation on the number of common units that may be sold in one day, any minimum price below which sales may not be made and other sales parameters as we deem appropriate. Once we have so instructed the Agent, unless the Agent declines to accept the terms of the notice, the Agent has agreed to use its commercially reasonable efforts consistent with its normal trading and sales practices to sell such common units up to the amount specified on such terms. The obligations of the Agent under the sales agreement to sell our common units are subject to a number of conditions that we must meet.

We will pay the Agent commissions for its services in acting as agent in the sale of common units at a commission rate equal to 3.0% of the gross sales price per common unit sold. Because there is no minimum offering amount required as a condition to close this offering, the actual total public offering amount, commissions and proceeds to us, if any, are not determinable at this time. We have also agreed to reimburse the Agent for certain specified expenses, including the fees and disbursements of its legal counsel in an amount not to exceed \$40,000. We estimate that the total expenses for the offering, excluding commissions and reimbursements payable to the Agent under the terms of the sales agreement, will be approximately \$108,000.

Settlement for sales of common units will generally occur on the second business day following the date on which any sales are made, or on some other date that is agreed upon by us and the Agent in connection with a particular transaction, in return for payment of the net proceeds to us. There is no arrangement for funds to be received in an escrow, trust or similar arrangement.

In connection with the sale of the common units on our behalf, the Agent will be deemed to be an underwriter within the meaning of the Securities Act and the compensation of the Agent will be deemed to be underwriting commissions or discounts. We have agreed to provide indemnification and contribution to the Agent against certain civil liabilities, including liabilities under the Securities Act.

The offering of our common units pursuant to the sales agreement will terminate upon the earlier of (i) the sale of all of our common units subject to the sales agreement, or (ii) termination of the sales agreement as provided therein.

The Agent and its affiliates may in the future provide various investment banking and other financial services for us and our affiliates, for which services they may in the future receive customary fees.



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**LEGAL MATTERS**

The validity of the common units and certain other legal matters will be passed upon for us by Latham & Watkins LLP, Houston, Texas. The Agent has been represented in connection with this offering by Duane Morris LLP, New York, New York.

**EXPERTS**

The consolidated financial statements of Cypress Energy Partners, L.P. appearing in Cypress Energy Partners, L.P.'s Annual Report on Form 10-K for the year ended December 31, 2018, have been audited by Ernst & Young LLP, an independent registered public accounting firm, as set forth in their report thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are, and audited consolidated financial statements to be included in subsequently filed documents will be, incorporated herein in reliance upon the reports of Ernst & Young LLP pertaining to such consolidated financial statements (to the extent covered by consents filed with the Securities and Exchange Commission) given on the authority of such firm as experts in accounting and auditing.

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**WHERE YOU CAN FIND MORE INFORMATION; INCORPORATION BY REFERENCE**

**Available Information**

We file annual, quarterly and other reports and information with the SEC. The SEC maintains a web site that contains reports and other information about issuers, such as us, who file electronically with the SEC. The address of that website is <http://www.sec.gov>.

Our web site address is <http://www.cypressenergy.com>. The information on our web site, however, is not, and should not be deemed to be, a part of this prospectus.

This prospectus and any prospectus supplement are part of a registration statement that we filed with the SEC and do not contain all of the information in the registration statement. The full registration statement may be obtained from the SEC or us, as provided below. Other documents establishing the terms of the offered securities are or may be filed as exhibits to the registration statement. Statements in this prospectus or any prospectus supplement about these documents are summaries and each statement is qualified in all respects by reference to the document to which it refers. You should refer to the actual documents for a more complete description of the relevant matters. You may inspect a copy of the registration statement through the SEC's website, as provided above.

**Incorporation by Reference**

The SEC's rules allow us to incorporate by reference information into this prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, and subsequent information that we file with the SEC will automatically update and supersede that information. Any statement contained in a previously filed document incorporated by reference will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus modifies or replaces that statement.

This prospectus supplement incorporates by reference the documents set forth below that have previously been filed with the SEC:

Our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC on March 18, 2019.

Our Current Report on Form 8-K as filed with the SEC on March 18, 2019.

