UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2018

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-38035

ProPetro Holding Corp.

(Exact name of registrant as specified in its charter)

Delaware	**26-3685382**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1706 South Midkiff, Bldg. B
Midland, Texas 79701
(Address of principal executive offices)
Registrant's telephone number, including area code: (432) 688-0012

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

Title of each class	**Name of each exchange on which registered**
Common Stock ($0.001 par value)	**New York Stock Exchange**

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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	☐(Do not check if a smaller reporting company)	Smaller reporting company	☐
		Emerging growth company	☐

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

The aggregate market value of the Company's Common Stock held by nonaffiliates on June 30, 2018, determined using the per share closing price on the New York Stock Exchange Composite tape of $15.68 on that date, was approximately $ 838.7 million.

The number of the registrant's common shares, par value $0.001 per share, outstanding at February 18, 2019, was 100,257,626.

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FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K contains forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include the words "may," "could," "plan," "project," "budget," "predict," "pursue," "target," "seek," "objective," "believe," "expect," "anticipate," "intend," "estimate," and other expressions that are predictions of, or indicate, future events and trends and that do not relate to historical matters identify forward-looking statements. Our forward-looking statements include, among other matters, statements about our business strategy, industry, future profitability, expected capital expenditures and the impact of such expenditures on our performance and capital programs.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. You are cautioned not to place undue reliance on any forward-looking statements. You should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- the level of production of crude oil, natural gas and other hydrocarbons and the resultant market prices of crude oil, natural gas, natural gas liquids and other hydrocarbons;
- changes in general economic and geopolitical conditions;
- competitive conditions in our industry;
- changes in the long-term supply of and demand for oil and natural gas;
- actions taken by our customers, suppliers, competitors and third-party operators;
- changes in the availability and cost of capital;
- our ability to successfully implement our business plan;
- large or multiple customer defaults, including defaults resulting from actual or potential insolvencies;
- the price and availability of debt and equity financing (including changes in interest rates);
- our ability to complete growth projects on time and on budget;
- changes in our tax status;
- technological changes;
- operating hazards, natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- the effects of existing and future laws and governmental regulations (or the interpretation thereof); and
- the effects of future litigation.

You should not place undue reliance on our forward-looking statements. Although forward-looking statements reflect our good faith beliefs at the time they are made, forward-looking statements involve known and unknown risks, uncertainties and other factors, including the factors described under "Risk Factors," which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, unless required by law.

Unless the context indicates otherwise, all references to "we," "our" or "us" refer to ProPetro Holding Corp. and its consolidated subsidiary, ProPetro Services, Inc.

PART I

Item 1. Business.

Our Company

We are a growth-oriented, Midland, Texas-based oilfield services company providing hydraulic fracturing and other complementary services to leading upstream oil and gas companies engaged in the exploration and production, or E&P, of North American unconventional oil and natural gas resources. Our operations are primarily focused in the Permian Basin, where we have cultivated longstanding customer relationships with some of the region's most active and well-capitalized E&P companies. The Permian Basin is widely regarded as the most prolific oil-producing area in the United States, and we believe we are one of the leading providers of hydraulic fracturing services in the region by hydraulic horsepower, or HHP. During the year ended December 31, 2018, we purchased and deployed four newbuild hydraulic fracturing units, bringing our total horse power to 905,000 HHP, or 20 deployed fleets.

On December 31, 2018, we consummated the purchase of certain pressure pumping assets and real property from Pioneer Natural Resources USA, Inc. ("Pioneer") and Pioneer Natural Resources Pumping Services, LLC ("Pioneer Pumping Services"). Prior to the purchase, the pressure pumping assets exclusively provided integrated pressure pumping services to Pioneer's completion and production operations. The acquisition cost of the assets was comprised of $110.0 million of cash and 16.6 million shares of our common stock. In connection with the consummation of transaction, we became a strategic long-term service provider to Pioneer, providing pressure pumping and related services for a term of up to 10 years.

The pressure pumping assets acquired include eight hydraulic fracturing fleets with a total of 510,000 HHP, four coiled tubing units and an associated equipment maintenance facility. Through this acquisition, we expanded our existing presence in the Permian Basin, and increased our pumping capacity by 56%, to 28 hydraulic fracturing fleets with a total of 1,415,000 HHP, further strengthening our position as one of the largest pure-play provider of integrated well completion services in the Permian Basin.

Our modern hydraulic fracturing fleet has been designed to handle the most challenging Permian Basin operating conditions and the region's increasingly high-intensity well completions, which are characterized by longer horizontal wellbores, more frac stages per lateral and increasing amounts of proppant per well.

In addition to our core hydraulic fracturing operations, we also offer a suite of complementary well completion and production services, including cementing, coiled tubing, flowback services and drilling. We believe these complementary services create operational efficiencies for our customers and allow us to capture a greater portion of their capital spending across the lifecycle of an unconventional well.

Our primary business objective is to serve as a strategic long-term partner to our customers. We achieve this objective by providing reliable, high-quality services that are tailored to our customers' needs and synchronized with their well development programs. This alignment assists our customers in optimizing the long-term development of their unconventional resources. Over the past three years, we have leveraged our strong relationships in the Permian Basin to significantly grow our installed HHP capacity and organically build our cementing and coiled tubing lines of business. Consistent with past performance, we believe our substantial market presence will continue to yield a variety of actionable growth opportunities allowing us to expand both our hydraulic fracturing and complementary services going forward. To this end, we intend to continue to differentiate ourselves, consistent with our past practice, by opportunistically deploying new equipment on a long-term dedicated basis.

Our Services

We conduct our business through five operating segments: hydraulic fracturing (inclusive of acidizing), cementing, coil tubing, flowback and drilling. For reporting purposes, the hydraulic fracturing and cementing operating segments are aggregated into our one reportable segment: pressure pumping. For additional financial information on our reportable segment, please see Part II - Item 8. Financial Statements and Supplementary Data.

Pressure Pumping

Hydraulic Fracturing

We primarily provide hydraulic fracturing services to E&P companies in the Permian Basin. These services are intended to optimize hydrocarbon flow paths during the completion phase of horizontal shale wellbores. We have significant expertise in multi-stage fracturing of horizontal oil-producing wells in unconventional geological formations. During the year ended December 31, 2018, we continued to organically grow our hydraulic fracturing business to a total of 20 hydraulic fracturing fleets with an aggregate of 905,000 HHP. Following the consummation of our acquisition of pressure pumping assets from Pioneer Pressure Pumping Services, we increased our hydraulic fracturing business to a total 28 fleets, or 1,415,000 HHP.

The fracturing process consists of pumping a fracturing fluid into a well at sufficient pressure to fracture the formation. Materials known as proppants, which in our business are comprised primarily of sand, are suspended in the fracturing fluid and are pumped into the fracture to prop it open. The fracturing fluid is designed to "break," or loosen viscosity, and be forced out of the formation by its pressure, leaving the proppants suspended in the fractures created, thereby increasing the mobility of the hydrocarbons. As a result of the fracturing process, production rates are usually enhanced substantially, thus increasing the rate of return of hydrocarbons for the operator.

We own and operate a fleet of mobile hydraulic fracturing units and other auxiliary equipment to perform fracturing services. We also refer to all of our fracturing units, other equipment and vehicles necessary to perform a fracturing job as a "fleet" and the personnel assigned to each fleet as a "crew." Each hydraulic fracturing unit consist primarily of a high pressure hydraulic pump, diesel engine, transmission and various hoses, valves, tanks and other supporting equipment that are typically mounted to a flatbed trailer.

We provide dedicated equipment, personnel and services that are tailored to meet each of our customer's needs. Each fleet has a designated team of personnel, which allows us to provide responsive and customized services, such as project design, proppant and other consumables procurement, real-time data provision and post-completion analysis for each of our jobs. Many of our hydraulic fracturing fleets and associated personnel have continuously worked with the same customer for the past several years promoting deep relationships and a high degree of coordination and visibility into future customer activity levels. Furthermore, in light of our substantial market presence and historically high fleet utilization levels, we have established a variety of entrenched relationships with key equipment, sand and other downhole consumable suppliers, including over 30 sand suppliers utilized in 2018. These strategic relationships ensure ready access to equipment, parts and materials on a timely and economic basis and allow our dedicated procurement logistics team to ensure consistently safe and reliable operations.

Cementing

We provide cementing services for completion of new wells and remedial work on existing wells. Cementing services use pressure pumping equipment to deliver a slurry of liquid cement that is pumped down a well between the casing and the borehole. Cementing provides isolation between fluid zones behind the casing to minimize potential damage to hydrocarbon bearing formations or the integrity of freshwater aquifers, and provides structural integrity for the casing by securing it to the earth. Cementing is also done when recompleting wells, where one zone is plugged and another is opened.

As of December 31, 2018, we operated a total of 20 cementing units, with 13 units operating in the Permian Basin and 7 units operating in the Uinta-Piceance Basin. We believe that our cementing segment provides an organic growth opportunity for us to expand our service offerings within our existing customer base.

Other Services

Coiled Tubing

Coiled tubing services involve injecting coiled tubing into wells to perform various completion well intervention operations. Coiled tubing is a flexible steel pipe with a diameter of typically less than three inches and manufactured in continuous lengths of thousands of feet. It is wound or coiled on a truck-mounted reel for onshore applications. Due to its small diameter, coiled tubing can be inserted into existing production tubing and used to perform a variety of services to enhance the flow of oil or natural gas.

The principal advantages of using coiled tubing include the ability to (i) continue production from the well without interruption, thus reducing the risk of formation damage, (ii) move continuous coiled tubing in and out of a well significantly faster than conventional pipe used with a workover rig, which must be jointed and unjointed, (iii) direct fluids into a wellbore with more precision, allowing for improved stimulation fluid placement, (iv) provide a source of energy to power a downhole motor or manipulate down-hole tools and (v) enhance access to remote fields due to the smaller size and mobility.

As of December 31, 2018, we had 8 coiled tubing units of various sizes. We believe these units are well suited for the performance requirements of the unconventional resource markets we serve.

Flowback Services

Our flowback services consist of production testing, solids control, hydrostatic testing and torque services. Flowback involves the process of allowing fluids to flow from the well following a treatment, either in preparation for an impending phase of treatment or to return the well to production. Our flowback equipment consists of manifolds, accumulators, valves, flare stacks and other associated equipment that combine to form up to a total of five well-testing spreads. We provide flowback services in the Permian Basin and mid-continent markets.

Surface Air Drilling

We operated a surface air drilling operation in the Uinta-Piceance Basin, which offered pre-set surface air drilling services to target depths of approximately 4,000 feet in areas of fragile geology. Air drilling is a technique in which oil, natural gas, or geothermal wells are drilled by creating a pressure within the well that is lower than the reservoir pressure, which results in increased rates of penetration, reduced formation damage and reduced drilling costs.

On August 31, 2018, we divested our surface air drilling operations, included in our "all other" operating segment category in our financial statements, in order to continue to position ourselves as a Permian Basin-focused pressure pumping business because we believe the pressure pumping market in the Permian Basin offers more supportive long-term growth fundamentals. The divestiture of our surface air drilling operations did not qualify for presentation and disclosure as discontinued operations, and accordingly we have recorded the resulting loss on disposal of our surface air drilling of $0.3 million, as part of our loss on disposal of asset in our statement of operations included in this annual report. The divestiture of our surface air drilling operations resulted in a reduction in the number of our current operating segments. The change in the number of our operating segments did not impact our reportable segment information reported in the financial statements included in this annual report.

Competitive Strengths

Our primary business objective is to serve as a strategic long-term partner for our customers. We achieve this objective by providing reliable, high-quality services that are tailored to our customers' needs and synchronized with their well development programs. This alignment assists our customers in optimizing the long-term development of their unconventional resources. We believe that the following competitive strengths differentiate us from our peers and uniquely position us to achieve our primary business objective.

- ***Strong market position in the Permian Basin.*** We believe we are one of the largest hydraulic fracturing provider by HHP in the Permian Basin, which is the most prolific oil producing area in the United States. Our longstanding customer relationships and substantial Permian Basin market presence uniquely position us to continue growing in tandem with the basin's ongoing development. The Permian Basin is a mature, liquids-rich basin with well known geology and a large, exploitable resource base that delivers attractive E&P producer economics at or below current commodity prices. As a result of its significant size, coupled with the presence of multiple prospective geologic benches and other favorable characteristics, the Permian Basin has become widely recognized as the most attractive and economic oil resource in North America.

  Our operational focus has historically been in the Permian Basin's Midland sub-basin in support of our customers' core operations. More recently, however, many of our customers have made sizeable acquisitions in the Delaware Basin, and we have expanded our services into the Delaware Basin to help develop their acreage. Further, we believe that we are uniquely positioned to capture a large addressable growth opportunity as the basin develops. For the foreseeable future, we expect both the Midland Basin and the Delaware Basin to continue to command a disproportionate share of future North American E&P spending.

- ***Hydraulic fracturing is highly levered to increasing drilling activity and completion intensity levels.*** The combination of an expanding Permian Basin horizontal rig count and more complex well completions has a compounding effect on HHP demand growth. Horizontal drilling has become the default method for E&P operators to most economically extract unconventional resources, and the number of horizontal rigs has increased from 22% of the total Permian Basin rig count in December 2011 to approximately 91% of the Permian Basin rig count at December 31, 2018. As the horizontal rig count has grown, well completion intensity levels have also increased as a result of longer wellbore lateral lengths, more fracturing stages per foot of lateral and increasing amounts of proppant per stage. Furthermore, the ongoing improvement in drilling and completion efficiencies, driven by innovations such as multi-well pads and zipper fracs, have further increased the demand for HHP. Taken together, these demand drivers have helped contribute to the full utilization of our fleet and have us well positioned to capture future growth opportunities and enhanced pricing for our services.

- ***Deep relationships and operational alignment with high-quality, Permian Basin-focused customers.*** Our deep local roots, operational expertise and commitment to safe and reliable service have allowed us to cultivate longstanding customer relationships with the most active and well-capitalized Permian Basin operators. Many of our current customers have worked with us since our inception and have integrated our fleet scheduling with their well development programs. This high degree of operational alignment and their continued support have allowed us to maintain relatively high utilization rates over time. As our customers increase activity levels, we expect to continue to leverage these strong relationships to keep our fleet fully utilized and selectively expand our platform in response to specific customer demand.

- ***Standardized fleet of modern, well-maintained equipment.*** We have a large, homogenous fleet of modern equipment that is configured to handle the Permian Basin's most complex, highest-intensity, hydraulic fracturing jobs. We believe that our fleet design is a key advantage compared to many of our competitors who have fracturing units that are not optimized for Permian Basin conditions. Our fleet is largely standardized across units to facilitate efficient maintenance and repair, reducing equipment downtime and improving labor efficiency. Furthermore, our strong relationships with a variety of key suppliers and vendors provide us with the reliable access to the equipment necessary to support our continued organic growth strategy.

- ***Proven cross-cycle financial performance.*** Over the past several years, we have maintained high cross-cycle fleet utilization rates. Since September 2016 our fleet has consistently recorded a utilization rate of approximately 100%. Our consistent track record of steady growth, coupled with our ability to quickly deploy new HHP on a dedicated and fully utilized basis, has resulted in revenue growth across the industry's cycles. We believe that we will be able to continue to grow faster than our competitors while preserving attractive EBITDA margins as a result of our differentiated service offerings and a robust backlog of demand for our services. Furthermore, we believe that our philosophy of maintaining modest

financial leverage and a healthy balance sheet has left us more conservatively capitalized than our peers. We expect that improving market fundamentals, our superior execution and our customer-focused approach should result in strong financial performance.

- ***Seasoned management and operating team.*** We have a seasoned executive management team, with our senior members contributing more than 100 years of collective industry and financial experience. Members of our management team founded our business and seeded our company with a portion of our original investment capital. We believe their track record of successfully building premier oilfield service companies in the Permian Basin, as well as their deep roots and relationships throughout the West Texas community, provide a meaningful competitive advantage for our business. In addition, our management team has assembled a loyal group of highly-motivated and talented managers and field personnel, and we have had minimal manager-level turnover in our core service divisions over the past three years. We employ a balanced decision-making structure that empowers managerial and field personnel to work directly with customers to develop solutions while leveraging senior management's oversight. This collaborative approach fosters strong customer links at all levels of the organization and effectively institutionalizes customer relationships beyond the executive suite.

Strategy

Our strategy is to:

- ***Capture an increasing share of rising demand for hydraulic fracturing services in the Permian Basin.*** We intend to continue to position ourselves as a Permian Basin-focused hydraulic fracturing business, as we believe the Permian Basin hydraulic fracturing market offers supportive long-term growth fundamentals. These fundamentals are characterized by increased demand for our HHP, driven by increasing drilling activity and well completion intensity levels. We are currently operating at approximately 100% utilization, and we believe we are strategically positioned to deploy additional hydraulic fracturing equipment as our customers continue to develop their assets in the Midland Basin and Delaware Basin.

- ***Capitalize on improving efficiency gains.*** We intend to continue to work with our customers and vendors to improve our operational efficiencies and enhance our margins. We believe that improving our efficiencies will result in greater revenue and enhanced margins as fixed costs are spread over a broader revenue base.

- ***Cross-sell our complementary services.*** In addition to our hydraulic fracturing services, we offer a broad range of complementary services in support of our customers' development activities, including cementing, coiled tubing, flowback services and drilling. These complementary services create operational efficiencies for our customers, and allow us to capture a greater percentage of their capital spending across the lifecycle of an unconventional well. We believe that, as our customers increase spending levels, we are well positioned to continue cross-selling and growing our complementary service offerings.

- ***Maintain financial stability and flexibility to pursue growth opportunities.*** Consistent with our historical practices, we plan to continue to maintain a conservative balance sheet, which will allow us to better react to potential changes in industry and market conditions and opportunistically grow our business. In the near term, we intend to continue our past practice of aligning our growth capital expenditures with visible customer demand by strategically deploying new equipment on a long-term, dedicated basis in response to inbound customer requests. We will also selectively evaluate potential strategic acquisitions that increase our scale and capabilities or diversify our operations.

Our Customers

Our customers consist primarily of oil and natural gas producers in North America. Our top five customers accounted for approximately 68.7%, 66.0% and 58.0% of our revenue, for the years ended December 31, 2018, 2017 and 2016, respectively. For the year ended December 31, 2018, XTO Energy, Parsley Energy Operations, LLC and

CrownQuest Operating, LLC, accounted for 24.1%, 16.5%, and 12.2%, respectively, of total revenue. No other customer accounted for more than 10% of total revenue for the year ended December 31, 2018.

Competition

The markets in which we operate are highly competitive. To be successful, an oilfield services company must provide services that meet the specific needs of oil and natural gas exploration and production companies at competitive prices. Competitive factors impacting sales of our services are price, reputation, technical expertise, service and equipment quality, and health and safety standards. Although we believe our customers consider all of these factors, we believe price is a key factor in E&P companies' criteria in choosing a service provider. While we seek to price our services competitively, we believe many of our customers elect to work with us based on our deep local roots, operational expertise, equipment's ability to handle the most complex Permian Basin well completions, and commitment to safety and reliability.

We provide our services primarily in the Permian Basin, and we compete against different companies in each service and product line we offer. Our competition includes many large and small oilfield service companies, including the largest integrated oilfield services companies. Our major competitors for hydraulic fracturing services include C&J Energy Services, Halliburton, Patterson-UTI Energy Inc., RPC, Inc., Schlumberger, Keane Group, Inc., Liberty Oilfield Services, FTS International, Inc., Superior Energy Services and a number of locally oriented businesses.

Seasonality

Our results of operations have historically reflected seasonal tendencies, generally in the fourth quarter, relating to the conclusion of our customers' annual capital expenditure budgets, the holidays and inclement winter weather during which we may experience declines in our operating results.

Operating Risks and Insurance

Our operations are subject to hazards inherent in the oilfield services industry, such as accidents, blowouts, explosions, fires and spills and releases that can cause personal injury or loss of life, damage or destruction of property, equipment, natural resources and the environment and suspension of operations.

In addition, claims for loss of oil and natural gas production and damage to formations can occur in the oilfield services industry. If a serious accident were to occur at a location where our equipment and services are being used, it could result in us being named as a defendant in lawsuits asserting large claims.

Our business involves the transportation of heavy equipment and materials, and as a result, we may also experience traffic accidents which may result in spills, property damage and personal injury.

Despite our efforts to maintain safety standards, we from time to time have suffered accidents in the past and anticipate that we could experience accidents in the future. In addition to the property damage, personal injury and other losses from these accidents, the frequency and severity of these incidents affect our operating costs and insurability and our relationships with customers, employees, regulatory agencies and other parties. Any significant increase in the frequency or severity of these incidents, or the general level of compensation awards, could adversely affect the cost of, or our ability to obtain, workers' compensation and other forms of insurance, and could have other material adverse effects on our financial condition and results of operations.

We maintain commercial general liability, workers' compensation, business auto, commercial property, umbrella liability, excess liability, and directors and officers insurance policies providing coverages of risks and amounts that we believe to be customary in our industry. Further, we have pollution legal liability coverage for our business entities, which would cover, among other things, third party liability and costs of clean up relating to environmental contamination on our premises while our equipment is in transit and on our customers' job site. With respect to our hydraulic fracturing operations, coverage would be available under our pollution legal liability policy

for any surface or subsurface environmental clean-up and liability to third parties arising from any surface or subsurface contamination. We also have certain specific coverages for some of our businesses, including our hydraulic fracturing services.

Although we maintain insurance coverage of types and amounts that we believe to be customary in the industry, we are not fully insured against all risks, either because insurance is not available or because of the high premium costs relative to perceived risk. Further, insurance rates have in the past been subject to wide fluctuation and changes in coverage could result in less coverage, increases in cost or higher deductibles and retentions. Liabilities for which we are not insured, or which exceed the policy limits of our applicable insurance, could have a material adverse effect on us. See "Risk Factors" for a description of certain risks associated with our insurance policies.

Environmental and Occupational Health and Safety Regulations

Our operations are subject to stringent laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection, and occupational health and safety. Numerous federal, state and local governmental agencies issue regulations that often require difficult and costly compliance measures that could carry substantial administrative, civil and criminal penalties and may result in injunctive obligations for non compliance. These laws and regulations may, for example, restrict the types, quantities and concentrations of various substances that can be released into the environment, limit or prohibit construction or drilling activities on certain lands lying within wilderness, wetlands, ecologically or seismically sensitive areas and other protected areas, or require action to prevent or remediate pollution from current or former operations. Moreover, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hazardous substances, hydrocarbons or other waste products into the environment. Changes in environmental, health and safety laws and regulations occur frequently, and any changes that result in more stringent and costly requirements could materially adversely affect our operations and financial position. We have not experienced any material adverse effect from compliance with these requirements, however, this trend may not continue in the future.

Below is an overview of some of the more significant environmental, health and safety requirements with which we must comply. Our customers' operations are subject to similar laws and regulations. Any material adverse effect of these laws and regulations on our customers' operations and financial position may also have an indirect material adverse effect on our operations and financial position.

Waste Handling. We handle, transport, store and dispose of wastes that are subject to the Resource Conservation and Recovery Act ("RCRA") and comparable state laws and regulations, which affect our activities by imposing requirements regarding the generation, transportation, treatment, storage, disposal and cleanup of hazardous and non hazardous wastes. With federal approval, the individual states administer some or all of the provisions of RCRA, sometimes in conjunction with their own, more stringent requirements. Although certain petroleum production wastes are exempt from regulation as hazardous wastes under RCRA, such wastes may constitute "solid wastes" that are subject to the less stringent requirements of non hazardous waste provisions.

Administrative, civil and criminal penalties can be imposed for failure to comply with waste handling requirements. Moreover, the EPA or state or local governments may adopt more stringent requirements for the handling of non hazardous wastes or recategorize some non hazardous wastes as hazardous for future regulation. Indeed, legislation has been proposed from time to time in Congress to recategorize certain oil and natural gas exploration, development and production wastes as hazardous wastes. Several environmental organizations have also petitioned the EPA to modify existing regulations to recategorize certain oil and natural gas exploration, development and production wastes as hazardous. Any such changes in these laws and regulations could have a material adverse effect on our capital expenditures and operating expenses. Although we do not believe the current costs of managing our wastes, as presently classified, to be significant, any legislative or regulatory reclassification of oil and natural gas exploration and production wastes could increase our costs to manage and dispose of such wastes.

Remediation of Hazardous Substances. The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or "Superfund") and analogous state laws generally impose liability without regard to fault or legality of the original conduct, on classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. These persons include the current owner or operator of a contaminated facility, a former owner or operator of the facility at the time of contamination and those persons that disposed or arranged for the disposal of the hazardous substance at the facility. Liability for the costs of removing or remediating previously disposed wastes or contamination, damages to natural resources, the costs of conducting certain health studies, amongst other things, is strict and joint and several. In addition, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment. In the course of our operations, we use materials that, if released, would be subject to CERCLA and comparable state laws. Therefore, governmental agencies or third parties may seek to hold us responsible under CERCLA and comparable state statutes for all or part of the costs to clean up sites at which such hazardous substances have been released.

One of our facilities in Midland, Texas is located within the boundaries of the West County Road 112 federal Superfund site, which site and the associated investigation and cleanup is being managed by EPA Region 6. The site's soil and groundwater is contaminated with chromium and hexavalent chromium as a result of historic site operations unaffiliated with the Company and unassociated with the Company's operations. Toxic tort claims also have been asserted as a result of this groundwater contamination against various unaffiliated parties. In 2013, in order to reduce the Company's risk of incurring any future liabilities in connection with this site, the Company negotiated and obtained a bona fide prospective purchaser ("BFPP") letter from EPA Region 6 in connection with a reorganization of the facility site ownership and lease. The BFPP letter generally acknowledges and provides that the Company is unaffiliated with any potentially responsible parties or known contamination that is the subject of the Superfund action, the Company agrees to comply with any future land use restrictions that may be imposed in connection with a site remedy (none have been imposed to date), and the Company agrees to cooperate with and provide access and assistance to EPA Region 6 in connection with the remediation. In exchange for these undertakings, the Company will not be subject to any CERCLA action by the EPA. In addition, the Company separately obtained a 10-year environmental pollution legal liability insurance policy, effective March 4, 2013, with an aggregate limit of $20 million to insure against potential third-party claims and any known or unknown pre-existing conditions at the site, including Superfund or toxic tort liabilities. Both prior to and since obtaining the BFPP letter and the insurance policy, no claims have been made or threatened against the Company or any of its affiliated persons or entities with regard to this Superfund site or any related liabilities, and the Company has not incurred any significant expenses in connection with this matter.

NORM. In the course of our operations, some of our equipment may be exposed to naturally occurring radioactive materials ("NORM") associated with oil and gas deposits and, accordingly may result in the generation of wastes and other materials containing NORM. NORM exhibiting levels of radiation in excess of established state standards are subject to special handling and disposal requirements, and any storage vessels, piping and work area affected by NORM may be subject to remediation or restoration requirements.

Water Discharges. The Clean Water Act, Safe Drinking Water Act, Oil Pollution Act and analogous state laws and regulations impose restrictions and strict controls regarding the unauthorized discharge of pollutants, including produced waters and other gas and oil wastes, into regulated waters. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the EPA or the state. Also, spill prevention, control and countermeasure plan requirements require appropriate containment berms and similar structures to help prevent the contamination of regulated waters.

Air Emissions. The Clean Air Act ("CAA") and comparable state laws and regulations, regulate emissions of various air pollutants through the issuance of permits and the imposition of other emissions control requirements. The EPA has developed, and continues to develop, stringent regulations governing emissions of air pollutants from specified sources. New facilities may be required to obtain permits before work can begin, and existing facilities may be required to obtain additional permits and incur capital costs in order to remain in compliance. These and other laws and regulations may increase the costs of compliance for some facilities where we operate. Obtaining or renewing permits also has the potential to delay the development of oil and natural gas projects.

Climate Change. The EPA has determined that greenhouse gases ("GHGs") present an endangerment to public health and the environment because such gases contribute to warming of the earth's atmosphere and other climatic changes. Based on these findings, the EPA has adopted and implemented, and continues to adopt and implement, regulations that restrict emissions of GHGs under existing provisions of the CAA. The EPA also requires the annual reporting of GHG emissions from certain large sources of GHG emissions in the United States, including certain oil and gas production facilities. The U.S. Congress has from time to time considered adopting legislation to reduce emissions of GHGs and almost one-half of the states have already taken legal measures to reduce emissions of GHGs primarily through the planned development of GHG emission inventories and/or regional GHG cap and trade programs. In December 2015, the United States joined the international community at the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change in Paris, France. The resulting Paris Agreement calls for the parties to undertake "ambitious efforts" to limit the average global temperature, and to conserve and enhance sinks and reservoirs of greenhouse gases. The Paris Agreement entered into force in November 2016. On June 1, 2017, President Trump announced that the United States planned to withdraw from the Paris Agreement and to seek negotiations either to reenter the Paris Agreement on different terms or establish a new framework agreement. The Paris Agreement provides for a four-year exit process beginning when it took effect in November 2016, which would result in an effective exit date of November 2020. The United States' adherence to the exit process is uncertain and/or the terms on which the United States may reenter the Paris Agreement or a separately negotiated agreement are unclear at this time.

Moreover, climate change may cause more extreme weather conditions and increased volatility in seasonal temperatures. Extreme weather conditions can interfere with our operations and increase our costs, and damage resulting from extreme weather may not be fully insured.

Endangered and Threatened Species. Environmental laws such as the Endangered Species Act ("ESA") and analogous state laws may impact exploration, development and production activities in areas where we operate. The ESA provides broad protection for species of fish, wildlife and plants that are listed as threatened or endangered. Similar protections are offered to migratory birds under the Migratory Bird Treaty Act and various state analogs. The U.S. Fish and Wildlife Service may identify previously unidentified endangered or threatened species or may designate critical habitat and suitable habitat areas that it believes are necessary for survival of a threatened or endangered species, which could cause us or our customers to incur additional costs or become subject to operating restrictions or operating bans in the affected areas.

Regulation of Hydraulic Fracturing and Related Activities. Our hydraulic fracturing operations are a significant component of our business. Hydraulic fracturing is an important and common practice that is used to stimulate production of hydrocarbons, particularly natural gas, from tight formations, including shales. The process, which involves the injection of water, sand and chemicals under pressure into formations to fracture the surrounding rock and stimulate production, is typically regulated by state oil and natural gas commissions. However, federal agencies have asserted regulatory authority over certain aspects of the process. For example, in May 2014, the EPA issued an Advanced Notice of Proposed Rulemaking seeking comment on the development of regulations under the Toxic Substances Control Act to require companies to disclose information regarding the chemicals used in hydraulic fracturing. Beginning in August 2012, the EPA issued a series of rules under the CAA that establish new emission control requirements for certain oil and natural gas production and natural gas processing operations and associated equipment. After several attempts to delay implementation, in September 2018 the EPA issued a proposal to amend and reduce such requirements. In March 2015, the Bureau of Land Management ("BLM") finalized a rule governing hydraulic fracturing on federal lands. In June 2016, a federal district court judge in Wyoming struck down the final rule, finding that the BLM lacked congressional authority to promulgate the rule. However, in July 2017, the BLM initiated a rulemaking to rescind the final rule and reinstate the regulations that existed immediately before the published effective date of the rule. In light of the BLM's proposed rulemaking, in September 2017, the U.S. Court of Appeals for the Tenth Circuit dismissed the appeal and remanded with directions to vacate the lower court's opinion, leaving the final rule in place. The BLM initiated a rulemaking to rescind the final rule in December 2017. Further, legislation to amend the Safe Drinking Water Act to repeal the exemption for hydraulic fracturing (except when diesel fuels are used) from the definition of "underground injection" and require federal permitting and regulatory control of hydraulic fracturing, as well as legislative proposals to require disclosure of the chemical constituents of the fluids used in the fracturing process, have been proposed in recent sessions of Congress. Several

states and local jurisdictions in which we or our customers operate also have adopted or are considering adopting regulations that could restrict or prohibit hydraulic fracturing in certain circumstances, impose more stringent operating standards and/or require the disclosure of the composition of hydraulic fracturing fluids.

More recently, federal and state governments have begun investigating whether the disposal of produced water into underground injection wells has caused increased seismic activity in certain areas. In March 2016, the United States Geological Survey identified six states with the most significant hazards from induced seismicity, including Oklahoma, Kansas, Texas, Colorado, New Mexico and Arkansas. The United States Geological Survey also noted the potential for induced seismicity in Ohio and Alabama. In response to concerns regarding induced seismicity, regulators in some states have imposed, or are considering imposing, additional requirements in the permitting of produced water disposal wells or otherwise to assess any relationship between seismicity and the use of such wells. For example, Oklahoma issued new rules for wastewater disposal wells in 2014 that imposed certain permitting and operating restrictions and reporting requirements on disposal wells in proximity to faults and also, from time to time, has developed and implemented plans directing certain wells where seismic incidents have occurred to restrict or suspend disposal well operations. In particular, the Oklahoma Corporation Commission released well completion seismicity guidelines in December 2016 for operators in the SCOOP and STACK that call for hydraulic fracturing operations to be suspended following earthquakes of certain magnitudes in the vicinity. In addition, in February 2017, the Oklahoma Corporation Commission's Oil and Gas Conservation Division issued an order limiting future increases in the volume of oil and natural gas wastewater injected into the ground in an effort to reduce the number of earthquakes in the state. The Texas Railroad Commission adopted similar rules in 2014. In addition, in December 2016, the EPA released its final report regarding the potential impacts of hydraulic fracturing on drinking water resources, concluding that "water cycle" activities associated with hydraulic fracturing may impact drinking water resources under certain circumstances such as water withdrawals for fracturing in times or areas of low water availability, surface spills during the management of fracturing fluids, chemicals or produced water, injection of fracturing fluids into wells with inadequate mechanical integrity, injection of fracturing fluids directly into groundwater resources, discharge of inadequately treated fracturing wastewater to surface waters, and disposal or storage of fracturing wastewater in unlined pits. The results of these studies could lead federal and state governments and agencies to develop and implement additional regulations.

