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

Form 10-Q

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

For the quarterly period ended June 30, 2024

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

FOR THE TRANSITION PERIOD FROM __________ TO __________

Commission File No. 001-37917

Mammoth Energy Services, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**32-0498321**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

14201 Caliber Drive, Suite 300 **Oklahoma City, Oklahoma**	**(405) 608-6007**	**73134**
(Address of principal executive offices)	(Registrant's telephone number, including area code)	(Zip Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	TUSK	The Nasdaq Stock Market LLC NASDAQ Global Select Market

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

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

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

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

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

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

As of August 7, 2024, there were 48,127,369 shares of common stock, $0.01 par value, outstanding.

MAMMOTH ENERGY SERVICES, INC.

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GLOSSARY OF OIL AND NATURAL GAS AND ELECTRICAL INFRASTRUCTURE TERMS

The following is a glossary of certain oil and natural gas and natural sand proppant industry terms used in this Quarterly Report on Form 10-Q (this “report” or “Quarterly Report”):

Acidizing	To pump acid into a wellbore to improve a well’s productivity or injectivity.
Blowout	An uncontrolled flow of reservoir fluids into the wellbore, and sometimes catastrophically to the surface. A blowout may consist of salt water, oil, natural gas or a mixture of these. Blowouts can occur in all types of exploration and production operations, not just during drilling operations. If reservoir fluids flow into another formation and do not flow to the surface, the result is called an underground blowout. If the well experiencing a blowout has significant open-hole intervals, it is possible that the well will bridge over (or seal itself with rock fragments from collapsing formations) down-hole and intervention efforts will be averted.
Bottomhole assembly	The lower portion of the drillstring, consisting of (from the bottom up in a vertical well) the bit, bit sub, a mud motor (in certain cases), stabilizers, drill collar, heavy-weight drillpipe, jarring devices (“jars”) and crossovers for various threadforms. The bottomhole assembly must provide force for the bit to break the rock (weight on bit), survive a hostile mechanical environment and provide the driller with directional control of the well. Oftentimes the assembly includes a mud motor, directional drilling and measuring equipment, measurements-while-drilling tools, logging-while-drilling tools and other specialized devices.
Cementing	To prepare and pump cement into place in a wellbore.
Coiled tubing	A long, continuous length of pipe wound on a spool. The pipe is straightened prior to pushing into a wellbore and rewound to coil the pipe back onto the transport and storage spool. Depending on the pipe diameter (1 in. to 4 1/2 in.) and the spool size, coiled tubing can range from 2,000 ft. to 23,000 ft. (610 m to 6,096 m) or greater length.
Completion	A generic term used to describe the assembly of down-hole tubulars and equipment required to enable safe and efficient production from an oil or gas well. The point at which the completion process begins may depend on the type and design of the well.
Directional drilling	The intentional deviation of a wellbore from the path it would naturally take. This is accomplished through the use of whipstocks, bottomhole assembly (BHA) configurations, instruments to measure the path of the wellbore in three-dimensional space, data links to communicate measurements taken down-hole to the surface, mud motors and special BHA components and drill bits, including rotary steerable systems, and drill bits. The directional driller also exploits drilling parameters such as weight on bit and rotary speed to deflect the bit away from the axis of the existing wellbore. In some cases, such as drilling steeply dipping formations or unpredictable deviation in conventional drilling operations, directional-drilling techniques may be employed to ensure that the hole is drilled vertically. While many techniques can accomplish this, the general concept is simple: point the bit in the direction that one wants to drill. The most common way is through the use of a bend near the bit in a down-hole steerable mud motor. The bend points the bit in a direction different from the axis of the wellbore when the entire drillstring is not rotating. By pumping mud through the mud motor, the bit turns while the drillstring does not rotate, allowing the bit to drill in the direction it points. When a particular wellbore direction is achieved, that direction may be maintained by rotating the entire drillstring (including the bent section) so that the bit does not drill in a single direction off the wellbore axis, but instead sweeps around and its net direction coincides with the existing wellbore. Rotary steerable tools allow steering while rotating, usually with higher rates of penetration and ultimately smoother boreholes.
Down-hole	Pertaining to or in the wellbore (as opposed to being on the surface).
Down-hole motor	A drilling motor located in the drill string above the drilling bit powered by the flow of drilling mud. Down-hole motors are used to increase the speed and efficiency of the drill bit or can be used to steer the bit in directional drilling operations. Drilling motors have become very popular because of horizontal and directional drilling applications and the day rates for drilling rigs.
Drilling rig	The machine used to drill a wellbore.
Drillpipe or Drill pipe	Tubular steel conduit fitted with special threaded ends called tool joints. The drillpipe connects the rig surface equipment with the bottomhole assembly and the bit, both to pump drilling fluid to the bit and to be able to raise, lower and rotate the bottomhole assembly and bit.
Drillstring or Drill string	The combination of the drillpipe, the bottomhole assembly and any other tools used to make the drill bit turn at the bottom of the wellbore.
Flowback	The process of allowing fluids to flow from the well following a treatment, either in preparation for a subsequent phase of treatment or in preparation for cleanup and returning the well to production.
Horizontal drilling	A subset of the more general term “directional drilling,” used where the departure of the wellbore from vertical exceeds about 80 degrees. Note that some horizontal wells are designed such that after reaching true 90-degree horizontal, the wellbore may actually start drilling upward. In such cases, the angle past 90 degrees is continued, as in 95 degrees, rather than reporting it as deviation from vertical, which would then be 85 degrees. Because a horizontal well typically penetrates a greater length of the reservoir, it can offer significant production improvement over a vertical well.
Hydraulic fracturing	A stimulation treatment routinely performed on oil and gas wells in low permeability reservoirs. Specially engineered fluids are pumped at high pressure and rate into the reservoir interval to be treated, causing a vertical fracture to open. The wings of the fracture extend away from the wellbore in opposing directions according to the natural stresses within the formation. Proppant, such as grains of sand of a particular size, is mixed with the treatment fluid to keep the fracture open when the treatment is complete. Hydraulic fracturing creates high-conductivity communication with a large area of formation and bypasses any damage that may exist in the near-wellbore area.

Hydrocarbon	A naturally occurring organic compound comprising hydrogen and carbon. Hydrocarbons can be as simple as methane, but many are highly complex molecules, and can occur as gases, liquids or solids. Petroleum is a complex mixture of hydrocarbons. The most common hydrocarbons are natural gas, oil and coal.
Mesh size	The size of the proppant that is determined by sieving the proppant through screens with uniform openings corresponding to the desired size of the proppant. Each type of proppant comes in various sizes, categorized as mesh sizes, and the various mesh sizes are used in different applications in the oil and natural gas industry. The mesh number system is a measure of the number of equally sized openings per square inch of screen through which the proppant is sieved.
Mud motors	A positive displacement drilling motor that uses hydraulic horsepower of the drilling fluid to drive the drill bit. Mud motors are used extensively in directional drilling operations.
Natural gas liquids	Components of natural gas that are liquid at surface in field facilities or in gas processing plants. Natural gas liquids can be classified according to their vapor pressures as low (condensate), intermediate (natural gasoline) and high (liquefied petroleum gas) vapor pressure.
Nitrogen pumping unit	A high-pressure pump or compressor unit capable of delivering high-purity nitrogen gas for use in oil or gas wells. Two basic types of units are commonly available: a nitrogen converter unit that pumps liquid nitrogen at high pressure through a heat exchanger or converter to deliver high-pressure gas at ambient temperature, and a nitrogen generator unit that compresses and separates air to provide a supply of high pressure nitrogen gas.
Plugging	The process of permanently closing oil and gas wells no longer capable of producing in economic quantities. Plugging work can be performed with a well servicing rig along with wireline and cementing equipment; however, this service is typically provided by companies that specialize in plugging work.
Plug	A down-hole packer assembly used in a well to seal off or isolate a particular formation for testing, acidizing, cementing, etc.; also a type of plug used to seal off a well temporarily while the wellhead is removed.
Pounds per square inch	A unit of pressure. It is the pressure resulting from a one pound force applied to an area of one square inch.
Pressure pumping	Services that include the pumping of liquids under pressure.
Producing formation	An underground rock formation from which oil, natural gas or water is produced. Any porous rock will contain fluids of some sort, and all rocks at considerable distance below the Earth's surface will initially be under pressure, often related to the hydrostatic column of ground waters above the reservoir. To produce, rocks must also have permeability, or the capacity to permit fluids to flow through them.
Proppant	Sized particles mixed with fracturing fluid to hold fractures open after a hydraulic fracturing treatment. In addition to naturally occurring sand grains, man-made or specially engineered proppants, such as resin-coated sand or high-strength ceramic materials like sintered bauxite, may also be used. Proppant materials are carefully sorted for size and sphericity to provide an efficient conduit for production of fluid from the reservoir to the wellbore.
Resource play	Accumulation of hydrocarbons known to exist over a large area.
Shale	A fine-grained, fissile, sedimentary rock formed by consolidation of clay- and silt-sized particles into thin, relatively impermeable layers.
Tight oil	Conventional oil that is found within reservoirs with very low permeability. The oil contained within these reservoir rocks typically will not flow to the wellbore at economic rates without assistance from technologically advanced drilling and completion processes. Commonly, horizontal drilling coupled with multistage fracturing is used to access these difficult to produce reservoirs.
Tight sands	A type of unconventional tight reservoir. Tight reservoirs are those which have low permeability, often quantified as less than 0.1 millidarcies.
Tubulars	A generic term pertaining to any type of oilfield pipe, such as drill pipe, drill collars, pup joints, casing, production tubing and pipeline.
Unconventional resource/unconventional well	A term for the different manner by which resources are exploited as compared to the extraction of conventional resources. In unconventional drilling, the wellbore is generally drilled to specific objectives within narrow parameters, often across long, lateral intervals within narrow horizontal formations offering greater contact area with the producing formation. Typically, the well is then hydraulically fractured at multiple stages to optimize production.
Wellbore	The physical conduit from surface into the hydrocarbon reservoir.
Well stimulation	A treatment performed to restore or enhance the productivity of a well. Stimulation treatments fall into two main groups, hydraulic fracturing treatments and matrix treatments. Fracturing treatments are performed above the fracture pressure of the reservoir formation and create a highly conductive flow path between the reservoir and the wellbore. Matrix treatments are performed below the reservoir fracture pressure and generally are designed to restore the natural permeability of the reservoir following damage to the near wellbore area. Stimulation in shale gas reservoirs typically takes the form of hydraulic fracturing treatments.
Wireline	A general term used to describe well-intervention operations conducted using single-strand or multi-strand wire or cable for intervention in oil or gas wells. Although applied inconsistently, the term commonly is used in association with electric logging and cables incorporating electrical conductors.
Workover	The process of performing major maintenance or remedial treatments on an oil or gas well. In many cases, workover implies the removal and replacement of the production tubing string after the well has been killed and a workover rig has been placed on location. Through-tubing workover operations, using coiled tubing, snubbing or slickline equipment, are routinely conducted to complete treatments or well service activities that avoid a full workover where the tubing is removed. This operation saves considerable time and expense.

The following is a glossary of certain electrical infrastructure industry terms used in this report:

Distribution	The distribution of electricity from the transmission system to individual customers.
Substation	A part of an electrical transmission and distribution system that transforms voltage from high to low, or the reverse.
Transmission	The movement of electrical energy from a generating site, such as a power plant, to an electric substation.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Various statements contained in this report that express a belief, expectation, or intention, or that are not statements of historical fact, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act. In particular, the factors discussed in this report and detailed under Part II, Item 1A. Risk Factors in this report and our Annual Report on Form 10–K for the year ended December 31, 2023 could affect our actual results and cause our actual results to differ materially from expectations, estimates or assumptions expressed, forecasted or implied in such forward-looking statements.

Forward-looking statements may include statements about:

- the levels of capital expenditures by our customers and the impact of reduced drilling and completions activity on utilization and pricing for our oilfield services;
- the volatility of oil and natural gas prices and actions by OPEC members and other oil exporting nations, or OPEC+, affecting commodity price and production levels;
- employee retention and increasingly competitive labor market;
- general economic, business or industry conditions and concerns over a potential economic slowdown or recession;
- conditions in the capital, financial and credit markets;
- conditions of U.S. oil and natural gas industry and the effect of U.S. energy, monetary and trade policies;
- U.S. and global economic conditions and political and economic developments, including the energy and environmental policies;
- inflationary pressure on the cost of services, equipment and other goods in our industries and other sectors;
- our ability to comply with the applicable financial covenants and other terms and conditions under our new revolving credit facility and new term loan;
- our ability to execute our business and financial strategies;
- our plans with respect to any stock repurchases under the board of directors' authorized stock repurchase program;
- our ability to grow our infrastructure services segment or recommence certain of our suspended oilfield services;
- any loss of one or more of our significant customers and its impact on our revenue, financial condition and results of operations;
- asset impairments;
- our ability to identify, complete and integrate acquisitions of assets or businesses;
- our ability to receive, or delays in receiving, permits and governmental approvals and/or payments, and to comply with applicable governmental laws and regulations;
- the failure to receive or delays in receiving the Title III Court approval relating to the settlement agreement between our subsidiary Cobra Acquisitions LLC ("Cobra"), the Puerto Rico Electric Power Authority ("PREPA"), and the Financial Oversight and Management Board for Puerto Rico (the "FOMB"), in its capacity as Title III representative for PREPA, to settle all outstanding litigation and other dispute matters between Cobra and PREPA, and/or any payments under the settlement agreement discussed in this report;
- the outcome or settlement of our other litigation matters discussed in this report on our financial condition and cash flows;
- any future litigation, indemnity or other claims;
- regional supply and demand factors, delays or interruptions of production, and any governmental order, rule or regulation that may impose production limits on our customers;
- shortages, delays in delivery and interruptions in supply of major components, replacement parts, or other equipment, supplies or materials;
- extreme weather conditions, wild fires and other natural disasters in areas where we provide well completion, sand proppant, drilling and infrastructure services;
- access to and restrictions on use of sourced or produced water;
- technology;
- civil unrest, war, military conflicts or terrorist attacks;
- cyberattacks and any resulting loss of information;
- competition within the energy services industry;
- availability of equipment, materials or skilled personnel or other labor resources;
- payment of any future dividends;
- future operating results; and
- capital expenditures and other plans, objectives, expectations and intentions.

All of these types of statements, other than statements of historical fact included in this quarterly report, are forward-looking statements. These forward-looking statements may be found in the "Business," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and other sections of this quarterly report. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "could," "should," "would," "expect," "plan," "project," "budget," "intend," "anticipate," "believe," "estimate," "predict," "potential," "pursue," "target," "seek," "objective," "continue," "will be," "will benefit," or "will continue," the negative of such terms or other comparable terminology.

The forward-looking statements contained in this report are largely based on our expectations, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors, which are difficult to predict and many of which are beyond our control. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, our management's assumptions about future events may prove to be inaccurate. Our management cautions all readers that the forward-looking statements contained in this report are not guarantees of future performance, and we cannot assure any reader that such statements will be realized or the forward-looking events and circumstances will occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to many factors including those described in our Annual Report on Form 10–K for the year ended December 31, 2023 and Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this report. All forward-looking statements speak only as of the date of this report. We do not intend to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MAMMOTH ENERGY SERVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

ASSETS	June 30, 2024	December 31, 2023
	(in thousands)	
CURRENT ASSETS		
Cash and cash equivalents	$ 10,266	$ 16,556
Restricted cash	—	7,742
Accounts receivable, net	235,795	447,202
Inventories	12,387	12,653
Prepaid expenses	6,450	12,181
Other current assets	589	591
Total current assets	265,487	496,925
Property, plant and equipment, net	109,517	113,905
Sand reserves, net	58,215	58,528
Operating lease right-of-use assets	6,403	9,551
Goodwill	9,214	9,214
Deferred income tax asset	—	1,844
Other non-current assets	6,671	8,512
Total assets	$ 455,507	$ 698,479
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 24,136	$ 27,508
Accrued expenses and other current liabilities	31,151	86,713
Accrued expenses and other current liabilities - related parties	—	1,241
Current operating lease liability	4,352	5,771
Income taxes payable	43,625	61,320
Total current liabilities	103,264	182,553
Long-term debt from related parties	47,275	42,809
Deferred income tax liabilities	2,505	628
Long-term operating lease liability	1,983	3,534
Asset retirement obligations	4,194	4,140
Other long-term liabilities	3,910	4,715
Total liabilities	163,131	238,379
COMMITMENTS AND CONTINGENCIES (Note 19)		
EQUITY		
Equity:		
Common stock, $0.01 par value, 200,000,000 shares authorized, 48,127,369 and 47,941,652 issued and outstanding at June 30, 2024 and December 31, 2023	481	479
Additional paid in capital	539,994	539,558
Accumulated deficit	(244,121)	(76,317)
Accumulated other comprehensive loss	(3,978)	(3,620)
Total equity	292,376	460,100
Total liabilities and equity	$ 455,507	$ 698,479

The accompanying notes are an integral part of these condensed consolidated financial statements.

MAMMOTH ENERGY SERVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
REVENUE	(in thousands, except per share amounts)			
Services revenue	$ 46,770	$ 63,478	$ 85,584	$ 167,115
Services revenue - related parties	66	369	133	589
Product revenue	4,693	11,584	8,999	24,047
Total revenue	51,529	75,431	94,716	191,751
COST AND EXPENSES				
Services cost of revenue (exclusive of depreciation, depletion, amortization and accretion of $4,780, $10,654, $10,270, and $22,032, respectively, for the three and six months ended June 30, 2024 and three and six months ended June 30, 2023)	38,962	52,846	73,445	133,823
Services cost of revenue - related parties	118	210	236	240
Product cost of revenue (exclusive of depreciation, depletion, amortization and accretion of $1,271, $2,417, $2,373, and $3,559, respectively, for the three and six months ended June 30, 2024 and three and six months ended June 30, 2023)	4,761	7,196	10,744	15,181
Selling, general and administrative (Note 12)	97,476	10,357	106,258	18,740
Depreciation, depletion, amortization and accretion	6,051	12,650	13,073	25,606
Gains on disposal of assets, net	(1,036)	(473)	(2,203)	(834)
Total cost and expenses	146,332	82,786	201,553	192,756
Operating loss	(94,803)	(7,355)	(106,837)	(1,005)
OTHER INCOME (EXPENSE)				
Interest expense and financing charges, net	(1,005)	(3,220)	(7,642)	(6,509)
Interest expense and financing charges, net - related parties	(1,529)	—	(3,028)	—
Other (expense) income, net (Note 2)	(73,678)	8,339	(63,536)	16,963
Total other (expense) income, net	(76,212)	5,119	(74,206)	10,454
(Loss) income before income taxes	(171,015)	(2,236)	(181,043)	9,449
(Benefit) provision for income taxes	(15,022)	2,234	(13,239)	5,568
Net (loss) income	$ (155,993)	$ (4,470)	$ (167,804)	$ 3,881
OTHER COMPREHENSIVE (LOSS) INCOME				
Foreign currency translation adjustment, net of tax of $0, $0, $0, and $0, respectively, for the three and six months ended June 30, 2024 and three and six months ended June 30, 2023	(114)	227	(358)	230
Comprehensive (loss) income	$ (156,107)	$ (4,243)	$ (168,162)	$ 4,111
Net (loss) income per share (basic) (Note 15)	$ (3.25)	$ (0.09)	$ (3.50)	$ 0.08
Net (loss) income per share (diluted) (Note 15)	$ (3.25)	$ (0.09)	$ (3.50)	$ 0.08
Weighted average number of shares outstanding (basic) (Note 15)	48,040	47,718	48,002	47,581
Weighted average number of shares outstanding (diluted) (Note 15)	48,040	47,718	48,002	47,966

The accompanying notes are an integral part of these condensed consolidated financial statements.

MAMMOTH ENERGY SERVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (unaudited)

	Three Months Ended June 30, 2024					
	Common Stock		Accumulated	Additional Paid-In	Accumulated Other Comprehensive	
	Shares	Amount	Deficit	Capital	Loss	Total
	(in thousands)					
Balance at March 31, 2024	48,008	$ 480	$ (88,128)	$ 539,776	$ (3,864)	448,264
Stock based compensation	119	1	—	218	—	219
Net loss	—	—	(155,993)	—	—	(155,993)
Other comprehensive loss	—	—	—	—	(114)	(114)
Balance at June 30, 2024	48,127	$ 481	$ (244,121)	$ 539,994	$ (3,978)	$ 292,376

	Three Months Ended June 30, 2023					
	Common Stock		Accumulated	Additional Paid-In	Accumulated Other Comprehensive	
	Shares	Amount	Deficit	Capital	Loss	Total
	(in thousands)					
Balance at March 31, 2023	47,713	$ 477	$ (64,803)	$ 538,862	$ (3,838)	470,698
Stock based compensation	228	2	—	259	—	261
Net loss	—	—	(4,470)	—	—	(4,470)
Other comprehensive income	—	—	—	—	227	227
Balance at June 30, 2023	47,941	$ 479	$ (69,273)	$ 539,121	$ (3,611)	$ 466,716

	Six Months Ended June 30, 2024					
	Common Stock		Accumulated	Additional Paid-In	Accumulated Other Comprehensive	
	Shares	Amount	Deficit	Capital	Loss	Total
	(in thousands)					
Balance at December 31, 2023	47,941	$ 479	$ (76,317)	$ 539,558	$ (3,620)	$ 460,100
Stock based compensation	186	2	—	436	—	438
Net loss	—	—	(167,804)	—	—	(167,804)
Other comprehensive loss	—	—	—	—	(358)	(358)
Balance at June 30, 2024	48,127	$ 481	$ (244,121)	$ 539,994	$ (3,978)	$ 292,376

	Six Months Ended June 30, 2023					
	Common Stock		Accumulated	Additional Paid-In	Accumulated Other Comprehensive	
	Shares	Amount	Deficit	Capital	Loss	Total
	(in thousands)					
Balance at December 31, 2022	47,312	$ 473	$ (73,154)	$ 539,138	$ (3,841)	$ 462,616
Stock based compensation	795	8	—	900	—	908
Shares repurchased	(166)	(2)	—	(917)	—	(919)
Net income	—	—	3,881	—	—	3,881
Other comprehensive income	—	—	—	—	230	230
Balance at June 30, 2023	47,941	$ 479	$ (69,273)	$ 539,121	$ (3,611)	$ 466,716

The accompanying notes are an integral part of these condensed consolidated financial statements.

MAMMOTH ENERGY SERVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

	Six Months Ended June 30,	
	2024	2023
	(in thousands)	
Cash flows from operating activities:		
Net (loss) income	$ (167,804)	$ 3,881
Adjustments to reconcile net (loss) income to cash provided by operating activities:		
Stock based compensation	438	908
Depreciation, depletion, accretion and amortization	13,073	25,606
Amortization of debt origination costs	714	377
Change in provision for expected credit losses	171,076	(425)
Gains on disposal of assets	(2,203)	(834)
Gains from sales of equipment damaged or lost down-hole	—	(46)
Deferred income taxes	3,722	(46)
Other	1,099	387
Changes in assets and liabilities:		
Accounts receivable, net	39,073	7,880
Inventories	265	(1,306)
Prepaid expenses and other assets	5,703	5,162
Accounts payable	(2,276)	466
Accrued expenses and other liabilities	(7,688)	(13,924)
Accrued expenses and other liabilities - related parties	3,028	—
Income taxes payable	(17,692)	4,523
Net cash provided by operating activities	40,528	32,609
Cash flows from investing activities:		
Purchases of property and equipment	(9,070)	(10,539)
Proceeds from disposal of property and equipment	4,548	806
Net cash used in investing activities	(4,522)	(9,733)
Cash flows from financing activities:		
Borrowings on long-term debt	—	118,900
Repayments of long-term debt	—	(143,064)
Payments on financing transaction	(46,837)	—
Payments on sale leaseback transaction	(2,148)	(2,449)
Principal payments on financing leases and equipment financing notes	(966)	(3,791)
Debt issuance costs	(37)	—
Other	—	(919)
Net cash used in financing activities	(49,988)	(31,323)
Effect of foreign exchange rate on cash	(50)	15
Net decrease in cash, cash equivalents and restricted cash	(14,032)	(8,432)
Cash, cash equivalents and restricted cash at beginning of period	24,298	17,282
Cash, cash equivalents and restricted cash at end of period	$ 10,266	$ 8,850
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 1,440	$ 6,321
Cash paid for income taxes, net of refunds received	$ 722	$ 752
Supplemental disclosure of non-cash transactions:		
Interest paid in kind - related parties	$ 4,269	$ —
Purchases of property and equipment included in accounts payable and accrued expenses	$ 2,258	$ 6,732
Right-of-use assets obtained for financing lease liabilities	$ 1,369	$ 306

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Organization and Nature of Business

Mammoth Energy Services, Inc. ("Mammoth Inc.", "Mammoth" or the "Company"), together with its subsidiaries, is an integrated, growth-oriented company serving both the oil and gas and the electric utility industries in North America and US territories. Mammoth Inc.'s infrastructure division provides engineering, design, construction, upgrade, maintenance and repair services to various public and private owned utilities. Its oilfield services division provides a diversified set of services to the exploration and production industry including well completion, natural sand and proppant and drilling services. Additionally, the Company provides aviation services, equipment rentals, remote accommodation services and equipment manufacturing. The Company was incorporated in Delaware in June 2016.