The description of our common units contained in our Registration Statement on Form 8-A filed with the SEC on January 10, 2014 and any amendment or report filed with the SEC for the purpose of updating the description. All reports and other documents we subsequently file pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), in this prospectus supplement, prior to the termination of this offering, including all such documents we may file with the SEC after the date of the initial registration statement and prior to the effectiveness of the registration statement, but excluding any information furnished to, rather than filed with, the SEC, will also be incorporated by reference into this prospectus supplement and deemed to be part of this prospectus supplement from the date of the filing of such reports and documents.

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You may request a free copy of any of the documents incorporated by reference in this prospectus supplement by writing or telephoning us at the following address or phone number:

Cypress Energy Partners, L.P.

Investor Relations Liaison

5727 S. Lewis Avenue, Suite 300

Tulsa, Oklahoma 74105

(918) 748-3907

Exhibits to the filings will not be sent however, unless those exhibits have specifically been incorporated by reference in this prospectus supplement.

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**PROSPECTUS**

**Cypress Energy Partners, L.P.**

**\$100,000,000**

**Common Units Representing Limited Partner Interests**

We may offer and sell up to \$100,000,000 in the aggregate of the securities identified above, in each case from time to time in one or more offerings and in amounts, at prices and on terms to be determined by market conditions at the time of our offerings. This prospectus provides you with a general description of the securities.

Each time we offer and sell securities, we will provide a supplement to this prospectus that contains specific information about the offering, as well as the amounts, prices and terms of the securities. The supplement may also add, update or change information contained in this prospectus with respect to that offering. You should carefully read this prospectus and the applicable prospectus supplement before you invest in any of our securities.

We may offer and sell the securities described in this prospectus and any prospectus supplement to or through one or more underwriters, dealers and agents, or directly to purchasers, or through a combination of these methods, on a continuous or delayed basis. If any underwriters, dealers or agents are involved in the sale of any of the securities, their names and any applicable purchase price, fee, commission or discount arrangement between or among them will be set forth, or will be calculable from the information set forth, in the applicable prospectus supplement. See the sections of this prospectus entitled About this Prospectus and Plan of Distribution for more information. No securities may be sold without delivery of this prospectus and the applicable prospectus supplement describing the method and terms of the offering of such securities.

**INVESTING IN OUR SECURITIES INVOLVES RISKS. SEE THE RISK FACTORS BEGINNING ON PAGE 5 OF THIS PROSPECTUS AND ANY SIMILAR SECTION CONTAINED IN THE APPLICABLE PROSPECTUS SUPPLEMENT CONCERNING FACTORS YOU SHOULD CONSIDER BEFORE INVESTING IN OUR SECURITIES.**

Our common units are listed on the New York Stock Exchange (the NYSE ) under the symbol CELP.

As of March 11, 2019, the aggregate market value of our outstanding voting and non-voting common equity held by non-affiliates was approximately \$33.2 million, based on an aggregate of 12,023,170 common units outstanding, of which 4,321,078 common units were held by non-affiliates, and a price per common unit of \$7.69, the closing price of our common units on March 11, 2019, as reported on the New York Stock Exchange. Pursuant to General Instruction I.B.6 of Form S-3, in no event will we sell securities in a public primary offering with a value exceeding more than one-third of our public float in any 12-month period so long as our public float remains below \$75.0 million. We have not sold any securities pursuant to General Instruction I.B.6 of Form S-3 during the 12 calendar months prior to and including the date of this prospectus.

**Neither the Securities and Exchange Commission 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.**

**The date of this prospectus is March 28, 2019.**

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**You should rely only on the information contained in this prospectus, in the accompanying prospectus supplement and in material we file with the SEC. We have not authorized anyone to provide you with information that is different.**

**We are offering to sell, and seeking offers to buy, the securities described in this prospectus only where offers and sales are permitted. Since information that we file with the SEC in the future will automatically update and supersede information contained in this prospectus or any accompanying prospectus supplement, you should not assume that the information contained in this prospectus or in any prospectus supplement is accurate as of any date other than the date on the front of the document.**