Increased regulation of hydraulic fracturing and related activities (whether as a result of the EPA study results or resulting from other factors) could subject us and our customers to additional permitting and financial assurance requirements, more stringent construction specifications, increased monitoring, reporting and record keeping obligations, and plugging and abandonment requirements. New requirements could result in increased operational costs for us and our customers, and reduce the demand for our services.

OSHA Matters. The Occupational Safety and Health Act ("OSHA") and comparable state statutes 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.

Employees

As of December 31, 2018, we employed 1,579 people. None of our employees are represented by labor unions or subject to collective bargaining agreements.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's web site at www.sec.gov. You may also read and copy any document we file at the SEC's public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on their public reference room. Our SEC filings are also available to the public on our website at www.propetroservices.com. Please note that information contained on our website, whether currently posted or posted in the future, is not a part of this Annual Report on Form 10-K or the documents incorporated by reference in this Annual Report on Form 10-K. This Annual Report on Form 10-K also contains summaries of the terms of certain agreements that we have entered into that are filed as exhibits to this Annual Report on Form 10-K or other reports that we have filed with the SEC. The descriptions contained in this Annual Report on Form 10-K of

those agreements do not purport to be complete and are subject to, and qualified in their entirety by reference to, the definitive agreements. You may request a copy of the agreements described herein at no cost by writing or telephoning us at the following address: ProPetro Holding Corp., Attention: Investor Relations, P.O. Box 873, Midland, Texas 79702, phone number (432) 688-0012.

Item 1A. Risk Factors.

The following is a description of significant factors that could cause actual results to differ materially from those contained in forward-looking statement made in this Annual Report on Form 10-K and presented elsewhere by management from time to time. Such factors may have a material adverse effect on our business, financial condition and results of operations. It is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete statement of all our potential risks or uncertainties. Due to these, and other factors, past performance should not be considered an indication of future performance.

Our business and financial performance depends on the oil and natural gas industry and particularly on the level of capital spending and exploration and production activity within the United States and in the Permian Basin, and a decline in prices for oil and natural gas may have an adverse effect on our revenue, cash flows, profitability and growth.

Demand for most of our services depends substantially on the level of capital expenditures in the Permian Basin by companies in the oil and natural gas industry. As a result, our operations are dependent on the levels of capital spending and activity in oil and gas exploration, development and production. A prolonged reduction in oil and gas prices would generally depress the level of oil and natural gas exploration, development, production, and well completion activity and would result in a corresponding decline in the demand for the hydraulic fracturing services that we provide. The significant decline in oil and natural gas prices during 2015 and 2016 caused a reduction in our customers' spending and associated drilling and completion activities, which had an adverse effect on our revenue. If prices were to decline, similar declines in our customers' spending would have an adverse effect on our revenue. In addition, a worsening of these conditions may result in a material adverse impact on certain of our customers' liquidity and financial position resulting in further spending reductions, delays in the collection of amounts owing to us and similar impacts.

Many factors over which we have no control affect the supply of, and demand for, and our customers' willingness to explore, develop and produce oil and natural gas, and therefore, influence prices for our services, including:

- the domestic and foreign 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;
- the cost of exploring for, developing, producing and delivering oil and natural gas;
- the supply of and demand for drilling and hydraulic fracturing equipment;
- the expected decline rates of current production;
- the price and quantity of foreign imports;
- political and economic conditions in oil and natural gas producing countries and regions, including the United States, the Middle East, Africa, South America and Russia;
- actions by the members of Organization of Petroleum Exporting Countries with respect to oil production levels and announcements of potential changes in such levels;
- speculative trading in crude oil and natural gas derivative contracts;
- the level of consumer product demand;
- the discovery rates of new oil and natural gas reserves;
- contractions in the credit market;

- the strength or weakness of the U.S. dollar;
- available pipeline and other transportation capacity;
- the levels of oil and natural gas storage;
- weather conditions and other natural disasters;
- domestic and foreign tax policy;
- domestic and foreign governmental approvals and regulatory requirements and conditions;
- the continued threat of terrorism and the impact of military and other action, including military action in the Middle East;
- technical advances affecting energy consumption;
- the proximity and capacity of oil and natural gas pipelines and other transportation facilities;
- the price and availability of alternative fuels;
- the ability of oil and natural gas producers to raise equity capital and debt financing;
- merger and divestiture activity among oil and natural gas producers; and
- overall domestic and global economic conditions.

These factors and the volatility of the energy markets make it extremely difficult to predict future oil and natural gas price movements with any certainty. Such a decline would have a material adverse effect on our business, results of operation and financial condition.

The cyclical nature of the oil and natural gas industry may cause our operating results to fluctuate.

We derive our revenues from companies in the oil and natural gas exploration and production industry, a historically cyclical industry with levels of activity that are significantly affected by the levels and volatility of oil and natural gas prices. We have experienced, and may in the future experience, significant fluctuations in operating results as a result of the reactions of our customers to changes in oil and natural gas prices. For example, prolonged low commodity prices experienced by the oil and natural gas industry during 2015 and 2016, combined with adverse changes in the capital and credit markets, caused many exploration and production companies to reduce their capital budgets and drilling activity. This resulted in a significant decline in demand for oilfield services and adversely impacted the prices oilfield services companies could charge for their services. In addition, a majority of the service revenue we earn is based upon a charge for a relatively short period of time (for example, a day, a week or a month) for the actual period of time the service is provided to our customers. By contracting services on a short-term basis, we are exposed to the risks of a rapid reduction in market prices and utilization and resulting volatility in our revenues.

The majority of our operations are located in the Permian Basin, making us vulnerable to risks associated with operating in one major geographic area.

Our operations are geographically concentrated in the Permian Basin. For the years ended December 31, 2018, 2017 and 2016, approximately 99%, 97% and 97%, respectively, of our revenues were attributable to our operations in the Permian Basin. As a result of this concentration, we may be disproportionately exposed to the impact of regional supply and demand factors, delays or interruptions of production from wells in the Permian Basin caused by significant governmental regulation, processing or transportation capacity constraints, market limitations, curtailment of production or interruption of the processing or transportation of oil and natural gas produced from the wells in these areas. In addition, the effect of fluctuations on supply and demand may become more pronounced within specific geographic oil and natural gas producing areas such as the Permian Basin, which may cause these

conditions to occur with greater frequency or magnify the effects of these conditions. Due to the concentrated nature of our operations, we could experience any of the same conditions at the same time, resulting in a relatively greater impact on our revenue than they might have on other companies that have more geographically diverse operations.

We are exposed to the credit risk of our customers, and any material nonpayment or nonperformance by our customers could adversely affect our business, results of operations and financial condition.

We are subject to the risk of loss resulting from nonpayment or nonperformance by our customers. 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 a material adverse effect on our business, results of operations and financial condition. The depressed oil and natural gas prices in 2015 and 2016 negatively impacted the financial condition and liquidity of our customers, and future declines, sustained lower prices, or continued volatility could impact their ability to meet their financial obligations to us.

We face significant competition that may cause us to lose market share.

The oilfield services industry is highly competitive and has relatively few barriers to entry. The principal competitive factors impacting sales of our services are price, reputation and technical expertise, equipment and service quality and health and safety standards. The market is also fragmented and includes numerous small companies capable of competing effectively in our markets on a local basis, as well as several large companies that possess substantially greater financial and other resources than we do. Our larger competitors' greater resources could allow those competitors to compete more effectively than we can. For instance, our larger competitors may offer services at below-market prices or bundle ancillary services at no additional cost to our customers. We compete with large national and multi-national companies that have longer operating histories, greater financial, technical and other resources and greater name recognition than we do. Several of our competitors provide a broader array of services and have a stronger presence in more geographic markets. In addition, we compete with several smaller companies capable of competing effectively on a regional or local basis.

Some jobs are awarded on a bid basis, which further increases competition based on price. Pricing is often the primary factor in determining which qualified contractor is awarded a job. The competitive environment may be further intensified by mergers and acquisitions among oil and natural gas companies or other events that have the effect of reducing the number of available customers. As a result of competition, we may lose market share or be unable to maintain or increase prices for our present services or to acquire additional business opportunities, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our competitors may be able to respond more quickly to new or emerging technologies and services and changes in customer requirements. The amount of equipment available may exceed demand, which could result in active price competition. In addition, depressed commodity prices lower demand for hydraulic fracturing equipment, which results in excess equipment and lower utilization rates. In addition, some exploration and production companies have commenced completing their wells using their own hydraulic fracturing equipment and personnel. Any increase in the development and utilization of in-house fracturing capabilities by our customers could decrease the demand for our services and have a material adverse impact on our business.

Furthermore, competition among oilfield service and equipment providers is affected by each provider's reputation for safety and quality. We cannot assure that we will be able to maintain our competitive position.

New technology may cause us to become less competitive.

The oilfield services industry is subject to the introduction of new drilling and completion techniques and services using new technologies, some of which may be subject to patent or other intellectual property protections. Although we believe our equipment and processes currently give us a competitive advantage, as competitors and others use or develop new or comparable technologies in the future, we may lose market share or be placed at a competitive disadvantage. Further, we may face competitive pressure to develop, implement or acquire certain new

technologies at a substantial cost. Some of our competitors have greater financial, technical and personnel resources that may allow them to enjoy technological advantages and develop and implement new products on a timely basis or at an acceptable cost. We cannot be certain that we will be able to develop and implement new technologies or products on a timely basis or at an acceptable cost. Limits on our ability to develop, effectively use and implement new and emerging technologies could have a material adverse effect on our business, financial condition, prospects or results of operations.

Our business depends upon our ability to obtain specialized equipment, parts and key raw materials, including frac sand and chemicals, from third-party suppliers, and we may be vulnerable to delayed deliveries and future price increases.

We purchase specialized equipment, parts and raw materials (including, for example, frac sand, chemicals and fluid ends) from third party suppliers and affiliates. At times during the business cycle, there is a high demand for hydraulic fracturing and other oil field services and extended lead times to obtain equipment and raw materials needed to provide these services. Should our current suppliers be unable or unwilling to provide the necessary equipment, parts or raw materials or otherwise fail to deliver the products timely and in the quantities required, any resulting delays in the provision of our services could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, future price increases for this type of equipment, parts and raw materials could negatively impact our ability to purchase new equipment, to update or expand our existing fleet, to timely repair equipment in our existing fleet or meet the current demands of our customers.

Reliance upon a few large customers may adversely affect our revenue and operating results.

The majority of our revenue is generated from our hydraulic fracturing services. Due to the large percentage of our revenue historically derived from our hydraulic fracturing services with recurring customers and the limited availability of our fracturing units, we have had some degree of customer concentration. Our top ten customers represented approximately 85.5%, 87.0% and 83.0% of our consolidated revenue for the years ended December 31, 2018, 2017 and 2016, respectively. It is likely that we will depend on a relatively small number of customers for a significant portion of our revenue in the future. If a major customer fails to pay us, revenue would be impacted and our operating results and financial condition could be harmed. Additionally, if we were to lose any material customer, we may not be able to redeploy our equipment at similar utilization or pricing levels and such loss could have an adverse effect on our business until the equipment is redeployed at similar utilization or pricing levels.

Certain of our completion services, particularly our hydraulic fracturing services, are substantially dependent on the availability of water. Restrictions on our or our customers' ability to obtain water may have an adverse effect on our financial condition, results of operations and cash flows.

Water is an essential component of unconventional shale oil and natural gas production during both the drilling and hydraulic fracturing processes. Over the past several years, certain of the areas in which we and our customers operate have experienced extreme drought conditions and competition for water in such areas is growing. In addition, some state and local governmental authorities have begun to monitor or restrict the use of water subject to their jurisdiction for hydraulic fracturing to ensure adequate local water supply. For instance, some states require E&P companies to report certain information regarding the water they use for hydraulic fracturing and to monitor the quality of groundwater surrounding some wells stimulated by hydraulic fracturing. Generally, our water requirements are met by our customers from sources on or near their sites, but there is no assurance that our customers will be able to obtain a sufficient supply of water from sources in these areas. Our or our customers' inability to obtain water from local sources or to effectively utilize flowback water could have an adverse effect on our financial condition, results of operations and cash flows.

We rely on a few key employees whose absence or loss could adversely affect our business.

Many key responsibilities within our business have been assigned to a small number of employees. The loss of their services could adversely affect our business. In particular, the loss of the services of one or more members of our executive team, such as our Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Accounting Officer and General Counsel could disrupt our operations. We do not maintain "key person" life

insurance policies on any of our employees. As a result, we are not insured against any losses resulting from the death of our key employees.

If we are unable to employ a sufficient number of skilled and qualified workers, our capacity and profitability could be diminished and our growth potential could be impaired.

The delivery of our services requires skilled and qualified workers with specialized skills and experience who can perform physically demanding work. 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. Our ability to be productive and profitable will depend upon our ability to employ and retain skilled workers. In addition, our ability to expand our operations depends in part on our ability to increase the size of our skilled labor force. The demand for skilled workers is high, and the supply is limited. As a result, competition for experienced oilfield service personnel is intense, and we face significant challenges in competing for crews and management with large and well-established competitors. A significant increase in the wages paid by competing employers could result in a reduction of our skilled labor force, increases in the wage rates that we must pay, or both. If either of these events were to occur, our capacity and profitability could be diminished and our growth potential could be impaired.

Our operations require substantial capital and we may be unable to obtain needed capital or financing on satisfactory terms, or at all, which could limit our ability to grow.

The oilfield services industry is capital intensive. In conducting our business and operations, we have made, and expect to continue to make, substantial capital expenditures. Our total capital expenditures incurred were approximately $592.6 million, $305.3 million and $46.0 million during the years ended December 31, 2018, 2017 and 2016. We have historically financed capital expenditures primarily with funding from cash on hand, cash flow from operations, equipment and vendor financing and borrowings under our credit facilities. We may be unable to generate sufficient cash from operations and other capital resources to maintain planned or future levels of capital expenditures which, among other things, may prevent us from acquiring new equipment or properly maintaining our existing equipment. Further, any disruptions or continuing volatility in the global financial markets may lead to an increase in interest rates or a contraction in credit availability impacting our ability to finance our operations. This could put us at a competitive disadvantage or interfere with our growth plans. Further, our actual capital expenditures could exceed our capital expenditure budget. In the event our capital expenditure requirements at any time are greater than the amount we have available, we could be required to seek additional sources of capital, which may include debt financing, joint venture partnerships, sales of assets, offerings of debt or equity securities or other means. We may not be able to obtain any such alternative source of capital. We may be required to curtail or eliminate contemplated activities. If we can obtain alternative sources of capital, the terms of such alternative may not be favorable to us. In particular, the terms of any debt financing may include covenants that significantly restrict our operations. Our inability to grow as planned may reduce our chances of maintaining and improving profitability.

Concerns over general economic, business or industry conditions may have a material adverse effect on our results of operations, liquidity and financial condition.

Concerns over global economic conditions, geopolitical issues, interest rates, inflation, the availability and cost of credit and the United States and foreign financial markets have contributed to increased economic uncertainty and diminished expectations for the global economy. These factors, combined with volatility in commodity prices, business and consumer confidence and unemployment rates, have precipitated an economic slowdown. Concerns about global economic growth have had a significant adverse impact on global financial markets and commodity prices. If the economic climate in the United States or abroad deteriorates, worldwide demand for petroleum products could diminish further, which could impact the price at which oil, natural gas and natural gas liquids can be sold, which could affect the ability of our customers to continue operations and adversely impact our results of operations, liquidity and financial condition.

Our indebtedness and liquidity needs could restrict our operations and make us more vulnerable to adverse economic conditions.

Our existing and future indebtedness, whether incurred in connection with acquisitions, operations or otherwise, may adversely affect our operations and limit our growth, and we may have difficulty making debt service payments on such indebtedness as payments become due. Our level of indebtedness may affect our operations in several ways, including the following:

- increasing our vulnerability to general adverse economic and industry conditions;
- the covenants that are contained in the agreements governing our indebtedness could limit our ability to borrow funds, dispose of assets, pay dividends and make certain investments;
- our debt covenants could also affect our flexibility in planning for, and reacting to, changes in the economy and in our industry;
- any failure to comply with the financial or other debt covenants, including covenants that impose requirements to maintain certain financial ratios, could result in an event of default, which could result in some or all of our indebtedness becoming immediately due and payable;
- our level of debt could impair our ability to obtain additional financing, or obtain additional financing on favorable terms, in the future for working capital, capital expenditures, acquisitions or other general corporate purposes; and
- our business may not generate sufficient cash flow from operations to enable us to meet our obligations under our indebtedness.

Restrictions in our ABL Credit Facility (as defined herein) and any future financing agreements may limit our ability to finance future operations or capital needs or capitalize on potential acquisitions and other business opportunities.

The operating and financial restrictions and covenants in our credit facility and any future financing agreements could restrict our ability to finance future operations or capital needs or to expand or pursue our business activities. For example, our ABL Credit Facility restricts or limits our ability to:

- grant liens;
- incur additional indebtedness;
- engage in a merger, consolidation or dissolution;
- enter into transactions with affiliates;
- sell or otherwise dispose of assets, businesses and operations;
- materially alter the character of our business as currently conducted; and
- make acquisitions, investments and capital expenditures.

Furthermore, our ABL Credit Facility contains certain other operating and financial covenants. Our ability to comply with the covenants and restrictions contained in the ABL Credit Facility may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. If we violate any of the restrictions, covenants, ratios or tests in our ABL 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. Any subsequent replacement of our ABL Credit Facility or any new indebtedness could have similar or greater restrictions. Please

read “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Credit Facility and Other Financing Arrangements .”

We may become more leveraged and our indebtedness could adversely affect our operations and financial condition.

Our business is capital intensive and we may seek to raise debt capital to fund our business and growth strategy. Indebtedness could have negative consequences that could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects, such as:

- requiring us to dedicate a substantial portion of our cash flow from operating activities to payments on our indebtedness, thereby reducing the availability of cash flow to fund working capital, capital expenditures, research and development efforts, potential strategic acquisitions and other general corporate purposes;
- limiting our ability to obtain additional financing to fund growth, working capital or capital expenditures, or to fulfill debt service requirements or other cash requirements;
- increasing our vulnerability to economic downturns and changing market conditions;
- placing us at a competitive disadvantage relative to competitors that have less debt; and
- to the extent that our debt is subject to floating interest rates, increasing our vulnerability to fluctuations in market interest rates.

Our operations are subject to unforeseen interruptions and hazards inherent in the oil and natural gas industry, for which we may not be adequately insured and which could cause us to lose customers and substantial revenue.

Our operations are exposed to the risks inherent to our industry, such as equipment defects, vehicle accidents, fires, explosions, blowouts, surface cratering, uncontrollable flows of gas or well fluids, pipe or pipeline failures, abnormally pressured formations and various environmental hazards, such as oil spills and releases of, and exposure to, hazardous substances. For example, our operations are subject to risks associated with hydraulic fracturing, including any mishandling, surface spillage or potential underground migration of fracturing fluids, including chemical additives. In addition, our operations are exposed to potential natural disasters, including blizzards, tornadoes, storms, floods, other adverse weather conditions and earthquakes. The occurrence of any of these events could result in substantial losses to us due to injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigations and penalties or other damage resulting in curtailment or suspension of our operations. The cost of managing such risks may be significant. The frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees and regulators. In particular, our customers may elect not to purchase our services if they view our environmental or safety record as unacceptable, which could cause us to lose customers and substantial revenues.

Our insurance may not be adequate to cover all losses or liabilities we may suffer. Furthermore, we may be unable to maintain or obtain insurance of the type and amount we desire at reasonable rates. As a result of market conditions, premiums and deductibles for certain of our insurance policies have increased and could escalate further. In addition, sub-limits have been imposed for certain risks. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. If we were to incur a significant liability for which we are not fully insured, it could have a material adverse effect on our business, results of operations and financial condition. In addition, we may not be able to secure additional insurance or bonding that might be required by new governmental regulations. This may cause us to restrict our operations, which might severely impact our financial position.

Since hydraulic fracturing activities are part of our operations, they are covered by our insurance against claims made for bodily injury, property damage and clean-up costs stemming from a sudden and accidental pollution event.

However, we may not have coverage if we are unaware of the pollution event and unable to report the "occurrence" to our insurance company within the time frame required under our insurance policy. In addition, these policies do not provide coverage for all liabilities, and the insurance coverage may not be adequate to cover claims that may arise, or we may not be able to maintain adequate insurance at rates we consider reasonable. A loss not fully covered by insurance could have a material adverse effect on our financial position, results of operations and cash flows.

A terrorist attack or armed conflict could harm our business.

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 services. Terrorist activities and the threat of potential terrorist activities and any resulting 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.

Increasing trucking regulations may increase our costs and negatively impact our results of operations.

In connection with our business operations, including the transportation and relocation of our hydraulic fracturing equipment and shipment of frac sand, we operate trucks and other heavy equipment. As such, we operate as a motor carrier in providing certain of our services and therefore are subject to regulation by the United States Department of Transportation and by various state agencies. These regulatory authorities exercise broad powers, governing activities such as the authorization to engage in motor carrier operations, driver licensing, insurance requirements, financial reporting and review of certain mergers, consolidations and acquisitions, and transportation of hazardous materials (HAZMAT). Our trucking operations are subject to possible regulatory and legislative changes that may increase our costs. 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 or work in any specific period, onboard black box recorder device requirements or limits on vehicle weight and size.

Interstate motor carrier operations are subject to safety requirements prescribed by the United States Department of Transportation. To a large degree, intrastate motor carrier operations are subject to state safety regulations that mirror federal regulations. Matters such as the weight and dimensions of equipment are also subject to federal and state regulations. 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.

Certain motor vehicle operators require registration with the Department of Transportation. This registration requires an acceptable operating record. The Department of Transportation periodically conducts compliance reviews and may revoke registration privileges based on certain safety performance criteria that could result in a suspension of operations.

We are subject to environmental laws and regulations, and future compliance, claims, and liabilities relating to such matters may have a material adverse effect on our results of operations, financial position or cash flows.

The nature of our operations, including the handling, transporting and disposing of a variety of fluids and substances, including hydraulic fracturing fluids and other regulated substances, air emissions, and wastewater discharges exposes us to some risks of environmental liability, including the release of pollutants from oil and natural gas wells and associated equipment to the environment. The cost of compliance with these laws can be significant. Failure to properly handle, transport or dispose of these materials or otherwise conduct our operations in accordance with these and other environmental laws could expose us to substantial liability for administrative, civil and criminal penalties, cleanup and site restoration costs and liability associated with releases of such materials, damages to natural resources and other damages, as well as potentially impair our ability to conduct our operations. Such liability is commonly on a strict, joint and several liability basis, without regard to fault. Liability may be

imposed 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. Neighboring landowners and other third parties may file claims against us for personal injury or property damage allegedly caused by the release of pollutants into the environment. Environmental laws and regulations have changed in the past, and they may change in the future and become more stringent. Current and future claims and liabilities may have a material adverse effect on us because of potential adverse outcomes, defense costs, diversion of management resources, unavailability of insurance coverage and other factors. The ultimate costs of these liabilities are difficult to determine and may exceed any reserves we may have established. If existing environmental requirements or enforcement policies change, we may be required to make significant unanticipated capital and operating expenditures.

The adoption of climate change legislation or regulations restricting emissions of greenhouse gases could result in increased operating costs and reduced demand for oil and natural gas.

The EPA has determined that GHGs present an endangerment to public health and the environment because such gases contribute to warming of the earth's atmosphere and other climatic changes. Based on these findings, the EPA has adopted and implemented, and continues to adopt and implement, regulations that restrict emissions of GHGs under existing provisions of the Clean Air Act ("CAA"). The EPA also requires the annual reporting of GHG emissions from certain large sources of GHG emissions in the United States, including certain oil and gas production facilities. The EPA has also taken steps to limit methane emissions from oil and gas production facilities. In addition, the U.S. Congress has from time to time considered adopting legislation to reduce emissions of GHGs and almost one-half of the states have already taken legal measures to reduce emissions of GHGs primarily through the planned development of GHG emission inventories and/or regional GHG cap and trade programs. And in December 2015, the United States joined the international community at the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change in Paris, France. The resulting Paris Agreement calls for the parties to undertake "ambitious efforts" to limit the average global temperature, and to conserve and enhance sinks and reservoirs of greenhouse gases. The Paris Agreement entered into force in November 2016. On June 1, 2017, President Trump announced that the United States planned to withdraw from the Paris Agreement and to seek negotiations either to reenter the Paris Agreement on different terms or establish a new framework agreement. The Paris Agreement provides for a four-year exit process beginning when it took effect in November 2016, which would resulting in an effective exit date of November 2020. The United States' adherence to the exit process is uncertain and/or the terms on which the United States may reenter the Paris Agreement or a separately negotiated agreement are unclear at this time.

Moreover, climate change may cause more extreme weather conditions and increased volatility in seasonal temperatures. Extreme weather conditions can interfere with our operations and increase our costs, and damage resulting from extreme weather may not be fully insured.

Federal and state legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays.

Our hydraulic fracturing operations are a significant component of our business, and it is an important and common practice that is used to stimulate production of hydrocarbons, particularly oil and natural gas, from tight formations, including shales. The process, which involves the injection of water, sand and chemicals under pressure into formations to fracture the surrounding rock and stimulate production, is typically regulated by state oil and natural gas commissions. However, federal agencies have asserted regulatory authority over certain aspects of the process. For example, in May 2014, the EPA issued an Advanced Notice of Proposed Rulemaking seeking comment on the development of regulations under the Toxic Substances Control Act to require companies to disclose information regarding the chemicals used in hydraulic fracturing. Beginning in August 2012, the EPA issued a series of rules under the CAA that establish new emission control requirements for emissions of volatile organic compounds and methane from certain oil and natural gas production and natural gas processing operations and equipment. After several attempts to delay implementation, in September 2018 the EPA issued a proposal to amend and reduce such requirements. In March 2015, the Bureau of Land Management ("BLM") finalized a rule governing hydraulic fracturing on federal lands. In June 2016, a federal district court judge in Wyoming struck down the final rule, finding that the BLM lacked congressional authority to promulgate the rule. The BLM appealed that ruling. In September 2017, the U.S. Court of Appeals for the Tenth Circuit dismissed the appeal and remanded with

directions to vacate the lower court's opinion, leaving the final rule in place. The BLM initiated a rulemaking to rescind the final rule in December 2017. Further, legislation to amend the Safe Drinking Water Act to repeal the exemption for hydraulic fracturing (except when diesel fuels are used) from the definition of "underground injection" and require federal permitting and regulatory control of hydraulic fracturing, as well as legislative proposals to require disclosure of the chemical constituents of the fluids used in the fracturing process, have been proposed in recent sessions of Congress. Several states and local jurisdictions in which we or our customers operate also have adopted or are considering adopting regulations that could restrict or prohibit hydraulic fracturing in certain circumstances, impose more stringent operating standards and/or require the disclosure of the composition of hydraulic fracturing fluids.

More recently, federal and state governments have begun investigating whether the disposal of produced water into underground injection wells has caused increased seismic activity in certain areas. In March 2016, the United States Geological Survey identified six states with the most significant hazards from induced seismicity, including Oklahoma, Kansas, Texas, Colorado, New Mexico and Arkansas. The United States Geological Survey also noted the potential for induced seismicity in Ohio and Alabama. In response to concerns regarding induced seismicity, regulators in some states have imposed, or are considering imposing, additional requirements in the permitting of produced water disposal wells or otherwise to assess any relationship between seismicity and the use of such wells. For example, Oklahoma issued new rules for wastewater disposal wells in 2014 that imposed certain permitting and operating restrictions and reporting requirements on disposal wells in proximity to faults and also, from time to time, has developed and implemented plans directing certain wells where seismic incidents have occurred to restrict or suspend disposal well operations. In particular, the Oklahoma Corporation Commission released well completion seismicity guidelines in December 2016 for operators in the SCOOP and STACK that call for hydraulic fracturing operations to be suspended following earthquakes of certain magnitudes in the vicinity. In addition, in February 2017, the Oklahoma Corporation Commission's Oil and Gas Conservation Division issued an order limiting future increases in the volume of oil and natural gas wastewater injected into the ground in an effort to reduce the number of earthquakes in the state. The Texas Railroad Commission adopted similar rules in 2014. In addition, in December 2016, the EPA released its final report regarding the potential impacts of hydraulic fracturing on drinking water resources, concluding that "water cycle" activities associated with hydraulic fracturing may impact drinking water resources under certain circumstances such as water withdrawals for fracturing in times or areas of low water availability, surface spills during the management of fracturing fluids, chemicals or produced water, injection of fracturing fluids into wells with inadequate mechanical integrity, injection of fracturing fluids directly into groundwater resources, discharge of inadequately treated fracturing wastewater to surface waters, and disposal or storage of fracturing wastewater in unlined pits. The results of these studies could lead federal and state governments and agencies to develop and implement additional regulations.

Increased regulation of hydraulic fracturing and related activities (whether as a result of the EPA study results or resulting from other factors) could subject us and our customers to additional permitting and financial assurance requirements, more stringent construction specifications, increased monitoring, reporting and recordkeeping obligations, and plugging and abandonment requirements. New requirements could result in increased operational costs for us and our customers, and reduce the demand for our services.

Conservation measures, commercial development and technological advances could reduce demand for oil and natural gas and our services.

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, technological advances in fuel economy and energy generation devices could reduce demand for oil and natural gas, resulting in reduced demand for oilfield services. The impact of the changing demand for oil and natural gas services and products may have a material adverse effect on our business, financial condition, results of operations and cash flows.

The commercial development of economically-viable alternative energy sources and related products (such as electric vehicles, wind, solar, geothermal, tidal, fuel cells and biofuels) could have a similar effect. In addition, certain U.S. federal income tax deductions currently available with respect to oil and natural gas exploration and development, including the allowance of percentage depletion for oil and natural gas properties, may be eliminated as a result of proposed legislation. Any future decreases in the rate at which oil and natural gas reserves are

discovered or developed, whether due to the passage of legislation, increased governmental regulation leading to limitations, or prohibitions on exploration and drilling activity, including hydraulic fracturing, or other factors, could have a material adverse effect on our business and financial condition, even in a stronger oil and natural gas price environment.

We may be subject to claims for personal injury and property damage, which could materially adversely affect our financial condition and results of operations.

We operate with most of our customers under master service agreements, or MSAs. We endeavor to allocate potential liabilities and risks between the parties in the MSAs. Generally, under our MSAs, including those relating to our hydraulic fracturing services, we assume responsibility for, including control and removal of, pollution or contamination which originates above surface and originates from our equipment or services. Our customer assumes responsibility for, including control and removal of, all other pollution or contamination which may occur during operations, including that which may result from seepage or any other uncontrolled flow of drilling fluids. We may have liability in such cases if we are negligent or commit willful acts. Generally, our customers also agree to indemnify us against claims arising from their employees' personal injury or death to the extent that, in the case of our hydraulic fracturing operations, their employees are injured or their properties are damaged by such operations, unless resulting from our gross negligence or willful misconduct. Similarly, we generally agree to indemnify our customers for liabilities arising from personal injury to or death of any of our employees, unless resulting from gross negligence or willful misconduct of the customer. In addition, our customers generally agree to indemnify us for loss or destruction of customer-owned property or equipment and in turn, we agree to indemnify our customers for loss or destruction of property or equipment we own. Losses due to catastrophic events, such as blowouts, are generally the responsibility of the customer. However, despite this general allocation of risk, we might not succeed in enforcing such contractual allocation, might incur an unforeseen liability falling outside the scope of such allocation or may be required to enter into an MSA with terms that vary from the above allocations of risk. Litigation arising from a catastrophic occurrence at a location where our equipment and services are being used may result in our being named as a defendant in lawsuits asserting large claims. As a result, we may incur substantial losses which could materially and adversely affect our financial condition and results of operation.

We are subject to cyber security risks. A cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss.

The oil and natural gas industry has become increasingly dependent on digital technologies to conduct certain processing activities. For example, we depend on digital technologies to perform many of our services and process and record operational and accounting data. At the same time, cyber incidents, including deliberate attacks or unintentional events, have increased. The U.S. government has issued public warnings that indicate that energy assets might be specific targets of cyber security threats. Our technologies, systems and networks, and those of our vendors, suppliers and other business partners, may become the target of cyberattacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of proprietary information, personal information and other data, or other disruption of our business operations. In addition, certain cyber incidents, such as unauthorized surveillance, may remain undetected for an extended period. Our systems and insurance coverage for protecting against cyber security risks, including cyberattacks, may not be sufficient and may not protect against or cover all of the losses we may experience as a result of the realization of such risks. As cyber incidents continue to evolve, we may be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate the effects of cyber incidents.

Our certificate of incorporation and bylaws, as well as Delaware law, contain provisions that could discourage acquisition bids or merger proposals, which may adversely affect the market price of our common stock.