Operations

The Company's well completion services include equipment and personnel used in connection with the completion and early production of oil and natural gas wells. The Company's infrastructure services include engineering, design, construction, upgrade, maintenance and repair services to the electrical infrastructure industry as well as repair and restoration services in response to storms and other disasters. The Company's natural sand proppant services include the distribution and production of natural sand proppant that is used primarily for hydraulic fracturing in the oil and gas industry. The Company's drilling services provided drilling rigs and directional tools for both vertical and horizontal drilling of oil and natural gas wells. The Company also provides other services, including aviation, equipment rentals, remote accommodations and equipment manufacturing.

The Company's operations are concentrated in North America. The Company operates its oil and natural gas businesses in the Permian Basin, the Utica Shale, the Eagle Ford Shale, the Marcellus Shale, the Granite Wash, the SCOOP, the STACK, the Cana-Woodford Shale, the Cleveland Sand and the oil sands located in Northern Alberta, Canada. The Company's oil and natural gas business depends in large part on the conditions in the oil and natural gas industry and, specifically, on the amount of capital spending by its customers. Any prolonged increase or decrease in oil and natural gas prices affects the levels of exploration, development and production activity, as well as the entire health of the oil and natural gas industry. Decreases in the commodity prices for oil and natural gas would have a material adverse effect on the Company's results of operations and financial condition. During the periods presented in this report, the Company provided its infrastructure services primarily in the northeastern, southwestern, midwestern and western portions of the United States. The Company's infrastructure business depends on infrastructure spending on maintenance, upgrade, expansion and repair and restoration. Any prolonged decrease in spending by electric utility companies, delays or reductions in government appropriations or the failure of customers to pay their receivables could have a material adverse effect on the Company's results of operations and financial condition.

2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries and the variable interest entities ("VIE") for which the Company is the primary beneficiary. See Note 11. Variable Interest Entity to our unaudited condensed consolidated financial statements included elsewhere in this report for additional information regarding these entities. All material intercompany accounts and transactions have been eliminated.

This report has been prepared in accordance with the rules and regulations of the Securities and Exchange Commission, and reflects all adjustments, which in the opinion of management are necessary for the fair presentation of the results for the interim periods, on a basis consistent with the annual audited consolidated financial statements. All such adjustments are of a normal, recurring nature. Certain information, accounting policies and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles ("GAAP") have been omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the summary of significant accounting policies and notes thereto included in the Company's most recent annual report on Form 10-K.

Reclassifications

Certain reclassifications have been made to prior period amounts to conform to the current period financial statement presentation. Previously, the Company included its wholly-owned subsidiary Bison Trucking LLC ("Bison Trucking") in its drilling services segment. The Company now presents Bison Trucking in the “All Other” reconciling column. See Note 20 for additional detail regarding our reporting segments. There was no impact on previously reported total assets, total liabilities, net income (loss) or equity for the periods presented.

Cash, Cash Equivalents and Restricted Cash
All highly liquid investments with an original maturity of three months or less are considered cash equivalents. Restricted cash as of December 31, 2023 consisted of amounts held by our previous creditor as collateral for letters of credit and credit card program.

Accounts Receivable
Accounts receivable include amounts due from customers for services performed or goods sold. The Company grants credit to customers in the ordinary course of business and generally does not require collateral. Prior to granting credit to customers, the Company analyzes the potential customer’s risk profile by utilizing a credit report, analyzing macroeconomic factors and using its knowledge of the industry, among other factors. Most areas in the continental United States in which the Company operates provide for a mechanic’s lien against the property on which the service is performed if the lien is filed within the statutorily specified time frame. Customer balances are generally considered delinquent if unpaid by the 30th day following the invoice date and credit privileges may be revoked if balances remain unpaid. Interest on delinquent accounts receivable is recognized in other income when chargeable and collectability is reasonably assured.

During the period October 2017 through March 2019, the Company provided infrastructure services in Puerto Rico under master services agreements entered into by Cobra Acquisitions LLC (“Cobra”), one of the Company’s subsidiaries, with the Puerto Rico Electric Power Authority (“PREPA”) to perform repairs to PREPA’s electrical grid as a result of Hurricane Maria. During the three and six months ended June 30, 2024 and the three and six months ended June 30, 2023, the Company charged interest on delinquent accounts receivable pursuant to the terms of its agreements with PREPA totaling $10.3 million, $20.8 million, $11.3 million and $22.5 million, respectively. As discussed in more detail below, on July 22, 2024, Cobra entered into a release and settlement agreement with PREPA and the FOMB, in its capacity as Title III representative for PREPA, to settle all outstanding matters between Cobra and PREPA (the “Settlement Agreement”). As a result of the Settlement Agreement, Cobra recognized a charge to interest on delinquent accounts receivable totaling $81.5 million during the three months ended June 30, 2024 to reduce its accounts receivable balance to the amount expected to be collected in relation to interest charged to PREPA. These amounts are included in “other (expense) income, net” on the unaudited condensed consolidated statements of comprehensive (loss) income. Included in “accounts receivable, net” on the unaudited condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023 were interest charges of $136.8 million and $197.5 million, respectively. See below for a full description of the Settlement Agreement and its impact on the Company’s financial statements for the three months ended June 30, 2024.

The Company regularly reviews receivables and provides for expected losses through an allowance for expected credit losses. In evaluating the level of established reserves, the Company makes judgments regarding its customers’ ability to make required payments, economic events and other factors. As the financial condition of customers changes, circumstances develop, or additional information becomes available, adjustments to the allowance for expected credit losses may be required. In the event the Company expects that a customer may not be able to make required payments, the Company would increase the allowance through a charge to income in the period in which that determination is made. If it is determined that previously reserved amounts are collectible, the Company would decrease the allowance through a credit to income in the period in which that determination is made. Uncollectible accounts receivable are periodically charged against the allowance for expected credit losses once a final determination is made regarding their collectability.

Following is a roll forward of the changes in our allowance for expected credit losses for the year ended December 31, 2023 and the six months ended June 30, 2024 (in thousands):

Balance, January 1, 2023	$ 3,587
Change in provision for expected credit losses	47
Recoveries of receivables previously charged to credit loss expense	(638)
Write-offs charged against the provision	(2,831)
Balance, December 31, 2023	165
Change in provision for expected credit losses	171,089
Recoveries of receivables previously charged to credit loss expense	(13)
Write-offs charged against the provision	(271)
Balance, June 30, 2024	$ 170,970

The Company has made specific reserves consistent with Company policy which resulted in additions to allowance for expected credit losses totaling $171.1 million and a nominal amount for the six months ended June 30, 2024 and 2023, respectively. These additions were charged to credit loss expense and other expense based on the factors described above.

PREPA

On October 19, 2017, one of our subsidiaries, Cobra, and PREPA entered into an emergency master services agreement for repairs to PREPA's electrical grid as a result of Hurricane Maria. The one-year contract, as amended, provided for payments of up to $945 million (the "first contract"). On May 26, 2018, Cobra and PREPA entered into a second one-year, $900 million master services agreement to provide additional repair services and begin the initial phase of reconstruction of the electrical power system in Puerto Rico (the "second contract"). PREPA is currently subject to bankruptcy proceedings, which were filed in July 2017 and are currently pending in the United States District Court for the District of Puerto Rico (the "Title III Court"). As a result, PREPA's ability to meet its payment obligations under the above-referenced agreements is largely dependent upon funding from the Federal Emergency Management Agency ("FEMA") or other sources. Since September 30, 2019, Cobra has been pursuing litigation in the Title III Court and other dispute resolution efforts seeking recovery of the amounts owed to Cobra by PREPA for restoration services in Puerto Rico, which proceedings are discussed in more detail in the Company's prior reports filed with the SEC. PREPA is currently holding approximately $18.4 million in funds (the "Withheld FEMA Funds") received from FEMA and considers payable to Cobra but for purported garnishments in this amount asserted by three Puerto Rican municipalities (the "Specified Municipalities") for certain municipal tax claims discussed in Mammoth's filings with the SEC (the "Specified Municipal Tax Claims") and for which Cobra disputes any valid garnishment.

On July 22, 2024, Cobra entered into a release and settlement agreement with PREPA and the FOMB, in its capacity as Title III representative for PREPA, to settle all outstanding matters between Cobra and PREPA.

Under the terms of the Settlement Agreement, Cobra will have an allowed administrative expense claim against PREPA of $170.0 million, plus the $18.4 million in the Withheld FEMA Funds. Cobra's allowed claim will be paid through three installments: (i) $150.0 million on the later of (A) ten business days following approval of the Settlement Agreement by the Title III Court and (B) August 31, 2024; (ii) $20.0 million within seven days following the effective date of PREPA's plan of adjustment; and (iii) $18.4 million in the Withheld FEMA Funds within either (A) ten business days after the deadline for appealing the entry of the settlement order by the Title III Court under the applicable bankruptcy rules of procedure if no such appeal is filed, or (B) if the provisions of the settlement order allowing PREPA to release the Withheld FEMA Funds to Cobra without retaining any liability to the Specified Municipalities are appealed by the Specified Municipalities, within ten business days of the filing of the notice of such appeal.

The Settlement Agreement was approved by the Company's Board of Directors on July 22, 2024, and was also approved by the PREPA Board and by the FOMB. The Settlement Agreement remains subject to approval by the Title III Court, which is expected to hear the motion relating to the Settlement Agreement at the next omnibus hearing to be held on September 18, 2024. There can be no assurance that the court approval will be obtained on the indicated time frame or at all.

As a result of the Settlement Agreement, the Company recorded a non-cash, pre-tax charge of approximately $170.7 million in the second quarter of 2024 to reduce its accounts receivable balance from PREPA of $359.1 million, representing the amount owed to Cobra by PREPA in relation to these agreements as of June 30, 2024, including the
accrued but unpaid interest, prior to the Settlement Agreement, to the amount expected to be received from the Settlement Agreement. Of the $170.7 million, $89.2 million was charged to credit loss expense, which is included in "selling, general and administrative" on the unaudited condensed consolidated statements of comprehensive (loss) income, and $81.5 million was charged to interest on delinquent accounts receivable, which is included in "other (expense) income, net" on the unaudited condensed consolidated statements of comprehensive (loss) income.

Concentrations of Credit Risk and Significant Customers

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents in excess of federally insured limits and trade receivables. Following is a summary of our significant customers based on percentages of total accounts receivable balances at June 30, 2024 and December 31, 2023 and percentages of total revenues derived for the three and six months ended June 30, 2024 and 2023:

	REVENUES				ACCOUNTS RECEIVABLE	
	Three Months Ended June 30,		Six Months Ended June 30,		At June 30,	At December 31,
	2024	2023	2024	2023	2024	2023
Customer A[(a)]	14 %	— %	8 %	2 %	— %	— %
Customer B[(b)]	10 %	7 %	9 %	5 %	2 %	1 %
Customer C[(c)]	— %	6 %	— %	12 %	— %	— %
Customer D[(d)]	— %	— %	— %	— %	80 %	90 %

a. Customer A is a third-party customer. Revenues and the related accounts receivable balances earned from Customer A were derived from the Company's well completion services segment.
b. Customer B is a third-party customer. Revenues and the related accounts receivable balances with Customer B was derived from the Company's infrastructure services segment.
c. Customer C is a third-party customer. Revenues and the related accounts receivable balances earned from Customer C were derived from the Company's well completion services segment.
d. Customer D is a third-party customer. The accounts receivable balances with Customer D was derived from the Company's infrastructure services segment. Accounts receivable for Customer D also includes receivables due for interest charged on delinquent accounts receivable.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value. The Company's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy. The Company uses appropriate valuation techniques based on available inputs to measure the fair values of its assets and liabilities.

Level 1 - Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date.

Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data. These are inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3 - Unobservable inputs that are not corroborated by market data and may be used with internally developed methodologies that result in management's best estimate of fair value.

The Company elected the fair value option for measuring the liability of the Assignment Agreement. To estimate the fair value of the liability, the Company used inputs that are not observable in the market (Level 3) based on an income approach. The Company used the contractual settlement amount, imputed interest rate and expected timing of cash flows to estimate the liability using the discounted cash flow model. See Notes 9 and 19.

The carrying amount of cash and cash equivalents, restricted cash, trade receivables, trade payables and receivables and payables from related parties approximates fair value because of the short-term nature of the instruments. The fair value of debt approximates its carrying value because the cost of borrowing fluctuates based upon market conditions.

New Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, "Segment reporting (Topic 280)", which is intended to improve reportable segment disclosure requirements through enhanced disclosures about significant segment expenses. The amendment requires disclosure of significant segment expenses regularly provided to the chief operating decision maker ("CODM") as well as other segment items, extends certain annual disclosures to interim periods, clarifies the applicability to single reportable segment entities, permits more than one measure of profit or loss to be reported under certain conditions and requires disclosure of the title and position of the CODM. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 31, 2024. We expect to adopt the new disclosures for the year ended December 31, 2024. The Company is currently evaluating the impact that adoption of ASU 2023-07 will have on its disclosures.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures", which requires the annual financial statements to include consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted, and should be applied on a prospective basis, with a retrospective option. The Company is currently evaluating the impact that adoption of ASU 2023-09 will have on its disclosures.

3. Revenue

The Company's primary revenue streams include well completion services, infrastructure services, natural sand proppant services, drilling services and other services, which includes aviation, equipment rentals, remote accommodations and equipment manufacturing. See Note 20 for the Company's revenue disaggregated by type.

Certain of the Company's customer contracts include provisions entitling the Company to a termination penalty when the customer invokes its contractual right to terminate prior to the contract's nominal end date. The termination penalties in the customer contracts vary, but are generally considered substantive for accounting purposes and create enforceable rights and obligations throughout the stated duration of the contract. The Company accounts for a contract cancellation as a contract modification in the period in which the customer invokes the termination provision. The determination of the contract termination penalty is based on the terms stated in the related customer agreement. As of the modification date, the Company updates its estimate of the transaction price using the expected value method, subject to constraints, and recognizes the amount over the remaining performance period.

Well Completion Services
Well completion services are typically provided based upon a purchase order, contract or on a spot market basis. Services are provided on a day rate, contracted or hourly basis. Generally, the Company accounts for well completion services as a single performance obligation satisfied over time. In certain circumstances, the Company supplies proppant that is utilized for pressure pumping as part of the agreement with the customer. The Company accounts for these pressure pumping agreements as multiple performance obligations satisfied over time. Jobs for these services are typically short-term in nature and range from a few hours to multiple days. Generally, revenue is recognized over time upon the completion of each segment of work based upon a completed field ticket, which includes the charges for the services performed, mobilization of the equipment to the location and personnel.

Additional revenue is generated through labor charges and the sale of consumable supplies that are incidental to the service being performed. Such amounts are recognized ratably over the period during which the corresponding goods and services are consumed.

Infrastructure Services
Infrastructure services are typically provided pursuant to master service agreements, repair and maintenance contracts or fixed price and non-fixed price installation contracts. Pricing under these contracts may be unit priced, cost-plus/hourly (or time and materials basis) or fixed price (or lump sum basis). Generally, the Company accounts for infrastructure services as a single performance obligation satisfied over time. In certain circumstances, the Company supplies materials that are utilized during the jobs as part of the agreement with the customer. The Company accounts for these infrastructure agreements as multiple performance obligations satisfied over time. Revenue is recognized over time as work progresses based on the days completed or as the contract is completed. Under certain customer contracts in our infrastructure

services segment, the Company warranties equipment and labor performed for a specified period following substantial completion of the work.

Natural Sand Proppant Services
The Company sells natural sand proppant through sand supply agreements with its customers. Under these agreements, sand is typically sold at a flat rate per ton or a flat rate per ton with an index-based adjustment. The Company recognizes revenue at the point in time when the customer obtains legal title to the product, which may occur at the production facility, rail origin or at the destination terminal.

Certain of the Company's sand supply agreements contain a minimum volume commitment related to sand purchases whereby the Company charges a shortfall payment if the customer fails to meet the required minimum volume commitment. These agreements may also contain make-up provisions whereby shortfall payments can be applied in future periods against purchased volumes exceeding the minimum volume commitment. If a make-up right exists, the Company has future performance obligations to deliver excess volumes of product in subsequent months. In accordance with ASC 606, if the customer fails to meet the minimum volume commitment, the Company will assess whether it expects the customer to fulfill its unmet commitment during the contractually specified make-up period based on discussions with the customer and management's knowledge of the business. If the Company expects the customer will make-up deficient volumes in future periods, revenue related to shortfall payments will be deferred and recognized on the earlier of the date on which the customer utilizes make-up volumes or the likelihood that the customer will exercise its right to make-up deficient volumes becomes remote. If the Company does not expect the customer will make-up deficient volumes in future periods, the breakage model will be applied and revenue related to shortfall payments will be recognized when the model indicates the customer's inability to take delivery of excess volumes. The Company recognized shortfall revenue totaling $1.1 million during the three and six months ended June 30, 2024 and did not have any deferred revenue related to shortfall payments. The Company did not recognize any shortfall revenue during the three and six months ended June 30, 2023 and did not have any deferred revenue related to shortfall payments.

In certain of the Company's sand supply agreements, the customer obtains control of the product when it is loaded into rail cars and the customer reimburses the Company for all freight charges incurred. The Company has elected to account for shipping and handling as activities to fulfill the promise to transfer the sand. If revenue is recognized for the related product before the shipping and handling activities occur, the Company accrues the related costs of those shipping and handling activities.

Drilling Services
Directional drilling services, including motor rentals, are provided on a day rate or hourly basis, and revenue is recognized as work progresses. Performance obligations are satisfied over time as the work progresses based on the measure of output.

Other Services
The Company also provided aviation, equipment rentals, remote accommodations and equipment manufacturing, which are reported under other services. The Company's other services are typically provided based upon a purchase order, contract or on a spot market basis. Services are provided on a day rate, contracted or hourly basis. Performance obligations for these services are satisfied over time and revenue is recognized as the work progresses based on the measure of output. Jobs for these services are typically short-term in nature and range from a few hours to multiple days.

Practical Expedients
The Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts in which variable consideration is allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied distinct good or service that forms part of a single performance obligation.

Contract Balances

Following is a rollforward of the Company's contract liabilities (in thousands):

Balance, December 31, 2022		7,550
Deduction for recognition of revenue		(7,042)
Deduction for rebate credit recognized		(375)
Increase for deferral of customer prepayments		530
Balance, December 31, 2023		663
Deduction for recognition of revenue		(58)
Increase for deferral of customer prepayments		807
Balance, June 30, 2024	$	1,412

The Company did not have any contract assets as of June 30, 2024 or December 31, 2023.

Performance Obligations

Revenue recognized in the current period from performance obligations satisfied in previous periods was anominal amount for the three and six months ended June 30, 2024 and 2023. As of June 30, 2024, the Company had unsatisfied performance obligations totaling $8.8 million, which will be recognized over the next7 months.

4. Divestitures

On July 13, 2023, the Company sold all of the equity interest in its subsidiary Air Rescue Systems Corporation ("ARS") for $3.3 million in cash.

5. Inventories

Inventories consist of raw sand and processed sand available for sale, chemicals and other products sold as a bi-product of completion and production operations and supplies used in performing services. Inventory is stated at the lower of cost or net realizable value on an average cost basis. The Company assesses the valuation of its inventories based upon specific usage, future utility, obsolescence and other factors. A summary of the Company's inventories is shown below (in thousands):

	June 30, 2024		December 31, 2023	
Supplies	$	6,552	$	6,757
Raw materials		1,370		872
Work in process		3,166		3,955
Finished goods		1,299		1,069
Total inventories	$	12,387	$	12,653

6. Property, Plant and Equipment

Property, plant and equipment include the following (in thousands):

	Useful Life	June 30, 2024	December 31, 2023
Pressure pumping equipment	3-5 years	$ 252,168	$ 251,111
Drilling rigs and related equipment	3-15 years	97,281	97,207
Machinery and equipment	7-20 years	152,835	155,921
Buildings	15-39 years	37,796	40,869
Vehicles, trucks and trailers	5-10 years	89,976	92,257
Coil tubing equipment	4-10 years	7,237	6,954
Land	N/A	12,393	12,393
Land improvements	15 years or life of lease	10,090	10,066
Rail improvements	10-20 years	13,793	13,793
Other property and equipment[(a)]	3-12 years	15,267	15,171
		688,836	695,742
Deposits on equipment and equipment in process of assembly[(b)]		12,758	8,670
		701,594	704,412
Less: accumulated depreciation[(c)]		592,077	590,507
Total property, plant and equipment, net		$ 109,517	$ 113,905

a. Included in Other property and equipment are costs of $ 3.1 million at each of June 30, 2024 and December 31, 2023, respectively, related to assets leased to customers under operating leases.
b. Deposits on equipment and equipment in process of assembly represents deposits placed with vendors for equipment that is in the process of assembly and purchased equipment that is being outfitted for its intended use. The equipment is not yet placed in service.
c. Includes accumulated depreciation of $ 2.5 million and $ 2.3 million at June 30, 2024 and December 31, 2023, respectively, related to assets under operating leases.

Disposals

Proceeds from customers for horizontal and directional drilling services equipment damaged or lost down-hole are reflected in revenue with the carrying value of the related equipment charged to cost of service revenues and are reported as cash inflows from investing activities in the unaudited condensed consolidated statements of cash flows. The Company did not have any proceeds or gains from the sale of equipment damaged or lost down-hole during the three and six months ended June 30, 2024. For the three and six months ended June 30, 2023 proceeds and gains from the sale of equipment damaged or lost down-hole were nominal amounts, respectively.

Proceeds from assets sold or disposed of as well as the carrying value of the related equipment are reflected in "gains on disposal of assets, net" on the unaudited condensed consolidated statements of comprehensive (loss) income. For the three and six months ended June 30, 2024 and 2023, total cash and accrued proceeds from the sale of equipment were $1.1 million, $3.3 million, $0.5 million and $0.9 million, respectively, and gains from the sale or disposal of equipment were $1.0 million, $2.2 million, $0.5 million and $0.8 million, respectively.