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we filed with the U.S. Securities and Exchange Commission (the SEC) using a shelf registration process. By using a shelf registration statement, we may sell securities from time to time and in one or more offerings up to a total dollar amount of \$100,000,000 as described in this prospectus. Each time that we offer and sell securities, we will provide a prospectus supplement to this prospectus that contains specific information about the securities being offered and sold and the specific terms of that offering. We may also authorize one or more free writing prospectuses to be provided to you that may contain material information relating to these offerings. The prospectus supplement or free writing prospectus may also add, update or change information contained in this prospectus with respect to that offering. If there is any inconsistency between the information in this prospectus and the applicable prospectus supplement or free writing prospectus, you should rely on the prospectus supplement or free writing prospectus, as applicable. Before purchasing any securities, you should carefully read both this prospectus and the applicable prospectus supplement (and any applicable free writing prospectuses), together with the additional information described under the heading **Where You Can Find More Information; Incorporation by Reference**.

We have not authorized anyone to provide you with any information or to make any representations other than those contained in this prospectus, any applicable prospectus supplement or any free writing prospectuses prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We will not make an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus and the applicable prospectus supplement to this prospectus is accurate only as of the date on its respective cover, that the information appearing in any applicable free writing prospectus is accurate only as of the date of that free writing prospectus, and that any information incorporated by reference is accurate only as of the date of the document incorporated by reference, unless we indicate otherwise. Our business, financial condition, results of operations and prospects may have changed since those dates. This prospectus incorporates by reference, and any prospectus supplement or free writing prospectus may contain and incorporate by reference, market data and industry statistics and forecasts that are based on independent industry publications and other publicly available information. Although we believe these sources are reliable, we do not guarantee the accuracy or completeness of this information and we have not independently verified this information. In addition, the market and industry data and forecasts that may be included or incorporated by reference in this prospectus, any prospectus supplement or any applicable free writing prospectus may involve estimates, assumptions and other risks and uncertainties and are subject to change based on various factors, including those discussed under the heading **Risk Factors** contained in this prospectus, the applicable prospectus supplement and any applicable free writing prospectus, and under similar headings in other documents that are incorporated by reference into this prospectus. Accordingly, investors should not place undue reliance on this information.

When we refer to the partnership, we, our, us or like terms in this prospectus, we mean Cypress Energy Partners, L.P. and its consolidated subsidiaries, unless otherwise specified. References in this prospectus to our general partner refer to Cypress Energy Partners GP, LLC, our general partner. References in this prospectus to Cypress Holdings refer to Cypress Energy Holdings, LLC, the indirect owner of our general partner. When we refer to you, we mean the potential holders of the applicable series of securities.



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**WHERE YOU CAN FIND MORE INFORMATION; INCORPORATION BY REFERENCE**

**Available Information**

We file annual, quarterly and other reports and information with the SEC. The SEC maintains a web site that contains reports and other information about issuers, such as us, who file electronically with the SEC. The address of that website is <http://www.sec.gov>.

Our web site address is <http://www.cypressenergy.com>. The information on our web site, however, is not, and should not be deemed to be, a part of this prospectus.

This prospectus and any prospectus supplement are part of a registration statement that we filed with the SEC and do not contain all of the information in the registration statement. The full registration statement may be obtained from the SEC or us, as provided below. Other documents establishing the terms of the offered securities are or may be filed as exhibits to the registration statement. Statements in this prospectus or any prospectus supplement about these documents are summaries and each statement is qualified in all respects by reference to the document to which it refers. You should refer to the actual documents for a more complete description of the relevant matters. You may inspect a copy of the registration statement through the SEC's website, as provided above.

**Incorporation by Reference**

The SEC's rules allow us to incorporate by reference information into this prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, and subsequent information that we file with the SEC will automatically update and supersede that information. Any statement contained in a previously filed document incorporated by reference will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus modifies or replaces that statement.

This prospectus and any accompanying prospectus supplement incorporate by reference the documents set forth below that have previously been filed with the SEC:

Our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on March 18, 2019.

Our Current Report on Form 8-K filed with the SEC on March 18, 2019.

The description of our common units contained in our Registration Statement on Form 8-A filed with the SEC on January 10, 2014 and any amendment or report filed with the SEC for the purpose of updating the description.