Our certificate of incorporation authorizes our board of directors to issue preferred stock without shareholder approval. If our board of directors elects to issue preferred stock, it could be more difficult for a third party to acquire us. In addition, some provisions of our certificate of incorporation and bylaws could make it more difficult for a third party to acquire control of us, even if the change of control would be beneficial to our shareholders, including:

- limitations on the removal of directors;
- limitations on the ability of our shareholders to call special meetings;
- advance notice provisions for shareholder proposals and nominations for elections to the board of directors to be acted upon at meetings of shareholders;
- providing that the board of directors is expressly authorized to adopt, or to alter or repeal our bylaws; and
- establishing advance notice and certain information requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by shareholders at shareholder meetings.

We may grow through acquisitions and our failure to properly plan and manage those acquisitions may adversely affect our performance.

We have completed and may in the future pursue, asset acquisitions or acquisitions of businesses. Any acquisition of assets or businesses involves potential risks, including the failure to realize expected profitability, growth or accretion; environmental or regulatory compliance matters or liability; title or permit issues; the incurrence of significant charges, such as impairment of goodwill, or property, plant and equipment or restructuring charges; and the incurrence of unanticipated liabilities and costs for which indemnification is unavailable or inadequate. The process of upgrading acquired assets to our specifications and integrating acquired assets or businesses may also involve unforeseen costs and delays or other operational, technical and financial difficulties and may require a significant amount time and resources and may divert management's attention from existing operations or other priorities.

We must plan and manage any acquisitions effectively to achieve revenue growth and maintain profitability in our evolving market. Any failure to manage acquisitions effectively or integrate acquired assets or businesses into our existing operations successfully, or to realize the expected benefits from an acquisition or minimize any unforeseen operational difficulties, could have a material adverse effect on our business, financial condition, prospects or results of operations.

Our ability to use our net operating loss carryforwards may be limited.

As of December 31, 2018, we had approximately $516.0 million of federal net operating loss carryforwards that will begin to expire in 2032 and state net operating losses of approximately $50.0 million that will begin to expire in 2024. Utilization of these net operating loss carryforwards ("NOLs") depends on many factors, including our future income, which cannot be assured. In addition, Section 382 ("Section 382") of the Internal Revenue Code of 1986, as amended (the "Code"), generally imposes an annual limitation on the amount of taxable income that may be offset by NOLs when a corporation has undergone an "ownership change" (as determined under Section 382). Generally, a change of more than 50% in the ownership of a corporation's stock, by value, over a three-year period constitutes an ownership change for U.S. federal income tax purposes. Any unused annual limitation may, subject to certain limitations, be carried over to later years. We have experienced ownership changes, which may result in annual limitation under Section 382 determined by multiplying the value of our stock at the time of the ownership change by the applicable long-term tax-exempt rate as defined in Section 382, increased under certain circumstances as a result of recognizing built-in gains in our assets existing at the time of the ownership change. The limitations arising from ownership changes may prevent utilization of our NOLs prior to their expiration. Future ownership changes or regulatory changes could further limit our ability to utilize our NOLs. To the extent we are not able to offset our future income with our NOLs, this could adversely affect our operating results and cash flows if we attain profitability.

Future regulations relating to and interpretations of the recently enacted Tax Cuts and Jobs Act may have a material impact on our financial condition and results of operations.

The Tax Cuts and Jobs Act of 2017, or the Tax Act, was signed into law on December 22, 2017. Among other things, the Tax Act reduces the U.S. corporate tax rate from 35% to 21%, imposes significant additional limitations

on the deductibility of interest, and allows the expensing of capital expenditures. The Tax Act is highly complex and subject to interpretation. The presentation of our financial condition and results of operations is based upon our current interpretation of the provisions contained in the Tax Act. The Treasury Department and the Internal Revenue Service continue to release regulations relating to and interpretive guidance of the legislation contained in the Tax Act. Any significant variance of our current interpretation of such legislation from any future regulations or interpretive guidance could result in a change to the presentation of our financial condition and results of operations and could negatively affect our business.

Our certificate of incorporation designates 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 shareholders, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware 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 agents to us or our shareholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law (the "DGCL"), our certificate of incorporation or our bylaws, or (iv) any action asserting a claim against us that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and consented to, the provisions of our certificate of incorporation described in the preceding sentence. This choice of forum provision may limit a shareholder'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 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 are subject to certain requirements of Section 404 of the Sarbanes-Oxley Act. If we fail to comply with the requirements of Section 404 or if we or our auditors identify and report material weaknesses in internal control over financial reporting, our investors may lose confidence in our reported information and our stock price may be negatively affected.

We are required to comply with certain provisions of Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404. Section 404 requires that we document and test our internal control over financial reporting and issue our management's assessment of our internal control over financial reporting. This section also requires that our independent registered public accounting firm issue an attestation report on such internal control. If we fail to comply with the requirements of Section 404, or if we or our auditors identify and report material weaknesses in our internal control over financial reporting, the accuracy and timeliness of the filing of our annual and quarterly reports may be materially adversely affected and could cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our 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 a material adverse effect on our business, financial condition, prospects, results of operations and cash flows.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties

Our corporate headquarters are located at 1706 S. Midkiff, Bldg. B, Midland, Texas 79701. In addition to our headquarters, we also own and lease other properties that are used for field offices, yards or storage in the Permian Basin. We believe that our facilities are adequate for our current operations.

Item 3. 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 a material 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.

Item 4. Mine and Safety Disclosures

None.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

On March 22, 2017, we consummated our initial public offering, or IPO, of our common stock at a price of $14.00 per share. Our common stock is traded on the New York Stock Exchange under the symbol "PUMP." Prior to our IPO, there was no public market for our stock. We have set forth in the table below the quarterly information with respect to the high and low prices for each quarter in 2018 and 2017.

	Price Per Share of Common Stock		Dividends
	High	Low	Per Share
2018			
Fourth quarter	$ 19.61	$ 11.68	N/A
Third quarter	$ 17.33	$ 14.54	N/A
Second quarter	$ 20.49	$ 14.20	N/A
First quarter	$ 22.49	$ 15.25	N/A

	Price Per Share of Common Stock		Dividends
	High	Low	Per Share
2017			
Fourth quarter	$ 20.49	$ 13.81	N/A
Third quarter	$ 14.48	$ 10.92	N/A
Second quarter	$ 14.70	$ 11.93	N/A
First quarter	$ 14.50	$ 12.47	N/A

Holders

As of December 31, 2018, there were 100,190,126 shares of common stock outstanding, held of record by 4 holders. The number of record holders of our common stock does not include DTC participants or beneficial owners holding shares through nominee names.

Dividend

We do not anticipate declaring or paying any cash dividends to holders of our common stock in the foreseeable future. We currently intend to retain future earnings, if any, to finance the growth of our business. Our future dividend policy is within the discretion of our board of directors and will depend upon then-existing conditions, including our results of operations, financial condition, capital requirements, investment opportunities, statutory restrictions on our ability to pay dividends and other factors our board of directors may deem relevant. In addition, our ABL Credit Facility places restrictions on our ability to pay cash dividends.

Equity Compensation Plan Information

The following table sets forth our issuance of awards under our 2013 Stock Option Plan and 2017 Incentive Award Plan as of December 31, 2018:

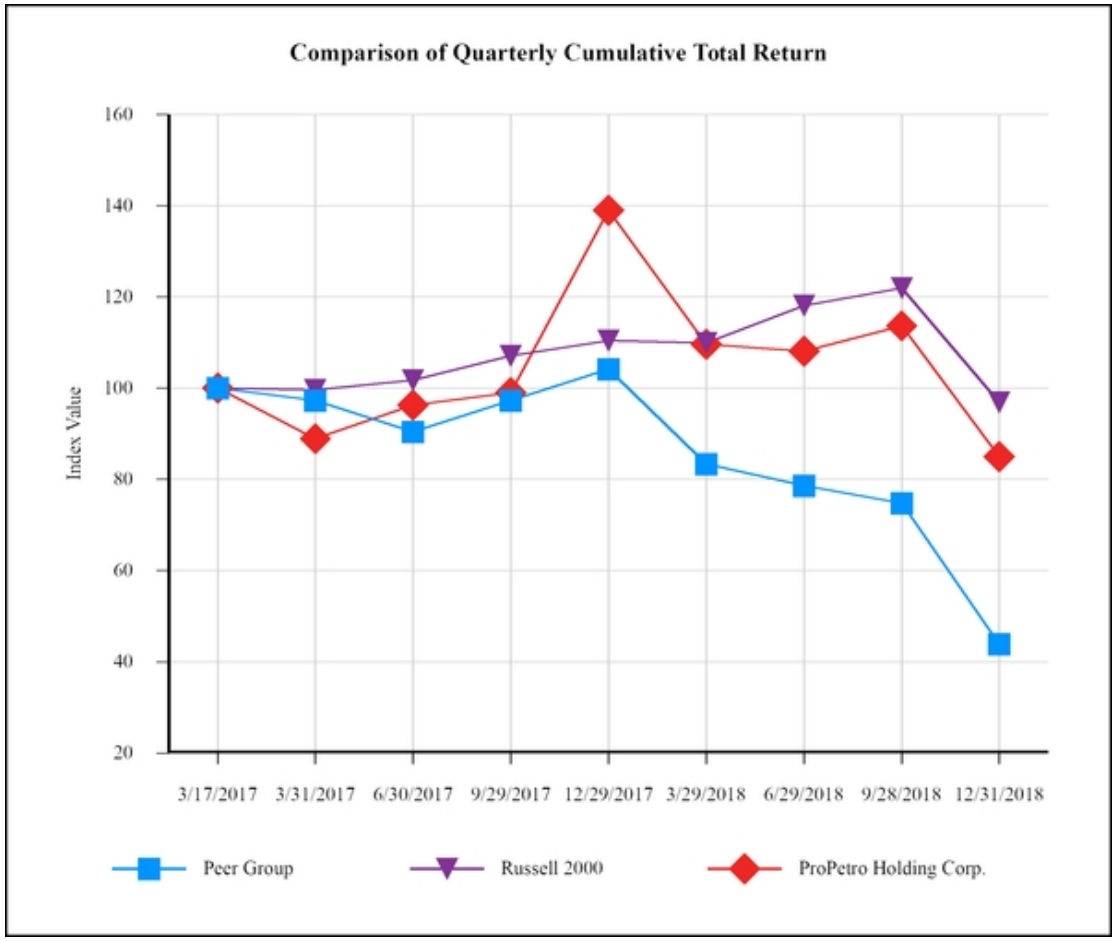
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	5,727,911	5.14	3,874,852
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	5,727,911	5.14	3,874,852

(1) Includes 3,802,763 option awards under the 2013 Stock Option Plan, and 754,423 option awards, 473,505 restricted share unit awards and 697,220 performance stock unit awards (assuming achievement of maximum payout) that have been granted under the 2017 Incentive Award Plan. The weighted average exercise price in column (b) does not take the restricted share unit awards or performance stock unit awards into account.

Performance Graph

The quarterly changes for the periods shown in the following graph are based on the assumption that $100 had been invested in our common stock, the Russell 2000 Index ("Russell 2000") and a self-constructed peer group Index of comparable companies ("Peer Group") on March 17, 2017 (the first trading date of our common stock), and that all dividends were reinvested at the closing prices of the dividend payment dates. The relevant companies included in our Peer Group consists of Keane Group, Inc., RPC, Inc., C&J Energy Services, Inc., Basic Energy Services, Inc., Calfrac Well Services Ltd., Patterson-UTI Energy, Inc., Superior Energy Services, Inc and Mammoth Energy services. We included Mammoth Energy Services to our peer group in 2018 because we believe they are a relevant peer in assessing our performance. Subsequent measurement points are the last trading days of each quarter in 2017. We did not provide a five-year graph because we became a publicly traded company in March of 2017. The total cumulative dollar returns shown on the graph represent the value that such investments would have had on the

last trading date of 2018. The calculations exclude trading commissions and taxes. The stock price performance on the following graph and table is not necessarily indicative of future stock price performance.



Date	Peer Group	Russell 2000	ProPetro Holding Corp.
3/17/2017	$ 100.0	$ 100.0	$ 100.0
3/31/2017	$ 97.3	$ 99.6	$ 88.9
6/30/2017	$ 90.4	$ 101.7	$ 96.3
9/29/2017	$ 97.3	$ 107.1	$ 99.0
12/29/2017	$ 104.2	$ 110.4	$ 139.0
3/29/2018	$ 83.4	$ 109.9	$ 109.6
6/29/2018	$ 78.6	$ 118.1	$ 108.1
9/28/2018	$ 74.8	$ 121.9	$ 113.7
12/31/2018	$ 43.9	$ 96.9	$ 85.0

Item 6. Selected Historical Financial Data.

The following table presents the available selected historical financial data of ProPetro Holding Corp. for the years indicated. There were no factors that materially affect the comparability of the information in the selected historical financial data presented.

The selected historical consolidated financial and operating data presented below should be read in conjunction with "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes and other financial data included elsewhere in this annual report.

(In thousands, except for per share data)	Year Ended December 31, 2018	2017	2016	2015
Statement of Operations Data:				
Revenue	$ 1,704,562	$ 981,865	$ 436,920	$ 569,618
Pressure pumping	1,658,403	945,040	409,014	510,198
All other	46,159	36,825	27,906	59,420
Costs and Expenses:				
Cost of services[1]	1,270,577	813,823	404,140	483,338
General and administrative[2]	53,958	49,215	26,613	27,370
Depreciation and amortization	88,138	55,628	43,542	50,134
Property and equipment impairment expense	—	—	6,305	36,609
Goodwill impairment expense	—	—	1,177	—
Loss on disposal of assets	59,220	39,086	22,529	21,268
Total costs and expenses	1,471,893	957,752	504,306	618,719
Operating Income (Loss)	232,669	24,113	(67,386)	(49,101)
Other Income (Expense):				
Interest expense	(6,889)	(7,347)	(20,387)	(21,641)
Gain on extinguishment of debt	—	—	6,975	—
Other expense	(663)	(1,025)	(321)	(499)
Total other expense	(7,552)	(8,372)	(13,733)	(22,140)
Income (loss) before income taxes	225,117	15,741	(81,119)	(71,241)
Income tax (expense) benefit	(51,255)	(3,128)	27,972	25,388
Net income (loss)	$ 173,862	$ 12,613	$ (53,147)	$ (45,853)
Per Share Information				
Net income (loss) per common share:				
Basic	$ 2.08	$ 0.17	$ (1.19)	$ (1.31)
Diluted	$ 2.00	$ 0.16	$ (1.19)	$ (1.31)
Weighted average common shares outstanding:				
Basic	83,460	76,371	44,787	34,993
Diluted	87,046	79,583	44,787	34,993
Balance Sheet Data as of:				
Cash and cash equivalents	$ 132,700	$ 23,949	$ 133,596	$ 34,310
Property and equipment — net of accumulated depreciation	$ 912,846	$ 470,910	$ 263,862	$ 291,838
Total assets	$ 1,274,522	$ 719,032	$ 541,422	$ 446,454
Long-term debt — net of deferred loan costs	$ 70,000	$ 57,178	$ 159,407	$ 236,876
Total shareholders' equity	$ 797,355	$ 413,252	$ 221,009	$ 69,571
Cash Flow Statement Data:				
Net cash provided by operating activities	$ 393,079	$ 109,257	$ 10,659	$ 81,230
Net cash used in investing activities	$ (280,604)	$ (281,469)	$ (41,688)	$ (62,776)
Net cash provided by (used in) financing activities	$ (3,724)	$ 62,565	$ 130,315	$ (15,216)

(1) Exclusive of depreciation and amortization.
(2) Inclusive of stock-based compensation.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with our audited consolidated financial statements and the related notes included in this Form 10-K. Some of the information contained in this discussion and analysis or set forth elsewhere in this Form 10-K, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. You should read the "Risk Factors" section of this Form 10-K for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Basis of Presentation

Unless otherwise indicated, references in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to "ProPetro Holding Corp.," "the Company," "we," "our," "us" or like terms refer to ProPetro Holding Corp. and its subsidiary.

Overview

Our Business

We are a growth-oriented, Midland, Texas-based oilfield services company providing hydraulic fracturing and other complementary services to leading upstream oil and gas companies engaged in the exploration and production, or E&P, of North American unconventional oil and natural gas resources. Our operations are primarily focused in the Permian Basin, where we have cultivated longstanding customer relationships with some of the region's most active and well-capitalized E&P companies. Further, our fleet has been designed to handle the highest intensity and most complex fracturing jobs. During the ended December 31, 2018, we continued our organic growth by purchasing and deploying four newbuild hydraulic fracturing units, bringing our hydraulic horsepower, or HHP capacity to 905,000 HHP, or 20 fleets. The Permian Basin is widely regarded as the most prolific oil-producing area in the United States, and following our acquisition of pressure pumping and related assets from Pioneer and Pioneer Pumping Services, we believe we are currently the largest provider of hydraulic fracturing services in the region by HHP, with total horse power of 1,415,000 HHP, or 28 fleets.

Acquisition of Pioneer Pressure Pumping Assets

On December 31, 2018, we consummated the purchase of certain pressure pumping assets and real property from Pioneer and Pioneer Pumping Services. Prior to the purchase, the pressure pumping assets exclusively provided integrated pressure pumping services to Pioneer's completion and production operations. The acquisition cost of the assets was comprised of $110.0 million of cash and 16.6 million shares of our common stock. In connection with the consummation of the transaction, we became a strategic long-term service provider to Pioneer, providing pressure pumping and related services for a term of up to 10 years.

The pressure pumping assets acquired include eight hydraulic fracturing fleets with a total of 510,000 HHP, four coiled tubing units and an associated equipment maintenance facility. Through this acquisition we expanded our existing presence in the Permian Basin, and increased our pumping capacity by 56%, to 28 hydraulic fracturing fleets with a total of 1,415,000 HHP, further strengthening our position as the largest pure-play provider of integrated well completion services in the Permian Basin.

2018 Operational Highlights

Over the course of the year ended December 31, 2018, we:

- Purchased and put into service four newbuild hydraulic fracturing fleets;
- Consummated the acquisition of pressure pumping and related assets from Pioneer and Pioneer Pumping Services, adding eight hydraulic fracturing fleets, or 510,000 HHP, and ancillary equipment, expanding our total horse power to 1,415,000 HHP or 28 hydraulic fracturing fleets after giving effect to the acquisition;
- In connection with the asset acquisition, entered into a long-term strategic relationship with Pioneer, an industry leading E&P company, to provide pressure pumping and related services for a term of up to 10 years;
- Increased our ABL Credit Facility from $200.0 million to $300.0 million, while extending the term of the facility; and
- Maintained a conservative balance sheet and sufficient liquidity.
- Regional sand pumped increased significantly in 2018 from 14.7% in January 2018 to 71.6% in December 2018, which slightly impacted sand revenue offset by increased margin percentage.

2018 Financial Highlights

Among other financial highlights, for the year ended December 31, 2018:

- Revenue increased $722.7 million, or 73.6%, to $1,704.6 million, as compared to $981.9 million for the year ended December 31, 2017, primarily as a result of the increase in our fleet size;
- Cost of services (exclusive of depreciation and amortization) increased $456.8 million or 56.1% to $1,270.6 million, as compared to $813.8 million for the year ended December 31, 2017, primarily as a result of the increase in fleet size, resulting in higher activity levels. Cost of services as a percentage of revenue decreased to 74.5% in 2018 compared to 82.9% for the year ended December 31, 2017;
- General and administrative expenses, inclusive of stock-based compensation ("G&A"), increased $4.7 million, or 9.6% to $54.0 million, as compared to $49.2 million for the December 31, 2017. G&A as a percentage of revenue decreased to 3.2% in 2018 from 5.0% for the year ended December 31, 2017;
- Diluted net income per common share was $2.00, compared to $0.16 for the year ended December 31, 2017.

2019 Outlook

In 2019, we continue to focus on providing best-in-class service to our customers, helping our customer improve their well economics while continuing to enhance the Company's profitability. We expect to achieve these objectives through:

- continuing to enhance our dedicated customer model to drive production efficiencies;
- maintaining full utilization of our hydraulic fracturing fleets;
- pursuing operational efficiencies and cost reduction strategies;
- pursuing expansion opportunities for our non-hydraulic fracturing operations;
- maintaining our existing relationships with our vendors and developing strategic relationships with new suppliers to ensure continuity;
- exploring potential opportunities for mergers or acquisitions, focused on our growth, market opportunities and creating value to our shareholders.

Our Assets and Operations

Through our pressure pumping segment, which includes cementing operations, we primarily provide hydraulic fracturing services (inclusive of acidizing services) to E&P companies in the Permian Basin. Our modern hydraulic fracturing fleet has been designed to handle Permian Basin specific operating conditions and the region's increasingly high-intensity well completions, which are characterized by longer horizontal wellbores, more frac stages per lateral and increasing amounts of proppant per well. We have fully maintained our equipment throughout the recent industry downturn to ensure optimal performance and reliability.

In addition to our core pressure pumping segment operations, we also offer a suite of complementary well completion and production services, including coiled tubing and flowback services. We believe these complementary services create operational efficiencies for our customers and allow us to capture a greater portion of their capital spending across the lifecycle of a well. Additionally, we believe that these complementary services should benefit from a continued industry recovery and that we are well positioned to continue expanding these offerings in response to our customers' increasing service needs and spending levels.

How We Generate Revenue

We generate revenue primarily through our pressure pumping segment, and more specifically, by providing hydraulic fracturing services to our customers. We own and operate a fleet of mobile hydraulic fracturing units and other auxiliary equipment to perform fracturing services. We also provide personnel and services that are tailored to meet each of our customers' needs. We charge our customers on a per-job basis, in which we set pricing terms after receiving full specifications for the requested job, including the lateral length of the customer's wellbore, the number of frac stages per well, the amount of proppant to be employed and other parameters of the job.

In addition to hydraulic fracturing services, we generate revenue through the complementary services that we provide to our customers, including cementing, coiled tubing and flowback services. These complementary services are provided through various contractual arrangements, including on a turnkey contract basis, in which we set a price to perform a particular job, or a daywork contract basis, in which we are paid a set price per day for our services. We are also sometimes paid by the hour for these complementary services.

Our revenue, profitability and cash flows are highly dependent upon prevailing crude oil prices and expectations about future prices. For many years, oil prices and markets have been extremely volatile. Prices are affected by many factors beyond our control. West Texas Intermediate ("WTI") oil prices which declined significantly in 2015 and 2016, but recovered somewhat during 2017 and 2018. The average WTI oil prices per barrel was $65.1, $50.8 and $43.3 for the years ended December 31, 2018, 2017 and 2016, respectively. As a result of the recent recovery in oil prices, our industry has experienced a significant increase in both drilling and pressure pumping activity levels. Looking forward, if oil prices increase, we believe U.S. rig counts will also increase, which may result in an increase in demand for drilling and pressure pumping services. Higher oil and natural gas prices do not necessarily result in increased activity because demand for our services is generally driven by our customers' expectations of future oil and natural gas prices, as well as rig count.

The historical average Permian Basin rig counts based on the weekly Baker Hughes Incorporated rig count information were as follows:

	Year Ended December 31		
Drilling Type (Permian Basin)	**2018**	**2017**	**2016**
Directional	6	6	2
Horizontal	418	311	154
Vertical	43	39	26
Total	467	356	182

Costs of Conducting our Business

The principal direct costs involved in operating our business are expendables, other direct costs, and direct labor costs. Generally, we price each job to reflect a predetermined margin over our expendables and direct labor costs. Our fixed costs are relatively low and a large portion of the costs described below are only incurred as we perform jobs for our customers.

Expendables. Expendables are the largest expenses incurred, and include the product and freight costs associated with proppant, chemicals and other consumables used in our pressure pumping and other operations. These costs comprise a substantial variable component of our service costs, particularly with respect to the quantity and quality of sand and chemicals demanded when providing hydraulic fracturing services. Expendable product costs comprised approximately 56.0%, 61.3% and 61.0% of total costs of service for the years ended December 31, 2018, 2017 and 2016, respectively. The decrease in our expendable product cost as a percentage of revenue in 2018 is primarily attributable to the increase in the number of customers self-sourcing these expendables and an increase in the use of less expensive regional sand.

Other Direct Costs. We incur other direct expenses related to our service offerings, including the costs of fuel, repairs and maintenance, general supplies, equipment rental and other miscellaneous operating expenses. Fuel is consumed both in the operation and movement of our hydraulic fracturing fleet and other equipment. Repairs and maintenance costs are expenses directly related to upkeep of equipment, which have been amplified by the demand for higher horsepower jobs. Capital expenditures to upgrade or extend the useful life of equipment are not included in other direct costs. Other direct costs were 30.9%, 26.5% and 24.4% of total costs of service for the years ended December 31, 2018, 2017 and 2016, respectively.

Direct Labor Costs. Payroll and benefit expenses related to our crews and other employees that are directly attributable to the effective delivery of services are included in our operating costs. Direct labor costs amounted to 13.1%, 12.2% and 14.5% of total costs of service for the years ended December 31, 2018, 2017 and 2016, respectively.

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 or Adjusted EBITDA margin.

Adjusted EBITDA and Adjusted EBITDA margin

We view Adjusted EBITDA or Adjusted EBITDA margin as important indicators of performance. We define EBITDA as our net income (loss), before (i) interest expense, (ii) income taxes and (iii) depreciation and amortization. We define Adjusted EBITDA as EBITDA, plus (i) loss/(gain) on disposal of assets, (ii) (gain) on extinguishment of debt, (iii) stock based compensation, and (iv) other unusual or non-recurring (income)/expenses, such as impairment and costs related to our initial public offering. Adjusted EBITDA margin reflects our Adjusted EBITDA as a percentage of our revenues.

Adjusted EBITDA or Adjusted EBITDA margin are supplemental measures utilized by our management and other users of our financial statements such as investors, commercial banks, and research analysts, to assess our financial performance because it allows us and other users to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure (such as varying levels of interest expense), asset base (such as depreciation and amortization), nonrecurring (income)/expenses and items outside the control of our management team (such as income tax rates). Adjusted EBITDA and Adjusted EBITDA margin have limitations as analytical tools and should not be considered as an alternative to net income/(loss), operating income/(loss), cash flow from operating activities or any other measure of financial performance presented in accordance with generally accepted accounting principles in the United States of America ("GAAP").

Note Regarding Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA margin are usually not financial measures presented in accordance with GAAP ("non-GAAP"), except when specifically required to be disclosed by GAAP in the financial statements. We believe that the presentation of Adjusted EBITDA or Adjusted EBITDA margin provide useful information to investors in assessing our financial condition and results of operations because it allows them to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure, asset base, nonrecurring expenses (income) and items outside the control of the Company. Net income is the GAAP measure most directly comparable to Adjusted EBITDA. Adjusted EBITDA or Adjusted EBITDA margin should not be considered as alternatives to the most directly comparable GAAP financial measure. Each of these non-GAAP financial measures has important limitations as analytical tools because they exclude some, but not all, items that affect the most directly comparable GAAP financial measures. You should not consider Adjusted EBITDA or Adjusted EBITDA margin in isolation or as a substitute for an analysis of our results as reported under GAAP. Because Adjusted EBITDA or Adjusted EBITDA margin may be defined differently by other companies in our industry, our definitions of these non-GAAP financial measures may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

Reconciliation of net income (loss) to Adjusted EBITDA:

($ in thousands)	**Pressure Pumping**	**All Other**	**Total**
Year ended December 31, 2018			
Net income (loss)	$ 253,196	$ (79,334)	$ 173,862
Depreciation and amortization	83,404	4,734	88,138
Interest expense	—	6,889	6,889
Income tax expense	—	51,255	51,255
Loss (gain) on disposal of assets	59,962	(742)	59,220
Stock-based compensation	—	5,482	5,482
Other expense	—	663	663
Other general and administrative expense [(1)]	2	203	205
Deferred IPO Bonus	1,832	977	2,809
Adjusted EBITDA	$ 398,396	$ (9,873)	$ 388,523

($ in thousands)	Pressure Pumping	All Other	Total
Year ended December 31, 2017			
Net income (loss)	$ 50,417	$ (37,804)	$ 12,613
Depreciation and amortization	51,155	4,473	55,628
Interest expense	—	7,347	7,347
Income tax expense	—	3,128	3,128
Loss on disposal of assets	38,059	1,027	39,086
Stock-based compensation	—	9,489	9,489
Other expense	—	1,025	1,025
Other general and administrative expense [1]	—	722	722
Deferred IPO Bonus	5,491	2,914	8,405
Adjusted EBITDA	$ 145,122	$ (7,679)	$ 137,443

	Pressure Pumping	All Other	Total
Year ended December 31, 2016			
Net loss	$ (45,316)	$ (7,831)	$ (53,147)
Depreciation and amortization	37,282	6,260	43,542
Interest expense	—	20,387	20,387
Income tax benefit	—	(27,972)	(27,972)
Loss on disposal of assets	23,690	(1,161)	22,529
Property and equipment impairment expense	—	6,305	6,305
Goodwill impairment expense	—	1,177	1,177
Gain on extinguishment of debt	—	(6,975)	(6,975)
Stock-based compensation	—	1,649	1,649
Other expense	—	321	321
Adjusted EBITDA	$ 15,656	$ (7,840)	$ 7,816

(1) Other general and administrative expense relates to legal settlement expense.

Results of Operations

We conduct our business through five operating segments: hydraulic fracturing, cementing, coil tubing, flowback and drilling. For reporting purposes, the hydraulic fracturing (which now includes our acidizing operations) and cementing operating segments are aggregated into our one reportable segment, pressure pumping. On August 31, 2018, we divested our surface air drilling segment in order to continue to position ourselves as a Permian Basin-focused pressure pumping business because we believe the pressure pumping market in the Permian Basin offers more supportive long-term growth fundamentals. In addition, with increased focus on our pressure pumping operations, we expect revenues and costs of services related to our drilling operating segment to comprise a lower percentage of total revenues and total costs of service in future results of operations when compared to historic results. Accordingly, we anticipate the financial significance of our drilling segment relative to the financial results from pressure pumping and other service offerings to continue to decline.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

($ in thousands, except percentages)	**YEAR ENDED**		**CHANGE**	
	2018	**2017**	**Variance**	**%**
Revenue	$ 1,704,562	$ 981,865	$ 722,697	73.6 %
Cost of services [1]	1,270,577	813,823	456,754	56.1 %
General and administrative expense [2]	53,958	49,215	4,743	9.6 %
Depreciation and amortization	88,138	55,628	32,510	58.4 %
Loss on disposal of assets	59,220	39,086	20,134	51.5 %
Interest expense	6,889	7,347	(458)	(6.2)%
Other expense	663	1,025	(362)	(35.3)%
Income tax expense	51,255	3,128	48,127	1,538.6 %
Net income	$ 173,862	$ 12,613	$ 161,249	1,278.4 %
Adjusted EBITDA [3]	$ 388,523	$ 137,443	$ 251,080	182.7 %
Adjusted EBITDA Margin [3]	22.8%	14.0%	8.8%	62.9 %
Pressure pumping segment results of operations:				
Revenue	$ 1,658,403	$ 945,040	$ 713,364	75.5 %
Cost of services	$ 1,236,262	$ 784,349	$ 451,912	57.6 %
Adjusted EBITDA	$ 398,396	$ 145,122	$ 253,274	174.5 %
Adjusted EBITDA Margin [4]	24.0%	15.4%	8.6%	55.8 %

(1) Exclusive of depreciation and amortization.

(2) Inclusive of stock-based compensation.

(3) For definitions of the non-GAAP financial measures of Adjusted EBITDA and Adjusted EBITDA margin and reconciliation of Adjusted EBITDA and Adjusted EBITDA margin to our most directly comparable financial measures calculated in accordance with GAAP, please read “How We Evaluate Our Operations”.

(4) The non-GAAP financial measure of Adjusted EBITDA margin for the pressure pumping segment is calculated by taking Adjusted EBITDA for the pressure pumping segment as a percentage of our revenues for the pressure pumping segment.

Revenue. Revenue increased 73.6%, or $722.7 million, to $1,704.6 million for the year ended December 31, 2018, as compared to $981.9 million for the year ended December 31, 2017. The increase was primarily attributable to the increase in activity levels resulting from increase in fleet size and demand for our services. Our pressure pumping segment revenues increased 75.5%, or $713.4 million for the year ended December 31, 2018, as compared to the year ended December 31, 2017. Revenues from services other than pressure pumping increased 25.3%, or $9.3 million, for the year ended December 31, 2018, as compared to the year ended December 31, 2017. The increase in revenues from services other than pressure pumping during the year ended December 31, 2018, was primarily attributable to the increase in demand for our flowback and coil tubing services.

Cost of Services. Cost of services increased 56.1%, or $456.8 million, to $1,270.6 million for the year ended December 31, 2018, from $813.8 million during the year ended December 31, 2017. Cost of services in our pressure pumping segment increased $451.9 million during the year ended December 31, 2018, as compared to the year ended December 31, 2017. The increases were primarily attributable to higher activity levels, coupled with an increase in personnel headcount following the increased activity levels. As a percentage of pressure pumping segment revenues, pressure pumping cost of services decreased to 74.5% for the year ended December 31, 2018, as compared to 83.0% for the year ended December 31, 2017. The decrease in cost of services as a percentage of revenue in our pressure pumping segment is attributed to the increased revenue from operational efficiencies and our cost control initiatives, which resulted in significantly higher realized Adjusted EBITDA margins during the year ended December 31, 2018.