Depreciation, depletion, amortization and accretion

A summary of depreciation, depletion, amortization and accretion expense is below (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Depreciation expense	$ 5,505	$ 11,130	$ 12,294	$ 23,857
Amortization expense	193	195	386	389
Accretion and depletion expense	353	1,325	393	1,360
Depreciation, depletion, amortization and accretion	$ 6,051	$ 12,650	$ 13,073	$ 25,606

7. Goodwill and Intangible Assets

Goodwill

Changes in the net carrying amount of goodwill by reporting segment (see Note 20) for the six months ended June 30, 2024 and year ended December 31, 2023 are presented below (in thousands):

	Well Completions	Other	Total
Balance as of January 1, 2023			
Goodwill	$ 86,043	$ 14,830	$ 100,873
Accumulated impairment losses	(76,829)	(12,327)	(89,156)
	9,214	2,503	11,717
Acquisitions	—	—	—
Impairment losses	—	(1,810)	(1,810)
Dispositions	—	(693)	(693)
Balance as of December 31, 2023			
Goodwill	86,043	14,137	100,180
Accumulated impairment losses	(76,829)	(14,137)	(90,966)
	9,214	—	9,214
Acquisitions	—	—	—
Impairment losses	—	—	—
Dispositions	—	—	—
Balance as of June 30, 2024			
Goodwill	86,043	14,137	100,180
Accumulated impairment losses	(76,829)	(14,137)	(90,966)
	$ 9,214	$ —	$ 9,214

Impairment of Goodwill

As a result of the ARS sale, we performed an impairment assessment of our goodwill during the third quarter of 2023. Under GAAP, the Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of one or more of its reporting units is greater than its carrying amount. If, after assessing the totality of events or circumstances, the Company determines it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, there is no need to perform any further testing. However, if the Company concludes otherwise, then it is required to perform a quantitative impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded based on that difference.

Based on the qualitative assessment, the Company concluded that it was more likely than not that the carrying value of the Aviation reporting unit was greater than its fair value at September 30, 2023. To determine fair value of the Aviation reporting unit at September 30, 2023, the Company used the income approach. The income approach estimates the fair value based on anticipated cash flows that are discounted using a weighted average cost of capital. As a result, the Company impaired goodwill associated with Cobra Aviation, resulting in a $1.8 million impairment charge during the third quarter of 2023.

Intangible Assets

The Company had the following finite lived intangible assets recorded, which are included in “other non-current assets” on the unaudited condensed consolidated balance sheets (in thousands):

	June 30, 2024	December 31, 2023
Trade names	7,730	7,730
Less: accumulated amortization - trade names	(7,203)	(6,817)
Intangible assets, net	$ 527	$ 913

Amortization expense for intangible assets was $0.2 million and $0.4 million for each of the three and six months ended June 30, 2024 and 2023, respectively. The original life of trade names is 10 years as of June 30, 2024 with a remaining weighted average useful life of 1.7 years.

Aggregated expected amortization expense for the future periods is expected to be as follows (in thousands):

Remainder of 2024	$ 318
2025	85
2026	85
2027	39
2028	—
Thereafter	—
	$ 527

8. Equity Method Investment

On December 21, 2018, Cobra Aviation Services LLC (“Cobra Aviation”) and Wexford Partners Investment Co. LLC (“Wexford Investment”), a related party, formed a joint venture under the name of Brim Acquisitions LLC (“Brim Acquisitions”) to acquire all outstanding equity interest in Brim Equipment Leasing, Inc. (“Brim Equipment”) for a total purchase price of approximately $2.0 million. Cobra Aviation owns a 49% economic interest and Wexford Investment owns a 51% economic interest in Brim Acquisitions, and each member contributed its pro rata portion of Brim Acquisitions’ initial capital of $2.0 million. Brim Acquisitions, through Brim Equipment, owns three commercial helicopters and leases two commercial helicopters for operations, which it uses to provide a variety of services, including short haul, aerial ignition, hoist operations, aerial photography, fire suppression, construction services, animal/capture/survey, search and rescue, airborne law enforcement, power line construction, precision long line operations, pipeline construction and survey, mineral and seismic exploration, and aerial seeding and fertilization.

The Company uses the equity method of accounting to account for its investment in Brim Acquisitions, which had a carrying value of approximately $3.1 million and $4.2 million at June 30, 2024 and December 31, 2023, respectively. The investment is included in “other non-current assets” on the unaudited condensed consolidated balance sheets. The Company recorded equity method adjustments to its investment of $1.0 million and $1.1 million for the three and six months ended June 30, 2024, respectively, and $0.2 million and $0.4 million for the three and six months ended June 30, 2023, respectively, which is included in “other (expense) income, net” on the unaudited condensed consolidated statements of comprehensive (loss) income.

9. Accrued Expenses and Other Current Liabilities and Other Long-Term Liabilities

Accrued expenses and other current liabilities and other long-term liabilities included the following (in thousands):

	June 30, 2024	December 31, 2023
State and local taxes payable	$ 12,998	$ 13,111
Accrued compensation and benefits	4,783	5,558
Sale-leaseback liability[(a)]	4,140	4,754
Financed insurance premiums[(b)]	3,289	9,807
Financing leases	1,461	1,702
Deferred revenue	1,412	663
Insurance reserves	1,373	1,277
Financing arrangement, net[(c)]	—	48,943
Other	1,695	2,139
Total accrued expenses and other current liabilities	$ 31,151	$ 87,954
Other Long-Term Liabilities		
Financing leases	$ 2,788	$ 2,138
Sale-leaseback liability[(a)]	1,117	2,555
Other	5	22
Total other long-term liabilities	$ 3,910	$ 4,715

a. On December 30, 2020, the Company entered into an agreement with First National Capital, LLC ("FNC") whereby the Company agreed to sell certain assets from its infrastructure segment to FNC for aggregate proceeds of $5.0 million. Concurrent with the sale of assets, the Company entered into a 36-month lease agreement whereby the Company agreed to lease back the assets at a monthly rental rate of $0.1 million. On December 30, 2023, this lease was extended 12 months. On June 1, 2021, the Company entered into another agreement with FNC whereby the Company sold additional assets from its infrastructure segment to FNC for aggregate proceeds of $9.5 million and entered into a 42-month lease agreement whereby the Company agreed to lease back the assets at a monthly rental rate of $0.2 million. On June 1, 2022, the Company entered into another agreement with FNC whereby the Company sold additional assets from its infrastructure segment to FNC for aggregate proceeds of $4.6 million and entered into a 42-month lease agreement whereby the Company agreed to lease back the assets at a monthly rental rate of $0.1 million. Under the agreements, the Company has the option to purchase the assets at the end of the lease terms. The Company recorded liabilities for the proceeds received and will continue to depreciate the assets. The Company has imputed an interest rate so that the carrying amount of the financial liabilities will be the expected repurchase price at the end of the lease terms.

b. Financed insurance premiums are due in monthly installments, are unsecured and mature within the twelve-month period following the close of the year. As of June 30, 2024, the applicable interest rates associated with financed insurance premiums ranged from 6.60% to 7.39%. As of December 31, 2023, the applicable interest rates associated with financed insurance premiums ranged from 6.60% to 7.05%.

c. On December 1, 2023, Cobra, as seller, and Mammoth, as guarantor, entered into the Assignment Agreement with SPCP Group. Under the terms and conditions of the Assignment Agreement, Cobra transferred to SPCP Group all of its rights, title and interest in $54.4 million of outstanding accounts receivable with PREPA. The Company elected the fair value option for measuring the liability. As of December 31, 2023, the fair value of the liability was approximately $48.9 million. On February 26, 2024, PREPA paid $50.6 million with respect to its outstanding receivable to Cobra. This was in addition to $13.4 million paid by PREPA in January 2024. Of the $64.0 million paid by PREPA in 2024, $9.6 million was paid to Cobra and $54.4 million was paid to SPCP Group, as Cobra's assignee under the Assignment Agreement. Following such payment, all of Cobra's and Mammoth's obligations under the Assignment Agreement were fully extinguished and the Assignment Agreement was terminated effective as of February 28, 2024. See Note 19 for additional information regarding this transaction.

10. Debt

Debt included the following (in thousands):

	June 30, 2024	December 31, 2023
Revolving credit facility	$ —	$ —
Term credit facility, including interest paid-in-kind	49,269	45,000
Unamortized debt issuance costs and discount	(1,994)	(2,191)
Total debt	47,275	42,809
Less: current portion	—	—
Total long-term debt	$ 47,275	$ 42,809

As of June 30, 2024 and December 31, 2023, there were deferred financing costs on our revolving credit facility totaling $3.0 million and $3.4 million, respectively, included in "other non-current assets" in the accompanying consolidated balance sheets.

The table below presents debt maturities as of June 30, 2024, excluding debt issuance costs and discount (in thousands):

	Total
Remainder of 2024	$ —
2025	—
2026	6,985
2027	5,994
2028	36,290
Thereafter	—
Total long-term debt, net	$ 49,269

New Revolving Credit Facility and New Term Credit Facility

On October 16, 2023, the Company entered into the new revolving credit facility and the new term credit facility (each as defined below), which refinanced in full the Company's indebtedness outstanding under, and terminated, the amended and restated revolving credit facility, dated as of October 19, 2018, as amended (the "existing revolving credit facility."), with us and certain of our direct and indirect subsidiaries, as borrowers, the lenders party thereto from time to time, and PNC Bank, National Association, as a lender and as administrative agent for the lenders.

On October 16, 2023, the Company, as borrower, and certain of its direct and indirect subsidiaries, as guarantors, entered into a revolving credit agreement with the lenders party thereto and Fifth Third Bank, National Association, as a lender and as administrative agent for the lenders ("Fifth Third"), as may be subsequently amended (the "new revolving credit facility"). The new revolving credit facility provides for revolving commitments in an aggregate amount of up to $75 million. Borrowings under the new revolving credit facility are secured by the Company's assets, inclusive of the subsidiary companies, and are subject to a borrowing base calculation prepared monthly which includes a requirement to maintain certain reserves as specified in the new revolving credit facility. The new revolving credit facility also contains various affirmative and restrictive covenants. Interest under the new revolving credit facility equals the Tranche Rate (as defined in the new revolving credit facility) plus (i) 1.75%, if the Average Excess Availability Percentage (as defined in the new revolving credit facility) is greater than 66 2/3%, (ii) 2.00% if the Average Excess Availability Percentage is greater than 33 1/3% and less than or equal to 66 2/3%, and (iii) 2.25% if the Average Excess Availability Percentage is less than or equal to 33 1/3%.

As of June 30, 2024 and December 31, 2023, the financial covenant under the new revolving credit facility was the fixed coverage ratio of1.0 to 1.0 which applies only during a Financial Covenant Period (as defined in the new revolving credit facility).

At June 30, 2024, the new revolving credit facility was undrawn, the borrowing base was $21.0 million, and there was $14.3 million of borrowing capacity under the facility, after giving effect to $6.7 million of outstanding letters of credit. At December 31, 2023, the new revolving credit facility was undrawn, the borrowing base was $27.0 million, and there was $20.7 million of borrowing capacity under the facility, after giving effect to $6.3 million of outstanding letters of credit.

On October 16, 2023, the Company, as borrower, and certain of its direct and indirect subsidiaries, as guarantors, also entered into a loan and security agreement with the lenders party thereto and Wexford Capital LP, an affiliate of the Company, as administrative agent for the lenders ("Wexford"), as may be subsequently amended (the "new term credit facility"). The new term credit was approved by the audit committee of the Company's board of directors, consisting entirely of independent directors, as a transaction with a related party. The new term credit facility provides for term commitments in an aggregate amount equal to $45 million. Borrowings under the new term credit facility are secured by the Company's assets, inclusive of the subsidiary companies. The new term credit facility also contains various affirmative and restrictive covenants. Interest under the new term credit facility equals the SOFR Interest Rate (as defined in the new term credit facility) plus 7.50%, as such margin may be increased pursuant to the terms of the new term credit facility; provided that the Company may elect to pay all or a portion of the accrued interest due with respect to any Interest Period (as defined in the new term credit facility) ending on or before April 16, 2025, in kind by adding such accrued interest to the principal amount of the outstanding loans thereunder. As of June 30, 2024, borrowings outstanding under the new term credit facility bore interest at 12.9%.

In particular, under the new term credit facility, the Company is required, among other things, to mandatorily remit to Wexford up to 50% of all amounts that constitute PREPA Claim Proceeds, as such term is defined in the new term credit facility, which will be used to reduce outstanding borrowings under the new term credit facility, as required under the terms thereof. Wexford waived this requirement in connection with the Assignment Agreement and the $9.6 million received by Cobra from PREPA in February 2024.

At June 30, 2024 and December 31, 2023, there were outstanding borrowings, including interest paid-in-kind, under the term credit facility of $49.3 million and $45.0 million, respectively.

If an event of default occurs under the new revolving credit facility or the new term credit facility, as applicable, and remains uncured, it could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations. The lenders, as applicable, (i) would not be required to lend any additional amounts to the Company, (ii) could elect to increase the interest rate by (x) 200 basis points in connection with an event of default under the new revolving credit facility or (y) 300 basis points with respect to an event of default under the new term credit facility, (iii) could elect to declare all outstanding borrowings, together with accrued and unpaid interest and fees, to be due and payable, (iv) may have the ability to require the Company to apply all of its available cash to repay outstanding borrowings, and (v) may foreclose on substantially all of the Company's assets. The new revolving credit facility is currently scheduled to mature on the earlier of (x) July 17, 2028, unless the indebtedness under the new term credit facility is refinanced in accordance with terms of the intercreditor agreement, and (y) October 16, 2028. The new term credit facility is currently scheduled to mature on October 16, 2028. The Company intends to use a portion of the proceeds from the Settlement Agreement to pay in full all of the outstanding amounts under the new term credit facility, together with accrued and unpaid interest, and terminate the new term credit facility.

11. Variable Interest Entities

Dire Wolf Energy Services LLC ("Dire Wolf") and Predator Aviation LLC ("Predator Aviation"), wholly owned subsidiaries of the Company, are party to Voting Trust Agreements with TVPX Aircraft Solutions Inc. (the "Voting Trustee"). Under the Voting Trust Agreements, Dire Wolf transferred 100% of its membership interest in Cobra Aviation and Predator Aviation transferred 100% of its membership interest in Leopard to the respective Voting Trustees in exchange for Voting Trust Certificates. Dire Wolf and Predator Aviation retained the obligation to absorb all expected returns or losses of Cobra Aviation and Leopard. Prior to the transfer of the membership interest to the Voting Trustee, Cobra Aviation was a wholly owned subsidiary of Dire Wolf and Leopard was a wholly owned subsidiary of Predator Aviation. Cobra Aviation owns one helicopter and support equipment and 49% of the equity interest in Brim Acquisitions. Leopard ownsone helicopter. Dire Wolf and Predator Aviation entered into the Voting Trust Agreements in order to meet certain registration requirements.

Dire Wolf's and Predator Aviation's voting rights are not proportional to their respective obligations to absorb expected returns or losses of Cobra Aviation and Leopard, respectively, and all of Cobra Aviation's and Leopard's activities are conducted on behalf of Dire Wolf and Predator Aviation, which have disproportionately fewer voting rights; therefore, Cobra Aviation and Leopard meet the criteria of a VIE. Cobra Aviation and Leopard's operational activities are directed by Dire Wolf's and Predator Aviation's officers and Dire Wolf and Predator Aviation have the option to terminate the Voting Trust Agreements at any time. Therefore, the Company, through Dire Wolf and Predator Aviation, is considered the primary beneficiary of the VIEs and consolidates Cobra Aviation and Leopard at June 30, 2024.

12. Selling, General and Administrative Expense

Selling, general and administrative ("SG&A") expense includes of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Cash expenses:				
Compensation and benefits	$ 3,116	$ 3,996	$ 7,220	$ 8,273
Professional services	3,056	4,276	5,513	6,205
Other[(a)]	1,702	1,868	3,475	3,779
Total cash SG&A expense	7,874	10,140	16,208	18,257
Non-cash expenses:				
Change in provision for expected credit losses charged to bad debt expense[(b)]	89,383	(44)	89,612	(425)
Stock based compensation	219	261	438	908
Total non-cash SG&A expense	89,602	217	90,050	483
Total SG&A expense	$ 97,476	$ 10,357	$ 106,258	$ 18,740

a. Includes travel-related costs, information technology expenses, rent, utilities and other general and administrative-related costs.

b. Included in the three and six months ended June 30, 2024 amounts is a charge of $ 89.2 million related to Cobra's Settlement Agreement with PREPA. See Note 2. Basis of Presentation and Significant Accounting Policies—Accounts Receivable and —Concentrations of Credit Risk and Significant Customers and Note 19. Commitments and Contingencies—Litigation included elsewhere in this report for additional information.

13. Income Taxes

The Company recorded income tax benefit of $13.2 million for the six months ended June 30, 2024 compared to income tax expense of $5.6 million for the six months ended June 30, 2023. The Company's effective tax rates were 7% and 59% for the six months ended June 30, 2024 and 2023, respectively.

The effective tax rates for the six months ended June 30, 2024 and 2023 differed from the statutory rate of 21% primarily due to the mix of earnings between the United States and Puerto Rico, changes in the valuation allowance and interest and penalties. Additionally, as a result of the Settlement Agreement with PREPA, during the six months ended June 30, 2024, the Company reversed $19.9 million in withholding tax accruals related to undistributed earnings from Puerto Rico.

14. Leases

Lessee Accounting

The Company recognizes a lease liability equal to the present value of the lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term for all leases with a term in excess of 12 months. For operating leases, lease expense for lease payments is recognized on a straight-line basis over the lease term, while finance leases include both an operating expense and an interest expense component. For all leases with a term of 12 months or less, the Company has elected the practical expedient to not recognize lease assets and liabilities and recognizes lease expense for these short-term leases on a straight-line basis over the lease term.

The Company's operating leases are primarily for rail cars, real estate, and equipment and its finance leases are primarily for machinery and equipment. Generally, the Company does not include renewal or termination options in its assessment of the leases unless extension or termination of certain assets is deemed to be reasonably certain. The accounting for some of the Company's leases may require significant judgment, which includes determining whether a contract contains a lease, determining the incremental borrowing rates to utilize in the net present value calculation of lease payments for lease agreements which do not provide an implicit rate and assessing the likelihood of renewal or termination options. Lease agreements that contain a lease and non-lease component are generally accounted for as a single lease component.

The rate implicit in the Company's leases is not readily determinable. Therefore, the Company uses its incremental borrowing rate based on information available at the commencement date of its leases in determining the present value of lease payments. The Company's incremental borrowing rate reflects the estimated rate of interest that it would pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

Lease expense consisted of the following for the three and six months ended June 30, 2024 and 2023 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Operating lease expense	$ 1,711	$ 1,871	$ 3,561	$ 3,640
Short-term lease expense	39	19	54	439
Finance lease expense:				
Amortization of right-of-use assets	395	569	831	1,134
Interest on lease liabilities	64	40	118	97
Total lease expense	$ 2,209	$ 2,499	$ 4,564	$ 5,310

Supplemental balance sheet information related to leases as of June 30, 2024 and December 31, 2023 is as follows (in thousands):

	June 30, 2024	December 31, 2023
Operating leases:		
Operating lease right-of-use assets	$ 6,403	$ 9,551
Current operating lease liability	4,352	5,771
Long-term operating lease liability	1,983	3,534
Finance leases:		
Property, plant and equipment, net	$ 4,504	$ 3,966
Accrued expenses and other current liabilities	1,461	1,702
Other liabilities	2,788	2,138

Other supplemental information related to leases for the three and six months ended June 30, 2024 and 2023 and as of June 30, 2024 and December 31, 2023 is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	$ 1,617	$ 1,843	$ 3,383	$ 3,593
Operating cash flows from finance leases	64	40	118	97
Financing cash flows from finance leases	453	1,184	947	2,677
Right-of-use assets obtained in exchange for lease obligations:				
Operating leases	$ (24)	$ 1,299	$ 86	$ 4,216
Finance leases	1,263	306	1,369	306

	June 30, 2024	December 31, 2023
Weighted-average remaining lease term:		
Operating leases	2.3 years	2.5 years
Finance leases	2.7 years	2.2 years
Weighted-average discount rate:		
Operating leases	9.0 %	8.7 %
Finance leases	7.8 %	6.3 %

Maturities of lease liabilities as of June 30, 2024 are as follows (in thousands):

	Operating Leases	Finance Leases
Remainder of 2024	$ 2,995	$ 1,036
2025	2,765	1,276
2026	726	1,691
2027	175	446
2028	15	150
Thereafter	468	205
Total lease payments	7,144	4,804
Less: Present value discount	809	555
Present value of lease payments	$ 6,335	$ 4,249

Lessor Accounting

Certain of the Company’s agreements with its customers for other services, aviation services and remote accommodation services contain an operating lease component under ASC 842 because (i) there are identified assets, (ii) the customer obtains substantially all of the economic benefits of the identified assets throughout the period of use and (iii) the customer directs the use of the identified assets throughout the period of use. The Company has elected to apply the practical expedient provided to lessors to combine the lease and non-lease components of a contract where the revenue recognition pattern is the same and where the lease component, when accounted for separately, would be considered an operating lease. The practical expedient also allows a lessor to account for the combined lease and non-lease components under ASC 606, Revenue from Contracts with Customers, when the non-lease component is the predominant element of the combined component.

The Company’s lease agreements are generally short-term in nature and lease revenue is recognized over time based on a monthly, daily or hourly rate basis. The Company does not provide an option for the lessee to purchase the rented assets at the end of the lease and the lessees do not provide residual value guarantees on the rented assets. The Company recognized lease revenue of $0.6 million and $1.2 million during the three and six months ended June 30, 2024, respectively, and $0.9 million and $1.6 million during the three and six months ended June 30, 2023, which is included in “services revenue” and “services revenue - related parties” on the unaudited condensed consolidated statements of comprehensive (loss) income.

15. (Loss) Earnings Per Share

Reconciliations of the components of basic and diluted net (loss) earnings per common share are presented in the table below (in thousands, except per share data):

		Three Months Ended June 30,		Six Months Ended June 30,	
		2024	2023	2024	2023
Basic (loss) earnings per share:					
Allocation of (loss) earnings:					
Net (loss) income	$	(155,993)	(4,470)	(167,804)	3,881
Weighted average common shares outstanding		48,040	47,718	48,002	47,581
Basic (loss) earnings per share	$	(3.25)	(0.09)	(3.50)	0.08
Diluted (loss) earnings per share:					
Allocation of (loss) earnings:					
Net (loss) income	$	(155,993)	(4,470)	(167,804)	3,881
Weighted average common shares, including dilutive effect[a]		48,040	47,718	48,002	47,966
Diluted (loss) earnings per share	$	(3.25)	(0.09)	(3.50)	0.08

a. No incremental shares of potentially dilutive restricted stock awards were included for the three and six months ended June 30, 2024 and the three months ended June 30, 2023 as their effect was antidilutive under the treasury stock method.

16. Equity Based Compensation

Upon formation of certain operating entities by Wexford and Gulfport Energy Corporation, specified members of management (the “Specified Members”) and certain non-employee members (the “Non-Employee Members”) were granted the right to receive distributions from the operating entities after the contribution member’s unreturned capital balance was recovered (referred to as “Payout” provision).

On November 24, 2014, the awards were modified in conjunction with the contribution of the operating entities to Mammoth. These awards were not granted in limited or general partner units. The awards are for interests in the distributable earnings of the members of MEH Sub, Mammoth’s majority equity holder.

On the closing date of Mammoth Inc.’s initial public offering (“IPO”), the unreturned capital balance of Mammoth’s majority equity holder was not fully recovered from its sale of common stock in the IPO. As a result, Payout did not occur and no compensation cost was recorded.

Payout for the remaining awards is expected to occur as the contributing member’s unreturned capital balance is recovered from additional sales by MEH Sub of its shares of the Company’s common stock or from dividend distributions, which is not considered probable until the event occurs. For the Specified Member awards, the unrecognized amount, which represents the fair value of the award as of the modification dates or grant date, was $5.6 million.

For the Company’s Non-Employee Member awards, the unrecognized amount, which represents the fair value of the awards as of the date of adoption of ASU 2018-07 was $18.9 million.

17. Stock Based Compensation

On April 29, 2024, the Board of Directors of Mammoth adopted the Mammoth Energy Services, Inc. 2024 Equity Incentive Plan (the “2024 Plan”), subject to stockholder approval, which approval was obtained at Mammoth’s 2024 Annual Meeting of Stockholders on June 12, 2024. The 2024 Plan authorizes the Company’s Board of Directors or the compensation committee of the Company’s Board of Directors to grant restricted stock, restricted stock units, stock appreciation rights, stock options and performance awards. There are a maximum of 2.1 million shares of common stock reserved for issuance under the 2024 Plan, of which1.9 million shares of common stock remain available for future grants under the 2024 Plan as of June 30, 2024. No new awards will be granted under the Company’s previous equity incentive plan after June 12, 2024.