All reports and other documents we subsequently file pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), in this prospectus, prior to the termination of this offering, including all such documents we may file with the SEC after the date of the initial registration statement and prior to the effectiveness of the registration statement, but excluding any information furnished to, rather than filed with, the SEC, will also be incorporated by reference into this prospectus and deemed to be part of this prospectus from the date

of the filing of such reports and documents.

You may request a free copy of any of the documents incorporated by reference in this prospectus by writing or telephoning us at the following address:

Cypress Energy Partners, L.P.

Investor Relations Liaison

5727 S. Lewis Avenue, Suite 300

Tulsa, Oklahoma 74105

(918) 748-3907

Exhibits to the filings will not be sent, however, unless those exhibits have specifically been incorporated by reference in this prospectus and any accompanying prospectus supplement.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

The information in this prospectus includes forward-looking statements. These forward-looking statements are identified by their use of terms and phrases such as may, will, expect, estimate, project, plan, believe, intend, achievable, anticipate, continue, potential, should, could or other similar words. Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve certain assumptions, risks and uncertainties that are difficult to predict and, accordingly, we can give no assurance that such expectations or assumptions will be achieved and our actual results may differ materially from the results discussed in such forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements are described under *Item 1A. Risk Factors* and *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* in our annual report on Form 10-K for the year ended December 31, 2018. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements in this paragraph and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2018. The forward-looking statements are and will be based upon management's then-current views and assumptions regarding future events and operating performance, and are applicable only as of the dates of such statements. Other than as required under the securities laws, we do not assume a duty to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, changes in expectations or otherwise.

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**ABOUT CYPRESS ENERGY PARTNERS, L.P.**

We are a diversified Delaware limited partnership formed to serve energy companies throughout North America. We completed our initial public offering in January 2014. We currently provide essential midstream services that include independent pipeline inspection and integrity services to producers and pipeline companies and water and environmental services to U.S. onshore oil and natural gas producers and trucking companies.

Our business is organized into three reportable segments: (1) Pipeline Inspection Services ( Pipeline Inspection ), (2) Pipeline & Process Services ( Pipeline & Process Services ) and (3) Water and Environmental Services ( Water Services ), constituting saltwater disposal activities in our saltwater disposal entities. We also have a number of other potential lines of business outlined in our IRS private letter ruling ( PLR ) that would allow us to further diversify our business activities and lines of business serving the energy industry.

The Pipeline Inspection segment generates revenue primarily by providing essential inspection and integrity services on a variety of infrastructure assets, including midstream pipelines, gathering systems, and distribution systems. Services include non-destructive examination, mechanical integrity, survey, data gathering, and supervision of third-party contractors. Our results in this segment are driven primarily by the number of inspectors that perform services for our customers and the fees that we charge for those services, which depend on the type, skills, technology, equipment, and number of inspectors used on a particular project, the nature of the project, and the duration of the project. The number of inspectors engaged on projects is driven by the type of project, prevailing market rates, the age and condition of customers' assets including pipelines, gas plants, compression stations, storage facilities, and gathering and distribution systems, including the legal and regulatory requirements relating to the inspection and maintenance of those assets. Our customers are also billed for per diem charges, mileage, and other reimbursement items.

The Pipeline & Process Services segment generates revenue primarily by providing essential midstream services, including hydrostatic testing services and chemical cleaning related to newly-constructed and existing pipelines and related infrastructure. We generally charge our customers in this segment on a fixed-bid basis, depending on the size and length of the pipeline being tested, the complexity of services provided, and the utilization of our work force and equipment. Our results in this segment are driven primarily by the number of field personnel that perform services for our customers and the fees that we charge for those services, which depend on the type and number of field personnel used on a particular project, the type of equipment used and the fees charged for the utilization of that equipment, and the nature and duration of the project. These projects are typically based on fixed-bid agreements with customers.

The Water Services segment owns and operates nine (9) Environmental Protection Agency Class II saltwater disposal facilities in the Williston Basin region of North Dakota. Eight (8) of the facilities are wholly-owned and we have ten (10) pipelines from multiple E&P customers connected to these saltwater disposal facilities, including two (2) that were developed and are owned by us. Our saltwater disposal facilities provide essential midstream services to oil and natural gas upstream producers and their transportation companies. All of the saltwater disposal facilities utilize specialized equipment and remote monitoring to minimize the facilities' downtime and increase the facilities' efficiency for peak utilization. These facilities also utilize oil skimming and recovery processes that remove residual oil from water delivered to our saltwater disposal facilities via pipeline or truck. We sell the oil recovered from these skimming processes, which contributes to our revenues. In addition to these saltwater disposal facilities, we provide management and staffing services to a saltwater disposal facility in which we own a 25% ownership interest.