General and Administrative Expenses. General and administrative expenses increased 9.6%, or $4.7 million, to $54.0 million for the year ended December 31, 2018, as compared to $49.2 million for the year ended December 31, 2017. The net increase was primarily attributable to increases in payroll, insurance, property taxes, legal and professional fees, traveling expenses, subscriptions and dues and other general and administrative expenses totaling $14.3 million, and offset by a decrease in stock compensation expense of $4.0 million and deferred IPO cash bonus of $5.6 million.

Depreciation and Amortization. Depreciation and amortization increased 58.4%, or $32.5 million, to $88.1 million for the year ended December 31, 2018, as compared to $55.6 million for the year ended December 31, 2017. The increase was primarily attributable to additional property and equipment purchased and put into service in the year ended December 31, 2018. We calculate depreciation of property and equipment using the straight-line method.

Loss on Disposal of Assets. Loss on the disposal of assets increased 51.5%, or $20.1 million, to $59.2 million for the year ended December 31, 2018, as compared to $39.1 million for the year ended December 31, 2017. The increase was primarily attributable to increase in our fleet size and greater intensity of jobs completed.

Interest Expense. Interest expense decreased 6.2%, or $0.5 million, to $6.9 million for the year ended December 31, 2018, as compared to $7.3 million for the year ended December 31, 2017. The decrease in interest expense was primarily attributable to a reduction of our average debt balance in 2018 compared to 2017.

Other Expense. Other expense was $0.7 million for the year ended December 31, 2018, as compared to $1.0 million for the year ended December 31, 2017. The decrease was primarily attributable to a decrease in lenders related expenses, non-recurring listing related expenses, and the loss associated with the change in the fair value of our extinguished interest rate swap liability.

Income Tax Expense. Income tax expense was $51.3 million for the year ended December 31, 2018, as compared to $3.1 million for the year ended December 31, 2017. The increase in our provision for income tax expense is primarily attributable to the increase in book income in 2018 compared to 2017. Additionally, the income tax expense during the year ended December 31, 2017, included a one-time deferred tax benefit offset of $3.4 million, resulting from the U.S. government enacted tax legislation commonly referred to as the Tax Cuts and Jobs Act (“Tax Act”).

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

($ in thousands, except percentages)	YEAR ENDED 2017	YEAR ENDED 2016	CHANGE Variance	CHANGE %
Revenue	$ 981,865	$ 436,920	$ 544,945	124.7 %
Cost of services [1]	813,823	404,140	409,683	101.4 %
General and administrative expense [2]	49,215	26,613	22,602	84.9 %
Depreciation and amortization	55,628	43,542	12,086	27.8 %
Property and equipment impairment	—	6,305	(6,305)	(100.0)%
Goodwill impairment	—	1,177	(1,177)	(100.0)%
Loss on disposal of assets	39,086	22,529	16,557	73.5 %
Interest expense	7,347	20,387	(13,040)	(64.0)%
Gain on extinguishment of debt	—	(6,975)	(6,975)	(100.0)%
Other expense	1,025	321	704	219.3 %
Income tax expense (benefit)	3,128	(27,972)	(31,100)	(111.2)%
Net income (loss)	$ 12,613	$ (53,147)	$ 65,760	123.7 %
Adjusted EBITDA [3]	$ 137,443	$ 7,816	$ 129,627	1,658.5 %
Adjusted EBITDA Margin [3]	14.0%	1.8%	12.2%	677.8 %
Pressure pumping segment results of operations:				
Revenue	$ 945,040	$ 409,014	$ 536,025	131.1 %
Cost of services	$ 784,349	$ 379,815	$ 404,534	106.5 %
Adjusted EBITDA	$ 145,122	$ 15,656	$ 129,466	826.9 %
Adjusted EBITDA Margin [4]	15.4%	3.8%	11.6%	305.3 %

(1) Exclusive of depreciation and amortization.
(2) Inclusive of stock-based compensation.
(3) For definitions of the non-GAAP financial measures of Adjusted EBITDA and Adjusted EBITDA margin and reconciliation of Adjusted EBITDA and Adjusted EBITDA margin to our most directly comparable financial measures calculated in accordance with GAAP, please read ""How We Evaluate Our Operations".
(4) The non-GAAP financial measure of Adjusted EBITDA margin for the pressure pumping segment is calculated by taking Adjusted EBITDA for the pressure pumping segment as a percentage of our revenues for the pressure pumping segment.

Revenue. Revenue increased 124.7%, or $544.9 million, to $981.9 million for the year ended December 31, 2017, as compared to $436.9 million for the year ended December 31, 2016. The increase was primarily attributable to the increase in customer activity, fleet size and demand for our services, which led to an increase in pricing for our hydraulic fracturing and other services. Our pressure pumping segment revenues increased 131.1%, or $536.0 million for the year ended December 31, 2017, as compared to the year ended December 31, 2016. Revenues from services other than pressure pumping increased 32.0%, or $8.9 million, for the year ended December 31, 2017, as compared to the year ended December 31, 2016. The increase in revenues from services other than pressure pumping during the year ended December 31, 2017 was primarily attributable to the increase in revenues and customer demand for our flowback, coil tubing and surface drilling services, offset by the decrease in revenue from idling of our drilling rigs.

Cost of Services. Cost of services increased 101.4%, or $409.7 million, to $813.8 million for the year ended December 31, 2017, from $404.1 million during the year ended December 31, 2016. Cost of services in our pressure pumping segment increased $404.5 million during the year ended December 31, 2017, as compared to the year ended December 31, 2016. The increases were primarily attributable to higher activity levels, coupled with an increase in personnel headcount following the increased activity levels. As a percentage of pressure pumping segment revenues, pressure pumping cost of services decreased to 83.0% for the year ended December 31, 2017, as compared to 92.9% for the year ended December 31, 2016. The decrease in cost of services as a percentage of revenue for the pressure pumping segment resulted from greater pricing power as demand for our services increased, without a corresponding increase in certain costs, which resulted in significantly higher realized Adjusted EBITDA margins during the year ended December 31, 2017.

General and Administrative Expenses. General and administrative expenses increased 84.9%, or $22.6 million, to $49.2 million for the year ended December 31, 2017, as compared to $26.6 million for the year ended December 31, 2016. The net increase was primarily attributable to increases in payroll, insurance, advertising, communication, office expense, travel and legal costs, totaling $8.3 million, and an IPO bonus of $8.4 million to key employees, along with $7.8 million increase in stock compensation recorded during the year ended December 31, 2017, and offset by a decrease in property taxes of $1.6 million, and other remaining general and administrative expenses of $0.3 million. General and administrative expenses as a percentage of total revenues decreased to 5.0% for the year ended December 31, 2017, as compared to 6.1% for the year ended December 31, 2016, excluding non-recurring deferred IPO bonus of $8.4 million and stock compensation expense of $6.8 million, general and administrative expenses as a percentage of total revenues decreased to 3.5% for the year ended December 31, 2017, as compared to 6.1% for the year ended December 31, 2016. The decrease in general and administrative expenses as a percentage of total revenue is as a result of the higher revenue during the year ended December 31, 2017.

Depreciation and Amortization. Depreciation and amortization increased 27.8%, or $12.1 million, to $55.6 million for the year ended December 31, 2017, as compared to $43.5 million for the year ended December 31, 2016. The increase was primarily attributable to additional property and equipment purchased and put into service in the year ended December 31, 2017. We calculate depreciation of property and equipment using the straight-line method.

Property and Equipment Impairment Expense. There was no property and equipment impairment expense during the year ended December 31, 2017, compared to $6.3 million during the year ended December 31, 2016. The non-cash impairment expense in 2016 was associated with our drilling rigs, and was recognized as a result of depressed commodity prices and a negative future near-term outlook for these assets.

Goodwill Impairment Expense. There was no goodwill impairment expense during the year ended December 31, 2017, compared to $1.2 million during the year ended December 31, 2016. The non-cash goodwill impairment expense in 2016 was as a result of the write-down of goodwill related to our surface drilling reporting unit.

Loss on Disposal of Assets. Loss on the disposal of assets increased 73.5%, or $16.6 million, to $39.1 million for the year ended December 31, 2017, as compared to $22.5 million for the year ended December 31, 2016. The increase was primarily attributable to greater service intensity of jobs completed, coupled with higher fleet size, activity levels and utilization of our equipment.

Interest Expense. Interest expense decreased 64.0%, or $13.0 million, to $7.3 million for the year ended December 31, 2017, as compared to $20.4 million for the year ended December 31, 2016. The decrease in interest expense was primarily attributable to a reduction in our average debt balance during 2017 due to the early retirement of our term loan and revolving credit facility in the first quarter of 2017.

Gain on Extinguishment of Debt. There was no debt extinguishment gain or loss during the year ended December 31, 2017, compared to the gain on extinguishment of debt, net of cost, of $7.0 million during the year ended December 31, 2016. The gain on extinguishment of debt during 2016 was as a result of the auction process with our lenders to repurchase $37.5 million of our term loan at a 20% discount to par value.

Other Expense. Other expense was $1.0 million for the year ended December 31, 2017, as compared to $0.3 million for the year ended December 31, 2016. The increase was primarily attributable to an increase in lenders related expenses, non-recurring listing related expenses, and partially offset by an increase in the unrealized gain resulting from the change in the fair value of our interest rate swap liability at December 31, 2017 compared to December 31, 2016.

Income Tax Expense/(Benefit). Income tax expense was $3.1 million for the year ended December 31, 2017, compared to income tax benefit of $28.0 million, for the year ended December 31, 2016. The change from an income tax benefit to income tax expense is primarily due to the Company's reporting income before taxes during the year ended December 31, 2017, compared to a loss before taxes recorded during the year ended December 31, 2016. The income before taxes generated is attributable to the increase in our revenue during the year ended December 31, 2017, compared to December 31, 2016. Additionally, the income tax expense during the year ended December 31, 2017, included a one-time deferred tax benefit offset of $3.4 million, resulting from the U.S. government enacted tax legislation commonly referred to as the Tax Cuts and Jobs Act ("Tax Act").

Liquidity and Capital Resources

Our liquidity is currently provided by (i) existing cash balances, (ii) operating cash flows and (iii) borrowings under our ABL Credit Facility. Our primary uses of cash will be to continue to fund our operations, support growth opportunities and satisfy debt payments. As of December 31, 2018, our total liquidity consists of cash and cash equivalents of $132.7 million, and $125.0 million of availability under our ABL Credit Facility.

There can be no assurance that operations and other capital resources will provide cash in sufficient amounts to maintain planned or future levels of capital expenditures. Future cash flows are subject to a number of variables, and are highly dependent on the drilling, completion, and production activity by our customers, which in turn is highly dependent on oil and gas prices. Depending upon market conditions and other factors, we may issue equity and debt securities or take other actions necessary to fund our business or meet our future long-term liquidity requirements.

Cash and Cash Flows

The following table sets forth our net cash provided by (used in) operating, investing and financing activities during the year at December 31, 2018, 2017 and 2016, respectively.

	Year Ended December 31,		
($ in thousands)	**2018**	**2017**	**2016**
Net cash provided by operating activities	$ 393,079	$ 109,257	$ 10,659
Net cash used in investing activities	$ (280,604)	$ (281,469)	$ (41,688)
Net cash (used in) provided by financing activities	$ (3,724)	$ 62,565	$ 130,315

Operating Activities

Net cash provided by operating activities was $393.1 million for the year ended December 31, 2018, as compared to $109.3 million for the year ended December 31, 2017. The net increase of $283.8 million was primarily due to the increase in our revenue generating assets (fleet size), which has resulted in increases in revenue and net income in the year, offset by our working capital needs resulting from higher fleet size and expanding activity levels.

Net cash provided by operating activities was $109.3 million for the year ended December 31, 2017, as compared to $10.7 million for the year ended December 31, 2016. The net increase of $98.6 million was primarily due to an increase in revenue and net income in the year, resulting from an increase in customer activity, fleet size and demand for our services, and partially offset by the increase in our working capital needs resulting from higher fleet size and expanding activity levels.

Investing Activities

Net cash used in investing activities decreased to $280.6 million for the year ended December 31, 2018, from $281.5 million for the year ended December 31, 2017. The slight decrease was primarily attributable to the decrease in cash payment for capital expenditures during the year ended December 31, 2018, compared to the year ended December 31, 2017.

Net cash used in investing activities increased to $281.5 million for the year ended December 31, 2017, from $41.7 million for the year ended December 31, 2016. The increase was primarily attributable to the additional hydraulic fracturing units and other ancillary equipment purchased and a marginal increase in maintenance capital expenditures, during the year ended December 31, 2017, compared to the year ended December 31, 2016.

Financing Activities

Net cash used in financing activities was $3.7 million for the year ended December 31, 2018, compared to net cash provided of $62.6 million for the year ended December 31, 2017. Our net cash used in financing activities during the year ended December 31, 2018 was primarily driven by cash used for repayment of borrowings of $80.9 million, repayment of insurance financing of $4.5 million, debt issuance cost of $1.7 million, which was partially offset by cash proceeds from insurance financing $5.8 million and borrowings of $77.4 million. Our net cash provided by financing activities during the year ended December 31, 2017 was primarily from borrowings of $60.0 million, insurance financing proceeds of $4.1 million and initial public offerings (IPO) proceeds of $185.5 million, partially offset by repayment of borrowings of $166.5 million, repayment of insurance financing of $3.8 million, debt issuance of $1.7 million and IPO costs of $15.1 million.

Net cash provided by financing activities was $62.6 million for the year ended December 31, 2017, compared to $130.3 million for the year ended December 31, 2016. The net decrease in cash provided from financing activities was primarily attributable to the repayment of borrowings $166.5 million, repayment of insurance financing of $3.8 million, debt issuance cost of $1.7 million, payment of IPO costs of $15.1 million and offset by the receipt of $185.5 million of IPO proceeds, insurance financing proceeds of $4.1 million and proceeds from borrowings of $60.0 million during the year ended December 31, 2017, compared to net cash used of $71.3 million for repayment of borrowings, repayment of insurance financing of $4.5 million, payment of preferred equity financing costs of $7.5 million, debt extinguishment, debt issuance and IPO costs of $1.0 million, offset by insurance financing proceeds of $4.1 million, equity capitalization proceeds of $40.4 million and proceeds from preferred equity capitalization of $170.0 million during the year ended December 31, 2016.

Credit Facility and Other Financing Arrangements

ABL Credit Facility

On March 22, 2017, we entered into a new revolving credit facility with a $150 million borrowing capacity, or the ABL Credit Facility. Borrowings under the ABL Credit Facility accrue interest based on a three-tier pricing grid tied to availability, and we may elect for loans to be based on either LIBOR or base rate, plus the applicable margin, which ranges from 1.75% to 2.25% for LIBOR loans and 0.75% to 1.25% for base rate loans, with no LIBOR floor. Borrowings under the ABL Credit Facility are secured by a first priority lien and security interest in substantially all assets of the Company. The ABL Credit Facility has a term of 5 years and a borrowing base of 85% of eligible accounts receivable less customary reserves. Under this facility we are required to comply, subject to certain exceptions and materiality qualifiers, with certain customary affirmative and negative covenants, including, but not limited to, covenants pertaining to our ability to incur liens, indebtedness, changes in the nature of our business, mergers and other fundamental changes, disposal of assets, investments and restricted payments, amendments to our organizational documents or accounting policies, prepayments of certain debt, dividends, transactions with affiliates, and certain other activities. In addition, the ABL Credit Facility includes a Springing Fixed Charge Coverage Ratio of 1.0x when excess availability is less than the greater of (i) 10% of the lesser of the facility size and the Borrowing Base and (ii) $12 million. The ABL has a commitment fee of 0.375%, which reduces to 0.25% if utilization is greater than 50% of the borrowing base.

On February 22, 2018, we entered into a first amendment with our lenders to increase the capacity of the ABL Credit Facility. The amendment increased total capacity under the facility from $150.0 million to $200.0 million. The first amendment to ABL Credit Facility modified the Springing Fixed Charge Coverage Ratio to apply when excess availability is less than the greater of (i) 10% of the lesser of the facility size and the Borrowing Base and (ii) $15 million.

On December 19, 2018, we entered into a second amendment with our lenders to further increase the capacity of the ABL Credit Facility. The second amendment increased total capacity under the facility from $200.0 million to $300.0 million and extended the maturity date of the ABL Credit Facility from March 22, 2022 until December 19, 2023. The second amendment to the ABL Credit Facility further modified the Springing Fixed Charge Coverage Ratio to apply when excess availability is less than the greater of (i) 10% of the lesser of the facility size and the Borrowing Base and (ii) $22.5 million.

Equipment Financing Arrangements

On November 24, 2015, we entered into a 36-month equipment financing arrangement for three hydraulic fracturing units, and received proceeds of $25.0 million. A portion of the proceeds were used to pay off manufacturer notes, and the remainder was used for additional liquidity. As of December 31, 2018, we have fully repaid all outstanding balance and met all obligations under this financing arrangement

On June 30, 2017, we entered into a financing arrangement for the purchase of light vehicles. As of December 31, 2018, we have fully repaid all outstanding balance and met all obligations under this financing arrangement.

Off Balance Sheet Arrangements

We had no off balance sheet arrangements as of December 31, 2018.

Capital Requirements

Capital expenditures incurred were $592.6 million during the year ended December 31, 2018, as compared to $305.3 million during the year ended December 31, 2017. The increase was primarily attributable to our acquisition of Pioneer's pressure pumping assets, which includes eight hydraulic fracturing fleets, four coiled tubing units and an associated equipment maintenance building.

Capital expenditures incurred were $305.3 million during the year ended December 31, 2017 as compared to $46.0 million during the year ended December 31, 2016. The increase was primarily attributable to additional property and equipment purchased.

Contractual Obligations

The following table presents our contractual obligations and other commitments as of December 31, 2018.

($ in thousands)		**Payment Due by Period**			
	Total	**1 year or less**	**2 - 3 years**	**4 - 5 years**	**More than 5 years**
ABL Credit Facility [(1)]	$ 70,000	$ —	$ —	$ 70,000	$ —
Operating leases[(2)]	5,313	892	1,442	2,979	—
Total contractual obligations	$ 75,313	$ 892	$ 1,442	$ 72,979	$ —

(1) The ABL Credit Facility balance outstanding is exclusive of future commitment fees, interest or other fees since our potential future obligations thereunder are based on future events and cannot be reasonably estimated.

(2) Operating leases include agreements for various office and maintenance locations.

Recent Accounting Pronouncements

Disclosure concerning recently issued accounting standards is incorporated by reference to Note 2 of our Consolidated Financial Statements contained in this Form 10-K.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally acceptable in the United States of America. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported revenues and expenses during the years. We evaluate these estimates and assumptions on an ongoing basis and base our estimates on historical experience, current conditions and various other assumptions that we believe to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Our actual results may materially differ from these estimates.

Listed below are the accounting policies that we believe are critical to our financial statements due to the degree of uncertainty regarding the estimates or assumptions involved, and that we believe are critical to the understanding of our operations.

Property and Equipment

Our property and equipment are recorded at cost, less accumulated depreciation.

Upon sale or retirement of property and equipment, the cost and related accumulated depreciation are removed from the balance sheet and the net amount, less proceeds from disposal, is recognized as a gain or loss in earnings.

We retired certain components of equipment rather than entire pieces of equipment, which resulted in a net loss on disposal of assets of $59.2 million, $39.1 million and $22.5 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Depreciation of property and equipment is provided on the straight-line method over estimated useful lives as shown in the table below. The estimated useful lives and salvage values of property and equipment is subject to key assumptions such as maintenance, utilization and job variation. Unanticipated future changes in these assumptions could negatively or positively impact our net income. A 10% change in the useful lives of our property and equipment would have resulted in approximately $8.8 million impact on pre-tax income during the year ended December 31, 2018.

Land	Indefinite
Buildings and property improvements	5 - 30 years
Vehicles	1 - 5 years
Equipment	1 - 20 years
Leasehold improvements	5 - 20 years

Impairment of Long-Lived Assets

In accordance with the Financial Accounting Standards Board Accounting Standards Codification (ASC) 360 regarding *Accounting for the Impairment or Disposal of Long-Lived Assets*, we review the long-lived assets to be held and used whenever events or circumstances indicate that the carrying value of those assets may not be recoverable. An impairment loss is indicated if the sum of the expected future undiscounted cash flows attributable

to the assets is less than the carrying amount of such assets. In this circumstance, we recognize an impairment loss for the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. Our cash flow forecasts require us to make certain judgements regarding long-term forecasts of future revenue and costs and cash flows related to the assets subject to review. The significant assumption in our cash flow forecasts is our future growth expectations. The significant assumption is uncertain in that it is driven by future demand for our services and utilization which could be impacted by crude oil market prices, future market conditions and technological advancements. Our fair value estimates for certain long-lived assets require us to use significant other observable inputs among others, including significant assumptions related to market approach based on recent auction sales or selling prices of comparable equipment. The estimates of fair value are also subject to significant variability, are sensitive to changes in market conditions, and are reasonably likely to change in the future. No events or changes in circumstances occurred that would indicate an impairment of our property and equipment during the year ended December 31, 2018.

If the crude oil market declines or the demand for vertical drilling does not recover, and if the equipment remains idle or under-utilized, the estimated fair value of such equipment may decline, which could result in future impairment charges. Though the impacts of variations in any of these factors can have compounding or off-setting impacts, a 10% decline in the estimated fair value of our drilling assets at December 31, 2018 would result in additional impairment of $0.5 million, and a 10% decline in the estimated future cash flows for our other asset groups would not indicate an impairment.

Income Taxes

Income taxes are accounted for under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of differences between the consolidated financial statements and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We recognize deferred tax assets to the extent that we believe these assets are more likely than not to be realized. In making such a determination, we consider all positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, and the results of recent operations. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes. In determining the reasonableness of our valuation allowance as of December 31, 2018, we have considered and made judgments and estimates regarding estimated future taxable income. These estimates and judgments include some degree of uncertainty and changes in these estimates and assumptions could require us to adjust the valuation allowances for our deferred tax assets and the ultimate realization of tax assets depends on the generation of sufficient taxable income.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (“Tax Act”). The Tax Act makes broad and complex changes to the U.S. tax code including, but not limited to (1) reducing the U.S. federal corporate tax rate from 35% to 21%, (2) eliminating the corporate alternative minimum tax (AMT) and changing how existing AMT credits can be realized, (3) creating a new limitation on deductible interest expense, (4) changes to bonus depreciation, and (5) changing rules related to use and limitations of net operating loss carryforwards for tax years beginning after December 31, 2017. The only material items that impacted the Company’s consolidated financial statements in 2017 were bonus depreciation and the corporate rate reduction. While the corporate rate reduction is effective January 1, 2018, we accounted for this anticipated rate change during the year ended December 31, 2017, the year of enactment. Consequently, we recorded a $3.4 million decrease to the net deferred tax liability, with a corresponding net adjustment to deferred tax benefit in our consolidated financial statements for the year ended December 31, 2017.

Our methodology for recording income taxes requires a significant amount of judgment in the use of assumptions and estimates. Additionally, we forecast certain tax elements, such as future taxable income, as well as

evaluate the feasibility of implementing tax planning strategies. Given the inherent uncertainty involved with the use of such variables, there can be significant variation between anticipated and actual results. Unforeseen events may significantly impact these variables, and changes to these variables could have a material impact on our income tax accounts. The final determination of our income tax liabilities involves the interpretation of local tax laws and related authorities in each jurisdiction. Changes in the operating environments, including changes in tax law, could impact the determination of our income tax liabilities for a tax year.

Item 7A. Quantitative and Qualitative Disclosure of Market Risks

Market risk is the risk of loss arising from adverse changes in market rates and prices. Historically, our risks have been predominantly related to potential changes in the fair value of our long-term debt due to fluctuations in applicable market interest rates. Going forward our market risk exposure generally will be limited to those risks that arise in the normal course of business, as we do not engage in speculative, non-operating transactions, nor do we utilize financial instruments or derivative instruments for trading purposes.

Commodity Price Risk

Our material and fuel purchases expose us to commodity price risk. Our material costs primarily include the cost of inventory consumed while performing our pressure pumping services such as proppants, chemicals, guar, trucking and fluid supplies. Our fuel costs consist primarily of diesel fuel used by our various trucks and other motorized equipment. The prices for fuel and the raw materials in our inventory are volatile and are impacted by changes in supply and demand, as well as market uncertainty and regional shortages. Historically, we have generally been able to pass along price increases to our customers; however, we may be unable to do so in the future. We do not engage in commodity price hedging activities.

Interest Rate Risk

We may be subject to interest rate risk on variable rate debt under our credit facility. The impact of a 1% increase in interest rates on our variable rate debt as of December 31, 2018, 2017 and 2016 would have resulted in an increase in interest expense and corresponding decrease in pre-tax income of approximately $0.7 million, $0.2 million and $2.1 million, for the years ended December 31, 2018, 2017 and 2016, respectively.

Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk are trade receivables. We extend credit to customers and other parties in the normal course of business. We have established various procedures to manage our credit exposure, including credit evaluations and maintaining an allowance for doubtful accounts.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of ProPetro Holding Corp. is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. ProPetro Holding Corp. maintains a system of internal accounting controls designed to provide reasonable assurance, at a reasonable cost, that assets are safeguarded against loss or unauthorized use and that the financial records are adequate and can be relied upon to produce financial statements in accordance with accounting principles generally accepted in the United States of America. The internal control system is augmented by written policies and procedures, an internal audit program and the selection and training of qualified personnel. This system includes policies that require adherence to ethical business standards and compliance with all applicable laws and regulations.

There are inherent limitations to the effectiveness of any controls system. A controls system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the controls system are met. Also, no evaluation of controls can provide absolute assurance that all control issues and any instances of fraud, if any, within the Company will be detected. Further, the design of a controls system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. The Company intends to continually improve and refine its internal controls.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operations of our internal control over financial reporting as of December 31, 2018 based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management's assessment is that ProPetro Holding Corp. maintained effective internal control over financial reporting as of December 31, 2018. The independent registered public accounting firm, Deloitte & Touche LLP, has audited the consolidated financial statements as of and for the year ended December 31, 2018, and has also issued their report on the effectiveness of the Company's internal control over financial reporting, included in this report on page 50.

/s/ Dale Redman

Dale Redman
Chief Executive Officer and Director
(Principal Executive Officer)

/s/ Jeffrey Smith

Jeffrey Smith
Chief Financial Officer
(Principal Financial Officer)

Midland, Texas
February 28, 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of
ProPetro Holding Corp. and Subsidiary

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of ProPetro Holding Corp. and Subsidiary (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of income, shareholders' equity and cash flows, for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with, accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2019, expressed an unqualified opinion on the Company's internal control over financial reporting.

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 audits. We are a public accounting firm registered with the 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 audits in accordance with the standards of the PCAOB. 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 audits 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 audits 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 audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas

February 28, 2019

We have served as the Company's auditor since 2013.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of
ProPetro Holding Corp. and Subsidiary

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of ProPetro Holding Corp. and Subsidiary (the "Company") as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2018, of the Company and our report dated February 28, 2019, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas

February 28, 2019

Item 8. Financial Statements and Supplementary Data.

PROPETRO HOLDING CORP. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2018 AND 2017
(In thousands, except share data)

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 132,700	$ 23,949
Accounts receivable - net of allowance for doubtful accounts of $100 and $443, respectively	202,956	199,656
Inventories	6,353	6,184
Prepaid expenses	6,610	5,123
Other current assets	638	748
Total current assets	349,257	235,660
PROPERTY AND EQUIPMENT - Net of accumulated depreciation	912,846	470,910
OTHER NONCURRENT ASSETS:		
Goodwill	9,425	9,425
Intangible assets - net of amortization	13	301
Deferred revenue rebate - net of amortization	—	615
Other noncurrent assets	2,981	2,121
Total other noncurrent assets	12,419	12,462
TOTAL ASSETS	$ 1,274,522	$ 719,032
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 214,460	$ 211,149
Accrued liabilities	138,089	16,607
Current portion of long-term debt	—	15,764
Accrued interest payable	211	76
Total current liabilities	352,760	243,596
DEFERRED INCOME TAXES	54,283	4,881
LONG-TERM DEBT	70,000	57,178
OTHER LONG-TERM LIABILITIES	124	125
Total liabilities	477,167	305,780
COMMITMENTS AND CONTINGENCIES (Note 17)		
SHAREHOLDERS' EQUITY:		
Preferred stock, $0.001 par value, 30,000,000 shares authorized, none issued, respectively	—	—
Common stock, $0.001 par value, 200,000,000 shares authorized,100,190,126 and 83,039,854 shares issued, respectively	100	83
Additional paid-in capital	817,690	607,466
Accumulated deficit	(20,435)	(194,297)
Total shareholders' equity	797,355	413,252
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,274,522	$ 719,032

PROPETRO HOLDING CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016
(In thousands, except per share data)

	2018	2017	2016
REVENUE - Service revenue	$ 1,704,562	$ 981,865	$ 436,920
COSTS AND EXPENSES:			
Cost of services (exclusive of depreciation and amortization)	1,270,577	813,823	404,140
General and administrative (inclusive of stock-based compensation)	53,958	49,215	26,613
Depreciation and amortization	88,138	55,628	43,542
Property and equipment impairment expense	—	—	6,305
Goodwill impairment expense	—	—	1,177
Loss on disposal of assets	59,220	39,086	22,529
Total costs and expenses	1,471,893	957,752	504,306
OPERATING INCOME (LOSS)	232,669	24,113	(67,386)
OTHER INCOME (EXPENSE):			
Interest expense	(6,889)	(7,347)	(20,387)
Gain on extinguishment of debt	—	—	6,975
Other expense	(663)	(1,025)	(321)
Total other income (expense)	(7,552)	(8,372)	(13,733)
INCOME (LOSS) BEFORE INCOME TAXES	225,117	15,741	(81,119)
INCOME TAX (EXPENSE)/BENEFIT	(51,255)	(3,128)	27,972
NET INCOME (LOSS)	$ 173,862	$ 12,613	$ (53,147)
NET INCOME (LOSS) PER COMMON SHARE:			
Basic	$ 2.08	$ 0.17	$ (1.19)
Diluted	$ 2.00	$ 0.16	$ (1.19)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:			
Basic	83,460	76,371	44,787
Diluted	87,046	79,583	44,787

See notes to consolidated financial statements.

PROPETRO HOLDING CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016 (In thousands)

	Preferred Stock			Common Stock				
	Shares	Amount	Preferred Additional Paid-In Capital	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total
BALANCE - January 1, 2016	—	$ —	$ —	34,621	$ 35	$ 223,299	$ (153,763)	$ 69,571
Stock-based compensation cost	—	—	—	—	—	1,649	—	1,649
Additional equity capitalization, net of costs	—	—	—	18,007	18	40,407	—	40,425
Preferred equity capitalization, net of costs	17,000	17	162,494	—	—	—	—	162,511
Net loss	—	—	—	—	—	—	(53,147)	(53,147)
BALANCE - December 31, 2016	17,000	17	162,494	52,628	53	265,355	(206,910)	221,009
Stock-based compensation cost	—	—	—	—	—	9,489	—	9,489
Initial Public Offering net of costs	—	—	—	13,250	13	170,128	—	170,141
Conversion of preferred stock to common stock at Initial Public Offering	(17,000)	(17)	(162,494)	17,000	17	162,494	—	—
Issuance of equity award—net	—	—	—	162	—	—	—	—
Net income	—	—	—	—	—	—	12,613	12,613
BALANCE - December 31, 2017	—	—	—	83,040	83	607,466	(194,297)	413,252
Stock-based compensation cost	—	—	—	—	—	5,482	—	5,482
Issuance of equity award—net	—	—	—	550	1	246	—	247
Issuance of common stock	—	—	—	16,600	16	204,496	—	204,512
Net income	—	—	—	—	—	—	173,862	173,862
BALANCE - December 31, 2018	—	$ —	$ —	100,190	$ 100	$ 817,690	$ (20,435)	$ 797,355

See notes to consolidated financial statements.

PROPETRO HOLDING CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016 (In thousands)

	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 173,862	$ 12,613	$ (53,147)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	88,138	55,628	43,542
Gain on extinguishment of debt	—	—	(6,975)
Property and equipment impairment expense	—	—	6,305
Goodwill impairment expense	—	—	1,177
Deferred income tax expense (benefit)	49,704	3,430	(27,972)
Amortization of deferred revenue rebate	615	1,846	1,846
Amortization of deferred debt issuance costs	403	3,403	2,091
Stock-based compensation	5,482	9,489	1,649
Loss on disposal of assets	59,220	39,086	22,529
Gain loss on interest rate swap	—	(251)	(205)
Changes in operating assets and liabilities:			
Accounts receivable	(3,300)	(84,477)	(24,888)
Other current assets	207	3,304	(563)
Inventories	(168)	(1,472)	3,859
Prepaid expenses	(1,418)	(468)	(62)
Accounts payable	9,720	64,228	37,049
Accrued liabilities	9,853	2,930	4,392
Accrued interest	761	(32)	32
Net cash provided by operating activities	393,079	109,257	10,659
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(284,197)	(285,891)	(42,832)
Proceeds from sale of assets	3,593	4,422	1,144
Net cash used in investing activities	(280,604)	(281,469)	(41,688)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings	77,378	60,045	—
Repayments of borrowings	(80,946)	(166,546)	(41,295)
Proceeds from insurance financing	5,824	4,125	4,126
Repayments of insurance financing	(4,495)	(3,807)	(4,527)
Extinguishment of debt	—	—	(30,000)
Payment of debt extinguishment costs	—	—	(525)
Payment of debt issuance costs	(1,732)	(1,653)	(140)
Proceeds from exercise of equity awards	247	—	—
Proceeds from additional common equity capitalization	—	—	40,425
Proceeds from preferred equity capitalization	—	—	170,000
Payment of preferred equity capitalization costs	—	—	(7,489)
Proceeds from IPO	—	185,500	—
Payment of deferred IPO costs	—	(15,099)	(260)
Net cash (used in) provided by financing activities	(3,724)	62,565	130,315
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	108,751	(109,647)	99,286
CASH AND CASH EQUIVALENTS — Beginning of year	23,949	133,596	34,310
CASH AND CASH EQUIVALENTS — End of year	$ 132,700	$ 23,949	$ 133,596

See notes to consolidated financial statements.