Restricted Stock Units

The fair value of restricted stock unit awards was determined based on the fair market value of the Company's common stock on the date of the grant. This value is amortized over the vesting period.

A summary of the status and changes of the unvested shares of restricted stock is presented below.

	Number of Unvested Restricted Shares	Weighted Average Grant-Date Fair Value
Unvested shares as of January 1, 2023	728,310	$ 1.32
Granted	369,050	5.17
Vested	(794,977)	1.69
Forfeited	—	—
Unvested shares as of December 31, 2023	302,383	5.06
Granted	139,280	3.59
Vested	(185,717)	4.71
Forfeited	—	—
Unvested shares as of June 30, 2024	255,946	$ 4.52

As of June 30, 2024, there was $1.0 million of total unrecognized compensation cost related to the unvested restricted stock. The cost is expected to be recognized over a weighted average period of approximately 1.3 years.

The total fair value of shares vested was $0.4 million and $0.7 million during the three and six months ended June 30, 2024, respectively, and $1.0 million and $4.1 million during the three and six months ended June 30, 2023, respectively. Included in cost of revenue and selling, general and administrative expenses is stock-based compensation expense of $0.2 million and $0.4 million for the three and six months ended June 30, 2024, respectively, and $0.3 million and $0.9 million for the three and six months ended June 30, 2023, respectively.

18. Related Party Transactions

Transactions between the subsidiaries of the Company, including Panther Drilling Systems LLC ("Panther Drilling"), Cobra Aviation, ARS and Leopard and the following companies are included in Related Party Transactions: Wexford, El Toro Resources LLC ("El Toro"), Elk City Yard LLC ("Elk City Yard"), Double Barrel Downhole Technologies LLC ("DBDHT"), Caliber Investment Group LLC ("Caliber") and Brim Equipment. For the three and six months ended June 30, 2024 and 2023, revenue from related party transactions was $0.1 million, $0.1 million, $0.4 million and $0.6 million, respectively, and costs incurred from related party transactions was $0.1 million, $0.2 million, $0.2 million and $0.2 million, respectively. At June 30, 2024 and December 31, 2023, accounts receivable from related party transactions was $0.1 million and a nominal amount, respectively. At June 30, 2024 accounts payable for related party transactions was $0.1 million. There was no accounts payable for related party transactions at December 31, 2023.

On December 21, 2018, Cobra Aviation acquired all outstanding equity interest in ARS and purchased two commercial helicopters, spare parts, support equipment and aircraft documents from Brim Equipment. Following these transactions, and also on December 21, 2018, Cobra Aviation formed a joint venture with Wexford Investments named Brim Acquisitions to acquire all outstanding equity interests in Brim Equipment. Cobra Aviation owns a 49% economic interest and Wexford Investment owns a 51% economic interest in Brim Acquisitions, and each member contributed its pro rata portion of Brim Acquisitions' initial capital of $2.0 million. Wexford Investments is an entity controlled by Wexford, which owns approximately 47% of the Company's outstanding common stock. Cobra Aviation and Leopard each lease one helicopter to Brim Equipment under the terms of aircraft lease and management agreements. ARS was subsequently sold to a third party in July 2023. See Note 4 for further discussion.

On October 16, 2023, the Company entered into a loan and security agreement with Wexford, an affiliate of Mammoth. Under this agreement, the Company had outstanding debt, including interest paid-in kind and net of debt discount and debt issuance costs, of $47.3 million and $42.8 million as of June 30, 2024 and December 31, 2023, respectively. Additionally, the Company incurred interest expense under this agreement totaling $1.5 million and $3.0 million for the three and six months ended June 30, 2024. See Note 10 for additional detail on the agreement with Wexford.

19. Commitments and Contingencies

Commitments

From time to time, the Company may enter into agreements with suppliers that contain minimum purchase obligations and agreements to purchase capital equipment. The Company did not have any unconditional purchase obligations as of June 30, 2024.

Letters of Credit

The Company has various letters of credit that were issued under the Company's revolving credit agreement which is collateralized by substantially all of the assets of the Company. The letters of credit are categorized below (in thousands):

	June 30, 2024	December 31, 2023
Environmental remediation	$ 4,228	$ 3,782
Insurance programs	2,500	2,500
Total letters of credit	$ 6,728	$ 6,282

Insurance

The Company has insurance coverage for physical partial loss to its assets, employer's liability, automobile liability, commercial general liability, workers' compensation and insurance for other specific risks. The Company has also elected in some cases to accept a greater amount of risk through increased deductibles on certain insurance policies. At each of June 30, 2024 and December 31, 2023, the workers' compensation and automobile liability policies require a deductible per occurrence of up to $0.3 million and $0.1 million, respectively. As of June 30, 2024 and December 31, 2023, the workers' compensation and auto liability policies contained an aggregate stop loss of $5.4 million. The Company establishes liabilities for the unpaid deductible portion of claims incurred based on estimates. As of June 30, 2024 and December 31, 2023, accrued claims were $1.4 million and $1.3 million, respectively.

The Company also has insurance coverage for directors and officers liability. As of June 30, 2024 and December 31, 2023, the directors and officers liability policy had a deductible per occurrence of $1.0 million and an aggregate deductible of $10.0 million. As of June 30, 2024 and December 31, 2023, the Company did not have any accrued claims for directors and officers liability.

The Company also self-insures its employee health insurance. The Company has coverage on its self-insurance program in the form of a stop loss of $0.2 million per participant and an aggregate stop-loss of $5.8 million for the calendar year ending December 31, 2022. At each of June 30, 2024 and December 31, 2023, accrued claims were $1.8 million, respectively. These estimates may change in the near term as actual claims continue to develop.

Warranty Guarantees

Pursuant to certain customer contracts in our infrastructure services segment, the Company warrants equipment and labor performed under the contracts for a specified period following substantial completion of the work. Generally, the warranty is for one year or less. No liabilities were accrued as of June 30, 2024 and December 31, 2023 and no expense was recognized during the six months ended June 30, 2024 or 2023 related to warranty claims. However, if warranty claims occur, the Company could be required to repair or replace warrantied items, which in most cases are covered by warranties extended from the manufacturer of the equipment. In the event the manufacturer of equipment failed to perform on a warranty obligation or denied a warranty claim made by the Company, the Company could be required to pay for the cost of the repair or replacement.

Bonds

In the ordinary course of business, the Company is required to provide bid bonds to certain customers in the infrastructure services segment as part of the bidding process. These bonds provide a guarantee to the customer that the Company, if awarded the project, will perform under the terms of the contract. Bid bonds are typically provided for a percentage of the total contract value. Additionally, the Company may be required to provide performance and payment bonds for contractual commitments related to projects in process. These bonds provide a guarantee to the customer that the Company will perform under the terms of a contract and that the Company will pay subcontractors and vendors. If the Company fails to perform under a contract or to pay subcontractors and vendors, the customer may demand that the surety make payments or provide services under the bond. The Company must reimburse the surety for expenses or outlays it incurs. As of June 30, 2024 and December 31, 2023, outstanding performance and payment bonds totaled $7.5 million and $10.0 million, respectively. The estimated cost to complete projects secured by the performance and payment bonds totaled $1.2 million as of June 30, 2024. There were no outstanding bid bonds as of June 30, 2024 and $0.2 million in outstanding bid bonds as of December 31, 2023.

Litigation
Cobra and PREPA previously entered into two agreements to aid in the restoration and reconstruction of Puerto Rico's power grid in response to damage caused by Hurricane Maria in 2017. PREPA is currently subject to bankruptcy proceedings, which were filed in July 2017 and are currently pending in the Title III Court. As a result, PREPA's ability to meet its payment obligations under the above-referenced agreements is largely dependent upon funding from FEMA or other sources. Since September 30, 2019, Cobra has been pursuing litigation in the Title III Court and other dispute resolution efforts seeking recovery of the amounts owed to Cobra by PREPA for restoration services in Puerto Rico, which proceedings are discussed in more detail in the Company's prior reports filed with the SEC. PREPA is currently holding approximately $18.4 million Withheld FEMA Funds received from FEMA and considers payable to Cobra but for purported garnishments in this amount asserted by three Puerto Rican municipalities for certain municipal tax claims discussed below and for which Cobra disputes any valid garnishment.

On July 22, 2024, Cobra entered into a release and settlement agreement with PREPA and the FOMB, in its capacity as Title III representative for PREPA, to settle all outstanding matters between Cobra and PREPA.

Under the terms of the Settlement Agreement, Cobra will have an allowed administrative expense claim against PREPA of $170.0 million, plus the $18.4 million in the Withheld FEMA Funds. Cobra's allowed claim will be paid through three installments: (i) $150.0 million on the later of (A) ten business days following approval of the Settlement Agreement by the Title III Court and (B) August 31, 2024; (ii) $20.0 million within seven days following the effective date of PREPA's plan of adjustment; and (iii) $18.4 million in the Withheld FEMA Funds within either (A) ten business days after the deadline for appealing the entry of the settlement order by the Title III Court under the applicable bankruptcy rules of procedure if no such appeal is filed, or (B) if the provisions of the settlement order allowing PREPA to release the Withheld FEMA Funds to Cobra without retaining any liability to the Specified Municipalities are appealed by the Specified Municipalities, within ten business days of the filing of the notice of such appeal. In exchange for the settlement payments and conditioned upon the effectiveness and full implementation of the Settlement Agreement, Cobra has agreed to release and waive any further claim against PREPA under its two agreements with PREPA. Further, if PREPA pays the Withheld FEMA Funds to Cobra following the notice of appeal described above, Cobra agreed to indemnify and hold PREPA harmless, as well as to provide PREPA with an indemnity letter of credit, solely for any payment(s) PREPA is subsequently required to make pursuant to the Specified Municipalities on account of the Specified Municipal Tax Claims if such order is entered as a result of (i) any reversal on appeal of the settlement order with respect to the FEMA Withheld Funds and/or (ii) the Puerto Rico Court of First Instance or other court of competent jurisdiction enters such order after a diligent challenge by PREPA (including through enforcement of the order approving Settlement Agreement if in effect). Any such indemnity obligation will in no event exceed the amount of the Withheld FEMA Funds paid to and received by Cobra. Pursuant to the Settlement Agreement, on July 31, 2024, the FOMB filed a motion seeking an order from the Title III Court to approve the Settlement Agreement with the intention that such motion be heard at the next omnibus hearing to be held on September 18, 2024.

The Settlement Agreement was approved by the Company's Board of Directors on July 22, 2024, and was also approved by the PREPA Board and by the FOMB. The Settlement Agreement remains subject to approval by the Title III Court, which is expected to hear the motion relating to the Settlement Agreement at the next omnibus hearing to be held on September 18, 2024. The Company cannot provide any assurances that the court approval will be obtained on the indicated time frame or at all.

As a result of the Settlement Agreement, the Company recorded a non-cash, pre-tax charge of approximately $170.7 million in the second quarter of 2024 to reduce its accounts receivable balance from PREPA of $359.1 million, representing the amount owed to Cobra by PREPA in relation to these agreements as of June 30, 2024, including the accrued but unpaid interest, prior to the Settlement Agreement, to the amount expected to be received from the Settlement Agreement. Of the $170.7 million, $89.2 million was charged to credit loss expense, which is included in "selling, general and administrative" on the unaudited condensed consolidated statements of comprehensive (loss) income, and $81.5 million was charged to interest on delinquent accounts receivable, which is included in "other (expense) income, net" on the unaudited condensed consolidated statements of comprehensive (loss) income.

On May 13, 2021, Foreman Electric Services, Inc. ("Foreman") filed a petition against Mammoth Inc. and Cobra in the Oklahoma County District Court (Oklahoma State Court). The petition asserted claims against the Company and Cobra under federal Racketeer Influenced and Corrupt Organizations Act ("RICO") statutes and certain state-law causes of action. Foreman alleged that it sustained injuries to its business and property in the amount of $250 million due to the Company's and Cobra's alleged wrongful interference by means of inducements to a FEMA official. On May 18, 2021, the Company removed this action to the United States District Court for the Western District of Oklahoma and filed a motion to dismiss on July 8, 2021. On July 29, 2021, Foreman voluntarily dismissed the action without prejudice. On December 14, 2021, Foreman re-filed its petition against Mammoth Inc. and Cobra in the Oklahoma County District Court (Oklahoma State Court). On December 16, 2021, the Company again removed this action to the United States District Court for the Western District of Oklahoma. Foreman filed a motion to remand this action back to Oklahoma County District Court, which was granted on May 5, 2022. On September 28, 2023, the Company moved to dismiss the petition. On November 16, 2023, rather than respond to the motion, Foreman filed an Amended Petition naming Arty Straehla, Mark Layton and Wexford as additional defendants, added claims for fraudulent transfer arising out of the refinancing of certain debt and sought receivership over Mammoth and Cobra related to allegedly fraudulently transferred assets. The defendants moved to dismiss the Amended Petition, which was denied on March 12, 2024. On February 8, 2024, Foreman filed a Motion for Appointment of Receiver. On April 29, 2024, the Court denied that motion. Additionally, on February 6, 2023, Foreman moved to amend a complaint against the former president of Cobra filed in Florida State Court arising from facts similar to those in the pending Oklahoma action to add, as defendants, Arty Straehla and Mark Layton. On September 15, 2023, Straehla and Layton moved to dismiss the complaint. On January 18, 2024, Foreman voluntarily dismissed the Florida State Court action against Straehla and Layton. In a related matter, on January 12, 2022, a Derivative Complaint on behalf of nominal defendant Machine Learning Integration, LLC ("MLI"), which alleges it would have served as a sub-contractor to Foreman in Puerto Rico, was filed against the Company and Cobra in the U.S. District Court for the District of Puerto Rico alleging essentially the same facts as Foreman's action and asserting violations of federal RICO statutes and certain non-federal claims. MLI alleges it sustained injuries to its business and property in an unspecified amount because the Company's and Cobra's wrongful interference by means of inducements to a FEMA official prevented Foreman from obtaining work, and thereby prevented MLI, as Foreman's subcontractor, from obtaining work. These matters are still in the early stages and at this time, the Company is not able to predict the outcome of these claims or whether they will have a material impact on the Company's business, financial condition, results of operations or cash flows.

The Company is routinely involved in state and local tax audits. During 2015, the State of Ohio assessed taxes on the purchase of equipment the Company believes is exempt under state law. The Company appealed the assessment and a hearing was held in 2017. As a result of the hearing, the Company received a decision from the State of Ohio, which the Company appealed. On February 25, 2022, the Company received an unfavorable decision on the appeal. The Company appealed the decision. On August 2, 2023, the Ohio Supreme court affirmed the ruling in part and reversed the ruling in part. The Company is currently awaiting the final assessment. It is not expected to have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

Cobra has been served with 13 lawsuits from municipalities in Puerto Rico alleging failure to pay construction excise and volume of business taxes. On November 14, 2022, the Court entered judgment against Cobra in connection with one of the lawsuits ordering payment of approximately $9.0 million. On January 9, 2023, Cobra appealed the judgment and, on March 20, 2023, the Court confirmed the imposition of approximately $8.5 million related to construction excise taxes. On April 10, 2023, Cobra appealed this judgment, which was denied on May 5, 2023. Cobra filed a motion for reconsideration on May 15, 2023, which was denied. Cobra filed a second motion for reconsideration on June 22, 2023 and is currently awaiting a decision. On December 18, 2023, the Humacao Superior Court issued an order to PREPA to withhold payment of approximately $9.0 million to Cobra. On January 17, 2024, Cobra filed a Writ of Certiorari requesting the Court of Appeals to reverse the order from the Humacao Superior Court. On February 15, 2024, Cobra's request was granted by the Court of Appeals and the order instructing PREPA to withhold the $9.0 million payment from Cobra was revoked. The case was remanded to the lower Court for continuation of the proceedings in accordance with the Court of Appeals' order. Cobra believes it is exempt from the construction excise taxes. In connection with the Settlement Agreement entered into with PREPA, PREPA (including through the Puerto Rico Fiscal Agency and Financial Advisory Authority, as fiscal agent for PREPA, and the FOMB) has agreed to cooperate with Cobra and assist in resolving the construction excise and volume of business taxes assessed against Cobra. There is no guarantee, however, that the Company, including with PREPA's cooperation, will be successful in favorably resolving or mitigating these taxes. Accordingly, at this time, the Company is not able to predict the outcome of these matters or whether they will have a material impact on the Company's business, financial condition, results of operations or cash flows.

On April 16, 2019, Christopher Williams, a former employee of Higher Power Electrical, LLC, filed a putative class and collective action complaint titled Christopher Williams, individually and on behalf of all others similarly situated v. Higher Power Electrical, LLC, Cobra Acquisitions LLC, and Cobra Energy LLC in the U.S. District Court for the District of Puerto Rico. On June 24, 2019, the complaint was amended to replace Mr. Williams with Matthew Zeisset as the named plaintiff. The plaintiff alleges the defendant failed to pay overtime wages to a class of workers in compliance with the Fair Labor Standards Act and Puerto Rico law. On August 21, 2019, upon request of the parties, the Court stayed proceedings in the lawsuit and administratively closed the case pending completion of individual arbitration proceedings initiated by Mr. Zeisset and opt-in plaintiffs. Other claimants have subsequently initiated additional individual arbitration proceedings asserting similar claims. During 2023, the Company agreed to settlements in principle with a portion of the claimants. Arbitrations remain pending for the remaining claimants. The Company will continue to vigorously defend the arbitrations. During 2023 and 2024, the Company recognized an estimated liability related to these complaints, which is included in “accounts payable” in the accompanying consolidated balance sheets. The amount required to resolve these matters may ultimately increase or decrease from the Company’s estimated amount as the matters progress.

On September 10, 2019, the U.S. District Court for the District of Puerto Rico unsealed an indictment that charged the former president of Cobra Acquisitions LLC with conspiracy, wire fraud, false statements and disaster fraud. Two other individuals were also charged in the indictment. The indictment is focused on the interactions between a former FEMA official and the former president of Cobra. Neither the Company nor any of its subsidiaries were charged in the indictment. On May 18, 2022, the former FEMA official and the former president of Cobra each pled guilty to one-count information charging gratuities related to a project that Cobra never bid upon and was never awarded or received any monies for. On December 13, 2022, the Court sentenced the former Cobra president to custody of the Bureau of Prisons for six months and one day, a term of supervised release of six months and one day and a fine of $25,000. The Court sentenced the FEMA official to custody of the Bureau of Prisons for six months and one day, a term of supervised release of six months and a fine of $15,000. The Court also dismissed the indictment against the two defendants. The Company does not expect any additional activity in the criminal proceeding. Subsequent to the indictment, Cobra received a civil investigative demand (“CID”) from the United States Department of Justice (“DOJ”), which requests certain documents and answers to specific interrogatories relevant to an ongoing investigation it is conducting. The aforementioned DOJ investigation is in connection with the issues raised in the criminal matter. Cobra fully cooperated with the DOJ but is not able to predict the outcome of this investigation, or even if it still active, or if so, whether it will have a material impact on Cobra’s or the Company’s business, financial condition, results of operations or cash flows. With regard to the SEC investigation disclosed in previous filings, on July 6, 2022, the SEC sent a letter saying that it had concluded its investigation as to the Company and that based on information the SEC has as of this date, it does not intend to recommend an enforcement action against the Company.

On September 12, 2019, AL Global Services, LLC (“Alpha Lobo”) filed a second amended third-party petition against the Company in an action styled Jim Jorrie v. Craig Charles, Julian Calderas, Jr., and AL Global Services, LLC v. Jim Jorrie v. Cobra Acquisitions LLC v. ESPADA Logistics & Security Group, LLC, ESPADA Caribbean LLC, Arty Straehla, Ken Kinsey, Jennifer Jorrie, and Mammoth Energy Services, Inc., in the 57th Judicial District in Bexar County, Texas. The petition alleges that the Company should be held vicariously liable under alter ego, agency and respondeat superior theories for Alpha Lobo’s alleged claims against Cobra and Arty Straehla for aiding and abetting, knowing participation in and conspiracy to breach fiduciary duty in connection with Cobra’s execution of an agreement with ESPADA Caribbean, LLC for security services related to Cobra’s work in Puerto Rico. The trial court granted Cobra, Mammoth and Straehla’s motion to compel Alpha Lobo’s claims against them to arbitration. However, Alpha Lobo has not yet brought its claims in arbitration. Instead, on March 22, 2022, Alpha Lobo filed a Petition for Writ of Mandamus in the Fourth Court of Appeals, San Antonio, Texas, seeking to overturn the order compelling arbitration. The appellate court denied the Mandamus on May 4, 2022, without requesting a response. On June 28, 2022, Alpha Lobo filed a Petition for Writ of Mandamus in the Texas Supreme Court, seeking to overturn the order compelling arbitration. The Texas Supreme Court denied the Mandamus on August 5, 2022, without requesting a response. The Company believes these claims are without merit and will vigorously defend the action. However, at this time, the Company is not able to predict the outcome of this lawsuit or whether it will have a material impact on the Company’s business, financial condition, results of operations or cash flows. Additionally, there was a parallel arbitration proceeding in which certain Defendants were seeking a declaratory judgment regarding Cobra’s rights to terminate the Alpha Lobo contract and enter into a new contract with a third-party. On June 24, 2021, the arbitration panel ruled in favor of Cobra.

The Company is involved in various other legal proceedings in the ordinary course of business. Although the Company cannot predict the outcome of these proceedings, legal matters are subject to inherent uncertainties and there exists the possibility that the ultimate resolution of these matters could have a material impact on the Company’s business, financial condition, results of operations or cash flows.

Assignment Agreement
On December 1, 2023, Cobra, as seller and Mammoth, as guarantor, entered into the Assignment Agreement with SPCP Group, as purchaser.

Under the terms and conditions of the Assignment Agreement, Cobra transferred to SPCP Group, at the purchase rate of 88.0% and free and clear of any liens and claims, all of its rights, title and interest in the first $63.0 million (the "Transferred Amount") of the total outstanding accounts receivable that remained unpaid by PREPA as of October 6, 2023 (the "PREPA Claim"), received or to be received by Cobra on or after October 6, 2023. Between October 6, 2023 and December 1, 2023, Cobra received payments from PREPA with respect to the PREPA Claim totaling $8.6 million (the "Interim Payment Amount"), resulting in the net Transferred Amount of $54.4 million.

Under the terms and conditions of the Assignment Agreement, any portion of the Transferred Amount that remains outstanding from PREPA from and after March 31, 2024 will thereafter increase monthly at a rate of 1% per month, compounded. Any amount received with respect to the PREPA Claim in excess of the Transferred Amount will be for the benefit of Cobra. If (i) it is determined by a final order of any court of competent jurisdiction that the PREPA Claim is subject to any defense, claim or right of setoff, reduction, avoidance, disallowance, subordination, disgorgement, recharacterization, adversary proceeding or other impairment, whether on contractual, legal or equitable grounds, resulting in the PREPA Claim being disallowed or allowed in an amount less than the Transferred Amount, or (ii) Cobra consents to, or enters into a settlement agreement with PREPA for, the payment that is, in an aggregate amount, less than the Transferred Amount or is otherwise adversely impacting SPCP Group's rights transferred under the Assignment Agreement, Cobra has agreed to repurchase within 18 months and one day from the receipt of SPCP Group's written demand, the unpaid portion of the Transferred Amount subject to such disallowance or impairment, multiplied by the purchase rate, plus interest accruing, subject to certain tolling provisions, at a rate of 6% per annum from December 1, 2023 through and including the date of such repurchase.