We filed our certificate of incorporation with the Secretary of State of Delaware on September 19, 2013.

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Our principal executive offices are located at 5727 S. Lewis Avenue, Suite 300, Tulsa, Oklahoma 74105, and our telephone number is (918) 748-3900.

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**RISK FACTORS**

Investment in any securities offered pursuant to this prospectus and the applicable prospectus supplement involves risks. You should carefully consider the risk factors incorporated by reference to our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K we file after the date of this prospectus, and all other information contained or incorporated by reference into this prospectus, as updated by our subsequent filings under the Exchange Act, and the risk factors and other information contained in the applicable prospectus supplement and any applicable free writing prospectus before acquiring any of such securities. The occurrence of any of these risks might cause you to lose all or part of your investment in the offered securities.

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**USE OF PROCEEDS**

Except as otherwise provided in the applicable prospectus supplement, we intend to use the net proceeds we receive from the sale of securities for general corporate purposes, which may include repayment of indebtedness, financing of future acquisitions and capital expenditures and additions to working capital.

Any specific allocation of the net proceeds from an offering of securities to a specific purpose will be determined at the time of the offering and will be described in a prospectus supplement.

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**DESCRIPTION OF OUR COMMON UNITS**

The following description of our common units is not complete and may not contain all the information you should consider before investing in our common units. This description is summarized from, and qualified in its entirety by reference to, our partnership agreement, which has been publicly filed with the SEC. See [Where You Can Find More Information; Incorporation by Reference](#).

**The Common Units**

The common units represent limited partner interests in us. The holders of common units are entitled to participate in partnership distributions and are entitled to exercise the rights and privileges available to limited partners under our partnership agreement. For a description of the relative rights and preferences of holders of common units in and to partnership distributions, please read this section and [Cash Distribution Policy and Restrictions on Distributions](#). For a description of the rights and privileges of limited partners under our partnership agreement, including voting rights, please read [Our Partnership Agreement](#).

Our common units are listed on the NYSE under the symbol [CELP](#).

**Transfer Agent and Registrar**

***Duties***

Computershare Trust Company, N.A. serves as the registrar and transfer agent for our common units. We pay all fees charged by the transfer agent for transfers of common units, except the following that must be paid by our unitholders:

surety bond premiums to replace lost or stolen certificates, or to cover taxes and other governmental charges in connection therewith;

special charges for services requested by a holder of a common unit; and

other similar fees or charges.

Unless our general partner determines otherwise in respect of some or all of any classes of our partnership interests, our partnership interests are evidenced by book entry notation on our partnership register and not by physical certificates.

There is no charge to our unitholders for disbursements of our cash distributions. We will indemnify the transfer agent, its agents and each of their respective stockholders, directors, officers and employees against all claims and losses that may arise out of acts performed or omitted for its activities in that capacity, except for any liability due to any gross negligence or intentional misconduct of the indemnified person or entity.

***Resignation or Removal***

The transfer agent may resign, by notice to us, or be removed by us. The resignation or removal of the transfer agent will become effective upon our appointment of a successor transfer agent and registrar and its acceptance of the



appointment. If no successor has been appointed and has accepted the appointment within 30 days after notice of the resignation or removal, our general partner may act as the transfer agent and registrar until a successor is appointed.

### **Transfer of Common Units**

By transfer of common units in accordance with our partnership agreement, each transferee of common units shall be admitted as a limited partner with respect to the common units transferred when such transfer and admission are reflected in our books and records. Each transferee:

automatically agrees to be bound by the terms and conditions of, and is deemed to have executed, our partnership agreement;

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represents and warrants that the transferee has the right, power, authority and capacity to enter into our partnership agreement; and

gives the consents, waivers and approvals contained in our partnership agreement.

Our general partner will cause any transfers to be recorded on our books and records no less frequently than quarterly.