1. ORGANIZATION AND HISTORY

ProPetro Holding Corp. ("Holding"), a Texas corporation was formed on April 14, 2007, to serve as a holding company for its wholly owned subsidiary ProPetro Services, Inc. ("Services"), a Texas corporation. Services provides hydraulic fracturing (inclusive of acidizing), cementing, coil tubing, drilling and flowback services to oil and gas producers, located primarily in Texas, Oklahoma, New Mexico, Utah, Colorado, and Wyoming. Holding was converted and incorporated to a Delaware Corporation on March 8, 2017.

Holding and Services are collectively referred to as the "Company" in the accompanying consolidated financial statements.

On December 22, 2016, the Company restated and amended the Company's Shareholders Agreement and certificate of formation in the state of Texas, approving a reverse stock split, such that each holder of common stock of the Company shall receive one share of common stock for every 170.4667 shares of previous common stock held. In conjunction, the Company amended the amount of authorized shares to 230,000,000, of which 200,000,000 are common and 30,000,000 are preferred.

On March 22, 2017, we consummated our initial public offering ("IPO") in which 25,000,000 shares of our common stock, par value $0.001 per share, were sold at a public offering price of $14.00 per share, with 13,250,000 shares issued and sold by the Company and 11,750,000 shares sold by existing stockholders. We received net proceeds of approximately $170.1 million after deducting $10.9 million of underwriting discounts and commissions, and $4.5 million of other offering expenses. At closing, we used the proceeds (i) to repay $71.8 million in outstanding borrowings under the term loan, (ii) $86.8 million to fund the purchase of additional hydraulic fracturing units and other equipment, and (iii) the remaining for general corporate purposes.

In connection with the IPO, the Company executed a stock split, such that each holder of common stock of the Company received 1.45 shares of common stock for every one share of previous common stock, and all 16,999,990 shares of our outstanding Series A preferred stock converted to common stock on a 1:1 basis.

Accordingly, any information related to or dependent upon the share or option counts in the 2018, 2017 and 2016 consolidated financial statements and Note 13 *Net Income (loss) Per Share*, Note 14 *Stock-Based Compensation*, Note 18 *Equity Capitalization* and Note 19 *Quarterly Financial Data (Unaudited)* have been updated to reflect the effect of the reverse stock split in December 2016 and the stock split in March 2017, as applicable.

On December 31, 2018, we consummated the purchase of pressure pumping and related assets of Pioneer and Pioneer Pumping Services. The pressure pumping assets acquired were used to provide integrated well completion services in the Permian Basin to Pioneer's completion and production operations. The acquisition cost of the assets was comprised of $110.0 million of cash and 16.6 million shares of our common stock. The incremental direct cost of $3.4 million incurred to consummate the transaction was capitalized as part of the acquisition cost. In connection with the acquisition, we became a long-term service provider to Pioneer, providing pressure pumping and related services for a term of up to 10 years. The pressure pumping assets acquired include eight hydraulic fracturing fleets with 510,000 HHP, four coiled tubing units and the associated equipment maintenance facility. We evaluated and determined that the acquisition did not meet the definition of a Business under GAAP because substantially all of the assets acquired are concentrated in a group of similar assets. Accordingly, we have accounted for the acquisition as an asset purchase.

2. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements are as follows:

Principles of Consolidation — The accompanying consolidated financial statements include the accounts of Holding and its wholly owned subsidiary, Services. All intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation — The accompanying consolidated financial statements and related notes have been prepared pursuant to the rules and regulations of the Securities Exchange Commission ("SEC") and in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates — Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the reporting period. Such estimates include, but are not limited to, allowance for doubtful accounts, depreciation of property and equipment, estimates of fair value of property and equipment, estimates related to fair value of reporting units for purposes of assessing goodwill, estimates related to deferred tax assets and liabilities, including any related valuation allowances, and estimates of fair value of stock-based compensation. Actual results could differ from those estimates.

Revenue Recognition — The Company's services are sold based upon contracts with customers. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The following is a description of the principal activities, separated by reportable segment and all other, from which the Company generates its revenue.

Pressure Pumping — Pressure pumping consists of downhole pumping services, which includes hydraulic fracturing (inclusive of acidizing services) and cementing.

Hydraulic fracturing is a well-stimulation technique intended to optimize hydrocarbon flow paths during the completion phase of shale wellbores. The process involves the injection of water, sand and chemicals under high pressure into shale formations. Hydraulic fracturing contracts with our customer have one performance obligation, which is the contracted total stages, satisfied over time. We recognize revenue over time using a progress output method, unit-of-work performed method, which is based on the agreed fixed transaction price and actual stages completed. We believe that recognizing revenue based on actual stages completed faithfully depicts how our hydraulic fracturing services are transferred to our customers over time.

Acidizing, which is part of our hydraulic fracturing operating segment, involves a well-stimulation technique where acid is injected under pressure into formations to form or expand fissures. Acidizing provides downhole solutions, and contracts with customers have one performance obligation, which is satisfied at a point-in-time upon completion of the contracted service when control is transferred to the customer. Jobs for these services are typically short term in nature, with most jobs completed in less than a day. We recognize acidizing revenue at a point-in-time, upon completion of the performance obligation.

Our cementing services use pressure pumping equipment to deliver a slurry of liquid cement that is pumped down a well between the casing and the borehole. Cementing involves well bonding solutions, and contracts with customers have one performance obligation, which is satisfied at a point-in-time upon completion of the contracted service when control is transferred to the customer. Jobs for these services are typically short term in nature, with most jobs completed in less than a day. We recognize cementing revenue at a point-in-time, upon completion of the performance obligation. The transaction price for each performance obligation for all our pressure pumping services are fixed per our contract with customer.

All Other— All other services consist of our surface drilling, drilling, coil tubing and flowback, which are downhole well stimulation and completion/remedial services. The performance obligation for each of the services

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

has a fixed transaction price which is satisfied at a point-in-time upon completion of the service when control is transferred to the customer. Accordingly, we recognize revenue at a point-in-time, upon completion of the service and transfer of control to the customer.

Accounts Receivable — Accounts receivables are stated at the amount billed and billable to customers. Payment is typically due in full upon completion of the job for all of our services to customers. At December 31, 2018 and 2017 accrued revenue (unbilled receivable) included as part of our accounts receivable was $18.0 million and $24.8 million, respectively. At December 31, 2018, the transaction price allocated to the remaining performance obligation for our partially completed hydraulic fracturing operations was $43.9 million, which is expected to be completed and recognized in one month following the current period balance sheet date, in our pressure pumping reportable segment. At December 31, 2017 the transaction price allocated to the remaining performance obligation for our then partially completed hydraulic fracturing operations was $26.4 million, which was recorded as part of our pressure pumping segment revenue for the year ended December 31, 2018.

At December 31, 2018, 2017 and 2016, the allowance for doubtful accounts was $0.1 million, $0.4 million and $0.6 million, respectively. During the year, additional allowance for doubtful accounts was $0.1 million and the allowance no longer required was 0.4 million.

Inventories — Inventories, which consists only of raw materials, are stated at lower of average cost and net realizable value.

Property and Equipment — The Company's property and equipment are recorded at cost, less accumulated depreciation.

Depreciation — Depreciation of property and equipment is provided on the straight-line method over the following estimated useful lives:

Land	Indefinite
Buildings and property improvements	5 - 30 years
Vehicles	1 - 5 years
Equipment	1 - 20 years
Leasehold improvements	5 - 20 years

Upon sale or retirement of property and equipment, the cost and related accumulated depreciation are removed from the balance sheet and the net amount, less proceeds from disposal, is recognized as a gain or loss in the statement of operations. The Company recorded a loss on disposal of assets of $59.2 million, $39.1 million and $22.5 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Impairment of Long-Lived Assets — In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company reviews its long-lived assets to be held and used whenever events or circumstances indicate that the carrying value of those assets may not be recoverable.

An impairment loss is indicated if the sum of the expected future undiscounted cash flows attributable to the asset group is less than the carrying amount of such asset group. In this circumstance, the Company recognizes an impairment loss for the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. No impairment was recorded in the years ended December 31, 2018 and 2017. The impairment recorded in 2016 was $6.3 million for property and equipment relating to the drilling asset group.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company accounts for long-lived assets to be disposed of at the lower of their carrying amount or fair value, less cost to sell once management has committed to a plan to dispose of the assets.

Goodwill — Goodwill is the excess of the consideration transferred over the fair value of the tangible and identifiable intangible assets and liabilities recognized. Goodwill is not amortized. We perform an annual impairment test of goodwill as of December 31, or more frequently if circumstances indicate that impairment may exist. The determination of impairment is made by comparing the carrying amount of a reporting unit with its fair value, which is generally calculated using a combination of market and income approaches. If the fair value of the reporting unit exceeds the carrying value, no further testing is performed. If the fair value of the reporting unit is less than the carrying value, we consider goodwill to be impaired, and the amount of impairment loss is estimated and recorded in the statement of operations.

In 2014, we acquired Blackrock Drilling, Inc. ("Blackrock") for $1.8 million. The assets acquired from Blackrock were recorded as $0.6 million of equipment with the excess of the purchase price over the fair value of the assets recorded as goodwill of $1.2 million. The acquisition complemented our existing drilling operations. The transaction has been accounted for using the acquisition method of accounting and, accordingly, assets and liabilities assumed were recorded at their fair values as of the acquisition date. Based on our goodwill impairment test as of December 31, 2016, the Company concluded that there was an impairment of goodwill of $1.2 million related to the Blackrock acquisition. Accordingly, a $1.2 million impairment expense was recorded during the year ended December 31, 2016, to fully write-down the goodwill related to Blackrock. Prior to the impairment write-down, the goodwill related to the Blackrock acquisition of $1.2 million was recorded in our all other reportable segment.

In 2011, we acquired Technology Stimulation Services, LLC ("TSS") for $24.4 million. The assets acquired from TSS were recorded as $15.0 million of equipment with the excess of the purchase price over fair value of the assets recorded as goodwill of $9.4 million. The acquisition complemented our existing pressure pumping business. The transaction has been accounted for using the acquisition method of accounting and, accordingly, assets and liabilities assumed were recorded at their fair values as of the acquisition date. Based on our goodwill impairment tests as of December 31, 2018, 2017 and 2016, we concluded that the goodwill related to TSS acquisition was not impaired. The goodwill related to the TSS acquisition of $9.4 million is recorded in our pressure pumping reportable segment.

Intangible Assets — Intangible assets with finite useful lives are amortized on a basis that reflects the pattern in which the economic benefits of the intangible assets are realized, which is generally on a straight-line basis over the asset's estimated useful life.

Income Taxes — Income taxes are accounted for under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of differences between the consolidated financial statements and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We recognize deferred tax assets to the extent that we believe these assets are more likely than not to be realized. In making such a determination, we consider all positive and negative evidences, including future reversals of existing taxable temporary differences, projected future taxable income, and the results of recent operations. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

Advertising Expense — All advertising costs are expensed as incurred. For the years ended December 31, 2018, 2017 and 2016, advertising expense was $1.3 million, $0.8 million and $0.4 million, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Loan Costs — The Company capitalized certain costs in connection with obtaining its borrowings, including lender, legal, and accounting fees. These costs are being amortized over the term of the related loan using the straight-line method. Deferred loan costs amortization is included in interest expense. Unamortized deferred loan costs associated with loans paid off or refinanced with different lenders are expensed in the period in which such an event occurs. Deferred loan costs are classified as a reduction of long-term debt or in certain instance as an asset in the consolidated balance sheet. Amortization of deferred loan costs is recorded as interest expense in the statement of operations, and during the years ended December 31, 2018, 2017 and 2016, the amount of expense recorded was $0.4 million, $3.4 million and $2.1 million, respectively.

Stock-Based Compensation — The Company recognizes the cost of stock-based awards on a straight-line basis over the requisite service period of the award, which is usually the vesting period under the fair value method. Total compensation cost is measured on the grant date using fair value estimates.

Insurance Financing — The Company annually renews its commercial insurance policies and records a prepaid insurance asset and amortizes it monthly over the coverage period. The Company may choose to finance a portion of the premiums and will make repayments monthly over ten months in equal installments.

Concentration of Credit Risk — The Company's assets that are potentially subject to concentrations of credit risk are cash and cash equivalents and trade accounts receivable. Cash balances are maintained in financial institutions, which at times exceed federally insured limits. The Company monitors the financial condition of the financial institutions in which accounts are maintained and has not experienced any losses in such accounts. The receivables of the Company are spread over a number of customers, a majority of which are credible operators and suppliers to the oil and natural gas industries. The Company performs ongoing credit evaluations as to the financial condition of its customers with respect to trade receivables.

Recently Issued Accounting Standards Adopted in 2018

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU No. 2014-09 requires entities to recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU No. 2014-09 requires entities to disclose both qualitative and quantitative information that enables users of the consolidated financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including disclosure of significant judgments affecting the recognition of revenue. ASU No. 2014-09 was effective for annual periods beginning after December 15, 2017, using either the full retrospective or modified retrospective method. We adopted ASU No. 2014-09 effective January 1, 2018, using the modified retrospective method. The adoption of this guidance had no impact on our prior period results of operations. This is because prior to the effective date of the new revenue guidance, substantially all of our performance obligations per our contracts with customers, except for hydraulic fracturing, were completed at a point-in-time, and revenue recognized when control was transferred to the customers, which is consistent with ASU No. 2014-09. Our hydraulic fracturing segment performance obligation is satisfied over time. Prior to the effective date of the new revenue standards, our hydraulic fracturing segment revenue was recognized based on actual stages completed, i.e. using the output method, which faithfully depicts how our services are transferred over time to our customers and is consistent with the requirements of the new guidance, ASU No. 2014-09. Accordingly, no adjustments to our consolidated financial statements were required, other than the additional disclosures included as part of Note 2 in our consolidated financial statements.

Recently Issued Accounting Standards Not Yet Adopted in 2018

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This ASU introduces a lessee model that brings most leases on the balance sheet. This new standard increases transparency and comparability by recognizing a lessee's rights and obligations resulting from leases by recording them on the balance sheet as Right of Use ("ROU") Assets and Lease Liabilities. Leases will be classified as either finance or operating, which will impact the pattern of

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

expense recognition on the income statement. This ASU also requires additional qualitative and quantitative disclosures to better enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. This ASU is effective for annual reporting periods beginning after December 15, 2018. Early adoption is permitted. We adopted this new lease standard effective January 1, 2019 and intend to elect the modified retrospective transition method. As such, the comparative financial information will not be restated and will continue to be reported under the lease standard in effect during those periods. We also intend to elect other practical expedients provided by the new standard, including the package of practical expedients, the short-term lease recognition practical expedient in which leases with a term of 12 months or less will not be recognized on the balance sheet, and the practical expedient to not separate lease and non-lease components for the majority of our leases. We believe that the adoption of this standard will result in an amount no greater than $10.0 million of additional assets and liabilities on our consolidated balance sheet representing the recognition of operating lease right-of-use assets and operating lease liabilities.

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*, which removes the requirement to compare the implied fair value of goodwill with its carrying amount as part of step two of the goodwill impairment test. As a result, under this ASU, an entity would recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. Although, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. This ASU is effective for impairment tests in fiscal years beginning after December 15, 2019, on a prospective basis. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We believe that the adoption of this guidance will not materially affect our consolidated financial statements.

3. SUPPLEMENTAL CASH FLOWS INFORMATION

	December 31,		
($ in thousands)	**2018**	**2017**	**2016**
Supplemental cash flows disclosures			
Interest paid	$ 5,068	$ 3,966	$ 18,249
Income taxes paid	$ —	$ —	$ 3
Supplemental disclosure of non-cash investing and financing activities			
Capital expenditures included in accounts payable and accrued liabilities	$ 137,647	$ 33,850	$ 3,176
Conversion of preferred stock to common stock at Initial Public Offering	$ —	$ 162,511	$ —
Non-cash purchases of property and equipment	$ 204,512	$ —	$ —

4. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation approaches and establishes a hierarchy for inputs used in measuring fair value that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used, when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company’s assumptions about the assumptions other market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment.

Level 2 — Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Our financial instruments include cash and cash equivalents, accounts receivable and accounts payable, accrued liabilities and long-term debt. The estimated fair value of our financial instruments — cash and cash equivalent, accounts receivable and accounts payable and accrued liabilities at December 31, 2018 and 2017 approximates their

4. FAIR VALUE MEASUREMENTS (Continued)

carrying value as reflected in our consolidated balance sheets because of their short-term nature. In 2018, we did not have a derivate financial instrument. Prior to 2018, we used a derivative financial instrument, an interest rate swap, to manage interest rate risk. Our policies do not permit the use of derivative financial instruments for speculative purposes. We did not designate the interest rate swap as a hedge for accounting purposes. We record all derivatives as of the end of our reporting period in our consolidated balance sheet at fair value, which is based on quoted market prices, which represents a level 1 in the fair value measurement hierarchy. Based on quoted market prices as of December 31, 2017 and 2016, for contracts with similar terms and maturity date, as provided by the counterparty, we recorded a gain of $0.3 million and $0.2 million, respectively, in our consolidated statement of operations. The fair value of the interest rate swap liability at December 31, 2017 and 2016 was $0 and $0.3 million, respectively.

Assets Measured at Fair Value on a Nonrecurring Basis

No assets were measured at fair value on a nonrecurring basis at December 31, 2018 and 2017, respectively.

No impairment was recorded for our property and equipment during the year ended December 31, 2018 and 2017. In 2016, the depressed cash flows and continued decline in utilization of our drilling assets were indicative of potential impairment, resulting in the Company comparing the carrying value of the drilling assets with its estimated fair value. We determined that the carrying value of the drilling assets was greater than its estimated fair value and accordingly, an impairment expense was recorded. In 2016, the non-cash asset impairment charges for drilling was $6.3 million, which had a net carrying value of $15.0 million prior to the impairment write-down. See Note 7, “Impairment of Long-Lived Assets.”

We generally apply fair value techniques to our reporting units on a nonrecurring basis associated with valuing potential impairment loss related to goodwill. Our estimate of the reporting unit fair value is based on a combination of income and market approaches, Level 1 and 3, respectively, in the fair value hierarchy. The income approach involves the use of a discounted cash flow method, with the cash flow projections discounted at an appropriate discount rate. The market approach involves the use of comparable public companies market multiples in estimating the fair value. Significant assumptions include projected revenue growth, capital expenditures, utilization, gross margins, discount rates, terminal growth rates, and weight allocation between income and market approaches. If the reporting unit's carrying amount exceeds its fair value, we consider goodwill impaired, and the impairment loss is recorded in the period. There were no additions to, or disposal of, goodwill during the year ended December 31, 2018, 2017 and 2016. Based on our annual goodwill impairment test, no impairment of goodwill was recorded for the year ended December 31, 2018 and 2017. At December 31, 2016, we estimated the fair value of our surface air drilling reporting unit to be $3.8 million and its carrying value was $4.2 million. As a result of the potential impairment with the carrying value exceeding the estimated fair value, we then further determined the implied fair value of the surface drilling goodwill to be $0. Accordingly, we recorded an impairment expense of $1.2 million. The impairment expense was attributable to the challenging oil and gas market and slow recovery of crude oil prices, all of which adversely impacted on our expected future cash flows for the surface air drilling reporting unit.

5. INTANGIBLE ASSETS

Intangible assets are composed of internally developed software. Intangible assets are amortized on a straight-line basis with a useful life of five years. Amortization expense included in net income (loss) for the years ended December 31, 2018, 2017 and 2016 was $0.3 million, $0.3 million and $0.3 million, respectively. At December 31, 2018 and 2017, respectively, the company’s intangible assets subject to amortization are as follows:

($ in thousands)	2018	2017
Internally developed software	$ 1,440	$ 1,440
Less accumulated amortization	1,427	1,139
Intangible assets — net	$ 13	$ 301

Estimated remaining amortization expense for each of the subsequent fiscal years is expected to be as follows:

($ in thousands)	
Year	Estimated Future Amortization Expense
2019	$ 13
2020	—
Total	$ 13

The average amortization period remaining is approximately 0.05 years.

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2018 and 2017, respectively:

($ in thousands)	2018	2017
Land	$ 7,669	$ —
Building	23,840	—
Equipment and vehicles	1,105,380	646,800
Leasehold improvements	5,559	4,987
Subtotal	1,142,448	651,787
Less accumulated depreciation	229,602	180,877
Property and equipment — net	$ 912,846	$ 470,910

7. IMPAIRMENT OF LONG-LIVED ASSETS

Whenever events or circumstances indicate that the carrying value of long-lived assets may not be recoverable, the Company reviews the carrying value of long-lived assets, such as property and equipment and other assets to determine if they are recoverable. If any long-lived assets are determined to be unrecoverable, an impairment expense is recorded in the period. Asset recoverability is estimated using undiscounted future net cash flows at the lowest identifiable level, excluding interest expense and one-time other income and expense adjustments. During the year, the Company determined the lowest level of identifiable cash flows to be at the asset group level, which consists of hydraulic fracturing (inclusive of acidizing), cementing, coil tubing, flowback and drilling.

During the year ended December 31, 2018 and 2017, no impairment expense was recorded for any of our asset groups. During the year ended December 31, 2016, the gradual shift from vertical to horizontal drilling rigs in the Permian Basin led to the deterioration in utilization of our drilling rigs, and we expected undiscounted future cash flows to be lower than the carrying value of the drilling assets. Given that the carrying value of the drilling assets may not be recoverable, the Company estimated the fair value of the asset group and compared it to its carrying value. Potential impairment exists if the estimated undiscounted future net cash flows for a given asset group is less than the carrying amount of the asset group. The impairment expense is determined by comparing the estimated fair value with the carrying value of the related asset, and any excess amount by which the carrying value exceeds the fair value is recorded as an impairment expense in the period. At December 31, 2016, the estimated fair value of the drilling asset group of $8.7 million was determined using the market approach, which represents a level 2 in the fair value measurement hierarchy. Our fair value estimates required us to use significant other observable inputs including assumptions related to replacement cost, among others. Accordingly, an impairment expense of $6.3

7. IMPAIRMENT OF LONG-LIVED ASSETS (Continued)

million was recorded in 2016 as the carrying value of the drilling asset group of $15.0 million was greater than its then estimated fair value. All other assets group carrying values were determined to be recoverable in 2016.

8. DEFERRED REVENUE REBATE

In November 2011, the Company acquired certain oilfield fracturing equipment from a customer and agreed to provide future fracturing services to the customer for a period of 78 months in exchange for a 12% $25.0 million note payable to the customer. The Company recorded the fracturing equipment at its estimated fair value of approximately $13.0 million and assigned the remaining value of approximately $12.0 million to a deferred revenue rebate account to be amortized over the customer's 78-month service period. In March 2013, the Company repaid the note payable to the customer. For each of the years ended December 31, 2018, 2017 and 2016 the Company recorded $0.6 million, $1.8 million and $1.8 million, respectively, of amortization rebate as a reduction of revenue.

9. LONG-TERM DEBT

2013 Term Loan and Revolving Credit Facility

On September 30, 2013, we entered into a term loan in the amount of $220 million ("Term Loan") with a $40 million revolving credit line ("Revolving Credit Facility"*)*. Borrowings under the Term Loan and Revolving Credit Facility accrued interest at LIBOR plus 6.25%, subject to a 1% LIBOR floor, and were secured by a first priority lien and security interest in all assets of the Company. The Term Loan and Revolving Credit Facility were scheduled to mature on September 30, 2019 and September 30, 2018, respectively, with quarterly and monthly payments of principal and interest, respectively.

Under the Term Loan and Revolving Credit Facility we were required to comply, subject to certain exceptions and materiality qualifiers, with certain customary affirmative and negative covenants, including, but not limited to, covenants pertaining to reporting, insurance, collateral maintenance, change of control, transactions with affiliates, distributions, and limitations on additional indebtedness. In addition, the Term Loan and Revolving Credit Facility included a maximum leverage ratio of 3.5x EBITDA (earnings before interest, taxes, depreciation, and amortization) to total debt, which became effective March 31, 2014.

In 2015, given the then near-term economic uncertainty and volatility of commodity prices, we determined that we were likely to be out of compliance with the leverage ratio covenant under the Term Loan and Revolving Credit Facility at the March 31, 2016 test date. Accordingly, the Company and its then equity sponsor, Energy Capital Partners ("ECP"), commenced negotiations with the lenders to amend the covenants and leverage ratio in the Term Loan and Revolving Credit Facility. The resulting amendment and waiver agreement was executed on June 8, 2016. Under the terms of the amendment, ECP infused $40.0 million of additional equity into the Company, $10.0 million of which was reserved for working capital, with up to $30.0 million available to repurchase debt. A minority shareholder also infused $0.4 million alongside ECP to prevent dilution. The amendment and waiver also suspended the leverage ratio test until June 30, 2017, and provided us with 30 days to deliver any past-due financial statements.

Gain on Extinguishment of Debt

In connection with the amendment to the Term Loan and Revolving Credit Facility, we initiated an auction process with the lenders to repurchase a portion of debt for a price of $0.80, a 20% discount to par value. The auction settled on June 16, 2016 as the Company repurchased a total amount of $37.5 million of debt for $30.0 million plus $0.5 million in debt extinguishment auction costs, leading to a gain on extinguishment of debt of $7.0 million.

On January 13, 2017, we repaid $75.0 million of the outstanding balance under the Term Loan and repaid the remaining balance of $13.5 million under the Revolving Credit Facility using a portion of the proceeds from our private placement offering. On March 22, 2017, we retired the $71.8 million remaining balance of the Term Loan, along with accrued interest, using a portion of the proceeds from our IPO. Each of the Term Loan and Revolving Credit Facility were terminated in accordance with their terms upon the repayment of outstanding borrowings.

9. LONG-TERM DEBT (Continued)

Equipment Financing

On November 24, 2015, we entered into a 36 months financing arrangement for three hydraulic fracturing units in the amount of $25.0 million, and a portion of the proceeds were used to pay off the previous manufacturer notes, with the remainder being used for additional liquidity. As of December 31, 2018, we have fully repaid all outstanding balance and met all obligations under this financing arrangement.

On June 30, 2017, we entered into a financing arrangement for the purchase of light vehicles. As of December 31, 2018, we have fully repaid all outstanding balance and met all obligations under this financing arrangement.

ABL Credit Facility

On March 22, 2017, we entered into a new revolving credit facility with a $150.0 million borrowing capacity ("ABL Credit Facility"). Borrowings under the ABL Credit Facility accrue interest based on a three-tier pricing grid tied to availability, and we may elect for loans to be based on either LIBOR or base rate, plus the applicable margin, which ranges from 1.75% to 2.25% for LIBOR loans and 0.75% to 1.25% for base rate loans, with no LIBOR floor. Borrowings under the ABL Credit Facility are secured by a first priority lien and security interest in substantially all assets of the Company. The ABL Credit Facility has a term of 5 years and a borrowing base of 85% of eligible accounts receivable less customary reserves. Under this facility we are required to comply, subject to certain exceptions and materiality qualifiers, with certain customary affirmative and negative covenants, including, but not limited to, covenants pertaining to our ability to incur liens, indebtedness, changes in the nature of our business, mergers and other fundamental changes, disposal of assets, investments and restricted payments, amendments to our organizational documents or accounting policies, prepayments of certain debt, dividends, transactions with affiliates, and certain other activities. In addition, the ABL Credit Facility includes a Springing Fixed Charge Coverage Ratio of 1.0x when excess availability is less than the greater of (i) 10% of the lesser of the facility size and the Borrowing Base and (ii) $12.0 million. The ABL has a commitment fee of 0.38%, which reduces to 0.25% if utilization is greater than 50% of the borrowing base.

On February 22, 2018, we entered into a first amendment with our lenders to increase the capacity of the ABL Credit Facility. The amendment increased total capacity under the facility from $150.0 million to $200.0 million. The first amendment to the ABL Credit Facility modified the Springing Fixed Charge Coverage Ratio to apply when excess availability is less than the greater of (i) 10% of the lesser of the facility size and the Borrowing Base and (ii) $15 million.

On December 19, 2018, we entered into a second amendment with our lenders to further increase the capacity of the ABL Credit Facility. The second amendment increased total capacity under the facility from $200.0 million to $300.0 million and extended the maturity date of the ABL Credit Facility from March 22, 2022 until December 19, 2023. The second amendment to the ABL Credit Facility modified the Springing Fixed Charge Coverage Ratio to apply when excess availability is less than the greater of (i) 10% of the lesser of the facility size and the Borrowing Base and (ii) $22.5 million.

The fair values of the ABL Credit Facility and equipment financing approximate their carrying values.

9. LONG-TERM DEBT (Continued)

Total debt consisted of the following notes at December 31, 2018 and 2017, respectively:

($ in thousands)	2018	2017
ABL Credit Facility	$ 70,000	$ 55,000
Equipment financing	—	17,942
Total debt	70,000	72,942
Less current portion of long-term debt	—	15,764
Total long-term debt	$ 70,000	$ 57,178

The loan origination costs relating to the ABL Credit Facility are classified as an asset in the balance sheet.

Annual Maturities — Scheduled annual maturities of total debt are as follows at December 31, 2018:

($ in thousands)	
2019	$ —
2020	—
2021	—
2022	—
2023 and thereafter	70,000
Total	$ 70,000

10. ACCRUED LIABILITIES

Accrued liabilities consisted of the following at December 31, 2018 and 2017, respectively:

($ in thousands)	2018	2017
Accrued capital expenditure	$ 109,832	$ —
Accrued insurance	3,905	2,762
Accrued payroll and related expenses	15,854	10,110
Accrued taxes and others	8,498	3,735
Total	$ 138,089	$ 16,607

11. EMPLOYEE BENEFIT PLAN

The Company has a 401(k) plan whereby all employees with six months of service may contribute up to $15,000 to the plan annually. The employees vest in the Company contributions to the 401(k) plan 25% per year, beginning in the employee's second year of service, with full vesting occurring after five years of service. The employees are fully vested in their contributions when made. The Company matches employee contributions 20 cents on the dollar up to 10% of gross salary. During the years ended December 31, 2018, 2017 and 2016, the recorded expense under the plan was $0.3 million, $0.2 million and $0.2 million, respectively. Effectively January 1, 2019, we modified our 401(k) plan whereby all employees with sixty days of service may contribute up to $19,000 to the plan annually. The employees vest in the Company contributions to the 401(k) plan 25% per year, beginning in the employee's first year of service, with full vesting occurring after four years of service. The employees are fully vested in their contributions when made. The Company matches 100% of the employee contributions up to 6% of gross salary.

12. REPORTABLE SEGMENT INFORMATION

The Company has five operating segments for which discreet financial information is readily available: hydraulic fracturing (inclusive of acidizing), cementing, coil tubing, flowback, and drilling. These operating segments represent how the Chief Operating Decision Maker evaluates performance and allocates resources.

On August 31, 2018, we divested our surface air drilling operations, included in our "all other" category, in order to continue to focus and position ourselves as a Permian Basin-focused pressure pumping business because we believe the pressure pumping market in the Permian Basin offers more supportive long-term growth fundamentals. The divestiture of our surface air drilling operations did not qualify for presentation and disclosure as discontinued operations, and accordingly, we have recorded the resulting loss on disposal of our surface air drilling of $0.3 million as part of our loss on disposal of asset in our consolidated statement of operations. The divestiture of our surface air drilling operations resulted in a reduction in the number of our current operating segments to five. The change in the number of our operating segments did not impact our reportable segment information reported for the years ended December 31, 2018, 2017 and 2016.

In accordance with Accounting Standards Codification 280—*Segment Reporting*, the Company has one reportable segment (pressure pumping) comprised of the hydraulic fracturing and cementing operating segments. All other operating segments and corporate administrative expenses are included in the ‘‘all other’’ category in the table below. Inter-segment revenues are not material and are not shown separately in the table below.

The Company manages and assesses the performance of the reportable segment by its adjusted EBITDA (earnings before other income (expense), interest, taxes, depreciation & amortization, stock-based compensation expense, impairment expense, (gain)/loss on disposal of assets and other unusual or nonrecurring expenses or income). A reconciliation from segment level financial information to the consolidated statement of operations is provided in the table below.