In connection with the entry into the Assignment Agreement, Mammoth and Cobra obtained the required consents from lenders under the Company's revolving credit facility with Fifth Third Bank and the Company's term loan and security agreement with Wexford. Further, under the term loan and security agreement with Wexford, Mammoth is required, among other things, to mandatorily remit to Wexford up to 50% of all amounts that constitute PREPA Claim proceeds, including the proceeds received by Cobra under the Assignment Agreement, to reduce outstanding borrowings under such term loan and security agreement. In connection with the Assignment Agreement, Wexford waived this requirement.

The net proceeds received by Cobra in connection with the Assignment Agreement were $46.1 million. The Company elected the fair value option for measuring the liability to simplify the accounting associated with the Assignment Agreement. As of December 31, 2023, the fair value of the liability was approximately $48.9 million, which is included in "accrued expenses and other current liabilities" in the accompanying consolidated balance sheet and the aggregate unpaid principal balance related to this liability was $54.4 million. During the year ended December 31, 2023, the Company recognized a financing charge totaling $2.8 million.

During the three months ended March 31, 2024, PREPA paid $64.0 million with respect to the outstanding PREPA receivable. Of the $64.0 million, $54.4 million was paid to SPCP Group, as Cobra's assignee under the Assignment Agreement, which fully extinguished Cobra's and Mammoth's obligations to SPCP Group under the Assignment Agreement, and the Assignment Agreement was terminated. The Company recognized a financing charge totaling $5.5 million during the three months ended March 31, 2024 related to the termination of the Assignment Agreement, which is included in "interest expense and financing charges, net" in the accompanying consolidated statement of comprehensive loss. The remaining $9.6 million was paid to Cobra. Wexford waived the requirement to mandatorily remit to Wexford up to 50% of all PREPA Claim proceeds in relation to the $9.6 million.

Defined Contribution Plan
The Company sponsors a 401(k) defined contribution plan for the benefit of substantially all employees at their date of hire. The plan allows eligible employees to contribute up to 92% of their annual compensation, not to exceed annual limits established by the federal government. The Company makes discretionary matching contributions of up to 3% of an employee's compensation and may make additional discretionary contributions for eligible employees. For the three and six months ended June 30, 2024 and 2023, the Company paid $0.5 million, $1.0 million, $0.5 million and $1.1 million, respectively, in contributions to the plan.

20. Reporting Segments

As of June 30, 2024, the Company's revenues, income before income taxes and identifiable assets are primarily attributable to four reportable segments. The Company's Chief Executive Officer and Chief Financial Officer comprise the Company's CODM. Segment information is prepared on the same basis that the CODM manages the segments, evaluates the segment financial statements and makes key operating and resource utilization decisions. Segment evaluation is determined on a quantitative basis based on a function of operating loss less impairment expense, as well as a qualitative basis, such as nature of the product and service offerings and types of customers.

As of June 30, 2024, the Company's four reportable segments include well completion services ("Well Completion"), infrastructure services ("Infrastructure"), natural sand proppant services ("Sand") and drilling services ("Drilling"). The Well Completion segment provides hydraulic fracturing and water transfer services primarily in the Utica Shale of Eastern Ohio, Marcellus Shale in Pennsylvania and the mid-continent region. The Infrastructure segment provides electric utility infrastructure services to government-funded utilities, private utilities, public investor-owned utilities and co-operative utilities in the northeastern, southwestern, midwestern and western portions of the United States. The Sand segment mines, processes and sells sand for use in hydraulic fracturing. The Sand segment primarily services the Utica Shale, Permian Basin, SCOOP, STACK and Montney Shale in British Columbia and Alberta, Canada. During certain of the periods presented, the Drilling segment provided contract land and directional drilling services primarily in the Permian Basin and mid-continent region. During the three and six months ended June 30, 2023, the Company included Bison Trucking in its Drilling segment. Based on its assessment of FASB ASC 280, Segment Reporting, guidance at December 31, 2023, the Company changed its presentation to move Bison Trucking to the reconciling column titled "All Other". The results for the three and six months ended June 30, 2023 have been retroactively adjusted to reflect these changes.

The Company also provided aviation services, equipment rental services, remote accommodations and equipment manufacturing. The businesses that provide these services are distinct operating segments, which the CODM reviews independently when making key operating and resource utilization decisions. None of these operating segments meet the quantitative thresholds of a reporting segment and do not meet the aggregation criteria set forth in ASC 280 *Segment Reporting.* Therefore, results for these operating segments are included in the column titled "All Other" in the tables below. Additionally, assets for corporate activities, which primarily include cash and cash equivalents, inter-segment accounts receivable, prepaid insurance and certain property and equipment, are included in the All Other column. Although Mammoth Energy Partners LLC, which holds these corporate assets, meets one of the quantitative thresholds of a reporting segment, it does not engage in business activities from which it may earn revenues and its results are not regularly reviewed by the Company's CODM when making key operating and resource utilization decisions. Therefore, the Company does not include it as a reportable segment.

Sales from one segment to another are generally priced at estimated equivalent commercial selling prices. Total revenue and total cost of revenue amounts included in the Eliminations column in the following tables include inter-segment transactions conducted between segments. Receivables due for sales from one segment to another and for corporate allocations to each segment are included in the Eliminations column for total assets in the following tables. All transactions conducted between segments are eliminated in consolidation. Transactions conducted by companies within the same reporting segment are eliminated within each reporting segment. The following tables set forth certain financial information with respect to the Company's reportable segments (in thousands):

Three Months Ended June 30, 2024	Well Completion	Infrastructure	Sand	Drilling	All Other	Eliminations	Total
Revenue from external customers	$ 9,935	$ 31,433	$ 4,693	$ 736	$ 4,732	$ —	$ 51,529
Intersegment revenues	109	—	27	—	2,359	(2,495)	—
Total revenue	10,044	31,433	4,720	736	7,091	(2,495)	51,529
Cost of revenue, exclusive of depreciation, depletion, amortization and accretion	10,096	24,630	4,589	1,155	3,371	—	43,841
Intersegment cost of revenues	234	1	—	1	2,257	(2,493)	—
Total cost of revenue	10,330	24,631	4,589	1,156	5,628	(2,493)	43,841
Selling, general and administrative	1,196	94,450	943	176	711	—	97,476
Depreciation, depletion, amortization and accretion	2,691	627	1,271	613	849	—	6,051
Gains on disposal of assets, net	(105)	(460)	(110)	(1)	(360)	—	(1,036)
Operating (loss) income	(4,068)	(87,815)	(1,973)	(1,208)	263	(2)	(94,803)
Interest expense and financing charges, net	522	1,577	131	121	183	—	2,534
Other expense (income), net	—	72,687	(1)	—	992	—	73,678
Loss before income taxes	$ (4,590)	$ (162,079)	$ (2,103)	$ (1,329)	$ (912)	$ (2)	$ (171,015)

Three Months Ended June 30, 2023	Well Completion	Infrastructure	Sand	Drilling	All Other	Eliminations	Total
Revenue from external customers	$ 27,466	$ 28,315	$ 11,567	$ 2,810	$ 5,273	$ —	$ 75,431
Intersegment revenues	118	—	—	—	383	(501)	—
Total revenue	27,584	28,315	11,567	2,810	5,656	(501)	75,431
Cost of revenue, exclusive of depreciation, depletion, amortization and accretion	23,594	23,292	7,067	2,375	3,924	—	60,252
Intersegment cost of revenues	227	9	—	12	253	(501)	—
Total cost of revenue	23,821	23,301	7,067	2,387	4,177	(501)	60,252
Selling, general and administrative	1,776	6,385	954	193	1,049	—	10,357
Depreciation, depletion, amortization and accretion	4,500	2,436	2,374	1,154	2,186	—	12,650
Gains on disposal of assets, net	—	—	—	—	(473)	—	(473)
Operating (loss) income	(2,513)	(3,807)	1,172	(924)	(1,283)	—	(7,355)
Interest expense and financing charges, net	824	1,869	149	133	245	—	3,220
Other expense (income) net	1	(8,557)	(4)	—	221	—	(8,339)
(Loss) income before income taxes	$ (3,338)	$ 2,881	$ 1,027	$ (1,057)	$ (1,749)	$ —	$ (2,236)

Six Months Ended June 30, 2024	Well Completion	Infrastructure	Sand	Drilling	All Other	Eliminations	Total
Revenue from external customers	$ 18,093	$ 56,471	$ 8,999	$ 1,247	$ 9,906	$ —	$ 94,716
Intersegment revenues	222	—	28	—	3,364	(3,614)	—
Total revenue	18,315	56,471	9,027	1,247	13,270	(3,614)	94,716
Cost of revenue, exclusive of depreciation, depletion, amortization and accretion	18,434	46,164	10,430	2,203	7,194	—	84,425
Intersegment cost of revenues	452	26	—	3	3,131	(3,612)	—
Total cost of revenue	18,886	46,190	10,430	2,206	10,325	(3,612)	84,425
Selling, general and administrative	2,269	100,068	1,974	388	1,559	—	106,258
Depreciation, depletion, amortization and accretion	5,955	1,346	2,417	1,488	1,867	—	13,073
(Losses) gains on disposal of assets, net	145	(943)	(110)	1	(1,296)	—	(2,203)
Operating (loss) income	(8,940)	(90,190)	(5,684)	(2,836)	815	(2)	(106,837)
Interest expense and financing charges, net	1,091	8,675	273	250	381	—	10,670
Other expense (income), net	1	62,429	(1)	—	1,107	—	63,536
Loss before income taxes	$ (10,032)	$ (161,294)	$ (5,956)	$ (3,086)	$ (673)	$ (2)	$ (181,043)

Six Months Ended June 30, 2023	Well Completion	Infrastructure	Sand	Drilling	All Other	Eliminations	Total
Revenue from external customers	$ 94,644	$ 56,596	$ 24,009	$ 4,165	$ 12,337	$ —	$ 191,751
Intersegment revenues	240	—	25	—	833	(1,098)	—
Total revenue	94,884	56,596	24,034	4,165	13,170	(1,098)	191,751
Cost of revenue, exclusive of depreciation, depletion, amortization and accretion	75,630	45,768	14,927	3,841	9,078	—	149,244
Intersegment cost of revenues	704	20	—	26	348	(1,098)	—
Total cost of revenue	76,334	45,788	14,927	3,867	9,426	(1,098)	149,244
Selling, general and administrative	4,268	10,595	1,458	339	2,080	—	18,740
Depreciation, depletion, amortization and accretion	9,317	5,810	3,561	2,383	4,535	—	25,606
Gains on disposal of assets, net	—	(127)	(16)	—	(691)	—	(834)
Operating income (loss)	4,965	(5,470)	4,104	(2,424)	(2,180)	—	(1,005)
Interest expense and financing charges, net	1,753	3,714	305	259	478	—	6,509
Other expense (income), net	1	(17,365)	(6)	—	407	—	(16,963)
Income (loss) before income taxes	$ 3,211	$ 8,181	$ 3,805	$ (2,683)	$ (3,065)	$ —	$ 9,449

	Well Completion	Infrastructure	Sand	Drilling	All Other	Eliminations	Total
As of June 30, 2024:							
Total assets	$ 48,559	$ 252,237	$ 117,547	$ 12,384	$ 65,232	$ (40,452)	$ 455,507
As of December 31, 2023:							
Total assets	$ 50,965	$ 462,429	$ 121,162	$ 13,492	$ 69,005	$ (18,574)	$ 698,479

21. Subsequent Events

Subsequent to June 30, 2024, the Company issued a performance and payment bond totaling $5.0 million and additional bid bonds totaling $0.5 million related to its infrastructure segment.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and related notes thereto presented in this Quarterly Report and the consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K. This discussion contains forward-looking statements reflecting our current expectations, estimates and assumptions concerning events and financial trends that may affect our future operating results or financial position. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors, including those discussed in Item 1A. "Risk Factors" in our Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission, or the SEC, on March 1, 2024 and the section entitled "Forward-Looking Statements" appearing elsewhere in this Quarterly Report.

Overview

We are an integrated, growth-oriented energy services company focused on providing products and services to enable the exploration and development of North American onshore unconventional oil and natural gas reserve as well as the construction and repair of the electric grid for private utilities, public investor-owned utilities and co-operative utilities through our infrastructure services businesses. Our primary business objective is to grow our operations and create value for stockholders through organic growth opportunities and accretive acquisitions. Our suite of services includes well completion services, infrastructure services, natural sand proppant services, drilling services and other services. Our well completion services division provides hydraulic fracturing, sand hauling and water transfer services. Our infrastructure services division provides engineering, design, construction, upgrade, maintenance and repair services to the electrical infrastructure industry. Our natural sand proppant services division mines, processes and sells natural sand proppant used for hydraulic fracturing. Our drilling services division currently provides rental equipment, such as mud motors and operational tools, for both vertical and horizontal drilling. In addition to these service divisions, we also provide aviation services, equipment rentals, crude oil hauling services, remote accommodations and equipment manufacturing. We believe that the services we offer play a critical role in increasing the ultimate recovery and present value of production streams from unconventional resources as well as in maintaining and improving electrical infrastructure. Our complementary suite of services provides us with the opportunity to cross-sell our services and expand our customer base and geographic positioning.

We continue to focus on growing our industrial business. We offer infrastructure engineering services focused on the transmission and distribution industry and also have equipment manufacturing operations and offer fiber optic services. Our equipment manufacturing operations provide us with the ability to repair much of our existing equipment in-house, as well as the option to manufacture certain new equipment we may need in the future. Our fiber optic services include the installation of both aerial and buried fiber. We are continuing to explore other opportunities to expand our industrial business lines.

We continue to address the external challenges in today's economic environment as we remain disciplined with our spending and are focused on continuing to improve our operational efficiencies and cost structure and on enhancing value for our stockholders.

Overview of Our Industries

Oil and Natural Gas Industry

The oil and natural gas industry has traditionally been volatile and is influenced by a combination of long-term, short-term and cyclical trends, including the domestic and international supply and demand for oil and natural gas, current and expected future prices for oil and natural gas and the perceived stability and sustainability of those prices, production depletion rates and the resultant levels of cash flows generated and allocated by exploration and production companies to their drilling, completion and related services and products budgets. The oil and natural gas industry is also impacted by general domestic and international economic conditions, political instability in oil producing countries, government regulations (both in the United States and elsewhere), levels of customer demand, the availability of pipeline capacity, storage capacity, shortages of equipment and materials and other conditions and factors that are beyond our control.

Demand for most of our oil and natural gas products and services depends substantially on the level of expenditures by companies in the oil and natural gas industry. The levels of capital expenditures of our customers are driven by many factors, including the prices of oil and natural gas. Throughout 2023, pricing for crude oil and natural gas declined from levels seen in 2022, which slowed down completion activities for our customers, in particular, in the Utica and Marcellus Shale natural gas plays, and, as a result, reduced demand for our well completion services. In the first half of 2024, we continued to experience persistent challenges in our well completion business and other oilfield services associated with lower U.S. onshore activity and sustained weakness in the natural gas basins in which we operate. Current indications are that activity levels are expected to remain relatively flat in the second half of 2024, with potential for a ramp up in 2025. We will be strategically positioned to capitalize on this anticipated demand if and when it ramps up.

In response to market conditions, we temporarily shut down our cementing and acidizing operations and flowback operations beginning in July 2019, our contract drilling operations beginning in December 2019, our rig hauling operations beginning in April 2020, our coil tubing, pressure control and full service transportation operations beginning in July 2020 and our crude oil hauling operations beginning in July 2021. We continue to monitor the market to determine if and when we can recommence these services.

Natural Sand Proppant Industry

As discussed above, pricing for crude oil and natural gas declined from levels seen in 2022, which slowed down completion activities and adversely impacted demand for our sand proppant services in the second half of 2023. Although we experienced increased demand for our natural sand proppant services and more favorable pricing during the first half of 2024 relative to the fourth quarter of 2023, activity remained suppressed. We expect that this trend will continue into the second half of 2024.

As a result of adverse market conditions, production at our Muskie sand facility in Pierce County, Wisconsin has been temporarily idled since September 2018. Our contracted capacity has provided a baseline of business, which has kept our Taylor and Piranha plants operating and our costs competitive.

Energy Infrastructure Industry

Our infrastructure services business provides engineering, design, construction, upgrade, maintenance and repair services to the electrical infrastructure industry. We offer a broad range of services on electric transmission and distribution, or T&D, networks and substation facilities, which include engineering, design, construction, upgrade, maintenance and repair of high voltage transmission lines, substations and lower voltage overhead and underground distribution systems. Our commercial services include the installation, maintenance and repair of commercial wiring. We also provide storm repair and restoration services in response to storms and other disasters. We provide infrastructure services primarily in the northeast, southwest, midwest and western portions of the United States. We currently have agreements in place with private utilities, public IOUs and Co-Ops.

Our average crew count declined slightly from approximately 78 crews throughout the fourth quarter of 2023 to approximately 77 crews throughout the first half of 2024. An uptick in storm restoration activity drove enhanced results during the second quarter of 2024. With the Infrastructure Investment and Jobs Act funds being released for infrastructure projects, we remain encouraged about the potential for growth in this sector. We are currently seeing an uptick in bidding opportunities related to engineering, fiber, and transmission and distribution, all of which are areas we believe we have differentiated and specialized capabilities. We continue to focus on operational execution and pursue opportunities within this sector as we strategically structure our service offerings for growth, intending to increase our infrastructure services activity and expand both our geographic footprint and depth of projects, especially in fiber maintenance and installation projects.

We work for multiple utilities primarily across the northeastern, southwestern, midwestern and western portions of the United States. We believe that we are well-positioned to compete for new projects due to the experience of our infrastructure management team, combined with our vertically integrated service offerings. We are seeking to leverage this experience and our service offerings to grow our customer base and increase our revenues in the continental United States over the coming years.

Settlement Agreement with PREPA

As discussed elsewhere in this report, on July 22, 2024, Cobra entered into a release and settlement agreement with PREPA and the FOMB, in its capacity as Title III representative for PREPA, to settle all outstanding matters between Cobra and PREPA (the “Settlement Agreement”).

Under the terms of the Settlement Agreement, Cobra will have an allowed administrative expense claim against PREPA of $170.0 million, plus the $18.4 million in the Withheld FEMA Funds that PREPA is currently holding and considers payable to Cobra but for purported garnishments in this amount asserted by three Puerto Rican municipalities (the “Specified Municipalities”) for certain municipal tax claims discussed elsewhere in this report and for which Cobra disputes any valid garnishment. Cobra's allowed claim will be paid through three installments: (i) $150.0 million on the later of (A) ten business days following approval of the Settlement Agreement by the Title III Court and (B) August 31, 2024; (ii) $20.0 million within seven days following the effective date of PREPA's plan of adjustment; and (iii) $18.4 million in the Withheld FEMA Funds within either (A) ten business days after the deadline for appealing the entry of the settlement order by the Title III Court under the applicable bankruptcy rules of procedure if no such appeal is filed, or (B) if the provisions of the settlement order allowing PREPA to release the Withheld FEMA Funds to Cobra without retaining any liability to the Specified Municipalities are appealed by the Specified Municipalities, within ten business days of the filing of the notice of such appeal. As a result of the Settlement Agreement, we recorded a non-cash, pre-tax charge of approximately $170.7 million in the second quarter of 2024 to reduce our accounts receivable balance from PREPA of $359.1 million, representing the amount owed to Cobra by PREPA in relation to these agreements as of June 30, 2024, including the accrued but unpaid interest, prior to the Settlement Agreement, to the amount expected to be received from the Settlement Agreement. The Settlement Agreement remains subject to approval by the Title III Court, which is expected to hear the motion relating to the Settlement Agreement at the next omnibus meeting to be held on September 18, 2024. We cannot provide any assurances that the court approval will be obtained on the indicated time frame or at all. See Note 2. Basis of Presentation and Significant Accounting Policies—Accounts Receivable and —Concentrations of Credit Risk and Significant Customers and Note 19. Commitments and Contingencies—Litigation included elsewhere in this report for additional information.

We plan to use a portion of the $188.4 million in settlement proceeds to pay in full all of the outstanding amounts under our term credit facility, which had a balance of approximately $49.3 million as of June 30, 2024, as well as accrued and unpaid interest thereon, and terminate the term credit facility. The remaining settlement proceeds will be cash on our balance sheet to be used to invest back into our business and for general corporate purposes.

Second Quarter 2024 Financial Overview

- Revenue for the second quarter of 2024 decreased by $23.9 million, or 32%, to $51.5 million from $75.4 million for the second quarter of 2023. The decrease in total revenue is primarily attributable to a decline in well completions services and natural sand proppant services revenue, partially offset by an increase in infrastructure services revenue.

- Net loss for the second quarter of 2024 was $156.0 million, or $3.25 loss per diluted share, as compared to net loss of $4.5 million, or $0.09 loss per diluted share, for the second quarter of 2023. The increase in net loss is primarily attributable to charges totaling $170.7 million recognized during the three months ended June 30, 2024 in relation to the Settlement Agreement with PREPA.

- Adjusted EBITDA (as defined and reconciled below) for the second quarter of 2024 was ($160.7) million as compared to $16.4 million for the second quarter of 2023. See "Non-GAAP Financial Measures" below for a reconciliation of net income to Adjusted EBITDA.

Results of Operations

Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

	Three Months Ended	
	June 30, 2024	June 30, 2023
	(in thousands)	
Revenue:		
Well completion services	$ 10,044	$ 27,584
Infrastructure services	31,433	28,315
Natural sand proppant services	4,720	11,567
Drilling services	736	2,810
Other services	7,091	5,656
Eliminations	(2,495)	(501)
Total revenue	51,529	75,431
Cost of revenue:		
Well completion services (exclusive of depreciation and amortization of $2,691 and $4,497, respectively, for the three months ended June 30, 2024 and 2023)	10,330	23,821
Infrastructure services (exclusive of depreciation and amortization of $627 and $2,433, respectively, for the three months ended June 30, 2024 and 2023)	24,631	23,301
Natural sand proppant services (exclusive of depreciation, depletion and accretion of $1,271 and $2,373, respectively, for the three months ended June 30, 2024 and 2023)	4,589	7,067
Drilling services (exclusive of depreciation and amortization of $613 and $1,154, respectively, for the three months ended June 30, 2024 and 2023)	1,156	2,387
Other services (exclusive of depreciation and amortization of $848 and $2,186, respectively, for the three months ended June 30, 2024 and 2023)	5,628	4,177
Eliminations	(2,493)	(501)
Total cost of revenue	43,841	60,252
Selling, general and administrative expenses	97,476	10,357
Depreciation, depletion, amortization and accretion	6,051	12,650
Gains on disposal of assets, net	(1,036)	(473)
Operating loss	(94,803)	(7,355)
Interest expense and financing charges, net	(2,534)	(3,220)
Other (expense) income, net	(73,678)	8,339
Loss before income taxes	(171,015)	(2,236)
(Benefit) provision for income taxes	(15,022)	2,234
Net loss	$ (155,993)	$ (4,470)

Revenue. Revenue for the three months ended June 30, 2024 decreased $23.9 million, or 32%, to $51.5 million from $75.4 million for the three months ended June 30, 2023. The decrease in total revenue is primarily attributable to a decrease in utilization in our well completions services division as well as a decline in tons sold in our natural sand proppant services division during the three months ended June 30, 2024, partially offset by an increase in our infrastructure services revenue. Revenue by operating division was as follows:

Well Completion Services. Well completion services division revenuedecreased $17.6 million, or 64%, to $10.0 million for the three months ended June 30, 2024 from $27.6 million for the three months ended June 30, 2023. The decrease in our well completion services revenue was primarily driven by an 69% decrease in the number of stages completed from 956 for the three months ended June 30, 2023 to 292 for the three months ended June 30, 2024. An average of 0.3 of our fleets were active for the three months ended June 30, 2024 as compared to an average of 1.6 fleets for the three months ended June 30, 2023.

Infrastructure Services. Infrastructure services division revenue increased $3.1 million, or 11%, to $31.4 million for the three months ended June 30, 2024 from $28.3 million for the three months ended June 30, 2023. The increase in revenue was primarily due to a $4.1 million increase in storm restoration activity, which was partially offset by a decline in average crew count from 86 crews for the three months ended June 30, 2023 to 79 crews for the three months ended June 30, 2024.