We may, at our discretion, treat the nominee holder of a common unit as the absolute owner. In that case, the beneficial holder's rights are limited solely to those that it has against the nominee holder as a result of any agreement between the beneficial owner and the nominee holder.

Common units are securities and are transferable according to the laws governing the transfer of securities. In addition to other rights acquired upon transfer, the transferor gives the transferee the right to become a substituted limited partner in our partnership for the transferred common units.

Until a common unit has been transferred on our books, we and the transfer agent may treat the record holder of the common unit as the absolute owner for all purposes, except as otherwise required by law or stock exchange regulations.

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**CASH DISTRIBUTION POLICY AND RESTRICTIONS ON DISTRIBUTIONS**

**Rationale for Our Cash Distribution Policy**

Our partnership agreement requires that we distribute all of our available cash quarterly. This requirement forms the basis of our cash distribution policy and reflects a basic judgment that our unitholders are better served by distributing our available cash rather than retaining it, because, among other reasons, we believe we will generally finance any expansion capital expenditures from external financing sources. Subject to the distribution preferences of the Series A preferred units representing limited partner interests in the Partnership (the Series A Preferred Units), under our current cash distribution policy, we make a quarterly distribution to the holders of our common units of \$0.21 per unit, or \$0.84 per unit on an annualized basis, to the extent we have sufficient available cash after the establishment of cash reserves and the payment of costs and expenses, including the payment of expenses to our general partner. The Series A Preferred Units receive the distribution preference described below under Provisions of our Partnership Agreement Relating to Cash Distributions Series A Preferred Units. However, other than the requirement in our partnership agreement to distribute all of our available cash each quarter, we have no legal obligation to make quarterly cash distributions in this or any other amount, and our general partner has considerable discretion to determine the amount of our available cash each quarter. In addition, our general partner may change our cash distribution policy at any time, subject to the requirement in our partnership agreement to distribute all of our available cash quarterly. Generally, our available cash is our (1) cash on hand at the end of a quarter after the payment of our expenses and the establishment of cash reserves and (2) cash on hand resulting from working capital borrowings made after the end of the quarter. Because we are not subject to an entity-level federal income tax, we expect to have more cash to distribute than would be the case if we were subject to federal income tax. If we do not generate sufficient available cash from our operations, we may, but are under no obligation to, borrow funds to pay the minimum quarterly distribution to our unitholders.

**Limitations on Cash Distributions and Our Ability to Change Our Cash Distribution Policy**

Although our partnership agreement requires that we distribute all of our available cash quarterly, there is no guarantee that we will make quarterly cash distributions to our unitholders, and we have no legal obligation to do so. Our current cash distribution policy is subject to certain restrictions, as well as the considerable discretion of our general partner in determining the amount of our available cash each quarter. The following factors affect our ability to make cash distributions, as well as the amount of any cash distributions we make:

Our cash distribution policy is subject to restrictions on cash distributions under our credit facility and other debt agreements we may enter into in the future. Our credit facility contains covenants requiring us and our subsidiaries to maintain certain financial ratios and contain certain restrictions on incurring indebtedness, making distributions, making investments and engaging in certain other partnership actions, including making cash distributions while a default or event of default has occurred and is continuing, notwithstanding our cash distribution policy. Furthermore, we are not permitted to borrow under our revolving credit facility to pay distributions if, as a result, we would have less than \$5.0 million of availability under the revolving credit facility.

The amount of cash that we distribute and the decision to make any distribution is determined by our general partner, taking into consideration the terms of our partnership agreement. Specifically, our general partner has the authority to establish cash reserves for the prudent conduct of our business and for future cash

distributions to our unitholders, and the establishment of or increase in those reserves could result in a reduction in cash distributions from levels we currently anticipate pursuant to our stated cash distribution policy. Any decision to establish cash reserves made by our general partner in good faith is binding on our unitholders.

While our partnership agreement requires us to distribute all of our available cash, our partnership agreement, including the provisions requiring us to make cash distributions, may be amended with the consent of our general partner and the approval of a majority of the outstanding common units, including common units owned by our general partner and its affiliates.

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Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act (the Delaware Act ), we may not make a distribution if the distribution would cause our liabilities to exceed the fair value of our ass