12. REPORTABLE SEGMENT INFORMATION (Continued)

($ in thousands)	Pressure Pumping	All Other	Total
Year ended and as of December 31, 2018			
Service revenue	$ 1,658,403	$ 46,159	$ 1,704,562
Adjusted EBITDA	$ 398,396	$ (9,873)	$ 388,523
Depreciation and amortization	$ 83,404	$ 4,734	$ 88,138
Capital expenditures	$ 577,171	$ 15,431	$ 592,602
Goodwill	$ 9,425	$ —	$ 9,425
Total assets	$ 1,230,830	$ 43,692	$ 1,274,522

	Pressure Pumping	All Other	Total
Year ended and as of December 31, 2017			
Service revenue	$ 945,040	$ 36,825	$ 981,865
Adjusted EBITDA	$ 145,122	$ (7,679)	$ 137,443
Depreciation and amortization	$ 51,155	$ 4,473	$ 55,628
Capital expenditures	$ 300,406	$ 4,893	$ 305,299
Goodwill	$ 9,425	$ —	$ 9,425
Total assets	$ 688,279	$ 30,753	$ 719,032

	Pressure Pumping	All Other	Total
Year ended and as of December 31, 2016			
Service revenue	$ 409,014	$ 27,906	$ 436,920
Adjusted EBITDA	$ 15,656	$ (7,840)	$ 7,816
Depreciation and amortization	$ 37,282	$ 6,260	$ 43,542
Property and equipment impairment expense	$ —	$ 6,305	$ 6,305
Goodwill impairment expense	$ —	$ 1,177	$ 1,177
Capital expenditures	$ 45,473	$ 535	$ 46,008
Goodwill	$ 9,425	$ —	$ 9,425
Total assets	$ 501,906	$ 39,516	$ 541,422

12. REPORTABLE SEGMENT INFORMATION (Continued)

Reconciliation of net income (loss) to adjusted EBITDA:

($ in thousands)	Pressure Pumping	All Other	Total
Year ended December 31, 2018			
Net income (loss)	$ 253,196	$ (79,334)	$ 173,862
Depreciation and amortization	83,404	4,734	88,138
Interest expense	—	6,889	6,889
Income tax expense	—	51,255	51,255
Loss (gain) on disposal of assets	59,962	(742)	59,220
Stock-based compensation	—	5,482	5,482
Other expense	—	663	663
Other general and administrative expense (1)	2	203	205
Deferred IPO Bonus	1,832	977	2,809
Adjusted EBITDA	$ 398,396	$ (9,873)	$ 388,523

Year ended December 31, 2017	Pressure Pumping	All Other	Total
Net income (loss)	$ 50,417	$ (37,804)	$ 12,613
Depreciation and amortization	51,155	4,473	55,628
Interest expense	—	7,347	7,347
Income tax expense	—	3,128	3,128
Loss on disposal of assets	38,059	1,027	39,086
Stock-based compensation	—	9,489	9,489
Other expense	—	1,025	1,025
Other general and administrative expense (1)	—	722	722
Deferred IPO Bonus	5,491	2,914	8,405
Adjusted EBITDA	$ 145,122	$ (7,679)	$ 137,443

	Pressure Pumping	All Other	Total
Year ended December 31, 2016			
Net loss	$ (45,316)	$ (7,831)	$ (53,147)
Depreciation and amortization	37,282	6,260	43,542
Interest expense	—	20,387	20,387
Income tax benefit	—	(27,972)	(27,972)
Loss on disposal of assets	23,690	(1,161)	22,529
Property and equipment impairment expense	—	6,305	6,305
Goodwill impairment expense	—	1,177	1,177
Gain on extinguishment of debt	—	(6,975)	(6,975)
Stock-based compensation	—	1,649	1,649
Other expense	—	321	321
Adjusted EBITDA	$ 15,656	$ (7,840)	$ 7,816

(1) Other general and administrative expense relates to legal settlement expense.

12. REPORTABLE SEGMENT INFORMATION (Continued)

Major Customers

For the years ended December 31, 2018, 2017 and 2016, the Company had revenue from the following significant customers that accounted for the following percentages of the Company's total revenue:

	2018	2017	2016
Customer A	24.1%	15.0%	18.0%
Customer B	16.5%	13.8%	12.5%
Customer C	12.2%	12.7%	8.7%
Customer D	8.9%	12.6%	7.0%
Customer E	7.1%	11.8%	—%

For the year ended December 31, 2018, pressure pumping made up 97.4% of Customer A, 98.3% of Customer B, 100.0% of Customer C, 100.0% of Customer D and 100.0% of customer E. For the year ended December 31, 2017, pressure pumping made up 99.9% of Customer A, 99.2% of Customer B, 99.9% of Customer C, 99.8% of Customer D and 95.5% of customer E. For the year ended December 31, 2016, pressure pumping made up 96.0% of Customer A, 99.0% of Customer B, 100.0% of Customer C and 99.0% of Customer D.

13. NET INCOME (LOSS) PER SHARE

Basic net income (loss) per common share is computed by dividing the net income (loss) relevant to the common stockholders by the weighted-average number of shares outstanding during the year. Diluted net income (loss) per common share uses the same net income (loss) divided by the sum of the weighted-average number of shares of common stock outstanding during the period, plus dilutive effects of options, performance and restricted stocks units outstanding during the period calculated using the treasury method and the potential dilutive effects of preferred stocks (if any) calculated using the if-converted method. The table below shows the calculations for years ended December 31, 2018, 2017 and 2016.

(In thousands, except for per share data)	**2018**	**2017**	**2016**
Numerator (both basic and diluted)			
Net income (loss) relevant to common stockholders	$ 173,862	$ 12,613	$ (53,147)
Denominator			
Denominator for basic income (loss) per share	83,460	76,371	44,787
Dilutive effect of stock options	3,129	2,903	—
Dilutive effect of performance stock units	277	59	—
Dilutive effect of non-vested restricted stock units	180	250	—
Denominator for diluted income (loss) per share	87,046	79,583	44,787
Basic net income (loss) per common share	$ 2.08	$ 0.17	$ (1.19)
Diluted net income (loss) per common share	$ 2.00	$ 0.16	$ (1.19)

As shown in the table below, the following non-vested restricted stock units, preferred stock, performance stock units, and stock options have not been included in the calculation of diluted income (loss) per share for years ended December 31, 2018, 2017 and 2016 as they would be anti-dilutive to the calculation above.

13. NET INCOME (LOSS) PER SHARE (Continued)

(Count in thousands)	2018	2017	2016
Stock options	—	—	4,646
Preferred stock	—	—	17,000
Performance stock units	—	—	—
Non-vested restricted stock units	—	—	372
	—	—	22,018

14. STOCK-BASED COMPENSATION

Effective March 4, 2013, we adopted the ProPetro Stock Option Plan pursuant to which our Board of Directors may grant stock options or other stock-based awards to key employees, consultants, and directors. The Plan, as amended, is authorized to grant up to 4,645,884 shares of common stock to be issued upon exercise of the options. The Company's share price used to estimate the fair value of the option at the grant date was based on a combination of income and market approaches, which are highly complex and sensitive. The income approach involves the use of a discounted cash flow method, with cash flow projections discounted at an appropriate discount rate. The market approach involves the use of comparable public companies market multiples in estimating the fair value of the Company's stock. The expected term used to calculate the fair value of all options considers the vesting date and the grant's expiration date. The expected volatility was estimated by considering comparable public companies, and the risk free rate is based on the U.S treasury yield curve as of the grant date. The dividend assumption is based on historical experience. After becoming a public company, the market price was used to determine the market value of our common stock. Prior to 2015, the Company had granted a total of 3,499,228 options with an exercise price of $3.96 per option, and all options expire 10 years from the date of grant.

On June 14, 2013, we granted 2,799,408 stock option awards to certain key employees and directors that shall vest and become exercisable based upon the achievement of a service requirement. The options vest in 25% increments for each year of continuous service and an option becomes fully vested upon the optionee's completion of the fourth year of service. The contractual term for the options awarded is 10 years. The fair value of each option award granted is estimated on the date of grant using the Black-Scholes option-pricing model. The fair value of the options was estimated at the date of grant using the following assumptions:

Expected volatility		45 %
Expected dividends	$	—
Expected term (in years)		6.25
Risk free rate		1.35 %

On December 1, 2013, we granted 699,820 stock option awards to certain key employees which were scheduled to vest in four substantially equal annual installments, subject to service and performance requirements and acceleration upon a change in control. As of December 31, 2016 and 2015 the performance requirements were not considered to be probable of achievement for any of the outstanding option awards and 114,456 options were forfeited during the year ended December 31, 2016. Effective March 16, 2017, we terminated the options in connection with our IPO and approved a cash bonus totaling $5.1 million to the holders of the options.

The contractual term for the options awarded is 10 years. The fair value of each option award granted is estimated on the date of grant using the Black-Scholes option-pricing model. The fair value of the options was estimated at the date of grant using the following assumptions:

14. STOCK-BASED COMPENSATION (Continued)

Expected volatility		45%
Expected dividends	$	—
Expected term (in years)		6.25
Risk free rate		1.83%

On July 19, 2016, we granted 1,274,549 stock option awards to certain key employees and directors which are scheduled to vest in five substantially equal semi-annual installments commencing in December 2016, subject to a continuing services requirement. The contractual term for the options awarded is 10 years. We fully accelerated vesting of the options in connection with our IPO.

The fair value of each option award granted is estimated on the date of grant using the Black- Scholes option-pricing model. The fair value of the options was estimated at the date of grant using the following assumptions:

Expected volatility		55%
Expected dividends	$	—
Expected term (in years)		5.8
Risk free rate		1.22%

In March 2017, our shareholders approved the ProPetro 2017 Incentive Award Plan ("IAP") pursuant to which our Board of Directors may grant stock options, restricted stock units ("RSUs"), performance stock units ("PSUs"), or other stock-based awards to key employees, consultants, directors and employees. The IAP authorizes up to 5,800,000 shares of common stock to be issued under awards granted pursuant to the plan. On March 16, 2017, we granted 793,738 stock option awards to certain key employees and directors pursuant to the IAP which are scheduled to vest in four substantially equal annual installments, subject to a continuing service requirement. The contractual term for the options awarded is 10 years.

The fair value of each stock option award granted is estimated on the date of grant using the Black- Scholes option-pricing model. The fair value of the options was estimated at the date of grant using the following assumptions:

Expected volatility		18%
Expected dividends	$	—
Expected term (in years)		6.25
Risk free rate		2.23%

14. STOCK-BASED COMPENSATION (Continued)

A summary of the stock option activity during the year ended December 31, 2018 is presented below.

	Number of Shares	Weighted Average Exercise Price
Outstanding at January 1, 2018	4,636,353	$ 5.20
Granted	—	—
Exercised	(49,912)	$ 4.95
Forfeited	(29,255)	$ 14.00
Expired	—	$ —
Canceled	—	$ —
Outstanding at December 31, 2018	4,557,186	$ 5.14
Exercisable at December 31, 2018	3,994,990	$ 3.90

The weighted average grant-date fair value of stock options granted during the years ended December 31, 2018, 2017 and 2016 was $0, $3.35 and $1.77, respectively. As of December 31, 2018, the aggregate intrinsic value for our outstanding stock options was $34.0 million, and the aggregate intrinsic value for our exercisable stock options was $34.0 million. The aggregate intrinsic value for the exercised stock options during the year was $0.7 million. The remaining contractual term for the outstanding and exercisable stock options as of December 31, 2018, were 5.9 years and 5.6 years, respectively. For the years ended December 31, 2018, 2017 and 2016, the Company recognized $0.6 million, $2.9 million and $1.6 million, respectively, in compensation expense related to all stock options.

Restricted Stock Units (Non-Vested Stock) and Performance Stock Units

On September 30, 2013, our Board of Directors authorized and granted 372,335 restricted stock units (RSUs) to a key executive. Each RSU represents the right to receive one share of common stock of the Company at par value $0.001 per share. Under the terms of the award, the shares of common stock subject to the RSUs were to be paid to the grantee upon change in control, regardless of whether the grantee was affiliated with the Company on the settlement date. The fair value of the RSUs is measured as the price of the Company's shares on the grant date, which was estimated to be $3.89. The share price used to estimate the fair value of the RSU at the grant date was based on a combination of income and market approaches, which are highly complex and sensitive. The income approach involves the use of a discounted cash flow method, with the cash flow projections discounted at an appropriate discount rate. The market approach involves the use of comparable public companies market multiples in estimating the fair value of the Company's stock. Effective March 22, 2017, the Board of Directors canceled these RSUs and issued 372,335 new RSUs to the grantee. These issued RSUs are effectively identical to the RSUs granted in 2013, provided, however, that the RSUs was payable in full on March 22, 2018. The fair value of the RSUs issued on March 22, 2017, was based on the Company's closing stock market price at the grant date. In connection with the IPO, we fully recognized the stock compensation expense related to the re-issued RSUs.

In 2018, our Board of Directors granted 319,250 RSUs to employees, directors and executives pursuant to the Incentive Award Plan ("IAP"). Each RSU represents the right to receive one share of common stock. The fair value of the RSUs is based on the closing share price of our common stock on the date of grant. For the years ended December 31, 2018, 2017 and 2016 the recorded stock compensation expense for all RSUs was $2.9 million, $6.2 million and $0, respectively. As of December 31, 2018, the total unrecognized compensation expense for all RSUs was approximately $5.7 million, and is expected to be recognized over a weighted-average period of approximately 1.6 years.

14. STOCK-BASED COMPENSATION (Continued)

The following table summarizes the restricted stock units activity during the year December 31, 2018:

	Number of Shares		Weighted Average Grant Date Fair Value
Outstanding at January 1, 2018	688,744	$	13.66
Granted	319,250	$	18.49
Vested	(500,360)	$	13.87
Exercised	—	$	—
Forfeited	(34,129)	$	15.99
Expired	—	$	—
Canceled	—	$	—
Outstanding at December 31, 2018	473,505	$	16.52

Effective June 5, 2017, our Board of Directors authorized and granted performance stock unit awards to certain key employees under the IAP. The actual number of shares that may be issued under the performance stock unit awards ranges from zero up to a maximum of twice the target number of performance stock unit awards ("PSUs") granted to the participant, based on our total shareholder return relative to a designated peer group from the date of our IPO through December 31, 2019. Effective April 18, 2018, our Board of Directors authorized and granted PSUs to certain key employees under the IAP. The actual number of shares that may be issued under the PSUs ranges from zero up to a maximum of twice the target number of performance stock unit awards granted to the participant, based on our total shareholder return relative to a designated peer group from January 1, 2018 through December 31, 2020. Compensation expense is recorded ratably over the corresponding requisite service period. The fair value of performance stock unit awards is determined using a Monte Carlo probability model. Grant recipients do not have any shareholder rights until performance relative to the peer group has been determined following the completion of the performance period and shares have been issued. For the years ended December 31, 2018, 2017 and 2016 the recorded stock compensation expense for the performance stock units was $2.0 million, $0.4 million and $0, respectively.

The following table summarizes the performance stock units activity during the year ended December 31, 2018:

Period Granted	Target Shares Outstanding at Beginning of Year	Target Shares Granted	Target Shares Vested	Target Shares Forfeited	Target Shares Outstanding at End of Year		Weighted Average Grant Date Fair Value per Share
2017	169,635	—	—	—	169,635	$	10.73
2018	—	178,975	—	—	178,975	$	27.51
Total	169,635	178,975	—	—	348,610	$	19.34

The total stock compensation expense for the years ended December 31, 2018, 2017 and 2016 for all stock awards was $5.5 million, $9.5 million and $1.6 million, respectively. The total unrecognized compensation expense as of December 31, 2018 is approximately $11.5 million, and is expected to be recognized over a weighted-average period of approximately 2.0 years.

15. INCOME TAXES

The components of the provision for income taxes for the years ended December 31, 2018, 2017 and 2016 are as follows:

($ in thousands)	2018	2017	2016
Federal:			
Current	$ —	$ (376)	$ —
Deferred	48,738	3,634	(29,082)
	48,738	3,258	(29,082)
State:			
Current	1,551	74	—
Deferred	966	(204)	1,110
	2,517	(130)	1,110
Total expense (benefit)	$ 51,255	$ 3,128	$ (27,972)

Reconciliation between the amounts determined by applying the federal statutory rate of 21% for year ended December 31, 2018 and 35% for the years ended December 31, 2017 and 2016 to income tax (expense)/benefit is as follows:

($ in thousands)	2018	2017	2016
Tax at federal statutory rate	$ 47,275	$ 5,510	$ (28,392)
State taxes, net of federal benefit	1,874	176	(216)
Non-deductible expenses	2,423	1,582	498
Stock-based compensation	(426)	(655)	—
Valuation allowance	(1,151)	273	879
Effect of change in enacted Tax Act	—	(3,448)	—
Other	1,260	(310)	(741)
Total expense (benefit)	$ 51,255	$ 3,128	$ (27,972)

15. INCOME TAXES (Continued)

Deferred tax assets and liabilities are recognized for estimated future tax effects of temporary differences between the tax basis of an asset or liability and its reported amount in the consolidated financial statements. The significant items giving rise to deferred tax assets (liabilities) at December 31, 2018 and 2017, respectively, are as follows:

($ in thousands)	2018	2017
Deferred Income Tax Assets		
Accrued liabilities	$ 769	$ 1,264
Allowance for doubtful accounts	21	94
Goodwill and other intangible assets	4,010	5,304
Stock-based compensation	2,632	2,960
Net operating losses	111,580	56,788
Other	63	69
Noncurrent deferred tax assets	119,075	66,479
Total deferred tax assets	119,075	66,479
Valuation allowance	—	(1,151)
Total deferred tax assets — net	119,075	65,328
Deferred Income Tax Liabilities		
Property and equipment	(172,164)	(68,811)
Prepaid expenses	(1,194)	(965)
Other	—	(131)
Noncurrent deferred tax liabilities	(173,358)	(69,907)
Net deferred tax liability	$ (54,283)	$ (4,579)

At December 31, 2018, the Company had approximately $516.0 million of federal net operating loss carryforwards that will begin to expire in 2032 and state net operating losses of approximately $50.0 million that will begin to expire in 2024. Utilization of net operating loss carryforwards may be limited due to past or future ownership changes. As of December 31, 2018, the Company was no longer in a cumulative book loss for the current and two prior years. Based on its estimate of future taxable income, the Company determined it is more likely than not that it will utilize its deferred tax assets. Accordingly, the valuation allowance against its state deferred tax assets was reversed.

The Company's U.S. federal income tax returns for the years ended December 31, 2015 through December 31, 2017 remain open to examination by the Internal Revenue Service under the applicable U.S. federal statute of limitations provisions. The various states in which the Company is subject to income tax are generally open to examination for the tax years ended after December 31, 2014.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act ("Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code including, but not limited to (1) reducing the U.S. federal corporate tax rate from 35% to 21%, (2) eliminating the corporate alternative minimum tax ("AMT'') and changing how existing AMT credits can be realized, (3) creating a new limitation on deductible interest expense, (4) changes to bonus depreciation, and (5) changing rules related to use and limitations of net operating loss carryforwards for tax years beginning after December 31, 2017. We have completed our analysis of the Tax Act. The only material items that impacted the Company's consolidated financial statements in 2017 were bonus depreciation and the corporate rate reduction. While the corporate rate reduction was effective January 1, 2018, we accounted for the effect of the rate change during the year ended December 31, 2017,

15. INCOME TAXES (Continued)

the year of enactment. Consequently, we recorded a $3.4 million decrease to the net deferred tax liability, with a corresponding net adjustment to deferred tax benefit.

In June 2006, the FASB issued FASB Interpretation (FIN) No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109* (subsequently codified as ASC 740-10, Income Taxes, Under FASB Statement No. 168, The FASB *Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles — a replacement of FASB Statement No. 162*). ASC 740-10 prescribes a comprehensive model for recognizing, measuring, presenting, and disclosing in the consolidated financial statements tax positions taken or expected to be taken on a tax return, including a decision to file or not to file in a particular jurisdiction.

The Company evaluated all tax positions and determined that the aggregate exposure under ASC 740-10 did not have a material effect on the consolidated financial statements during the year ended December 31, 2018, 2017 and 2016. Therefore, no adjustments have been made to the consolidated financial statements related to the implementation of ASC 740-10. The Company will continue to evaluate its tax positions in accordance with ASC 740-10 and will recognize any future effect as a charge to income in the applicable period.

Income tax penalties and interest assessments recognized under ASC 740-10 are accrued as a tax expense in the period that the Company's taxes are in an uncertain tax position. Any accrued tax penalties or interest assessments will remain until the uncertain tax position is resolved with the taxing authorities or until the applicable statute of limitations has expired.

16. RELATED-PARTY TRANSACTIONS

The Company leases its corporate offices from a related party pursuant to a five-year lease agreement with a five-year extension option requiring a base rent of $0.1 million per year. The Company also leases five properties adjacent to the corporate office from related parties with annual base rents of $0.03 million, $0.03 million, $0.1 million, $0.1 million, and $0.2 million.

For the years ended December 31, 2018, 2017 and 2016, the Company paid approximately $0.4 million, $0.3 million and $0.2 million, respectively, for the use of transportation services from a related party.

The Company also rents equipment in Elk City, Oklahoma from a related party. For the years ended December 31, 2018, 2017 and 2016, the Company paid $0.2 million, $0.2 million and $0.2 million, respectively.

At December 31, 2018, 2017 and 2016, the Company had $0.01 million, $0.02 million and $0 in payables, respectively, and approximately $0, $0 and $0.04 million in receivables, respectively, for related parties for services provided.

All agreements pertaining to realty property and equipment were entered into during periods where the Company had limited liquidity and related parties secured them on behalf of the Company. All related party receivables and payables are immaterial and have not been separately shown on the face of the financial statements.

17. COMMITMENTS AND CONTINGENCIES

Operating Lease — The Company has various operating leases for office space and certain property and equipment. For the years ended December 31, 2018, 2017 and 2016, the Company recorded operating lease expense of $1.7 million, $1.4 million and $1.4 million, respectively. Required remaining lease payments for each fiscal year are as follows:

17. COMMITMENTS AND CONTINGENCIES (Continued)

($ in thousands)		
2019	$	892
2020		721
2021		721
2022		721
2023 and thereafter		2,258
Total	$	5,313

Contingent Liabilities — The Company may be subject to various legal actions, claims, and liabilities arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a materially adverse effect on the Company's financial position, results of operations, or liquidity.

18. EQUITY CAPITALIZATION

Credit Amendment Equity Infusion

In connection with the Term Loan and Revolving Credit Facility amendment dated June 8, 2016 (see Note 9), ECP and its related affiliates along with other shareholders infused $40.4 million of equity into the Company and we issued 18,007,328 additional shares of common stock.

On November 9, 2017, ECP sold 13,800,000 shares of its common stock holdings in a secondary offering at $15.07 per share, and sold all of their remaining holdings in October of 2018.

Convertible Preferred Stock

On December 27, 2016, we completed a private placement offering of $170.0 million, issuing 16,999,990 shares of Series A nonparticipating convertible preferred stock, par value $0.001 per share. Costs associated with the offering were approximately $7.0 million, resulting in net proceeds to the Company of approximately $163.0 million.

As of December 31, 2016, 16,999,990 shares of Series A convertible preferred stock were issued and outstanding, convertible into common stock at the conversion price per the private placement agreement. In connection with our IPO, all 16,999,990 shares of our outstanding Series A Preferred Stock converted to common stock on a 1:1 basis.

Initial Public Offering

On March 22, 2017, we consummated our IPO in which 25,000,000 shares of our common stock, par value $0.001 per share, were sold at a public offering price of $14.00 per share, with 13,250,000 shares issued and sold by the Company and $11,750,000 shares sold by existing stockholders.

At December 31, 2018 and 2017, the Company had 100,190,126 and 83,039,854 shares outstanding, respectively.

19. QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table sets forth our unaudited quarterly results for each of the last four quarters for the years ended December 31, 2018 and 2017. This unaudited quarterly information has been prepared on the same basis as our annual audited financial statements and includes all adjustments, consisting only of normal recurring adjustments that are necessary to present fairly the financial information for the fiscal quarters presented.

	2018			
(In thousands, except for per share data)	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Service revenue	$ 385,219	$ 459,888	$ 434,041	$ 425,414
Gross profit	$ 87,097	$ 108,000	$ 113,895	$ 124,993
Net income	$ 36,708	$ 39,091	$ 46,285	$ 51,778
Net income per common share:				
Basic	$ 0.44	$ 0.47	$ 0.55	$ 0.62
Diluted	$ 0.42	$ 0.45	$ 0.53	$ 0.59
Weighted average common shares outstanding:				
Basic	83,081	83,447	83,544	83,758
Diluted	86,848	86,878	86,878	87,218

	2017			
(In thousands, except for per share data)	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Service revenue	$ 171,931	$ 213,492	$ 282,730	$ 313,712
Gross profit	$ 22,366	$ 36,715	$ 57,297	$ 51,664
Net income (loss)	$ (24,351)	$ 4,921	$ 21,965	$ 10,078
Net income (loss) per common share:				
Basic	$ (0.43)	$ 0.06	$ 0.26	$ 0.12
Diluted	$ (0.43)	$ 0.06	$ 0.25	$ 0.12
Weighted average common shares outstanding:				
Basic	55,996	83,040	83,040	83,040
Diluted	55,996	86,279	86,264	86,818

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that the information required to be disclosed by us in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rule 13a-15(b) under the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer, principal financial officer and principal accounting officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, our principal executive officer, principal financial officer and principal accounting officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2018.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). See page 48 for Management's Report on Internal Control Over Financial Reporting. Deloitte & Touche LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2018, as stated in their report, which is included herein. See page 50 for Report of Independent Registered Public Accounting Firm on its assessment of our internal control over financial reporting.

Changes in Internal Control over Financial Reporting

No changes in our system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarter ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item concerning our Executive Officers, Directors and nominees for Director, Audit Committee members and financial expert(s) and concerning disclosure of delinquent filers under Section 16(a) of the Exchange Act and our Standards of Business Conduct is incorporated herein by reference from our definitive Proxy Statement for our 2019 Annual Meeting of Shareholders, which will be filed with the SEC pursuant to Regulation 14A within 120 days after the end of our last fiscal year.

Item 11. Executive Compensation

The information required by this Item concerning Executive Compensation, material transactions involving Executive Officers and Directors and Compensation Committee interlocks, as well as the Compensation Committee Report, are incorporated herein by reference from our definitive Proxy Statement for our 2019 Annual Meeting of Shareholders, which will be filed with the SEC pursuant to Regulation 14A within 120 days after the end of our last fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item concerning the stock ownership of management and five percent beneficial owners and securities authorized for issuance under equity compensation plans is incorporated herein by reference from our definitive Proxy Statement for our 2019 Annual Meeting of Shareholders, which will be filed with the SEC pursuant to Regulation 14A within 120 days after the end of our last fiscal year.

Item 13. Certain Relationships and Related Party Transactions, and Director Independence.

The information required by this Item concerning certain relationships and related person transactions and director independence is incorporated herein by reference from our definitive Proxy Statement for our 2019 Annual Meeting of Shareholders, which will be filed with the SEC pursuant to Regulation 14A within 120 days after the end of our last fiscal year.

Item 14. Principal Accounting Fees and Services.

The information required by this Item concerning principal accounting fees and services is incorporated herein by reference from our definitive Proxy Statement for our 2019 Annual Meeting of Shareholders, which will be filed with the SEC pursuant to Regulation 14A within 120 days after the end of our last fiscal year.

Part IV

Item 15. Exhibits and Financial Statement Schedules.

(a)(1) Financial Statements

The Financial Statements in Item 8 are filed as part of this Annual Report on Form 10-K.

(a)(2) Financial Statement Schedules

None

(a)(3) Exhibits

The exhibit index attached hereto is incorporated herein by reference.

(b) See Exhibit Index

(c) None

Item 16. Form 10-K Summary. [Note: Move this item and the Signatures section to appear after the Exhibit Index]

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on February 28, 2019.

ProPetro Holding Corp.

/s/ Dale Redman
Dale Redman
Chief Executive Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed by the following persons in the capacities indicated on the date indicated.

Signature	Title	Date
/s/ Dale Redman Dale Redman	Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2019
/s/ Jeff Smith Jeff Smith	Chief Financial Officer (Principal Financial Officer)	February 28, 2019
/s/ Ian Denholm Ian Denholm	Chief Accounting Officer (Principal Accounting Officer)	February 28, 2019
/s/ Spencer D. Armour Spencer D. Armour, III	Chairman	February 28, 2019
/s/ Steve Beal Steve Beal	Director	February 28, 2019
/s/ Anthony Best Anthony Best	Director	February 28, 2019
/s/ Pryor Blackwell Pryor Blackwell	Director	February 28, 2019
/s/ Alan E. Douglas Alan E. Douglas	Director	February 28, 2019
/s/ Jack Moore Jack Moore	Director	February 28, 2019
/s/ Royce W. Mitchell Royce W. Mitchell	Director	February 28, 2019
/s/ Mark Berg Mark Berg	Director	February 28, 2019

EXHIBIT INDEX

Exhibit number	Description
2.1	Purchase and Sale Agreement, dated as of November 12, 2018, by and among Pioneer Natural Resources Pumping Services LLC, Pioneer Natural Resources USA, Inc. and ProPetro Holding Corp. (incorporated by reference herein to Exhibit 2.1 to ProPetro Holding Corp.'s Current Report on Form 8-K dated December 31, 2018).
3.1	Certificate of Incorporation of ProPetro Holding Corp., as amended March 16, 2017 (incorporated by reference herein to Exhibit 3.1 to ProPetro Holding Corp.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2017).
3.2	Bylaws of ProPetro Holding Corp. (incorporated by reference herein to Exhibit 3.3 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated March 10, 2017 (Registration No. 333-215940)).
4.1	Specimen Stock Certificate (incorporated by reference herein to Exhibit 4.1 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 23, 2017 (Registration No. 333-215940).
4.5	Investor Rights Agreement, dated as of December 31, 2018, by and between Pioneer Natural Resources Pumping Services LLC and ProPetro Holding Corp. (incorporated by reference herein to Exhibit 4.1 to ProPetro Holding Corp.'s Current Report on Form 8-K dated December 31, 2018).
4.6	Registration Rights Agreement, dated as of December 31, 2018, by and between Pioneer Natural Resources Pumping Services LLC and ProPetro Holding Corp. (incorporated by reference herein to Exhibit 4.2 to ProPetro Holding Corp.'s Current Report on Form 8-K dated December 31, 2018.)
10.1	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 8, 2017 (Registration No. 333-215940)).
10.2	Credit Agreement, dated as of March 22, 2017 by and among ProPetro Holding Corp., ProPetro Services, Inc., Barclays Bank PLC, as the Agent, the Collateral Agent, a Letter of Credit Issuer and the Swingline Lender, and each of the Lenders from time to time party thereto (incorporated by reference herein to Exhibit 10.2 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated March 28, 2017).
10.3#	Employment Agreement, dated April 17, 2013, by and between ProPetro Holding Corp. and Dale Redman (incorporated by reference herein to Exhibit 10.3 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).
10.4#	Employment Agreement, dated April 17, 2013, by and between ProPetro Holding Corp. and David Sledge (incorporated by reference herein to Exhibit 10.4 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).
10.5#	Employment Agreement, dated April 17, 2013, by and between ProPetro Holding Corp. and Jeffrey Smith (incorporated by reference herein to Exhibit 10.5 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).
10.6#	Stock Option Plan of ProPetro Holding Corp., dated March 4, 2013 (incorporated by reference herein to Exhibit 10.6 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).
10.7#	First Amendment to the Stock Option Plan of ProPetro Holding Corp., dated June 14, 2013 (incorporated by reference herein to Exhibit 10.7 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).
10.8#	Second Amendment to the Stock Option Plan of ProPetro Holding Corp., dated December 2, 2016 (incorporated by reference herein to Exhibit 10.8 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).
10.9#	Non-Qualified Stock Option Agreement, dated June 14, 2013, by and between ProPetro Holding Corp. and Dale Redman (incorporated by reference herein to Exhibit 10.9 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).

10.10# Non-Qualified Stock Option Agreement, dated June 14, 2013, by and between ProPetro Holding Corp. and David Sledge (incorporated by reference herein to Exhibit 10.10 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).

10.11# Non-Qualified Stock Option Agreement, dated June 14, 2013, by and between ProPetro Holding Corp. and Jeffrey Smith (incorporated by reference herein to Exhibit 10.11 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).

10.12# Non-Qualified Stock Option Agreement, dated June 14, 2013, by and between ProPetro Holding Corp. and Spencer D. Armour, III (incorporated by reference herein to Exhibit 10.12 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).

10.13# Non-Qualified Stock Option Agreement, dated July 19, 2016, by and between ProPetro Holding Corp. and Dale Redman (incorporated by reference herein to Exhibit 10.13 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).

10.14# Non-Qualified Stock Option Agreement, dated July 19, 2016, by and between ProPetro Holding Corp. and David Sledge (incorporated by reference herein to Exhibit 10.14 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).

10.15# Non-Qualified Stock Option Agreement, dated July 19, 2016, by and between ProPetro Holding Corp. and Jeffrey Smith (incorporated by reference herein to Exhibit 10.15 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).

10.16# Non-Qualified Stock Option Agreement, dated July 19, 2016, by and between ProPetro Holding Corp. and Spencer D. Armour, III (incorporated by reference herein to Exhibit 10.16 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).

10.17# Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement, dated September 30, 2013, by and between ProPetro Holding Corp. and Dale Redman (incorporated by reference herein to Exhibit 10.17 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 23, 2017 (Registration No. 333-215940).

10.18# Form of ProPetro Holding Corp. 2017 Incentive Award Plan (incorporated by reference to Exhibit 10.18 to the Company's Registration Statement on Form S-1, dated March 7, 2017 (Registration No. 333-215940)).