Natural Sand Proppant Services. Natural sand proppant services division revenue decreased $6.9 million, or 59%, to $4.7 million for the three months ended June 30, 2024 from $11.6 million for the three months ended June 30, 2023 primarily due to a 63% decrease in tons of sand sold from 383,841 tons for the three months ended June 30, 2023 to 140,615 tons for the three months ended June 30, 2024, coupled with a 24% decline in the average price per ton of sand sold from $30.08 per ton during the three months ended June 30, 2023 to $22.73 per ton during the three months ended June 30, 2024. This was partially offset by $1.1 million of shortfall revenue recognized during the three months ended June 30, 2024.

Drilling Services. Drilling services division revenue decreased $2.1 million, or 75%, to $0.7 million for the three months ended June 30, 2024 as compared to $2.8 million for the three months ended June 30, 2023. The decrease is primarily due to decreased utilization for our directional drilling business from 58% for the three months ended June 30, 2023 to 16% for the three months ended June 30, 2024.

Other Services. Other services revenue, consisting of revenue derived from our aviation, equipment rental, remote accommodation and equipment manufacturing businesses, increased approximately $1.4 million, or 25%, to $7.1 million for the three months ended June 30, 2024, from $5.7 million for the three months ended June 30, 2023. Inter-segment revenue, consisting primarily of equipment manufacturing revenue derived from our well completion segment, was $2.4 million and $0.4 million for the three months ended June 30, 2024 and 2023, respectively.

On average, 212 rooms were utilized during the three months ended June 30, 2024 as compared to 146 for the three months ended June 30, 2023, resulting in an increase in remote accommodations revenue. An average of 223 pieces of equipment were rented to customers during the three months ended June 30, 2024, a decrease of 12% from an average of 253 pieces of equipment rented to customers during the three months ended June 30, 2023.

Cost of Revenue (exclusive of depreciation, depletion, amortization and accretion expense). Cost of revenue, exclusive of depreciation, depletion, amortization and accretion expense, decreased $16.5 million from $60.3 million, or 80% of total revenue, for the three months ended June 30, 2023 to $43.8 million, or 85% of total revenue, for the three months ended June 30, 2024. The decrease is primarily due to a decline in activity in our well completions division. Cost of revenue by operating division was as follows:

Well Completion Services. Well completion services division cost of revenue, exclusive of depreciation and amortization expense, decreased $13.5 million, or 57%, to $10.3 million for the three months ended June 30, 2024 from $23.8 million for the three months ended June 30, 2023, primarily due to a decrease in utilization of our fleets. As a percentage of revenue, our well completion services division cost of revenue, exclusive of depreciation and amortization expense of $2.7 million and $4.5 million for the three months ended June 30, 2024 and 2023, respectively, was 103% and 86% for the three months ended June 30, 2024 and 2023, respectively. The increase as a percentage of revenue is primarily due to a decline in utilization of our pressure pumping services, resulting in a higher ratio of fixed costs to variable costs.

Infrastructure Services. Infrastructure services division cost of revenue, exclusive of depreciation and amortization expense, increased $1.3 million, or 6%, to $24.6 million for the three months ended June 30, 2024 from $23.3 million for the three months ended June 30, 2023, primarily due to an increase in storm restoration activity. As a percentage of revenue, cost of revenue, exclusive of depreciation and amortization expense of $0.6 million and $2.4 million for the three months ended June 30, 2024 and 2023, respectively, was 78% and 82% for the three months ended June 30, 2024 and 2023, respectively. The decline as a percentage of revenue is primarily due to the increase in storm restoration work, which historically has produced higher margins.

Natural Sand Proppant Services. Natural sand proppant services division cost of revenue, exclusive of depreciation, depletion and accretion expense, decreased $2.5 million to $4.6 million for the three months ended June 30, 2024 from $7.1 million for the three months ended June 30, 2023. As a percentage of revenue, cost of revenue, exclusive of depreciation, depletion and accretion expense of $1.3 million and $2.4 million for the three months ended June 30, 2024 and 2023, respectively, was 98% and 61% for the three months ended June 30, 2024 and 2023, respectively. The increase as a percentage of revenue is primarily due to a decrease in tons sold and price per ton sold, resulting in a higher ratio of fixed costs to variable costs.

Drilling Services. Drilling services division cost of revenue, exclusive of depreciation and amortization expense, decreased $1.2 million, or 50%, to $1.2 million for the three months ended June 30, 2024 from $2.4 million for the three months ended June 30, 2023. As a percentage of revenue, our drilling services division cost of revenue, exclusive of depreciation and amortization expense of $0.6 million and $1.2 million for the three months ended June 30, 2024 and 2023, respectively, was 171% and 86% for the three months ended June 30, 2024 and 2023, respectively. The increase is primarily due to a decline in utilization of our directional drilling services, resulting in a higher ratio of fixed costs to variable costs.

Other Services. Other services division cost of revenue, exclusive of depreciation and amortization expense, increased $1.4 million, or 33%, to $5.6 million for the three months ended June 30, 2024 from $4.2 million for the three months ended June 30, 2023 primarily due to increased equipment manufacturing activity. As a percentage of revenue, cost of revenue, exclusive of depreciation and amortization expense of $0.8 million and $2.2 million for the three months ended June 30, 2024 and 2023, respectively, was 79% and 74% for the three months ended June 30, 2024 and 2023, respectively. The increase is primarily due to a decrease in utilization for our rental equipment business resulting in a higher ratio of fixed costs to variable costs.

Selling, General and Administrative Expenses. Selling, general and administrative, or SG&A, expenses represent the costs associated with managing and supporting our operations. SG&A expense increased $87.1 million, or 838%, to $97.5 million for the three months ended June 30, 2024 from $10.4 million for the three months ended June 30, 2023 primarily due to an increase in the provision for expected credit losses in connection with the Settlement Agreement with PREPA. The table below presents a breakdown of SG&A expenses for the periods indicated (in thousands):

	Three Months Ended	
	June 30, 2024	**June 30, 2023**
Cash expenses:		
Compensation and benefits	$ 3,116	$ 3,996
Professional services	3,056	4,276
Other[(a)]	1,702	1,868
Total cash SG&A expense	7,874	10,140
Non-cash expenses:		
Change in provision for expected credit losses[(b)]	89,383	(44)
Stock based compensation	219	261
Total non-cash SG&A expense	89,602	217
Total SG&A expense	$ 97,476	$ 10,357

a. Includes travel-related costs, IT expenses, rent, utilities and other general and administrative-related costs.
b. The Company recognized an $89.2 million charge in relation to the Settlement Agreement with PREPA.

Depreciation, Depletion, Amortization and Accretion. Depreciation, depletion, amortization and accretion decreased $6.5 million, or 52%, to $6.1 million for the three months ended June 30, 2024 from $12.6 million for the three months ended June 30, 2023. The decrease is primarily attributable to a decline in property and equipment depreciation expense as a result of existing assets being fully depreciated.

Gains on Disposal of Assets, Net. Gains on the disposal of assets were $1.0 million and $0.5 million for the three months ended June 30, 2024 and 2023, respectively.

Operating Loss. We reported operating loss of $94.8 million for the three months ended June 30, 2024 compared to $7.4 million for the three months ended June 30, 2023. The increase in operating loss is primarily due to an $89.2 million charge to selling, general and administrative expenses recognized during the three months ended June 30, 2024 in relation to the Settlement Agreement with PREPA.

Interest Expense and financing charges, Net. Interest expense and financing charges, net decreased $0.7 million, or 22%, to $2.5 million for the three months ended June 30, 2024 from $3.2 million for the three months ended June 30, 2023. The decrease is primarily due to a decline in average borrowings outstanding under our revolving credit facility.

Other (Expense) Income, Net. Other expense was $73.7 million for the three months ended June 30, 2024 compared to other income of $8.3 million for the three months ended June 30, 2023. During the three months ended June 30, 2024 and 2023, we recognized interest on delinquent accounts receivable totaling $10.3 million and $11.3 million, respectively, in relation to our outstanding receivable with PREPA. Subsequent to June 30, 2024, Cobra entered into the Settlement Agreement with PREPA. As a result, Cobra recognized a charge to interest on delinquent accounts receivable totaling $81.5 million during the three months ended June 30, 2024 to reduce its accounts receivable balance to the amount expected to be collected in relation to interest charged to PREPA.

Income Taxes. We recorded income tax benefit of $15.0 million on pre-tax loss of $171.0 million for the three months ended June 30, 2024 compared to an income tax expense of $2.2 million on pre-tax loss of $2.2 million for the three months ended June 30, 2023. Our effective tax rates were 9% and (100)% for the three months ended June 30, 2024 and 2023, respectively. The effective tax rates for the three months ended June 30, 2024 and 2023 differed from the statutory rate of 21% primarily due to the mix of earnings between the United States and Puerto Rico as well as changes in the valuation allowance. Additionally, as a result of the Settlement Agreement with PREPA, during the three months ended June 30, 2024, the Company reversed $19.9 million in withholding tax accruals related to undistributed earnings from Puerto Rico.

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

	Six Months Ended	
	June 30, 2024	**June 30, 2023**
	(in thousands)	
Revenue:		
Well completion services	$ 18,315	$ 94,884
Infrastructure services	56,471	56,596
Natural sand proppant services	9,027	24,034
Drilling services	1,247	4,165
Other services	13,270	13,170
Eliminations	(3,614)	(1,098)
Total revenue	94,716	191,751
Cost of revenue:		
Well completion services (exclusive of depreciation and amortization of $5,955 and $9,310, respectively, for the six months ended June 30, 2024 and 2023)	18,886	76,334
Infrastructure services (exclusive of depreciation and amortization of $1,345 and $5,804, respectively, for the six months ended June 30, 2024 and 2023)	46,190	45,788
Natural sand proppant services (exclusive of depreciation, depletion and accretion of $2,417 and $3,559, respectively, for the six months ended June 30, 2024 and 2023)	10,430	14,927
Drilling services (exclusive of depreciation of $1,488 and $2,382, respectively, for the six months ended June 30, 2024 and 2023)	2,206	3,868
Other services (exclusive of depreciation and amortization of $1,867 and $4,535, respectively, for the six months ended June 30, 2024 and 2023)	10,325	9,425
Eliminations	(3,612)	(1,098)
Total cost of revenue	84,425	149,244
Selling, general and administrative expenses	106,258	18,740
Depreciation, depletion, amortization and accretion	13,073	25,606
Gains on disposal of assets, net	(2,203)	(834)
Operating loss	(106,837)	(1,005)
Interest expense and financing charges, net	(10,670)	(6,509)
Other (expense) income, net	(63,536)	16,963
(Loss) income before income taxes	(181,043)	9,449
(Benefit) provision for income taxes	(13,239)	5,568
Net (loss) income	$ (167,804)	$ 3,881

Revenue. Revenue for the six months ended June 30, 2024 decreased $97.1 million, or 51%, to $94.7 million from $191.8 million for the six months ended June 30, 2023. The decrease in total revenue is primarily attributable to decreases in well completion services and natural sand proppant services revenue. Revenue by operating division was as follows:

Well Completion Services. Well completion services division revenue decreased $76.6 million, or 81%, to $18.3 million for the six months ended June 30, 2024 from $94.9 million for the six months ended June 30, 2023. Inter-segment revenues, consisting primarily of revenue derived from our sand segment, was $0.2 million for each of the six months ended June 30, 2024 and 2023, respectively.

The decrease in our well completion services revenue was primarily driven by a decrease in pressure pumping services utilization. The number of stages completed decreased 77% to 672 for the six months ended June 30, 2024 from 2,974 for the six months ended June 30, 2023. An average of 0.4 of our six fleets were active for the six months ended June 30, 2024 as compared to an average of 2.6 fleets for the six months ended June 30, 2023.

Infrastructure Services. Infrastructure services division revenue decreased marginally to $56.5 million for the six months ended June 30, 2024 from $56.6 million for the six months ended June 30, 2023. Average crew count was 77 crews for the six months ended June 30, 2024 as compared to 87 crews for the six months ended June 30, 2023. This decrease was offset by an increase in engineering, substation and materials revenue for the six months ended June 30, 2024.

Natural Sand Proppant Services. Natural sand proppant services division revenue decreased $15.0 million, or 63%, to $9.0 million for the six months ended June 30, 2024, from $24.0 million for the six months ended June 30, 2023. Inter-segment revenue, consisting primarily of revenue derived from our pressure pumping segment, was a nominal amount for each of the six months ended June 30, 2024 and June 30, 2023.

The decrease in our natural sand proppant services revenue was primarily due to a 63% decrease in tons of sand sold from approximately 775,280 tons for the six months ended June 30, 2023 to approximately 286,277 tons for the six months ended June 30, 2024, and a 23% decrease in the average sales price per ton of sand sold from $30.55 per ton during the six months ended June 30, 2023 to $23.57 per ton during the six months ended June 30, 2024. This was partially offset by $1.1 million of shortfall revenue recognized during the six months ended June 30, 2024.

Drilling Services. Drilling services division revenue decreased $3.0 million, or 71%, to $1.2 million for the six months ended June 30, 2024 from $4.2 million for the six months ended June 30, 2023. The decrease in our drilling services revenue was primarily attributable to a decrease in utilization for our directional drilling business from 44% during the six months ended June 30, 2023 to 15% during the six months ended June 30, 2024, which was coupled with a decrease in pricing.

Other Services. Other services revenue, consisting of revenue derived from our aviation, equipment rental, remote accommodation and equipment manufacturing businesses, increased marginally to $13.3 million for the six months ended June 30, 2024 from $13.2 million for the six months ended June 30, 2023. Inter-segment revenue, consisting primarily of revenue derived from our infrastructure and well completion segments, totaled $3.4 million and $0.8 million for the six months ended June 30, 2024 and 2023, respectively.

The increase in our other services revenue was primarily due to an increase in equipment manufacturing and utilization for our remote accommodations business, which was offset by a decline in utilization for our equipment rental business. We rented an average of 217 pieces of equipment to customers during the six months ended June 30, 2024, a decrease of 20% from an average of 270 pieces of equipment rented to customers during the six months ended June 30, 2023.

Cost of Revenue (exclusive of depreciation, depletion, amortization and accretion expense). Cost of revenue, exclusive of depreciation, depletion, amortization and accretion expense, decreased $64.8 million from $149.2 million, or 78% of total revenue, for the six months ended June 30, 2023 to $84.4 million, or 89% of total revenue, for the six months ended June 30, 2024. Cost of revenue by operating division was as follows:

Well Completion Services. Well completion services division cost of revenue, exclusive of depreciation and amortization expense, decreased $57.4 million, or 75%, to $18.9 million for the six months ended June 30, 2024 from $76.3 million for the six months ended June 30, 2023. As a percentage of revenue, our well completion services division cost of revenue, exclusive of depreciation and amortization expense of $6.0 million and $9.3 million for the six months ended June 30, 2024 and 2023, respectively, was 103% and 80% for the six months ended June 30, 2024 and 2023, respectively. The increase as a percentage of revenue is primarily due to a decline in utilization of our pressure pumping services, resulting in a higher ratio of fixed costs to variable costs.

Infrastructure Services. Infrastructure services division cost of revenue, exclusive of depreciation and amortization expense, increased $0.4 million, or 1%, to $46.2 million for the six months ended June 30, 2024 from $45.8 million for the six months ended June 30, 2023. As a percentage of revenue, cost of revenue, exclusive of depreciation and amortization expense of $1.3 million and $5.8 million, respectively, for the six months ended June 30, 2024 and 2023 was 82% and 81% for the six months ended June 30, 2024 and 2023, respectively.

Natural Sand Proppant Services. Natural sand proppant services division cost of revenue, exclusive of depreciation, depletion and accretion expense, decreased $4.5 million, or 30%, from $14.9 million for the six months ended June 30, 2023 to $10.4 million for the six months ended June 30, 2024. As a percentage of revenue, cost of revenue, exclusive of depreciation, depletion and accretion expense of $2.4 million and $3.6 million for the six months ended June 30, 2024 and 2023, respectively, was 116% and 62% for the six months ended June 30, 2024 and 2023, respectively. The increase in cost as a percentage of revenue is primarily due to a 63% decrease in tons sold and a 23% decrease in average sales price.

Drilling Services. Drilling services division cost of revenue, exclusive of depreciation and amortization expense, decreased $1.7 million, or 44%, from $3.9 million for the six months ended June 30, 2023 to $2.2 million for the six months ended June 30, 2024. As a percentage of revenue, our drilling services division cost of revenue, exclusive of depreciation and amortization expense of $1.5 million and $2.4 million, for the six months ended June 30, 2024 and 2023, respectively, was 183% and 93% for the six months ended June 30, 2024 and 2023. The increase is primarily due to a decline in utilization of our directional drilling services, resulting in a higher ratio of fixed costs to variable costs.

Other Services. Other services division cost of revenue, exclusive of depreciation and amortization expense, increased $0.9 million, or 10%, from $9.4 million for the six months ended June 30, 2023 to $10.3 million for the six months ended June 30, 2024. As a percentage of revenue, cost of revenue, exclusive of depreciation and amortization expense of $1.9 million and $4.5 million for the six months ended June 30, 2024 and 2023, respectively, was 77% and 71% for the six months ended June 30, 2024 and 2023, respectively. The increase as a percentage of revenue is primarily due to a decrease in utilization for our equipment rental business, resulting in a higher ratio of fixed costs to variable costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses represent the costs associated with managing and supporting our operations. SG&A expense increased $87.6 million, or 468%, to $106.3 million for the six months ended June 30, 2024 from $18.7 million for the six months ended June 30, 2023 primarily due to an increase in the provision for expected credit losses in connection with the Settlement Agreement with PREPA. The table below presents a breakdown of SG&A expenses for the periods indicated (in thousands):

	Six Months Ended	
	June 30, 2024	June 30, 2023
Cash expenses:		
Compensation and benefits	$ 7,220	$ 8,273
Professional services	5,513	6,205
Other[a]	3,475	3,779
Total cash SG&A expenses	16,208	18,257
Non-cash expenses:		
Change in provision for expected credit losses[b]	89,612	(425)
Stock based compensation	438	908
Total non-cash SG&A expenses	90,050	483
Total SG&A expenses	$ 106,258	$ 18,740

a. Includes travel-related costs, IT expenses, rent, utilities and other general and administrative-related costs.
b. The Company recognized an $89.2 million charge in relation to the Settlement Agreement with PREPA.

Depreciation, Depletion, Amortization and Accretion. Depreciation, depletion, amortization and accretion decreased $12.5 million to $13.1 million for the six months ended June 30, 2024 from $25.6 million for the six months ended June 30, 2023. The decrease is primarily attributable to a decline in property and equipment depreciation expense as a result of lower capital expenditures and existing assets being fully depreciated.

Gains on Disposal of Assets, Net. Gains on the disposal of assets were $2.2 million and $0.8 million for the six months ended June 30, 2024 and 2023, respectively.

Operating Loss. We reported an operating loss of $106.8 million for the six months ended June 30, 2024 compared to $1.0 million for the six months ended June 30, 2023. The increased operating loss was primarily due to an $89.2 million charge to selling, general and administrative expenses recognized during the six months ended June 30, 2024 in relation to the Settlement Agreement with PREPA. This was coupled with reduced utilization across our well completions and natural sand proppant divisions, and partially offset by a decline in depreciation, depletion, amortization and accretion expense.

***Interest Expense and financing charges, Net*.** Interest expense, net increased $4.2 million, or 65%, to $10.7 million for the six months ended June 30, 2024 from $6.5 million for the six months ended June 30, 2023. The increase is primarily due to a $5.5 million financing charge incurred in relation to the Assignment Agreement with SPCP Group. See "—Liquidity and Capital Resources—Cobra Assignment Agreement" for additional information.

Other (Expense) Income, Net. We recognized other expense, net of $63.5 million during the six months ended June 30, 2024 compared to other income of $17.0 million for the six months ended June 30, 2023. During the six months ended June 30, 2024 and 2023, we recognized interest on delinquent accounts receivable totaling $20.8 million and $22.5 million, respectively, in relation to our outstanding receivable with PREPA. Subsequent to June 30, 2024, Cobra entered into the Settlement Agreement with PREPA. As a result, Cobra recognized a charge to interest on delinquent accounts receivable totaling $81.5 million during the six months ended June 30, 2024 to reduce its accounts receivable balance to the amount expected to be collected in relation to interest charged to PREPA.

Income Taxes. We recorded income tax benefit of $13.2 million on pre-tax loss of $181.0 million for the six months ended June 30, 2024 compared to an income tax expense of $5.6 million on pre-tax income of $9.4 million for the six months ended June 30, 2023. Our effective tax rate was 7% for the six months ended June 30, 2024 compared to 59% for the six months ended June 30, 2023. The effective tax rates for the six months ended June 30, 2024 and 2023 differed from the statutory rate of 21% primarily due to the mix of earnings between the United States and Puerto Rico, changes in the valuation allowance and interest and penalties. Additionally, as a result of the Settlement Agreement with PREPA, during the six months ended June 30, 2024, the Company reversed $19.9 million in withholding tax accruals related to undistributed earnings from Puerto Rico.

Non-GAAP Financial Measures

Adjusted EBITDA

Adjusted EBITDA is a supplemental non-GAAP financial measure that is used by management and external users of our financial statements, such as industry analysts, investors, lenders and rating agencies. We define Adjusted EBITDA as net (loss) income before depreciation, depletion, amortization and accretion, gains (losses) on disposal of assets, stock based compensation, interest expense and financing charges, net, other income (expense), net (which is comprised of interest on trade accounts receivable and certain legal expenses) and provision for income taxes, further adjusted to add back interest on trade accounts receivable. We exclude the items listed above from net (loss) income in arriving at Adjusted EBITDA because these amounts can vary substantially from company to company within our industries depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net loss or cash flows from operating activities as determined in accordance with GAAP or as an indicator of our operating performance or liquidity. Certain items excluded from Adjusted EBITDA are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historic costs of depreciable assets, none of which are components of Adjusted EBITDA. Our computations of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. We believe that Adjusted EBITDA is a widely followed measure of operating performance and may also be used by investors to measure our ability to meet debt service requirements.

The following tables provide a reconciliation of Adjusted EBITDA to the GAAP financial measure of net income or (loss) for each of our operating segments for the specified periods (in thousands).

Consolidated

Reconciliation of net (loss) income to Adjusted EBITDA:	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net (loss) income	$ (155,993)	$ (4,470)	$ (167,804)	$ 3,881
Depreciation, depletion, amortization and accretion expense	6,051	12,650	13,073	25,606
Gains on disposal of assets, net	(1,036)	(473)	(2,203)	(834)
Stock based compensation	219	261	438	908
Interest expense and financing charges, net	2,534	3,220	10,670	6,509
Other expense (income), net	73,678	(8,339)	63,536	(16,963)
(Benefit) provision for income taxes	(15,022)	2,234	(13,239)	5,568
Interest on trade accounts receivable	(71,171)	11,341	(60,686)	22,454
Adjusted EBITDA	$ (160,740)	$ 16,424	$ (156,215)	$ 47,129

Well Completion Services

Reconciliation of net (loss) income to Adjusted EBITDA:	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net (loss) income	$ (4,590)	$ (3,338)	$ (10,032)	$ 3,211
Depreciation and amortization expense	2,691	4,500	5,955	9,317
(Gains) losses on disposal of assets, net	(105)	—	145	—
Stock based compensation	46	97	90	387
Interest expense and financing charges, net	522	824	1,091	1,753
Other expense, net	—	1	1	1
Adjusted EBITDA	$ (1,436)	$ 2,084	$ (2,750)	$ 14,669

Infrastructure Services

Reconciliation of net (loss) income to Adjusted EBITDA:	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net (loss) income	$ (144,861)	$ 697	$ (145,267)	$ 3,151
Depreciation and amortization expense	627	2,436	1,346	5,810
Gains on disposal of assets, net	(460)	—	(943)	(127)
Stock based compensation	123	107	240	337
Interest expense and financing charges, net	1,577	1,869	8,675	3,714
Other expense (income), net	72,687	(8,557)	62,429	(17,365)
(Benefit) provision for income taxes	(17,218)	2,184	(16,027)	5,030
Interest on trade accounts receivable	(71,171)	11,341	(60,686)	22,454
Adjusted EBITDA	$ (158,696)	$ 10,077	$ (150,233)	$ 23,004

Natural Sand Proppant Services

Reconciliation of net (loss) income to Adjusted EBITDA:	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net (loss) income	$ (2,103)	$ 1,027	$ (5,956)	$ 3,805
Depreciation, depletion, amortization and accretion expense	1,271	2,374	2,417	3,561
Gains on disposal of assets, net	(110)	—	(110)	(16)
Stock based compensation	32	36	69	113
Interest expense and financing charges, net	131	149	273	305
Other income, net	(1)	(4)	(1)	(6)
Adjusted EBITDA	$ (780)	$ 3,582	$ (3,308)	$ 7,762

Drilling Services

Reconciliation of net loss to Adjusted EBITDA:	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net loss	$ (1,329)	$ (1,057)	$ (3,086)	$ (2,683)
Depreciation expense	613	1,154	1,488	2,383
(Gains) losses on disposal of assets, net	(1)	—	1	—
Stock based compensation	5	5	10	13
Interest expense and financing charges, net	121	133	250	259
Adjusted EBITDA	$ (591)	$ 235	$ (1,337)	$ (28)

Other Services[(a)]

Reconciliation of net loss to Adjusted EBITDA:	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net loss	$ (3,108)	$ (1,799)	$ (3,461)	$ (3,603)
Depreciation, amortization and accretion expense	849	2,186	1,867	4,535
Gains on disposal of assets, net	(360)	(473)	(1,296)	(691)
Stock based compensation	13	16	29	58
Interest expense and financing charges, net	183	245	381	478
Other expense, net	992	221	1,107	407
Provision for income taxes	2,196	50	2,788	538
Adjusted EBITDA	$ 765	$ 446	$ 1,415	$ 1,722

a. Includes results for our aviation, equipment rentals, remote accommodations and equipment manufacturing and corporate related activities. Our corporate related activities do not generate revenue.

Liquidity and Capital Resources

We require capital to fund ongoing operations including maintenance expenditures on our existing fleet of equipment, organic growth initiatives, investments and acquisitions, and the litigation settlement obligations described in Note 19. Commitments and Contingencies of the Notes to the Unaudited Condensed Consolidated Financial Statements and under "Capital Requirements and Sources of Liquidity" below. Our primary sources of liquidity have been cash on hand, borrowings under our revolving credit facility and term credit facility and cash flows from operations, as well as the net proceeds received by Cobra relating to the PREPA receivable. Our primary uses of capital have been for investing in property and equipment used to provide our services and to acquire complementary businesses.

Liquidity

The following table summarizes our liquidity as of the dates indicated (in thousands):

	June 30, 2024	December 31, 2023
Cash and cash equivalents	$ 10,266	$ 16,556
Revolving credit facility borrowing base	20,974	27,016
Less current and long-term debt - related parties	(49,269)	(45,000)
Less letter of credit facilities (environmental remediation)	(4,228)	(3,782)
Less letter of credit facilities (insurance programs)	(2,500)	(2,500)
Net working capital (less cash and current portion of long-term debt)[(a)]	151,957	297,816
Total	$ 127,200	$ 290,106

a. Net working capital (less cash) is a non-GAAP measure and, as of June 30, 2024, is calculated by subtracting total current liabilities of $103.3 million and cash and cash equivalents of $10.3 million from total current assets of $265.5 million. As of December 31, 2023, net working capital (less cash and current portion of long-term debt) is calculated by subtracting total current liabilities of $182.6 million and cash and cash equivalents of $16.6 million from total current assets of $496.9 million. Amounts include receivables due from PREPA of $188.4 million at June 30, 2024 and $402.3 million at December 31, 2023 and corresponding liabilities of $42.7 million at June 30, 2024 and $60.6 million at December 31, 2023. See “Capital Requirements and Sources of Liquidity” section below.

As of August 7, 2024, we had cash on hand of $9.1 million and no outstanding borrowings under our new revolving credit facility and a borrowing base of $25.7 million, leaving an aggregate of $19.0 million of available borrowing capacity under this facility, after giving effect to $6.7 million of outstanding letters of credit and the requirement to maintain the reserves specified in the new revolving credit facility out of the available borrowing capacity.

Cash Flows

The following table sets forth our cash flows at the dates indicated (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net cash (used in) provided by operating activities	$ (6,820)	$ 29,369	$ 40,528	$ 32,609
Net cash used in investing activities	(3,420)	(4,027)	(4,522)	(9,733)
Net cash used in financing activities	(1,499)	(28,240)	(49,988)	(31,323)
Effect of foreign exchange rate on cash	(16)	21	(50)	15
Net change in cash	$ (11,755)	$ (2,877)	$ (14,032)	$ (8,432)

Operating Activities

Net cash used in operating activities was $6.8 million for the three months ended June 30, 2024, compared to net cash provided by operating activities of $29.4 million for the three months ended June 30, 2023. The decline in operating cash flows for the three months ended June 30, 2024 was primarily attributable to a decline in utilization for our well completion and natural sand proppant services.

Net cash provided by operating activities was $40.5 million for the six months ended June 30, 2024, compared to $32.6 million for the six months ended June 30, 2023. The increase in operating cash flows for the six months ended June 30, 2024 was primarily attributable to increased receipts on accounts receivable, including the receipt of $64.0 million from PREPA for the six months ended June 30, 2024, compared to $10.8 million from PREPA for the six months ended June 30, 2023, which was offset by a decline in utilization for our well completion and natural sand proppant services during the six months ended June 30, 2024.

Investing Activities

Net cash used in investing activities was $3.4 million for the three months ended June 30, 2024, compared to $4.0 million for the three months ended June 30, 2023. Net cash used in investing activities was $4.5 million for the six months ended June 30, 2024, compared to $9.7 million for the six months ended June 30, 2023. Cash used in investing activities is primarily comprised of purchases of property and equipment and proceeds from the disposal of property and equipment.

The following table summarizes our capital expenditures by operating division for the periods indicated (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Well completion services[a]	$ 2,081	$ 4,348	4,738	10,120
Infrastructure services[b]	275	72	$ 963	$ 275
Drilling services[c]	85	—	87	—
Other[d]	196	—	342	—
Eliminations[e]	2,282	83	2,940	144
Total capital expenditures	$ 4,919	$ 4,503	$ 9,070	$ 10,539

a. Capital expenditures primarily for upgrades to our pressure pumping fleet to reduce greenhouse gas emissions and maintenance for the three and six months ended June 30, 2024 and 2023.
b. Capital expenditures primarily for tooling and other equipment for the three and six months ended June 30, 2024 and 2023.
c. Capital expenditures primarily for maintenance for our directional drilling assets for the three and six months ended June 30, 2024.
d. Capital expenditures primarily for equipment for our remote accommodations and equipment rental businesses for the three and six months ended June 30, 2024.
e. Eliminations primarily relate to upgrades to our pressure pumping fleet completed by our equipment manufacturing business.

Financing Activities

Net cash used in financing activities was $1.5 million for the three months ended June 30, 2024, compared to $28.2 million for the three months ended June 30, 2023. Net cash used in financing activities for the three months ended June 30, 2024 was primarily attributable to payments on sale leaseback transactions of $1.0 million and principal payments on financing leases and equipment financing notes totaling $0.5 million. Net cash used in financing activities for the three months ended June 30, 2023 was primarily attributable to net payments on our revolving credit facility of $25.3 million.

Net cash used in financing activities was $50.0 million for the six months ended June 30, 2024, compared to $31.3 million for the six months ended June 30, 2023. Net cash used in financing activities for the six months ended June 30, 2024 was primarily attributable to payments on financing transactions of $46.8 million, payments on sale leaseback transactions of $2.1 million and principal payments on financing leases and equipment financing notes totaling $1.0 million. Net cash used in financing activities for the six months ended June 30, 2023 was primarily attributable to net payments on our revolving credit facility of $24.2 million, principal payment on financing leases and equipment financing notes of $3.8 million, principal payments on sale leaseback arrangements of $2.5 million and share repurchases used to satisfy tax withholding obligations of $0.9 million in connection with the vesting and settlement of certain executive restricted stock unit awards.

Effect of Foreign Exchange Rate on Cash

The effect of foreign exchange rate on cash was a nominal amount and $(0.1) million for the three and six months ended June 30, 2024 and a nominal amount for the three and six months ended June 30, 2023. The change was driven primarily by a favorable (unfavorable) shift in the weakness (strength) of the Canadian dollar relative to the U.S. dollar for the cash held in Canadian accounts.

Working Capital

Our working capital totaled $162.2 million and $314.4 million at June 30, 2024 and December 31, 2023, respectively, including receivables due from PREPA of $188.4 million at June 30, 2024 and $402.3 million at December 31, 2023 and corresponding liabilities of $42.7 million at June 30, 2024 and $60.6 million at December 31, 2023. Our unrestricted cash balances were $10.3 million and $16.6 million at June 30, 2024 and December 31, 2023, respectively.

New Revolving Credit Facility and New Term Credit Facility

On October 16, 2023, we entered into the new revolving credit facility and the new term credit facility (each as defined below), which refinanced in full our indebtedness outstanding under, and terminated, the amended and restated revolving credit facility, dated as of October 19, 2018, as amended (the "existing revolving credit facility"), with us and certain of our direct and indirect subsidiaries, as borrowers, the lenders party thereto from time to time, and PNC Bank, National Association, as a lender and as administrative agent for the lenders.

On October 16, 2023, we, as borrower, and certain of our direct and indirect subsidiaries, as guarantors, entered into a revolving credit agreement with the lenders party thereto and Fifth Third Bank, National Association, as a lender and as administrative agent for the lenders ("Fifth Third"), as may be subsequently amended (the "new revolving credit facility"). The new revolving credit facility provides for revolving commitments in an aggregate amount of up to $75 million. Borrowings under the new revolving credit facility are secured by our assets, inclusive of the subsidiary companies, and are subject to a borrowing base calculation prepared monthly which includes a requirement to maintain certain reserves as specified in the new revolving credit facility. The new revolving credit facility also contains various affirmative and restrictive covenants. Interest under the new revolving credit facility equals the Tranche Rate (as defined in the new revolving credit facility) plus (i) 1.75%, if the Average Excess Availability Percentage (as defined in the new revolving credit facility) is greater than 66 2/3%, (ii) 2.00% if the Average Excess Availability Percentage is greater than 33 1/3% and less than or equal to 66 2/3%, and (iii) 2.25% if the Average Excess Availability Percentage is less than or equal to 33 1/3%.

As of June 30, 2024 and December 31, 2023, the financial covenant under the new revolving credit facility was the fixed charge coverage ratio of 1.0 to 1.0 which applies only during a Financing Covenant Period (as defined in the new revolving credit facility).

On October 16, 2023, we, as borrower, and certain of our direct and indirect subsidiaries, as guarantors, also entered into a loan and security agreement with the lenders party thereto and Wexford Capital LP, an affiliate of the Company, as administrative agent for the lenders "Wexford"), as may be subsequently amended (the "new term credit facility"). The new term credit facility was approved by the audit committee of our board of directors, consisting entirely of independent directors, as a transaction with a related party.

The new term credit facility provides for term commitments in an aggregate amount equal to $45 million. Borrowings under the new term credit facility are secured by our assets, inclusive of the subsidiary companies. The new term credit facility also contains various affirmative and restrictive covenants. Interest under the new term credit facility equals the SOFR Interest Rate (as defined in the new term credit facility) plus 7.50%, as such margin may be increased pursuant to the terms of the new term credit facility; provided that we may elect to pay all or a portion of the accrued interest due with respect to any Interest Period (as defined in the new term credit facility) ending on or before April 16, 2025, in kind by adding such accrued interest to the principal amount of the outstanding loans thereunder.

In particular, under the new term credit facility, we are required, among other things, to mandatorily remit to Wexford up to 50% of all amounts that constitute PREPA Claim Proceeds, as such term is defined in the new term credit facility, which will be used to reduce outstanding borrowings under the new term credit facility, as required under the terms thereof. Wexford waived this requirement in connection with the Assignment Agreement and the $9.6 million received by Cobra from PREPA in February 2024.

If an event of default occurs under the new revolving credit facility or the new term credit facility, as applicable, and remains uncured, it could have a material adverse effect on our business, financial condition, liquidity and results of operations. The lenders, as applicable, (i) would not be required to lend any additional amounts to us under the new revolving credit facility, (ii) could elect to increase the interest rate by (x) 200 basis points in connection with an event of default under the new revolving credit facility or (y) 300 basis points with respect to an event of default under the new term credit facility, (iii) could elect to declare all outstanding borrowings, together with accrued and unpaid interest and fees, to be due and payable, (iv) may have the ability to require us to apply all of our available cash to repay outstanding borrowings, and (v) may foreclose on substantially all of our assets. The exercise of remedies under the new revolving credit facility and the new term credit facility are subject to the terms of an intercreditor agreement (the "intercreditor agreement") between Fifth Third and Wexford and acknowledged by us and certain of our subsidiaries. The new revolving credit facility is currently scheduled to mature on the earlier of (x) July 17, 2028, unless the indebtedness under the new term credit facility is refinanced in accordance with terms of the intercreditor agreement, and (y) October 16, 2028. The new term credit facility is currently scheduled to mature on October 16, 2028. We intend to use a portion of the proceeds from the Settlement Agreement to pay off all of the outstanding amounts
under its term credit facility, together with accrued and unpaid interest, and terminate the term credit facility.

There were no financial covenants applicable under the new revolving credit facility as of June 30, 2024 and December 31, 2023.

As of August 7, 2024, our borrowing base was $25.7 million and we had no outstanding borrowings under our new revolving credit facility, leaving an aggregate of $19.0 million of available borrowing capacity, after giving effect to $6.7 million of outstanding letters of credit and the requirement to maintain the reserves specified in the new revolving credit facility out of the available borrowing capacity.

Cobra Assignment Agreement

On December 1, 2023, Cobra, as seller, and Mammoth, as guarantor, entered into an assignment agreement (the "Assignment Agreement") with SPCP Group, LLC ("SPCP Group"), as purchaser. Under the terms and conditions of the Assignment Agreement, Cobra transferred to SPCP Group, at the purchase rate of 88.0% and free and clear of any liens and claims, all of its rights, title and interest in the first $63.0 million (the "Transferred Amount") of the total outstanding accounts receivable that remained unpaid by PREPA as of October 6, 2023 (the "PREPA Claim"), received or to be received by Cobra on or after October 6, 2023. Between October 6, 2023 and December 1, 2023, Cobra received payments from PREPA with respect to the PREPA Claim totaling $8.6 million (the "Interim Payment Amount"), resulting in the net Transferred Amount of $54.4 million.

Under the terms and conditions of the Assignment Agreement, any portion of the Transferred Amount that remained outstanding from PREPA from and after March 31, 2024 would thereafter increase monthly at a rate of 1% per month, compounded. Any amount received with respect to the PREPA Claim in excess of the Transferred Amount would be for the benefit of Cobra. If (i) it was determined by a final order of any court of competent jurisdiction that the PREPA Claim was subject to any defense, claim or right of setoff, reduction, avoidance, disallowance, subordination, disgorgement, recharacterization, adversary proceeding or other impairment, whether on contractual, legal or equitable grounds, resulting in the PREPA Claim being disallowed or allowed in an amount less than the Transferred Amount, or (ii) Cobra consented to, or entered into a settlement agreement with PREPA for, the payment that was, in an aggregate amount, less than the Transferred Amount or was otherwise adversely impacting SPCP Group's rights transferred under the Assignment Agreement, Cobra agreed to repurchase within 18 months and one day from the receipt of SPCP Group's written demand, the unpaid portion of the Transferred Amount subject to such disallowance or impairment, multiplied by the purchase rate, plus interest accruing, subject to certain tolling provisions, at a rate of 6% per annum from December 1, 2023 through and including the date of such repurchase.

In connection with the entry into the Assignment Agreement, Mammoth and Cobra obtained the required consents from lenders under the Company's revolving credit facility with Fifth Third Bank and the Company's term loan and security agreement with Wexford. Further, under the term loan and security agreement with Wexford, Mammoth is required, among other things, to mandatorily remit to Wexford up to 50% of all amounts that constitute PREPA Claim proceeds, including the proceeds received by Cobra under the Assignment Agreement, to reduce outstanding borrowings under such term loan and security agreement. In connection with the Assignment Agreement, Wexford waived this requirement.

The net proceeds received by Cobra in connection with the Assignment Agreement were $46.1 million. During the three months ended March 31, 2024, PREPA paid $64.0 million with respect to the outstanding PREPA receivable. Of the $64.0 million, $54.4 million was paid to SPCP Group, as Cobra's assignee under the Assignment Agreement, which fully extinguished Cobra's and Mammoth's obligations to SPCP Group, and the Assignment Agreement was terminated. The remaining $9.6 million was paid to Cobra. Wexford waived the requirement to mandatorily remit to Wexford up to 50% of all PREPA Claim proceeds in relation to the $9.6 million.

Repurchase Program Authorization

On August 10, 2023, our board of directors approved a stock repurchase program pursuant to which we would be authorized to repurchase up to the lesser of $55 million or 10 million shares of its common stock, subject to the factors discussed below. Following the completion of the refinancing transactions discussed in this report, any stock repurchases under this program may be made opportunistically from time to time in open market or privately negotiated transactions in compliance with Rule 10b-18 under the Securities Act of 1934, as amended, including any 10b5-1 plan, and will be subject to market conditions, applicable legal and contractual restrictions, liquidity requirements and other factors. The repurchase program has no time limit, does not require us to repurchase any specific number of shares and may be suspended from time to time, modified or discontinued by our board of directors at any time. Any common stock repurchased as part of such stock repurchase program will be cancelled and retired. We have not repurchased any shares of our common stock under the stock repurchase program as of June 30, 2024 or to date.

Sale Leaseback Transactions

On December 30, 2020, we entered into an agreement with First National Capital, LLC, or FNC, whereby we agreed to sell certain assets from our infrastructure segment to FNC for aggregate proceeds of $5.0 million. Concurrent with the sale of assets, we entered into a 36-month lease agreement whereby we lease back the assets at a monthly rental rate of $0.1 million. On December 30, 2023, this lease was extended 12 months. On June 1, 2021, we entered into another agreement with FNC whereby we sold additional assets from our infrastructure segment to FNC for aggregate proceeds of $9.5 million and entered into a 42-month lease agreement whereby we lease back the assets at a monthly rental rate of $0.2 million. On June 1, 2022, we entered into another agreement with FNC whereby we sold additional assets from our infrastructure segment to FNC for aggregate proceeds of $4.6 million and entered into a 42-month lease agreement whereby we lease back the assets at a monthly rental rate of $0.1 million. Under the agreements, we have the option to purchase the assets at the end of the lease term. We recorded a liability for the proceeds received and will continue to depreciate the assets. We imputed an interest rate so that the carrying amount of the financial liabilities will be the expected repurchase price at the end of the lease terms.

Equipment Financing Note

In December 2022, we entered into a 42-month financing arrangement with FNC for the purchase of seven new pressure pumping units for an aggregate value of $9.7 million. Under this arrangement, we agreed to make monthly principal and interest payments totaling $0.3 million over the term of the agreement. This note was secured by the seven pressure pumping units and bore interest at an imputed rate of approximately 15.0%. This equipment note was paid off on December 22, 2023.

Capital Requirements and Sources of Liquidity

As we pursue our business and financial strategy, we regularly consider which capital resources are available to meet our future financial obligations and liquidity requirement. We believe that our cash on hand, the settlement proceeds under the Settlement Agreement, operating cash flow and available borrowings under our credit facility and term loan facility will be sufficient to meet our short-term and long-term funding requirements, including funding our current operations, planned capital expenditures, debt service obligations and known contingencies.

However, our liquidity and future cash flows are subject to a number of variables, including receipt of payments from our customers, and the payments of the $188.4 million in aggregate settlement proceeds payable to us under the Settlement Agreement with PREPA relating to the PREPA receivable, which Settlement Agreement remains subject to approval by the Title III Court. See Note 2. Basis of Presentation and Significant Accounting Policies—Accounts Receivable and —Concentrations of Credit Risk and Significant Customers and Note 19. Commitments and Contingencies—Litigation included elsewhere in this report for additional information. We plan to use a portion of the $188.4 million in settlement proceeds to pay in full all of the outstanding amounts under our term credit facility, which had a balance of approximately $49.3 million as of June 30, 2024, as well as accrued and unpaid interest thereon, and terminate the term credit facility. The remaining settlement proceeds will be cash on our balance sheet to be used to invest back into our business and for general corporate purposes.

We have increased our 2024 capital expenditure estimate to approximately $12.0 million from the previously planned 2024 capital budget of $9.0 million in relation to upgrades to our pressure pumping fleet. Capital expenditures will ultimately be dependent upon industry conditions and our financial results. These capital expenditures include $10.0 million for our well completions segment, $1.0 million for our infrastructure segment and $1.0 million for our other businesses. During the six months ended June 30, 2024, our capital expenditures totaled $9.1 million.

Also, as noted above in this report, in response to market conditions we have (i) temporarily shut down certain of our oilfield service offerings, including coil tubing, pressure control, flowback, crude oil hauling, cementing, acidizing and land drilling services, (ii) idled certain facilities, including our sand processing plant in Pierce County, Wisconsin and (iii) reduced our workforce across all of our operations. We continue to monitor market conditions to determine if and when we will recommence these services and operations and increase our workforce. Any such recommencement and expansion will further increase our liquidity requirements in advance of revenue generation.

In addition, while we regularly evaluate acquisition opportunities, we do not have a specific acquisition budget for 2024 since the timing and size of acquisitions cannot be accurately forecasted. We intend to continue to evaluate acquisition opportunities, including those in the renewable energy sector as well as transactions involving entities controlled by Wexford. Our acquisitions may be undertaken with cash, our common stock or a combination of cash, common stock and/or other consideration. In the event we make one or more acquisitions and the amount of capital required is greater than the amount we have available for acquisitions at that time, we could be required to reduce the expected level of capital expenditures and/or seek additional capital.

If we seek additional capital for any of the above or other reasons, we may do so through borrowings under a revolving credit facility, joint venture partnerships, sale-leaseback transactions, asset sales, including potential sales of accounts receivable or other financing transactions, offerings of debt or equity securities or other means. Although we expect that our sources of capital will be adequate to fund our short-term and long-term liquidity requirements, we cannot assure you that this additional capital will be available on acceptable terms or at all. If we are unable to obtain funds we need, our ability to conduct operations, make capital expenditures, satisfy debt services obligations, pay litigation settlement obligations, fund contingencies and/or complete acquisitions that may be favorable to us will be impaired, which would have a material adverse effect on our business, financial condition, results of operations and cash flows.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The demand, pricing and terms for our products and services are largely dependent upon the level of activity for the U.S. oil and natural gas industry, energy infrastructure industry and natural sand proppant industry. Industry conditions are influenced by numerous factors over which we have no control, including, but not limited to: the supply of and demand for oil and natural gas services, energy infrastructure services and natural sand proppant; demand for repair and construction of transmission lines, substations and distribution networks in the energy infrastructure industry and the level of expenditures of utility companies; the level of prices of, and expectations about future prices for, oil and natural gas and natural sand proppant, as well as energy infrastructure services; the cost of exploring for, developing, producing and delivering oil and natural gas; the expected rates of declining current production; the discovery rates of new oil and natural gas reserves and frac sand reserves meeting industry specifications and consisting of the mesh size in demand; access to pipeline, transloading and other transportation facilities and their capacity; weather conditions; domestic and worldwide economic conditions; political instability in oil-producing countries; environmental regulations; technical advances affecting energy consumption; the price and availability of alternative fuels; the ability of oil and natural gas producers and other users of our services to raise equity capital and debt financing; and merger and divestiture activity in industries in which we operate.