10.19# Form of ProPetro Holding Corp. Senior Executive Incentive Bonus Plan (incorporated by reference to Exhibit 10.19 to the Company's Registration Statement on Form S-1, dated February 23, 2017 (Registration No. 333-215940)).

10.20# Form of ProPetro Holding Corp. Non-Employee Director Compensation Policy (incorporated by reference to Exhibit 10.20 to the Company's Registration Statement on Form S-1, dated February 23, 2017 (Registration No. 333-215940)).

10.21# Form of ProPetro Holding Corp. Director Stock Ownership Policy (incorporated by reference to Exhibit 10.21 to the Company's Registration Statement on Form S-1, dated February 23, 2017 (Registration No. 333-215940)).

10.22# Form of ProPetro Holding Corp. 2017 Incentive Award Plan Stock Option Grant Notice and Stock Option Agreement (incorporated by reference to Exhibit 10.22 to the Company's Registration Statement on Form S-1, dated February 23, 2017 (Registration No. 333-215940)).

10.23# Form of ProPetro Holding Corp. Amendment to Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.23 to the Company's Registration Statement on Form S-1, dated February 23, 2017 (Registration No. 333-215940)).

10.24# Amendment to Employment Agreement, by and between ProPetro Holding Corp. and Dale Redman (incorporated by reference herein to Exhibit 10.24 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 23, 2017 (Registration No. 333-215940)).

10.25# Employment Agreement, dated February 17, 2017, by and between ProPetro Holding Corp. and Mark Howell (incorporated by reference herein to Exhibit 10.25 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 23, 2017 (Registration No. 333-215940)).

10.26#	Form of ProPetro Holding Corp. 2017 Incentive Award Plan Performance Restricted Stock Unit Award Grant Notice and Performance Stock Unit Award Agreement (incorporated by reference herein to Exhibit 10.1 to ProPetro Holding Corp.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017).
10.27#	Form of ProPetro Holding Corp. 2017 Incentive Award Plan Restricted Stock Unit Award Grant Notice and Performance Stock Unit Award Agreement (incorporated by reference herein to Exhibit 10.2 to ProPetro Holding Corp.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017).
10.28#	Form of ProPetro Holding Corp. 2017 Incentive Award Plan Director Restricted Stock Unit Award Grant Notice and Director Stock Unit Award Agreement (incorporated by reference herein to Exhibit 10.3 to ProPetro Holding Corp.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017).
10.29	Amendment No. 1 to Credit Agreement, dated as of February 22, 2018 by and among ProPetro Holding Corp., ProPetro Services, Inc., the Incremental Lenders therein, the Required Lenders and Barclays Bank PLC, as Administrative Agent for the Lenders (incorporated by reference herein to Exhibit 10.1 to ProPetro Holding Corp.'s Current Report on Form 8-K dated February 22, 2018).
10.30	Amendment No. 2 to Credit Agreement, dated as of December 19, 2018, by and among ProPetro Holding Corp., ProPetro Services, Inc., the Incremental Lenders therein, the Required Lenders and Barclays Bank PLC, as Administrative Agent for the Lenders (incorporated by reference herein to Exhibit 10.1 to ProPetro Holding Corp.'s Current Report on Form 8-K dated December 19, 2018).
10.31	Pressure Pumping Services Agreement dated December 31, 2018, between Pioneer Natural Resources USA, Inc. and ProPetro Services, Inc.
10.32	Form of Indemnification Agreement for Pioneer Designated Directors.
10.33	Form of Indemnification Agreement for Officers and Directors of ProPetro Holding Corp.
21.1	List of Subsidiaries of ProPetro Holding Corp.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Exchange Act Rules, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Exchange Act Rules, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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Compensatory plan, contract or arrangement.

PRESSURE PUMPING SERVICES AGREEMENT

#5795049

This Pressure Pumping Services Agreement (this "**Agreement**"), effective as of the Effective Date (as defined in Article 25), is between Pioneer Natural Resources USA, Inc., a Delaware corporation with its principal place of business at 5205 North O'Connor Blvd., Suite 200, Irving, Texas 75039 ("**Company**"), and ProPetro Services, Inc., a Texas corporation with its principal place of business at 1706 S. Midkiff, Bldg. B, Midland, Texas 79701 ("**Contractor**"). Company and Contractor are sometimes hereinafter individually referred to as a "**Party**," and collectively as the "**Parties**."

WHEREAS, Company is the operator of certain oil and gas wells drilled and to be drilled in certain areas;

WHEREAS, Company desires Contractor to provide dedicated hydraulic fracturing Fleets (as defined in Article 3) to Company for the performance of fracture stimulation pumping services, including all pump down operations associated therewith, and provision of associated products in connection with Company's operations (the "**Services**"); and

WHEREAS, Contractor desires to perform, and represents that it has fully-trained personnel capable of performing Services as required by Company;

NOW, THEREFORE, for and in consideration of the covenants and promises herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

1. Master Service/Sales Agreement. This Agreement is subject to the terms and conditions of that certain Amended and Restated Master Service/Sales Agreement by and between Company and Contractor dated May 16, 2016 (as amended, supplemented or otherwise modified, the "**MSSA**") which is hereby incorporated by reference into this Agreement. In the event of any conflict or inconsistency between the terms and conditions of the MSSA and this Agreement, the terms of this Agreement shall govern.

2. Term.

   (a) The term of this Agreement shall begin on the Effective Date and shall continue for a period ending December 31, 2028 (the "**Term**"); provided, that Company shall have the right, exercisable in its sole discretion, to terminate this Agreement (a) in whole or (b) in part, with respect to one or more Fleets, effective as of December 31 of each of the calendar years 2022, 2024 and 2026 by providing written notice thereof to Contractor not later than July 1 of such calendar year. Following receipt of written notice from Company to commence initial mobilization, Contractor shall be responsible for the mobilization and demobilization of Contractor's personnel and equipment and the performance of the Services in accordance with this Agreement. The Parties anticipate that such commencement will occur on or about January 1, 2019 ("**Commencement Date**").

(b) This Agreement supersedes and replaces that certain Pressure Pumping Services Agreement by and between Company and Contractor dated January 23, 2017 (as amended, supplemented or otherwise modified, the "**Existing PPSA**") in all respects effective as of the Effective Date. Except as provided in this Article 2(b), commencing on the Effective Date, (i) the Parties hereby agree to terminate the Existing PPSA, (ii) Contractor shall cease providing services to Company, and Company will cease obtaining services from Contractor, pursuant to the terms and conditions set forth in the Existing PPSA, and (iii) Contractor will commence providing Services to Company, and Company will commence obtaining Services from Contractor, pursuant to the terms and conditions set forth in this Agreement. Neither Party will be deemed to have waived, or to have released the other Party from, any claim, issue or dispute arising, becoming known or discovered or asserted after the Effective Date but relating to a Party's performance or nonperformance under the Existing PPSA. The resolution of any such claim, issue or dispute will continue to be governed by the terms and conditions of the Existing PPSA. In addition, Company will remain obligated to pay to Contractor all amounts properly payable by Company pursuant to the Existing PPSA that, in accordance with the regular invoice and payment process, had not been invoiced to or paid by Company as of the Effective Date. The terms of the Existing PPSA shall survive its termination and remain in full effect for purposes of the matters described in this Article 2(b).

3. Pricing and Scope of Work.

(a) Contractor shall perform the Services in accordance with each applicable work order or other instrument used by Company to authorize the performance of the Services and Contractor's net price book that is mutually agreed to between Company and Contractor (the "**Net Price Book**"). Rates for items not included in the Net Price Book or expressly provided herein shall be agreed upon in writing by the Parties. The Net Price Book will be subject to adjustments as set forth in Article 4. Company shall not be liable for any markup by Contractor on goods or services provided by any third party subcontractor or supplier of Contractor. Additionally, Company shall not be liable for any detention, demurrage, or non-utilization charges incurred by Contractor in connection with trucking services provided by Contractor or its subcontractors in furtherance of the Services, except if and to the extent that any such detention, demurrage, or non-utilization charges are directly caused by any member of the Company Group (as such term is defined in the MSSA), as determined by Company in good faith.

(b) Beginning on the Commencement Date, Contractor shall deliver eight (8) hydraulic fracturing fleets to Company to perform the Services ("**Fleets**"), with such Fleets dedicated exclusively to Company throughout the Term. For each Fleet, there shall be (i) sufficient personnel and equipment capable of sustaining maximum treating pressures of 10,000 pounds per square inch and maximum pump rates of 100 barrels per minute for each well in the performance of the Services, (ii) on-site storage equipment capable of holding a minimum of 5,000,000 pounds of proppant, and (iii) sufficient personnel and equipment capable of providing all pump down operations required in connection with the Services. If Company's job design for a well requires treating pressures or pump rates in excess of the amounts set forth above, Company will provide Contractor sufficient notice to allow Contractor to secure any additional equipment and materials that may be necessary to satisfy such requirements. Contractor will be solely responsible for the operation of the equipment, and the equipment shall remain under the control of Contractor at all times. Contractor shall provide trained and qualified personnel to perform the Services. In satisfying its Fleet obligations under this Agreement, Contractor will have the sole right to

determine the equipment included in each Fleet, subject to (i) Contractor's compliance with the requirements of this Agreement, and (ii) Contractor consulting with Company within a reasonable period of time (but at least ten (10) days) before changing the then-current configuration or components of any Fleet.

(c) Company hereby grants Contractor a right of first offer ("**ROFO**") with respect to any coiled tubing services that may be required by Company as part of the Services (the "**Coiled Tubing Services**"), subject to the terms and conditions set forth in this Article 3(c). If Company requires any Coiled Tubing Services, then Company shall provide Contractor with written notice thereof, identifying the location(s), time period(s) and other particulars with respect to the Coiled Tubing Services that Company requires (the "**ROFO Offer**"). If Contractor has sufficient coiled tubing equipment available to perform Coiled Tubing Services at the location(s) and during the time period(s) required per a ROFO Offer, then Contractor shall provide such Coiled Tubing Services to Company under the terms of this Agreement and the Pricing Agreement by and between Company and Contractor effective as of the Effective Date. However, if Contractor does not have such equipment available to perform Coiled Tubing Services at the location(s) and during the time period(s) required per a ROFO Offer, then that ROFO Offer shall be of no further force or effect, the ROFO granted herein shall automatically terminate and be null and void as to the subject Coiled Tubing Services, and Company may procure such Coiled Tubing Services from any third party. Notwithstanding anything to the contrary contained in this Article 3(c): (i) Contractor will not have a ROFO with respect to any Coiled Tubing Services if, at the time that Company wishes to make a ROFO Offer to Contractor, Contractor is not in compliance with the terms of this Agreement; and (ii) the ROFO granted herein shall automatically terminate and be null and void with respect to any and all Coiled Tubing Services that Company requires after such date on which Contractor has failed to meet any of the key performance indicators for the Coiled Tubing Services that are set forth in Exhibit A.

4. Periodic Pricing Adjustments.

(a) Effective as of such date that is six (6) months after the Effective Date and every six (6) months thereafter during the Term (each a "**Price Adjustment Date**"), Contractor shall apply a price adjustment mechanism that is mutually agreed to between Company and Contractor (the "**PAM**") to the materials and services that compose the then-current standard job price that is mutually agreed to between Company and Contractor (the "**Standard Job Price**"). Contractor, in consultation with Company, shall make adjustments to the unit prices of line items in the then-current Net Price Book necessary to achieve a revised Standard Job Price reflective of the PAM with the resulting adjustments set forth in a revised Net Price Book to be prepared by Contractor. Such adjustments shall be effective retroactively and prospectively for all Services that are commenced during the applicable six (6)-month period. Contractor shall submit the revised Net Price Book and a revised Standard Job Price to Company, along with a pricing memorandum in a form and format agreed upon by the Parties that details the application of the PAM, in each case by the fifteenth (15^{th}) day following the applicable Price Adjustment Date.

(b) If a Party (i) implements new technology with respect to the Services that materially improves the quality, efficiency, capability, safety, or other performance metrics of the Fleets hereunder, or (ii) identifies new technology that it believes would, if implemented with respect to the Services, achieve such improvements, then that Party will provide the other Party notice thereof. Promptly thereafter, the Parties will conduct good-faith negotiations (i) if such technology is

not yet implemented, to agree to a commercially reasonable plan to acquire and implement such new technology; and (ii) to make equitable adjustments to the Net Price Book, the composition of a Fleet, and the minimum Efficiency Rate and Per Pad Stage Attainment Rate to account for such improvements.

5. Invoicing; Credits.

   (a) Contractor shall issue invoices to Company for the Services on a per-well basis and otherwise in accordance with the MSSA.

   (b) Without limiting Company's rights or remedies under this Agreement or at law or in equity, Company may deduct any amount that Company determines in good faith is owed by Contractor to Company under this Agreement (each such deduction, a "**Credit**") from any charges invoiced by Contractor hereunder or against other amounts owed by Company to Contractor under this Agreement. Company shall notify Contractor in advance of applying any Credit against any charges invoiced by Contractor hereunder or against other amounts owed by Company to Contractor under this Agreement. Such Credits shall not limit or affect any right of Company to recover any damages incurred by Company as a result of any failure by Contractor to perform the Services or any other obligation contemplated by this Agreement. Credits shall not expire and may be held by the Company until fully utilized. Upon the expiration or any termination of this Agreement, any remaining Credits shall be paid or credited to Company, at Company's election and in its sole discretion.

6. Option for Additional Fleets. Notwithstanding anything contained in Article 3 above, the Parties agree that in consideration of U.S. $10 paid by Company to Contractor, the receipt and sufficiency of which is hereby acknowledged, Company has the option, but not the obligation, to add additional incremental Fleets from Contractor (each, an "**Additional Fleet**"), but not more than two (2) Additional Fleets in any calendar year, which Additional Fleets shall be under the same terms and conditions as set forth in this Agreement. Such option shall expire on December 31, 2022. Company shall provide Contractor with nine (9) months' written notice of its election to exercise its option to add an Additional Fleet. In addition, during the first year of the Term, Company may add one (1) additional incremental Fleet upon at least sixty (60) days' written notice to Contractor that will consist of Contractor's then available equipment and will not constitute a new order (the "**First Year Additional Fleet**"). The Parties shall work together in good faith to determine mobilization dates for the First Year Additional Fleet and each Additional Fleet, as applicable; provided, however, Company may postpone the agreed mobilization date for the First Year Additional Fleet by a period of time designated by Company (such postponement period not to exceed thirty (30) days, unless otherwise agreed in writing by the Parties), provided that Company notifies Contractor in writing of such postponement at least thirty (30) days prior to the original agreed mobilization date for the First Year Additional Fleet. Commencing on their applicable mobilization dates, the First Year Additional Fleet and each Additional Fleet shall be considered a Fleet for all purposes hereof.

7. Efficiency Rate; Non-Productive Time; Equipment Mobilization.

   (a) Contractor shall be capable of performing the Services in accordance with the requirements of this Agreement on a twenty-four (24) hour basis, seven (7) days a week. For each well where Contractor is performing the Services, Contractor shall perform the Services at an efficiency rate of at least ninety percent (90%) ("**Efficiency Rate**"), which shall be calculated as set forth in Exhibit B; provided, however, that for purposes of this Article 7, neither Fleet Mobilization

Time (defined below) nor any time period that the Parties may agree to, including a holiday or time period associated with a weather event, shall be Company or Contractor Non-Productive Time (defined below). "**Fleet Mobilization Time**" is the amount of time, as is mutually agreed to between Company and Contractor, that each Fleet is allowed to move between pads in order to set up and be Mobilized on Location. A Fleet will be "**Mobilized on Location**" when the Fleet is fully mobilized on a Company well-site and fully capable of performing the Services.

(b) Subject to Article 7(a), (i) each hour or fractional hour that Contractor does not perform the Services when a Fleet is Mobilized on Location (as defined below) for any reason, other than White Space or an Idle Period (each defined below), that is attributable to the sole fault of any member of the Company Group, will be "**Company Non-Productive Time**" or "**Company NPT**" and (ii) each hour or fractional hour that Contractor does not perform the Services for any reason not attributable to Company NPT will be "**Contractor Non-Productive Time**" or "**Contractor NPT**."

8. Stage Attainment Rate. Upon the completion of each pad, each Contractor Fleet shall be required to achieve a Stage Attainment Rate (as defined below) of ninety-five (95%) (the "**Per Pad Stage Attainment Rate**"). "**Stage Attainment Rate**" shall be determined as follows:

First, calculate the target number of Stages to be attained for a day of Services by a Fleet:

$$Target\ Stage\ Attainment = \frac{(24\ hrs - Company\ NPT(hrs)) * 60}{Pump\ Time\ (mins) + SwitchOver\ Time\ (mins)}$$

Second, compare the number of Stages actually attained by that Fleet to the target number of Stages to have been attained on that day.

$$Stage\ Attainment\ Rate = \frac{Actual\ Stages\ Attained}{Target\ Stage\ Attainment} * 100$$

Third, upon that Fleet's completion of Services for the subject pad, average the daily Stage Attainment Rates applicable to such pad. An example calculation of the Stage Attainment Rate is attached hereto as Exhibit C.

"**Pump Time**" means the planned time to complete a Stage, given the fluid volume and pump rate for such Stage, according to Company's design.

A "**Stage**" means the perforation of a portion of the well casing and injection of fluid into the perforated zone, according to Company's design. A Stage is completed when a plug is set that completely seals off the portion of the well casing that was perforated and into which fracturing fluid was pumped according to Company's design.

"**Switch-Over Time**" means the time that Company allots to Contractor to move its equipment between wells, according to Company's design.

9. Materials and Logistics. Company shall have the right, in Company's sole discretion and upon at least ninety (90) days' prior written notice to Contractor, to supply all or a portion of the proppant, proppant trucking, coiled tubing services, friction reducer, high viscosity friction reducer, surfactant,

and diesel fuel and trucking (collectively, the "**Company Provided Materials**") to Contractor for purposes of Contractor's performance of the Services, as well as the right to have Contractor provide such materials. In the event that Company exercises its right to supply any of the Company Provided Materials, Contractor shall make corresponding equitable adjustments to the unit prices contained in the then-current and each subsequent Net Price Book (and not simply the elimination of the applicable line item(s)). As of the Effective Date, Company elects to provide all high viscosity friction reducer, friction reducer, surfactant and proppant. At Company's election, Company reserves the right to supply any other materials in furtherance of the performance of the Services; provided, however, that Company's right to supply any other materials in furtherance of the performance of the Services shall not apply if and to the extent that Contractor is expressly required to purchase any quantity of any such materials under any agreements that have been assigned by Company or Pioneer Natural Resources Pumping Services LLC to ProPetro Holding Corp. pursuant to that Purchase and Sale Agreement by and among Company, Pioneer Natural Resources Pumping Services LLC and ProPetro Holding Corp., dated November 12, 2018 (the "**PSA**"), in each case per the express terms of such agreements as of the date of their assignment by Company (and not as they may be later amended or otherwise modified).

10. White Space.

(a) "**White Space**" means any full day or period of consecutive full days during which a Fleet is capable of performing the Services in accordance with this Agreement, but is not scheduled by Company to perform the Services. With respect to each Fleet, White Space does not include: (i) the first ten (10) days of Fleet Mobilization Time per quarter; (ii) any Fleet Mobilization Time to the extent Contractor's time to move such Fleet between pads and set up and be Mobilized on Location exceeds seventy-two (72) hours; (iii) any time period that a Fleet is Mobilized on Location; or (iv) any time period during which a Fleet performs services for a third party customer of Contractor. The Parties shall work together in good faith to maintain a schedule for the Services that minimizes, to the extent commercially reasonable, the potential for White Space.

(b) Company shall advise Contractor of any anticipated days of White Space for a Fleet as soon as is reasonably practicable. Company shall provide to Contractor at least seventy-two (72) hours' notice of the date for the affected Fleet to resume its performance of the Services following the anticipated White Space (the "**Return Date**"). Unless otherwise expressly notified by Company in writing, the affected Fleet shall resume its performance of the Services on such Return Date.

11. Idle Periods.

(a) Should Company elect to idle a Fleet, Company may issue a written notice to Contractor regarding such election (an "**Idle Period Notice**"). Any time period that a Fleet is idled pursuant to an Idle Period Notice is an "**Idle Period**." An Idle Period shall not be considered White Space. Upon receipt of an Idle Period Notice, Contractor shall use commercially reasonable efforts to employ the affected Fleet in work with a substitute customer during any such anticipated Idle Period.

(b) During an Idle Period, Company shall not enter into any agreement with a third party to provide stimulation pumping services that could otherwise be timely performed by an idled Fleet in accordance with the terms of this Agreement. If Company wishes to re-activate a Fleet idled pursuant to Article 11(a), Company shall provide at least sixty (60) days' written notice in advance of the Return Date for such Fleet in order to allow Contractor to timely secure personnel and

equipment suitable for the Services. In the event that Contractor fails to achieve the Return Date set forth in a notice issued by Company in accordance with this Article 11(b), Contractor shall be liable to Company for charges in an amount to be mutually agreed by Company and Contractor (such amount, the "**Return Date Overage Amount**"). Following Contractor's receipt of notice from Company of a Return Date applicable to an idled Fleet, Contractor shall not enter in any commitment as to such Fleet that extends beyond the designated Return Date. However, notwithstanding the foregoing, if, prior to Contractor's receipt of notice by Company of a Return Date for an idled Fleet, Contractor has entered into a binding agreement with a third party for such Fleet for a term that extends beyond the Return Date specified by Company, (i) Contractor shall have no liability to Company for any Return Date Overage Amounts applicable to days for which such Fleet is so bound; and (ii) Company may enter into an agreement with a third party to perform services that would otherwise be provided by such Fleet.

12. Reservation Periods. Within ten (10) business days following the beginning of each calendar quarter during the Term, Contractor shall determine the total number of days attributable to (i) White Space for all Fleets that were not subject to an Idle Period during the preceding calendar quarter (the "**White Space Period**"), and (ii) Idle Period(s) for each Fleet that was subject to an Idle Period.

13. Venue. Each Party consents to personal jurisdiction in any action brought in the United States federal and state courts located in the State of Texas with respect to any dispute, claim or controversy arising out of or in relation to or in connection with this Agreement, and each of the Parties agrees that any action with respect to any such dispute, controversy, or claim will be determined exclusively in a state or federal district court located in Dallas County, Texas. EACH PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH THEY MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH DISPUTE ARISING OUT OF THIS AGREEMENT BROUGHT IN SUCH COURT OR ANY DEFENSE OF INCONVENIENT FORUM FOR THE MAINTENANCE OF SUCH DISPUTE. EACH PARTY HEREBY IRREVOCABLY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY CLAIM BROUGHT BY IT OR BROUGHT BY THE OTHER PARTY THAT ARISES OUT OF THIS AGREEMENT.

14. Remedies.

    (a) If Contractor fails to perform any Services in accordance with this Agreement, Company may exercise any one or more of the following remedies:

        (i) provide the affected Services itself or procure such Services from an alternate source, in which case Contractor shall reimburse Company for the costs incurred by Company in providing or procuring such Services to the extent that such costs exceed the applicable Net Price Book prices for such Services (even if such Net Price Book prices were not paid by Company);

        (ii) require Contractor to procure the affected Services from a third party selected by Company and have such third party provide such Services to Company at no additional cost to Company;

        (iii) require Contractor to reimburse Company for any amounts paid by Company to Contractor with respect to the affected Services; and

(iv) require Contractor to take any other actions that the Company deems to be necessary to timely address Contractor's failure to perform, which may include (1) re-performing the relevant job, (2) supplementing the affected Fleet or crew, and (3) replacing the affected Fleet or crew.

Any period(s) of time during which is Company is exercising any of the remedies set forth in this Article 14(a) shall not be considered Company NPT, Contractor NPT, White Space, or an Idle Period for the Fleet(s) whose performance Company is seeking to remedy.

(b) The rights and remedies of Company provided in this Article 14 are not exclusive, and are in addition to any other rights and remedies provided under this Agreement or at law or in equity, notwithstanding anything herein to the contrary.

15. Termination.

(a) Either Party may terminate this Agreement by delivery of a written termination notice to the other Party, in the event the other Party becomes insolvent, files a petition in bankruptcy, has a petition in involuntary bankruptcy filed against such Party (which petition is not terminated within sixty (60) days of filing), or makes an assignment for the benefit of its creditors. Such termination shall be effective immediately upon delivery of written notice of termination.

(b) Company may, by delivery of a written termination notice to Contractor:

(i) Terminate this Agreement with respect to a particular Fleet if such Fleet fails to achieve the Per Pad Stage Attainment Rate (A) for three (3) consecutive pads or (B) for three (3) pads within any rolling six (6)-pad period. Such termination shall be effective upon the date specified in Company's termination notice to Contractor and Company shall not have any termination liability to the Contractor under this Agreement; or

(ii) Terminate this Agreement in its entirety in the event of a Change in Control. "**Change in Control**" means the occurrence of any of the following events:

(1) The acquisition by any person of beneficial ownership (as defined in Rule 13d-3 of the Securities Act of 1934) of securities of ProPetro Holding Corp., a Delaware corporation ("**Parent**"), that, together with securities held by such person, constitutes fifty percent (50%) or more of either (x) the then outstanding shares of common stock of Parent (the "**Outstanding Parent Stock**") or (y) the combined voting power of the then outstanding voting securities of Parent entitled to vote generally in the election of directors (the "**Outstanding Parent Voting Securities**"); provided, however, that for these purposes, an acquisition by any person pursuant to a transaction which complies with clauses (A), (B) and (C) of clause (3) below shall not constitute a Change in Control;

(2) A majority of the members of the board of directors of Parent (the "**Board**") is replaced during any twelve (12)-month period by directors whose appointment or election is not endorsed by a majority of the members constituting the Board prior to the date of the appointment or election;

(3) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of Parent or an acquisition of assets of another

entity (a "**Business Combination**"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Parent Stock and Outstanding Parent Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock or common equity interests and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors or other governing body, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns Parent or all or substantially all of Parent's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Parent Stock and Outstanding Parent Voting Securities, as the case may be, (B) no person beneficially owns, directly or indirectly, fifty percent (50%) or more of, respectively, the then outstanding shares of common stock or common equity interests of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership results solely from ownership of Parent that existed prior to the Business Combination and (C) at least a majority of the members of the board of directors or similar governing body of the entity resulting from such Business Combination, at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination, were members of the board of directors of Parent as of the Effective Date, or became members of the board of directors of Parent after the Effective Date and whose election or appointment or nomination for election by Parent's stockholders was approved by a vote of at least a majority of the directors then comprising the board of directors of Parent;

(4) Approval by the stockholders of Parent of a complete liquidation or dissolution of Parent;

(5) Contractor is no longer a wholly owned subsidiary (or a wholly owned subsidiary of one or more wholly owned subsidiaries) of Parent; and

(6) The consummation of a reorganization, merger, consolidation, sale or other disposition of all or substantially all of the assets of Contractor to a person that is not wholly owned subsidiary (or a wholly owned subsidiary of one or more wholly owned subsidiaries) of Parent.

(c) Contractor may, by delivery of a written termination notice to Company, terminate this Agreement with respect to a particular Fleet, if Company fails to pay any undisputed invoice for Services properly performed by such Fleet or other payment hereunder when such invoice or payment is due and payable hereunder, unless within sixty (60) days following Company's receipt of a written notice from Contractor to Company of such non-payment, Company makes such payments in accordance herewith.

16. Assignment. This Agreement shall inure to the benefit of and be binding upon the successors and/or permitted assigns of each Party hereto. This Agreement shall not be assigned, directly or indirectly (whether by merger, operation of law, change in majority ownership of any entity directly or indirectly controlling Contractor or otherwise) in whole or in part, by either Party without the prior written

consent of the other Party (such consent not to be unreasonably withheld, conditioned or delayed), except that Company may assign and transfer this Agreement to any affiliate or subsidiary of Company without such consent. Without in any way limiting any of the foregoing provisions of this Article 16, if Contractor assigns this Agreement, in whole or in part, the assignee (in the case of a direct assignment) and the ultimate parent of such assignee (in the case of a direct assignment) or the ultimate parent of Contractor (in the case of an indirect assignment after giving effect to such indirect assignment) shall be deemed for all purposes to have agreed (in addition to Contractor) to perform and be obligated for the obligations of Contractor under this Agreement. No assignment of this Agreement by Contractor shall release Contractor from any of its obligations under this Agreement. Any assignment or attempted assignment of this Agreement that is not in accordance with this Article 16 shall be deemed null and void.

17. Confidentiality. Except as expressly authorized hereunder or by prior written agreement by an officer of Company, Contractor shall make no public announcement concerning this Agreement and all information contained herein or related to the Services is "**Company Confidential Information**" (as defined in the MSSA) and shall be held in strict confidence by Contractor. Contractor shall not disclose, publish, release, transfer or otherwise make available Company Confidential Information in any form to, or for the use or benefit of, any person or entity without Company's express written consent. Contractor shall disclose Company Confidential Information only to its personnel who have a need to know in performance of the Services, and Contractor shall ensure that Company Confidential Information is kept strictly confidential by such personnel in accordance with this Article 17.

18. Health, Safety, Environment, Taxes.

    (a) Contractor shall be solely responsible for Contractor Group's (as defined in the MSSA) safe behavior and work practices while on any Company location. Contractor must immediately report all incidents (including safety hazards, near misses, motor-vehicle accidents, injuries, illnesses, spills, and property damage) that occur on a Company work site or location to the appropriate on-site Company representative. Contractor shall intervene and, if appropriate, stop work activity to ensure safety and operational integrity. If Company performs a root cause analysis ("**RCA**") or other investigation of an incident, Contractor will fully cooperate with Company and promptly provide all reasonable access, assistance, and materials that Company may request; provided, that such provision would not materially violate Contractor' applicable policies. For any Contractor Group incident occurring on a Company location, Contractor shall complete an incident report and conduct an incident investigation (to include an RCA) and deliver the non-privileged portions of these to a Company representative within one (1) week of the incident; provided, that if the circumstances of the incident are such that completion of Contractor's incident investigation and RCA will, in good faith, require a longer period, then Contractor will deliver an initial report of the incident within one (1) week of the incident and the non-privileged portions of the final investigation and RCA as promptly as possible. Contractor's RCA shall indicate how and why the incident occurred and identify actions that Contractor will take or is taking to prevent a future occurrence of the incident.

    (b) After an incident, Company may place Contractor on a mutually agreed-upon improvement plan, which may include any of the following:

(i) Health, safety and environmental training conducted by Company, Contractor, or a third party;

(ii) temporary or permanent removal of any member of Contractor Group from location;

(iii) reporting of improvement throughout the process; and

(iv) regular inspection of equipment or personnel.

(c) If any member of Contractor Group exhibits behavior that creates a safety concern and does not reflect the corrective actions agreed-upon by Contractor and Company, and that personnel does not rectify the behavior within thirty (30) days, then Company may terminate this Agreement, without liability, other than for amounts owed for Services performed up to the time of termination, as of any date specified in a written notice to Contractor.

(d) With respect to the personnel performing the Services pursuant to this Agreement, Contractor shall be solely responsible for compliance with all laws applicable to Contractor's employees, including without limitation all laws and regulations regarding (i) the payment of wages and other compensation, (ii) the payment of any taxes, licenses, fees and other assessments levied upon the wages of the Contractor Group, as described in Section 9 of the MSSA, including any such taxes or similar assessments payable by withholding, and the payment of applicable employment taxes and other withholdings, and (iii) all other employment obligations and liabilities.

(e) Without duplication of Article 18(d), Contractor shall pay or cause to be paid all taxes, charges and assessments of every kind and character required by statute or by order of any taxing authority with respect to the provision of the Services. No Party shall be responsible nor liable for any taxes or other charges levied or assessed against the facilities or property of the other Party, including ad valorem taxes (however assessed), or against the net worth or capital stock of such Party.

19. Notices. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given (i) when received if personally delivered; (ii) the day after it is sent, if sent for next day delivery to a domestic address by recognized overnight delivery service (e.g., DHL, UPS or Federal Express); (iii) upon receipt, if sent by certified or registered mail, return receipt requested; or (iv) when verified by automated receipt or electronic logs if sent by email. In each case notice shall be sent as indicated below:

If to Company to:

Pioneer Natural Resources USA, Inc.
Attn: Alba Tellez
5205 N. O'Connor Blvd. Suite 200
Irving, TX 75039
Email: Alba.Tellez@pxd.com

With a copy to:
Pioneer Natural Resources USA, Inc.
Attn: Senior Vice President & General Counsel 5205 N.
O'Connor Blvd. Suite 200
Irving, TX 75039-3746
Email: Mark.Kleinman@pxd.com

If to Contractor to:

ProPetro Services, Inc.
Attn: Jeff Smith
P.O. Box 309
Midland, Texas 79702
Email: Jeff.Smith@propetroservices.com

With a copy to:
ProPetro Services, Inc.
Attn: Mark Howell (Legal Department)
P.O. Box 309
Midland, Texas 79702
Email: Mark.Howell@propetroservices.com

or to such other place and with such other copies as either Party may designate as to itself by written notice to the other Party.

20. Severability. If any provision of this Agreement is found by a court of competent jurisdiction to be invalid or unenforceable, said invalid or unenforceable provision shall be disregarded only to the extent of its invalidity or unenforceability, and the balance of the provision and this Agreement shall be enforced as the integrated written agreement of the Parties.

21. Waiver. No failure or delay by either Party in exercising any of its rights under this Agreement shall be deemed to be a waiver of that right, and no waiver by either Party of a breach of any provision of this Agreement shall be deemed to be a waiver of any subsequent breach of the same or any other provision.

22. Counterparts. This Agreement may be executed in a number of identical counterparts which, taken together, shall constitute collectively one (1) agreement. This Agreement may be executed by Company and Contractor by portable document format (.pdf) signature, such that the execution of this Agreement by portable document format (.pdf) signature shall be deemed effective for all purposes as though this Agreement was executed as a "blue ink" original.

23. Interpretation. The Exhibits to this Agreement are hereby incorporated into and deemed part of this Agreement for all purposes. All references to this Agreement include the Exhibits and other documents incorporated by reference into this Agreement, unless the context in which used will otherwise require. Unless otherwise expressly stated, all references to Articles, subsections, other subdivisions, and Exhibits refer to Articles, subsections and other subdivisions of, and Exhibits to, this Agreement. The word "or" is not exclusive and the word "include" and its derivatives will not

be construed as terms of limitation. Examples will not be construed as to limit, whether expressly or by implication, the matter they illustrate. The words "will" and "shall" are expressions of command, not merely expressions of future intent or expectation. The word "may" means has the right, but not the obligation, to do something, and the words "may not" mean does not have the right to do something. Unless otherwise expressly stated, the words "hereof," "herein" and "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular term of this Agreement. Unless otherwise expressly stated, the words "day," "month" and "year" mean, respectively, calendar day, calendar month and calendar year. References to any law will be to such law as amended, supplemented or extended, or to a newly adopted law replacing such law. Headings are included for ease of reference only and will not affect the interpretation or construction of this Agreement.

24. Not a Lease. Notwithstanding any provisions of this Agreement to the contrary, Company and Contractor acknowledge and agree that (i) Contractor's provision of equipment, material, supplies and labor under this Agreement is solely in furtherance of Contractor's performance of the Services for Company; (ii) Contractor shall be permitted to exchange or substitute pieces of equipment used in the performance of Services; and, (iii) no equipment provided by Contractor during the performance of the Services under this Agreement is a right-of-use asset.

25. Effective Date. This Agreement shall become effective at 12:00:01 a.m. Central time on the calendar day immediately following the Closing Date, as such term is defined in the PSA (the "**Effective Date**").

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK; SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, each of Company and Contractor has caused this Agreement to be signed and delivered by its duly authorized representative on the dates set forth below but effective for all purposes on the Effective Date.

COMPANY:

PIONEER NATURAL RESOURCES USA, INC.

By: /s/ Mark H. Kleinman

Name: Mark H. Kleinman

Title: Senior Vice President and General Counsel

CONTRACTOR:

PROPETRO SERVICES INC.

By: /s/ Jeffrey D. Smith

Name: Jeffrey D. Smith

Title: Chief Financial Officer

[*Signature Page to Pressure Pumping Services Agreement*]

EXHIBIT A TO PRESSURE PUMPING SERVICES AGREEMENT

KEY PERFORMANCE INDICATORS FOR THE COILED TUBING SERVICES

Target KPI = 25 plugs drilled in a 24-hour period per well (average)

For illustrative purposes, performance over a period of time will be tracked and compared against expected drill-out rate of 25 plugs per 24-hour period

Example KPI Graph

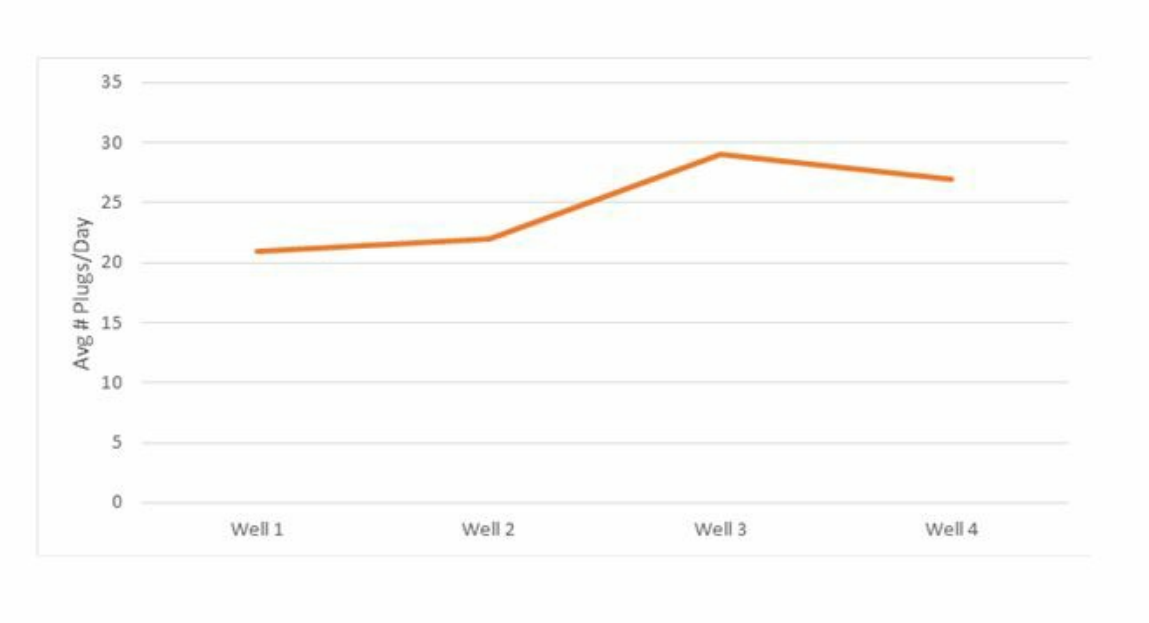

EXHIBIT B TO PRESSURE PUMPING SERVICES AGREEMENT

EFFICIENCY RATE

The formula below shall be used to calculate Contractor's daily Efficiency Rate. The Efficiency Rate for a well shall be calculated by averaging the daily Efficiency Rates applicable to Contractor's provision of the Services on that well.

$$Daily\ efficiency\ rate = \left(\frac{24 - Company\ NPT - Contractor\ NPT}{24 - Company\ NPT}\right) x\ 100$$

Example:

For one (1) day of Services, if the following non-productive time were incurred:

- Company NPT: 1.95 hours; and
- Contractor NPT: 0.75 hours;

then that day's efficiency rate would be calculated as follows:

$$Daily\ efficiency\ rate = \left(\frac{24 - 1.95 - 0.75}{24 - 1.95}\right) x\ 100 \approx 96.6\%$$

EXHIBIT C TO PRESSURE PUMPING SERVICES AGREEMENT

EXAMPLE CALCULATION OF STAGE ATTAINMENT RATE

Calculation of Stage Attainment Rate:

1. Calculate target number of Stages to be attained for a day of Services by a Fleet:

$$Target\ Stage\ Attainment = \frac{(24\ hrs - Company\ NPT(hrs)) \div 60}{Pump\ Time\ (mins) + SwitchOver\ Time\ (mins)}$$

2. Compare the number of Stages actually attained by that Fleet to the target number of Stages to have been attained on that day.

$$Stage\ Attainment\ Rate = \frac{Actual\ Stages\ Attained}{Target\ Stage\ Attainment} * 100$$

3. Upon that Fleet's completion of Services for the subject pad, average the daily Stage Attainment Rates applicable to such pad.

For calculation, round up resulting decimals of 0.5 and greater, and round down resulting decimals of less than 0.5.

*****

Example calculation of Stage Attainment Rate follows. The total number of days to complete Services on this example pad is 10 days.

Example Day 1
Company NPT = 1.5 hrs due to greasing valves
Pump Time = 90 mins per Stage
Switch-Over Time = 30 mins per Stage

$$Ex.Day\ 1\ Target\ Stage\ Attainment = \frac{(24\ hrs - 1.5\ hrs) \div 60}{90\ mins + 30\ mins} = \frac{1350}{120} = 11.25\ Stages \approx 11\ Stages$$

Target Stage Attainment for the 24 hrs of Example Day 1 is 11 stages. During this period, Contractor actually completed 11 Stages.

$$Ex.Day\ 1\ Stage\ Attainment\ Rate = \frac{11\ Stages}{11\ Stages} * 100 = 100\%$$

Example Day 2: CompanyNPT = 3.75 hrs; Pump Time and Switch-Over time = same as above, constant throughout.
Example Day 2 Target Stage Attainment = 10.125 Stages, rounded to 10 Stages.
Actual Stages Attained = 8 Stages.
Example Day 2 Stage Attainment Rate = 79.01235%, rounded to 79%.

"Calculations for remaining days on pad are performed in like manner, and omitted from remainder of example"

Example Day 3 Stage Attainment Rate: 90%
Example Day 4 Stage Attainment Rate: 96%
Example Day 5 Stage Attainment Rate: 90%
Example Day 6 Stage Attainment Rate: 100%
Example Day 7 Stage Attainment Rate: 100%
Example Day 8 Stage Attainment Rate: 95%
Example Day 9 Stage Attainment Rate: 95%
Example Day 10 Stage Attainment Rate: 100%

Average of each Example Day's Stage Attainment Rate: 94.5%, rounded to 95%

For this example pad, Contractor's average Stage Attainment Rate of 95% achieved the Per Pad Stage Attainment Rate.

Execution Version

INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("***Agreement***") is made as of February 11, 2019 by and between ProPetro Holding Corp., a Delaware corporation (the "***Company***"), and the undersigned ("***Indemnitee***").

RECITALS

WHEREAS, highly competent persons have become more reluctant to serve publicly-held corporations as directors or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Company (the " ***Board***") has determined that, in order to attract and retain qualified individuals, the Company will maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities;

WHEREAS, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself;

WHEREAS, the Company's certificate of incorporation (the " ***Certificate of Incorporation***") and bylaws (the "***Bylaws***") require indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware ("***DGCL***"). The Certificate of Incorporation, the Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining qualified individuals to serve as directors and officers is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder;

WHEREAS, Indemnitee does not regard the protection available under the Bylaws and insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified; and

WHEREAS, Indemnitee has certain rights to indemnification and/or insurance provided by the Pioneer Stockholder (as defined below) or affiliates of the Pioneer Stockholder that Indemnitee and the Pioneer Stockholder intend to be secondary to the primary obligation of the Company to indemnify Indemnitee as provided herein, with the Company's acknowledgment of and agreement to the foregoing being a material condition to Indemnitee's willingness to serve as a director or in any other capacity for the Company or any of its subsidiaries or any Enterprise (as defined below).

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to serve as a director of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee. Indemnitee specifically acknowledges that Indemnitee's employment with the Company (or any of its subsidiaries or any Enterprise), if any, is at will, and the Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment contract between Indemnitee and the Company (or any of its subsidiaries or any Enterprise), other applicable formal severance policies duly adopted by the Board, or, with respect

to service as a director or officer of the Company, by the Certificate of Incorporation, the Bylaws and the DGCL. The foregoing notwithstanding, this Agreement shall continue in force after Indemnitee has ceased to serve as a director of the Company.

Section 2. Definitions. As used in this Agreement:

(a) "***Board***" shall have the meaning set forth in the recitals.

(b) "***Bylaws***" shall have the meaning set forth in the recitals.

(c) A "***Change in Control***" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) Acquisition of Stock by Third Party. Any Person (as defined below) (other than any Beneficial Owner (as defined below) as of the date of this Agreement) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities;

(ii) Change in Board of Directors. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a Person who has entered into an agreement with the Company to effect a transaction described in Section 2(c)(i), Section 2(c)(iii) or Section 2(c)(iv)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved or who was otherwise nominated by the Pioneer Stockholder or any of its affiliates, cease for any reason to constitute at least a majority of the members of the Board;

(iii) Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

(iv) Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement or series of agreements for the sale or disposition by the Company of all or substantially all of the Company's assets or, if such approval is not required, the decision by the Board to proceed with such a liquidation, sale, or disposition in one transaction or a series of related transactions; and

(v) Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

For purposes of this Section 2(c), the following terms shall have the following meanings:

(A) "***Exchange Act***" shall mean the Securities Exchange Act of 1934, as amended.

(B) "***Person***" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(C) "***Beneficial Owner***" shall have the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner shall exclude any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(d) "***Certificate of Incorporation***" shall have the meaning set forth in the recitals.

(e) "***Corporate Status***" shall describe the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company or of any Enterprise.

(f) "***Delaware Court***" shall have the meaning set forth in Section 4.

(g) "***DGCL***" shall have the meaning set forth in the recitals.

(h) "***Disinterested Director***" shall mean a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(i) "***Enterprise***" shall mean the Company and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary.

(j) "***Expenses***" shall include all reasonable, direct and indirect costs, including attorneys' fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, out-of-pocket expenses and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding (as defined below), or, to the fullest extent permitted by applicable law, successfully establishing a right to indemnification under this Agreement, whether in whole or part. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(k) "***Independent Counsel***" shall mean a law firm, or a member of a law firm, that is experienced in matters of corporate law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, Liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(l) "***Liabilities***" means all claims, liabilities, damages, losses, judgments (including pre- and post-judgment interest), orders, fines, penalties and other amounts payable in connection with, arising out of, or in respect of or relating to any Proceeding, including, without limitation, amounts paid in settlement in any Proceeding and all costs and Expenses in complying with any judgment, order or decree issued or entered in connection with any Proceeding or any settlement agreement, stipulation or consent decree entered into or issued in settlement of any Proceeding.

(m) "***Pioneer Indemnitors***" shall have the meaning set forth in Section 14(c).

(n) "***Pioneer Stockholder***" shall mean Pioneer Natural Resources Pumping Services, LLC and each of its affiliates that owns any shares of stock in the Company.

(o) The term "***Proceeding***" shall include any actual, threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened, pending or completed proceeding, and any appeal thereof, whether brought by or in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which Indemnitee was, is or will be involved as a party or otherwise by reason of the Corporate Status of Indemnitee, by reason of any action taken by Indemnitee or of any action or inaction on Indemnitee's part while acting in such Corporate Status, in each case whether or not serving in such capacity at the time any Liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement. If the Indemnitee believes in good faith that a given situation may lead to or culminate in the institution of a Proceeding, this shall be considered a Proceeding under this paragraph.

(p) Reference to "other enterprise" shall include employee benefit plans; references to "fines" shall include any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in manner "not opposed to the best interests of the Company" as referred to in this Agreement.

Section 3. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified against all Expenses and Liabilities actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal proceeding had no reasonable cause to believe that Indemnitee's conduct was unlawful.

Section 4. Indemnity in Proceedings by or in the Right of the Company . The Company shall indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, Indemnitee shall be indemnified against all Expenses and Liabilities actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses or Liabilities shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery (the "***Delaware Court***") or any court in which the Proceeding was brought shall determine upon application that such indemnification may be made.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful . Notwithstanding any other provisions of this Agreement, to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. If the Indemnitee is not wholly successful in such Proceeding, the Company also shall indemnify Indemnitee against all Expenses reasonably incurred in connection with a claim, issue or matter related to any claim, issue or matter on which the Indemnitee was successful. For purposes of this Section 5 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 6. Indemnification For Expenses of a Witness . Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

Section 7. Additional Indemnification.

(a) Notwithstanding any limitation in Section 3, Section 4, Section 5 or Section 6, the Company shall indemnify Indemnitee to the fullest extent permitted by law if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all reasonable Expenses and Liabilities actually incurred by Indemnitee in connection with the Proceeding.

(b) For purposes of Section 7(a), the meaning of the phrase "to the fullest extent permitted by law" shall include, but not be limited to:

(i) to the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

Section 8. Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law; or

(b) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee,

including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation, (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law or (iii) the Proceeding is one to enforce Indemnitee's rights under this Agreement.

Section 9. Advances of Expenses. Notwithstanding any provision of this Agreement to the contrary, the Company shall advance the Expenses incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. The Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement which shall constitute an undertaking providing that the Indemnitee undertakes to repay the advance to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company. This Section 9 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 8.

Section 10. Procedure for Notification and Defense of Claim .

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification, not later than thirty (30) days after receipt by Indemnitee of notice of the commencement of any Proceeding. The omission to notify the Company will not relieve the Company from any liability which it may have to Indemnitee otherwise than under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

Section 11. Procedure Upon Application for Indemnification .

(a) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 10(a), a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case: (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (ii) if a Change in Control shall not have occurred, at the sole discretion of Indemnitee, (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (C) by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee or (D) by the stockholders of the Company; and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(b) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 11(a) hereof, the Independent Counsel shall be selected as provided in this Section 11(b). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Board, and the Company shall give written notice to Indemnitee advising him of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within ten (10) days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such

objection is withdrawn or a court has determined that such objection is without merit. If, within twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 10(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 11(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 13(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(c) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding; provided that, in the absence of any such determination with respect to such Proceeding, the Company shall pay all Liabilities and advance Expenses with respect to such Proceeding as if the Company had determined the Indemnitee to be entitled to indemnification and advancement of Expenses with respect to such Proceeding.

Section 12. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the person, persons or entity empowered or selected under Section 11 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 12(b) shall not apply (i) if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 11(a) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination the Board has resolved to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat, or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 11(a) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(d) Reliance as Safe Harbor. For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers, directors, managers, employees, agents or representatives of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with the reasonable care by the Enterprise. The provisions of this Section 12(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the

Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) Actions of Others. The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

Section 13. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 11 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 9 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 11(a) of this Agreement within forty-five (45) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5 or Section 6 or the last sentence of Section 11(a) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, or (v) payment of indemnification pursuant to Section 3, Section 4 or Section 7 of this Agreement is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication by a court of his entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within one hundred eighty (180) days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 13(a); provided, however, that the foregoing clause shall not apply in respect of a proceeding brought by Indemnitee to enforce his rights under Section 5 of this Agreement. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 11(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 13 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 13 the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 11(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 13, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 13 that the procedures and presumptions of this such arbitrator that the Company is bound by all the provisions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefore) advance such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

Section 14. Non-exclusivity; Survival of Rights; Insurance; Primacy of Indemnification; Subrogation .

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or

employment of any other right or remedy.

(b) The Company shall, if commercially reasonable, obtain and maintain in effect during the entire period for which the Company is obligated to indemnify Indemnitee under this Agreement, one or more policies of insurance with reputable insurance companies to provide the directors and officers of the Company with coverage for losses from wrongful acts and omissions and to ensure the Company's performance of its indemnification obligations under this Agreement. Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies. In all such policies, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee with the same rights and benefits as are accorded to the most favorably insured of the Company's directors and officers. At the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) The Company hereby acknowledges that Indemnitee may have certain rights to indemnification, advancement of expenses and/or insurance provided by the Pioneer Stockholder and certain of the Pioneer Stockholder's affiliates that, directly or indirectly, (i) are controlled by, (ii) control or (iii) are under common control with, the Pioneer Stockholder (collectively, the "***Pioneer Indemnitors***"). The Company hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of the Pioneer Indemnitors to advance Expenses or to provide indemnification for the same Liabilities or Expenses incurred by Indemnitee is secondary), (ii) that it shall be required to advance the full amount of Expenses actually incurred by Indemnitee and shall be liable for the full amount of all Liabilities and Expenses as required by the terms of this Agreement and the Certificate of Incorporation or Bylaws (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Pioneer Indemnitors, and (iii) that it irrevocably waives, relinquishes and releases the Pioneer Indemnitors from any and all claims against the Pioneer Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Pioneer Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Pioneer Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Pioneer Indemnitors are express third party beneficiaries of the terms of this Section 14(c).

(d) Except as provided in Section 14(c) above, in the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee (other than against the Pioneer Indemnitors), who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(e) Except as provided in Section 14(c) above, the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or for which advancement is provided) hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(f) Except as provided in Section 14(c) above, the Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

Section 15. Duration of Agreement. This Agreement shall continue until and terminate upon the later of: (a) ten (10) years after the date that Indemnitee shall have ceased to serve in any Corporate Status or (b) one (1) year after the final termination of any Proceeding (including any rights of appeal thereto) in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to Section 13 of this Agreement relating thereto (including any rights of appeal thereto). This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and his heirs, executors and administrators.

Section 16. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum

effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby. Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnitee indemnification rights to the fullest extent permitted by applicable laws. In the event any provision hereof conflicts with any applicable law, such provision shall be deemed modified, consistent with the aforementioned intent, to the extent necessary to resolve such conflict.

Section 17. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director or officer of the Company.

(b) Without limiting any of the rights of Indemnitee under the Certificate of Incorporation or Bylaws as they may be amended from time to time, this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

Section 18. Modification and Waiver. No supplement, modification, waiver or amendment of this Agreement shall be binding unless executed in writing by the parties thereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

Section 19. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

Section 20. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) when sent by confirmed electronic or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then, on the next business day, (c) if mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, or (d) if sent via a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt, on the next business day after the date on which it is so mailed:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide to the Company.

(b) If to the Company to

ProPetro Holding Corp.
706 S. Midkiff, Bldg. B
Midland, Texas 79701
Attn: Mark Howell

or to any other address as may have been furnished to Indemnitee by the Company.

Section 21. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 22. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section

13(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, irrevocably The Corporation Trust Company as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 23. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 24. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

[Signature pages to follow.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

***COMPANY*:**

PROPETRO HOLDING CORP.

By: _____
Name:
Officer: Chief Executive Officer

***INDEMNITEE*:**

_____

c/o Pioneer Natural Resources Company
5205 North O'Connor Blvd., Suite 200
Irving, Texas 75039-3746
Attn: Corporate Secretary
Facsimile: (972) 969-3552

INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("***Agreement***") is made as of February 26, 2019 by and between ProPetro Holding Corp., a Delaware corporation (the "***Company***"), and the undersigned ("***Indemnitee***").

RECITALS

WHEREAS, highly competent persons have become more reluctant to serve publicly-held corporations as directors or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Company (the " ***Board***") has determined that, in order to attract and retain qualified individuals, the Company will maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities;

WHEREAS, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself;

WHEREAS, the Company's certificate of incorporation (the " ***Certificate of Incorporation***") and bylaws (the "***Bylaws***") require indemnification of the officers and directors of the Company; Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware ("***DGCL***"); The Certificate of Incorporation, the Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and its directors, officers and other persons with respect to indemnification;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining qualified individuals to serve as directors and officers is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Bylaws and insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director without adequate protection, and the Company desires Indemnitee to serve in such capacity; and Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to serve as a director and officer of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise (as defined below)) and Indemnitee. Indemnitee specifically acknowledges that Indemnitee's employment with the Company (or any of its subsidiaries or any Enterprise), if any, is at will, and the Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment contract between Indemnitee and the Company (or any of its subsidiaries or any Enterprise), other applicable formal severance policies duly adopted by the Board, or, with respect to service as a director or officer of the Company, by the Certificate of Incorporation, the Bylaws and the DGCL. The foregoing notwithstanding, this Agreement shall continue in force after Indemnitee has ceased to serve as a director or officer of the Company.

Section 2. Definitions. As used in this Agreement:

(a) "***Agreement***" shall have the meaning set forth in the preamble.

(b) "***Board***" shall have the meaning set forth in the recitals.

(c) "***Bylaws***" shall have the meaning set forth in the recitals.

(d) "***Certificate of Incorporation***" shall have the meaning set forth in the recitals.

(e) A "***Change in Control***" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) Acquisition of Stock by Third Party. Any Person (as defined below) (other than any Beneficial Owner (as defined below) as of the date of this Agreement) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities;

(ii) Change in Board of Directors. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a Person who has entered into an agreement with the Company to effect a transaction described in Section 2(e)(i), Section 2(e)(iii) or Section 2(e)(iv)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved or who was otherwise nominated by the Pioneer Stockholder or any of its affiliates, cease for any reason to constitute at least a majority of the members of the Board;

(iii) Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

(iv) Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement or series of agreements for the sale or disposition by the Company of all or substantially all of the Company's assets or, if such approval is not required, the decision by the Board to proceed with such a liquidation, sale, or disposition in one transaction or a series of related transactions; and

(v) Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

For purposes of this Section 2(e), the following terms shall have the following meanings:

(A) "***Exchange Act***" shall mean the Securities Exchange Act of 1934, as amended.

(B) "***Person***" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(C) "***Beneficial Owner***" shall have the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner shall exclude any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(f) "***Company***" shall have the meaning set forth in the preamble.

(g) "***Corporate Status***" shall describe the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company or of any Enterprise.

(h) "***Delaware Court***" shall have the meaning set forth in Section 4.

(i) "***DGCL***" shall have the meaning set forth in the recitals.

(j) "***Disinterested Director***" shall mean a director of the Company who is not and was not a party to the Proceeding (as defined below) in respect of which indemnification is sought by Indemnitee.

(k) "***Enterprise***" shall mean the Company and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary.

(l) "***Expenses***" shall include all reasonable, direct and indirect costs, including attorneys' fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, out-of-pocket expenses and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding, or, to the fullest extent permitted by applicable law, successfully establishing a right to indemnification under this Agreement, whether in whole or part. Expenses also shall include expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(m) "***Indemnitee***" shall have the meaning set forth in the preamble.

(n) "***Independent Counsel***" shall mean a law firm, or a member of a law firm, that is experienced in matters of corporate law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, Liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(o) "***Liabilities***" means all claims, liabilities, damages, losses, judgments (including pre- and post-judgment interest), orders, fines, penalties and other amounts payable in connection with, arising out of, or in respect of or relating to any Proceeding, including, without limitation, amounts paid in settlement in any Proceeding and all costs and Expenses in complying with any judgment, order or decree issued or entered in connection with any Proceeding or any settlement agreement, stipulation or consent decree entered into or issued in settlement of any Proceeding.

(p) "***Pioneer Stockholder***" shall mean Pioneer Natural Resources Pumping Services, LLC and each of its affiliates that owns any shares of stock in the Company.

(q) The term "***Proceeding***" shall include any actual, threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened, pending or completed proceeding, and any appeal thereof, whether brought by or in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which Indemnitee was, is or will be involved as a party or otherwise by reason of the Corporate Status of Indemnitee, by reason of any action taken by Indemnitee or of any action or inaction on Indemnitee's part while acting in such Corporate Status, in each case whether or not serving in such capacity at the time any Liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement. If the Indemnitee believes in good faith that a given situation may lead to or culminate in the institution of a Proceeding, this shall be considered a Proceeding under this paragraph.

(r) Reference to "other enterprise" shall include employee benefit plans; references to "fines" shall include any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in manner "not opposed to the best interests of the Company" as referred to in this Agreement.

Section 3. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified against all Expenses and Liabilities actually and reasonably incurred by

Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal proceeding had no reasonable cause to believe that Indemnitee's conduct was unlawful.

Section 4. Indemnity in Proceedings by or in the Right of the Company . The Company shall indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, Indemnitee shall be indemnified against all Expenses and Liabilities actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses or Liabilities shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery (the "***Delaware Court***") or any court in which the Proceeding was brought shall determine upon application that such indemnification may be made.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful . Notwithstanding any other provisions of this Agreement, to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. If the Indemnitee is not wholly successful in such Proceeding, the Company also shall indemnify Indemnitee against all Expenses reasonably incurred in connection with a claim, issue or matter related to any claim, issue or matter on which the Indemnitee was successful. For purposes of this Section 5 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 6. Indemnification For Expenses of a Witness . Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

Section 7. Additional Indemnification.

(a) Notwithstanding any limitation in Section 3, Section 4, Section 5 or Section 6, the Company shall indemnify Indemnitee to the fullest extent permitted by law if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all reasonable Expenses and Liabilities actually incurred by Indemnitee in connection with the Proceeding.

(b) For purposes of Section 7(a), the meaning of the phrase "to the fullest extent permitted by law" shall include, but not be limited to:

(i) to the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

Section 8. Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law; or

(b) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation, (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law or (iii) the Proceeding is one to enforce Indemnitee's rights under

this Agreement.

Section 9. Advances of Expenses. Notwithstanding any provision of this Agreement to the contrary, the Company shall advance the Expenses incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. The Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement which shall constitute an undertaking providing that the Indemnitee undertakes to repay the advance to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company. This Section 9 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 8.

Section 10. Procedure for Notification and Defense of Claim .

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification, not later than thirty (30) days after receipt by Indemnitee of notice of the commencement of any Proceeding. The omission to notify the Company will not relieve the Company from any liability which it may have to Indemnitee otherwise than under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

Section 11. Procedure Upon Application for Indemnification .

(a) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 10(a), a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case: (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (ii) if a Change in Control shall not have occurred, at the sole discretion of Indemnitee, (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (C) by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee or (D) by the stockholders of the Company; and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(b) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 11(a) hereof, the Independent Counsel shall be selected as provided in this Section 11(b). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Board, and the Company shall give written notice to Indemnitee advising him of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within ten (10) days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 10(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to

the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 11(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 13(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(c) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding; provided that, in the absence of any such determination with respect to such Proceeding, the Company shall pay all Liabilities and advance Expenses with respect to such Proceeding as if the Company had determined the Indemnitee to be entitled to indemnification and advancement of Expenses with respect to such Proceeding.

Section 12. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the person, persons or entity empowered or selected under Section 11 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 12(b) shall not apply (i) if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 11(a) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination the Board has resolved to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat, or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 11(a) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(d) Reliance as Safe Harbor. For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers, directors, managers, employees, agents or representatives of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with the reasonable care by the Enterprise. The provisions of this Section 12(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) Actions of Others. The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification

under this Agreement.

Section 13. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 11 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 9 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 11(a) of this Agreement within forty-five (45) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5 or Section 6 or the last sentence of Section 11(a) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, or (v) payment of indemnification pursuant to Section 3, Section 4 or Section 7 of this Agreement is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication by a court of his entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within one hundred eighty (180) days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 13(a); provided, however, that the foregoing clause shall not apply in respect of a proceeding brought by Indemnitee to enforce his rights under Section 5 of this Agreement. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 11(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 13 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 13 the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 11(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 13, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 13 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefor) advance such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advancement of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

Section 14. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Company shall, if commercially reasonable, obtain and maintain in effect during the entire period for which the Company is obligated to indemnify Indemnitee under this Agreement, one or more policies of

insurance with reputable insurance companies to provide the directors and officers of the Company with coverage for losses from wrongful acts and omissions and to ensure the Company's performance of its indemnification obligations under this Agreement. Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies. In all such policies, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee with the same rights and benefits as are accorded to the most favorably insured of the Company's directors and officers. At the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or for which advancement is provided) hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

Section 15. Duration of Agreement. This Agreement shall continue until and terminate upon the later of: (a) ten (10) years after the date that Indemnitee shall have ceased to serve in any Corporate Status or (b) one (1) year after the final termination of any Proceeding (including any rights of appeal thereto) in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to Section 13 of this Agreement relating thereto (including any rights of appeal thereto). This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and his heirs, executors and administrators.

Section 16. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby. Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnitee indemnification rights to the fullest extent permitted by applicable laws. In the event any provision hereof conflicts with any applicable law, such provision shall be deemed modified, consistent with the aforementioned intent, to the extent necessary to resolve such conflict.

Section 17. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director or officer of the Company.

(b) Without limiting any of the rights of Indemnitee under the Certificate of Incorporation or Bylaws as they may be amended from time to time, this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

Section 18. Modification and Waiver. No supplement, modification, waiver or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

Section 19. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

Section 20. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) when sent by confirmed electronic or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then, on the next business day, (c) if mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, or (d) if sent via a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt, on the next business day after the date on which it is so mailed:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide to the Company.

(b) If to the Company to

ProPetro Holding Corp.
706 S. Midkiff, Bldg. B
Midland, Texas 79701
Attn: Mark Howell

or to any other address as may have been furnished to Indemnitee by the Company.

Section 21. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 22. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 13(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, irrevocably The Corporation Trust Company as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 23. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 24. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

[Signature pages to follow.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first

above written.

***COMPANY*:**

PROPETRO HOLDING CORP.

By: _____
Name:
Officer: Chief Executive Officer

***INDEMNITEE*:**

_____

Exhibit 21

Subsidiary of ProPetro Holding Corp.

Subsidiary	State of Organization
ProPetro Services, Inc.	Texas

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-216946 on Form S-8 and Registration Statement No. 333-224824 on Form S-3ASR of our reports dated February 28, 2019, relating to the consolidated financial statements of ProPetro Holding Corp., and Subsidiary, and the effectiveness of ProPetro Holding Corp. and Subsidiary's internal control over financial reporting appearing in this Annual Report on Form 10-K of ProPetro Holding Corp. for the year ended December 31, 2018.

/S/ DELOITTE & TOUCHE LLP

Houston, Texas

February 28, 2019

Exhibit 31.1

CERTIFICATION BY PRINCIPAL EXECUTIVE OFFICER

I, Dale Redman, certify that:

1. I have reviewed this Annual Report on Form 10-K of ProPetro Holding Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 28, 2019

/s/ Dale Redman

Dale Redman, Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION BY PRINCIPAL FINANCIAL OFFICER

I, Jeff Smith, certify that:

1. I have reviewed this Annual Report on Form 10-K of ProPetro Holding Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 28, 2019

/s/ Jeff Smith

Jeff Smith, Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of ProPetro Holding Corp. (the "Company") on Form 10-K for the year ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dale Redman, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 28, 2019

/s/ Dale Redman
Dale Redman, Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of ProPetro Holding Corp. (the "Company") on Form 10-K for the year ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey Smith, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 28, 2019

/s/ Jeff Smith
Jeff Smith, Chief Financial Officer
(Principal Financial Officer)