Throughout 2023, pricing for crude oil and natural gas declined from levels seen in 2022, which slowed down completion activities for our customers, in particular, in the Utica and Marcellus Shale natural gas plays, and, as a result, reduced demand for our well completion services. In the first half of 2024, we continued to experience persistent challenges in our well completion business and other oilfield services associated with lower U.S. onshore activity and sustained weakness in the natural gas basins in which we operate. Current indications are that activity levels are expected to remain relatively flat in the second half of 2024, with potential for a ramp up in 2025. Additionally, the ongoing war in Ukraine and the recent Israel-Hamas war could continue to have an adverse impact on the global energy markets and volatility of commodity prices, which could further adversely impact demand for our well completion services.

The levels of activity in the U.S. oil and natural gas exploration and production, energy infrastructure and natural sand proppant industries continue to be volatile. We are unable to predict the ultimate impact of the volatility in commodity prices, any changes in the near-term or long-term outlook for our industries or overall macroeconomic conditions on our business, financial condition, results of operations, cash flows and stock price.

Interest Rate Risk

We had a cash and cash equivalents balance of $10.3 million at June 30, 2024. We do not enter into investments for trading or speculative purposes.

Interest under the new revolving credit facility equals the Tranche Rate (as defined in the new revolving credit facility) plus an applicable margin, which can fluctuate based on multiple facts, including rates set by the U.S. Federal Reserve (which increased its benchmark interest rate by an aggregate of 4.75 percentage points throughout 2022 and 2023, and may increase interest rates in the future), the supply and demand for credit and general economic conditions, plus an applicable margin. Interest under our new term credit facility equals the SOFR Interest Rate (as defined in the new term credit facility) plus 7.50%. At June 30, 2024, we had no outstanding borrowings under the new credit facility and $49.3 million outstanding under our term loan with an interest rate of 12.9%. Based on the outstanding borrowings under our term loan as of June 30, 2024, a 1% increase or decrease in the interest rate would have increased or decreased our interest expense by approximately $0.5 million per year. We do not currently hedge our interest rate exposure.

Foreign Currency Risk

Our remote accommodation business, which is included in our other services division, generates revenue and incurs expenses that are denominated in the Canadian dollar. These transactions could be materially affected by currency fluctuations. Changes in currency exchange rates could adversely affect our consolidated results of operations or financial position. We also maintain cash balances denominated in the Canadian dollar. At June 30, 2024, we had $2.2 million of cash, in Canadian dollars, in Canadian accounts. A 10% increase in the strength of the Canadian dollar versus the U.S. dollar would have resulted in an increase in pre-tax income of approximately $0.2 million as of June 30, 2024. Conversely, a corresponding decrease in the strength of the Canadian dollar would have resulted in a comparable decrease in pre-tax income. We have not hedged our exposure to changes in foreign currency exchange rates and, as a result, could incur unanticipated translation gains and losses.

Customer Credit Risk

We are also subject to credit risk due to concentration of our receivables from several significant customers. We generally do not require our customers to post collateral. The inability, delay or failure of our customers to meet their obligations to us due to customer liquidity issues or their insolvency or liquidation may adversely affect our business, financial condition, results of operations and cash flows. This risk may be further enhanced by the volatility in commodity prices, the reduction in demand for our services and challenging macroeconomic conditions.

Specifically, we had receivables due from PREPA under the Settlement Agreement totaling $188.4 million as of June 30, 2024. See Note 2. Basis of Presentation and Significant Accounting Policies—Accounts Receivable and —Concentrations of Credit Risk and Significant Customers and Note 19. Commitments and Contingencies—Litigation of our unaudited condensed consolidated financial statements.

Seasonality

We provide infrastructure services in the northeastern, southwestern, midwestern and western portions of the United States. We provide well completion and drilling services primarily in the Utica, Permian Basin, Eagle Ford, Marcellus, Granite Wash, Cana Woodford and Cleveland sand resource plays located in the continental U.S. We provide remote accommodation services in the oil sands in Alberta, Canada. We serve these markets through our facilities and service centers that are strategically located to serve our customers in Ohio, Texas, Oklahoma, Wisconsin, Kentucky, Colorado, California, Indiana and Alberta, Canada. A portion of our revenues are generated in Ohio, Wisconsin, Minnesota, Pennsylvania, West Virginia and Canada where weather conditions may be severe. As a result, our operations may be limited or disrupted, particularly during winter and spring months, in these geographic regions, which would have a material adverse effect on our financial condition and results of operations. Our operations in Oklahoma and Texas are generally not affected by seasonal weather conditions.

Inflation

During the last two years, inflation in the U.S. reached some of the highest levels in over 40 years, creating inflationary pressure on the cost of services, equipment and other goods in our industries and other sectors and contributing to labor and materials shortages across the supply-chain. Throughout 2022 and early 2023, the Federal Reserve increased its benchmark interest rates by an aggregate of 4.75 percentage points in an effort to combat persistent inflation and has kept the federal funds rate in a range of 5.25% to 5.5%, the highest in 23 years, unchanged since July of 2023. Although inflation has recently moderated and the Federal Reserve is expected to begin lowering interest rates, there can be no assurance regarding the timing of any such interest rate cuts or their impact on inflation or any future price changes. If the inflationary pressures on our operating costs and capital expenditures persist, our business, results of operations and financial condition may be adversely affected.

Item 4. Controls and Procedures

Evaluation of Disclosure Control and Procedures

Under the direction of our Chief Executive Officer and Chief Financial Officer, we have established disclosure controls and procedures, as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by us in the 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. The disclosure controls and procedures are also intended to ensure that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

As of June 30, 2024, an evaluation was performed under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Exchange Act. Based upon our evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of June 30, 2024, our disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(d) and 15d-15(d) under the Exchange Act) that occurred during the quarter ended June 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Due to the nature of our business, we are, from time to time, involved in litigation or subject to disputes or claims related to our business activities, including breaches of contractual obligations, workers' compensation claims, employment related disputes, arbitrations, class actions and other litigation. We are also involved, from time to time, in reviews, investigations, subpoenas and other proceedings (both formal and informal) by governmental agencies regarding our business (collectively, "regulatory matters"), which regulatory matters, if determined adversely to us, could subject us to significant fines, penalties, obligations to change our business practices or other requirements resulting in increased expenses, diminished income and damage to our reputation. In the opinion of our management, none of the pending litigation, disputes or claims against us is expected to have a material adverse effect on our financial condition, cash flows or results of operations, except as disclosed in Note 19 "Commitments and Contingencies," of the Notes to Unaudited Condensed Consolidated Financial Statements.

Item 1A. Risk Factors

As of the date of this filing, our Company and operations continue to be subject to the risk factors previously disclosed in Item 1A. Risk Factors in our Annual Report on Form 10-K filed with the SEC on March 1, 2024. For a discussion of the recent trends and uncertainties impacting our business and risks associated with the recent Settlement Agreement with PREPA, see also "Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments—Overview of Our Services and Industry Conditions."

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 4. Mine Safety Disclosures

Our operations are subject to the Federal Mine Safety and Health Act of 1977, as amended by the Mine Improvement and New Emergency Response Act of 2006, which imposes stringent health and safety standards on numerous aspects of mineral extraction and processing operations, including the training of personnel, operating procedures, operating equipment and other matters. Our failure to comply with such standards, or changes in such standards or the interpretation or enforcement thereof, could have a material adverse effect on our business and financial condition or otherwise impose significant restrictions on our ability to conduct mineral extraction and processing operations. Following passage of The Mine Improvement and New Emergency Response Act of 2006, MSHA significantly increased the numbers of citations and orders charged against mining operations. The dollar penalties assessed for citations issued has also increased in recent years. Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 95.1 to this Report.

Item 5. Other Information

None of our directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the second quarter ended June 30, 2024.

Item 6. Exhibits

The following exhibits are filed as a part of this report:

		Incorporated By Reference					
Exhibit Number	Exhibit Description	Form	Commission File No.	Filing Date	Exhibit No.	Filed Herewith	Furnished Herewith
3.1	Amended and Restated Certificate of Incorporation of the Company	8-K	001-37917	11/15/2016	3.1		
3.2	Amended and Restated Bylaws of the Company	8-K	001-37917	11/15/2016	3.2		
3.3	First Amendment to Amended and Restated Bylaws of the Company	8-K	001-37917	6/9/2020	3.1		
4.1	Specimen Certificate for shares of common stock, par value $0.01 per share, of the Company	S-1/A	333-213504	10/3/2016	4.1		
4.2	Registration Rights Agreement, dated October 12, 2016, by and between the Company and Mammoth Energy Holdings, LLC	8-K	001-37917	11/15/2016	4.1		
10.1	Release and Settlement Agreement, dated as of July 22, 2024, between Cobra Acquisitions LLC, the Puerto Rico Electric Power Authority and the Financial Oversight and Management Board for Puerto Rico.					X	
31.1	Certification of Chief Executive Officer pursuant to Rule 13(a)-14 and 15(d)-14 under the Securities Exchange Act of 1934.					X	
31.2	Certification of Chief Financial Officer pursuant to Rule 13(a)-14 and 15(d)-14 under the Securities Exchange Act of 1934.					X	
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.					X	
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.					X	
95.1	Mine Safety Disclosure Exhibit					X	
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X	
101.SCH	XBRL Taxonomy Extension Schema Document.					X	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.					X	
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.					X	
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.					X	
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.					X	
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X	

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

			MAMMOTH ENERGY SERVICES, INC.
Date:	August 9, 2024	By:	/s/ Arty Straehla
			Arty Straehla
			Chief Executive Officer
Date:	August 9, 2024	By:	/s/ Mark Layton
			Mark Layton
			Chief Financial Officer

RELEASE AND SETTLEMENT AGREEMENT

This release and settlement agreement (this "**Agreement**") is dated July 22, 2024, between Cobra Acquisitions LLC ("**Cobra**"), the Puerto Rico Electric Power Authority ("**PREPA**") and the Financial Oversight and Management Board for Puerto Rico, in its capacity as the sole Title III representative for PREPA ("**FOMB**" and, together with PREPA, the "**Government Parties**"). Cobra, PREPA, and FOMB are referred to collectively as the "Parties" and each individually as a "Party."

RECITALS

WHEREAS, on May 3, 2017, the FOMB filed a voluntary petition for relief for the Commonwealth of Puerto Rico (the "**Commonwealth**") pursuant to section 304(a) of the Puerto Rico Oversight, Management, and Economic Stability Act ("**PROMESA**"). Thereafter, the FOMB filed Title III cases for various instrumentalities of the Commonwealth, including PREPA on July 2, 2017 (the "**PREPA Title III Case**"), which Title III cases are being administered before the United States District Court for the District of Puerto Rico (the "**Title III Court**");

WHEREAS, in response to the damage caused by Hurricanes Irma and Maria, on October 19, 2017, PREPA and Cobra entered into that certain Emergency Master Service Agreement for PREPA's Electrical Grid Repairs – Hurricane Maria (as subsequently amended from time to time, the "**First Agreement**"), for Cobra to aid in the restoration of the power grid and the rebuilding of power infrastructure;

WHEREAS, following a request for proposals, PREPA and Cobra entered into that certain Master Services Contract for PREPA's Electrical Grid Repairs – Hurricane Maria, dated May 26, 2018 (the "**Second Agreement**"), for Cobra to perform further recovery work on Puerto Rico's power grid;

WHEREAS, Cobra performed and completed the work contracted for under the First Agreement and the Second Agreement;

WHEREAS, the First Agreement and the Second Agreement contemplated that PREPA would obtain federal grant funding awarded or administered by the Federal Emergency Management Agency ("**FEMA**") in order to reimburse all or a portion of its costs under the First Agreement and the Second Agreement;

WHEREAS, PREPA and Cobra have worked cooperatively to obtain funds from FEMA as reimbursement of PREPA's payments to Cobra, including through certain administrative appeals and arbitrations relating to the First Agreement and the Second Agreement;

WHEREAS, FEMA has reimbursed PREPA for certain of the payments to Cobra but has deobligated or disallowed other of Cobra's charges, including approximately $21 million that FEMA de-obligated under the First Agreement, following a FEMA Region 2 appeal and a further review by the Civilian Board of Contract Appeals (all of which $21 million had previously been paid to Cobra); and approximately $73 million that FEMA disallowed under the Second Agreement (approximately $17 million of which had previously been paid to Cobra), which disallowance remains subject to pending FEMA appeals;

WHEREAS, on September 13, 2019, Cobra filed *Cobra Acquisitions LLC's Motion for Allowance and Payment of Administrative Expense Claims* [Case No. 17-3283, ECF No. 8789] in the PREPA Title III Case, which was subsequently amended by *Cobra Acquisitions LLC's Amended Motion for Allowance and Payment of Administrative Expense Claims* filed on May 28, 2024 [Case No. 17-4780, ECF No. 5224] (as amended, the "**Motion**") pursuant to the *Order Establishing Deadlines Concerning Litigation of Cobra Acquisitions LLC's Motion for Allowance and Payment of Administrative Expense Claims* [Case No. 17-4780, ECF No. 5189];

WHEREAS, the Motion seeks allowance and payment of an administrative expense priority claim from PREPA of all Cobra's unpaid invoices plus accrued contract interest that Cobra claims is owing under the First Agreement and the Second Agreement, which amount totals approximately $405 million;

WHEREAS, on June 12, 2024, PREPA filed the *Debtor's Objection to Amended Motion of Cobra Acquisitions LLC's for Allowance and Payment of Administrative Expense Claims* [Case No. 17-4780, ECF No. 5241] (the "**Objection**"), asserting various defenses to the administrative claims asserted by Cobra pursuant to the Motion;

WHEREAS, certain Puerto Rico municipalities (the "**Municipalities**") have asserted claims against Cobra for certain municipal and/or construction excise taxes (the "**Municipal Tax Claims**"), for which Cobra disputes any valid liability;

WHEREAS, PREPA is holding $18,371,028.79 in funds (the " **Withheld FEMA Funds**") it received from FEMA and considers payable to Cobra but for garnishments in this amount asserted by three Municipalities (the "**Specified Municipalities**") for certain Municipal Tax Claims (the "**Specified Municipal Tax Claims**"), and for which Cobra disputes any valid garnishment;

WHEREAS, the Parties have mediated in good faith before the Honorable Brendan L. Shannon, exchanged documents and information, and have determined that it is in their best interests to settle all matters in dispute;

NOW, THEREFORE, in consideration of the promises set forth herein and for good and valuable consideration, the receipt and adequacy of which the Parties hereto affirm and acknowledge, the Parties mutually agree as follows:

AGREEMENT

1. **Settlement Terms.**

   a. Cobra has an allowed administrative expense claim against PREPA pursuant to section 503(b) of title 11 of the United States Code (the "**Bankruptcy Code**"), made applicable in the PREPA Title III Case pursuant to section 301(a) of PROMESA, in the amount of $170,000,000, plus an amount equal to the Withheld FEMA Funds (as defined below) (the "**Administrative Claim**"), for work it performed under the First Agreement and the Second Agreement. PREPA will pay the Administrative Claim in three (3) installments (together, the "**Payments**") with (i) the first installment in the amount of $150,000,000 to be paid to Cobra by PREPA on the later of (A) ten (10) business days following the issuance of an order by the Title III Court approving this Agreement, and (B) August 31, 2024, (ii) the second installment in the amount of $20,000,000 to be paid to Cobra by PREPA within seven (7) days of the effective date of a confirmed plan of adjustment in the PREPA Title III Case, and (iii) the third installment in the amount of the Withheld FEMA Funds to be paid in accordance with Section 1.c. hereof. PREPA and Cobra may allocate the Payments in satisfaction of Cobra's invoices in their internal records at the discretion of each Party.

   b. FOMB shall file a motion (the "**9019 Settlement Motion**") seeking an order approving this Agreement and enforcing the automatic stay against garnishments against PREPA (the "**9019 Settlement Order**"). The 9019 Settlement Order shall provide, among other things, that (i) the Payments contemplated hereunder are not subject to garnishment, lien, security interest, attachment or other similar encumbrance or security interest of any kind or nature (collectively, an "**Encumbrance**") prior to payment to Cobra, (ii) PREPA is allowed to release the Withheld FEMA Funds to Cobra notwithstanding the subject garnishment notices, and (iii) neither FOMB nor PREPA shall have any liability to any Municipality or Specified Municipality for releasing the Withheld FEMA Funds or making any other payment to Cobra hereunder. For the avoidance of doubt, PREPA shall not be liable for, and shall have no further obligations with respect to Cobra, for any Encumbrance imposed by a third party on the Payments once paid to and received by Cobra.

c. <u>Payment of the Withheld FEMA Funds</u>.

    i. PREPA shall pay the Withheld FEMA Funds to Cobra within ten (10) business days after the deadline for appealing the 9019 Settlement Order under Federal Rule of Bankruptcy Procedure 8002 if no such appeal is filed.

    ii. If the provisions of the 9019 Settlement Order allowing PREPA to release the Withheld FEMA Funds to Cobra without retaining any liability to the Specified Municipalities are appealed by the Specified Municipalities, PREPA shall pay the

Withheld FEMA Funds to Cobra within ten (10) business days of the filing of the notice of such appeal.

iii. Cobra shall indemnify and hold PREPA harmless for any payment(s) PREPA is subsequently required to make pursuant to the Specified Municipalities on account of the Specified Municipal Tax Claims by an order of a court of competent jurisdiction, if (a) such order is entered as a result of any reversal on appeal of the 9019 Settlement Order with respect to the relief described in subsection (ii) above, and/or (b) the Puerto Rico Court of First Instance or other court of competent jurisdiction enters such order after a diligent challenge by PREPA, including through enforcement of the 9019 Settlement Order if in effect; *provided* that such indemnity obligation shall in no event exceed the amount of the Withheld FEMA Funds paid and received by Cobra. Cobra shall provide PREPA with a letter of credit (the "**Indemnity Letter of Credit**") in the amount of the Withheld FEMA Funds to secure its indemnification obligations hereunder as a condition precedent to PREPA's payment of the Withheld FEMA Funds pursuant to this Agreement. PREPA may draw the Indemnity Letter of Credit solely in the event it is ordered to pay any of the Specified Municipalities as contemplated above on account of the Specified Municipal Tax Claims, in the amount(s) so ordered.

d. PREPA may continue, in its sole discretion, to pursue Public Assistance funding from FEMA for monies PREPA paid to Cobra or payment on account of Cobra's invoices deemed satisfied by the Payments hereunder, including through administrative appeals or arbitration. PREPA will keep any monies it obtains as a result of such efforts, and Cobra will not be entitled to any of those monies. For the avoidance of doubt, Cobra will not have any liabilities resulting from any decision by FEMA or in arbitration in accordance with Section 3 of this Agreement. Cobra shall use reasonable efforts to cooperate with PREPA in PREPA's pursuit of such FEMA funding.

e. PREPA (including through the Puerto Rico Fiscal Agency and Financial Advisory Authority (" **AAFAF**"), as fiscal agent for PREPA, and/or FOMB, as the sole Title III representative for PREPA) shall use reasonable efforts to cooperate with Cobra in its defense against, and assist in resolving, the Municipal Tax Claims against Cobra asserted by the Municipalities; *provided* that, for the avoidance of doubt, the effectiveness of this Agreement is not conditioned upon resolution of the Municipal Tax Claims.

f. This Agreement shall become effective upon entry of the 9019 Settlement Order.

2. **Authority and No Inconsistencies in Plan**. Subject to entry of the 9019 Settlement Order, the Government Parties have obtained and provided the requisite approvals for such Parties to enter into this Agreement. Further, PREPA has received authorization, and is authorized, to receive funding from the Commonwealth of Puerto Rico for the sole purpose of making the Payments required hereunder to Cobra. For administrative convenience only, the Parties acknowledge and agree that the Commonwealth of Puerto Rico may pay Cobra directly on behalf of PREPA from funds appropriated for the purpose of making the Payments required of PREPA hereunder. FOMB and PREPA acknowledge and agree that any plan of adjustment filed and/or confirmed in the PREPA Title III Case shall not contain any provisions contrary to or reducing, limiting, or delaying PREPA's fulfillment of its obligations under this Agreement or contrary to or inconsistent with the other terms and conditions of this Agreement.

3. **PREPA and FOMB Release of Cobra.** Effective upon the complete execution, Title III Court approval, and complete performance and implementation of this Agreement, this Agreement shall constitute a full release and accord and satisfaction of Cobra, its affiliates, successors, and predecessors, and their respective officers, agents, employees, and advisors of and from any and all liabilities, obligations, claims, appeals, demands, and causes of action, which PREPA, or FOMB, in its capacity as the sole Title III representative of PREPA, had, now has or hereafter may have, whether known or unknown, asserted or unasserted, administrative, judicial, legal or equitable, arising under or in any way related to the First Agreement, the Second Agreement, the Motion, the Objection, any work Cobra performed for or at the direction of PREPA, and otherwise with regard to any activities, acts or omissions of Cobra. For the avoidance of doubt, Cobra has no liability for,

and is hereby released from, any obligation respecting payments or funding that PREPA has sought from FEMA and that FEMA has disallowed or deobligated.

4. **Cobra Release of PREPA and FOMB.** Effective upon the complete execution, Title III Court approval, and complete performance and implementation of this Agreement, this Agreement shall constitute a full release and accord and satisfaction of PREPA, FOMB, their affiliates (including the Commonwealth of Puerto Rico and AAFAF, as fiscal agent for PREPA), successors and predecessors, and their respective officers, agents, members, employees, and advisors of and from any and all liabilities, obligations, claims, appeals, demands, and causes of action, which Cobra had, now has or hereafter may have, whether known or unknown, asserted or unasserted, administrative, judicial, legal or equitable, arising under or in any way related to the First Agreement, the Second Agreement, the Motion, the Objection, any work Cobra performed for or at the direction of PREPA, and otherwise with regard to any activities, acts or omissions of PREPA or FOMB.

5. **No Admission.** This Agreement is a negotiated settlement among the Parties and neither the Agreement, nor any orders, statements, any motion filings, objections, or oral argument concerning this Agreement, including the 9019 Settlement Motion, for approval of the settlement imply any admissions of liability or fault by Cobra, PREPA, the Commonwealth, or FOMB. The terms and conditions of this Agreement, all communications among the Parties leading up to or regarding it, including any publicly disseminated information regarding this Agreement, and any orders, statements, or rulings by the Title III Court concerning it, any filings, objections, or oral argument concerning this Agreement, including the 9019 Settlement Motion, may not be used as evidence, shall be considered communications subject to the provisions of Federal Rule of Evidence 408, and

shall not be admissible as evidence in any proceeding pertaining to the Motion, the Objection, or any other action or other current or future legal proceeding.

6. **Attorneys' Fees and Costs**. The Parties shall bear their respective attorneys' fees, expenses, and costs.

7. **Good Faith Cooperation; Further Action.** Subject to the other terms of this Agreement, the Parties shall cooperate with each other in good faith and shall coordinate their activities (to the extent practicable) in respect of all matters concerning the implementation and consummation of this Agreement. Each Party shall take any and all further action reasonably necessary or appropriate to fully effectuate and enforce the provisions of this Agreement to carry out the purposes and intent of this Agreement, including but not limited to executing any additional documents necessary to effectuate the provisions of this Agreement.

8. **Binding Nature.** This Agreement, upon complete execution and effectiveness, is binding upon, and shall inure to the benefit of, the Parties hereto and their respective agents, employees, representatives, officers, directors, subsidiaries, assigns, heirs, predecessors and successors in interest.

9. **Copies and Counterparts.** This Agreement may be signed in counterparts by any and all Parties and each said counterpart shall be deemed an original. The Parties agree that electronic facsimile or PDF signatures shall have full force and effect of original signatures.

10. **Representations and Warranties.** Each Party represents and warrants as follows:

a. It does not rely and has not relied on any statement, representation, omission, or promise of the other Party (or any officer, agent, employee, representative, or attorney for the other Party) in executing this Agreement, or in making the settlement provided for herein, except as expressly stated in this Agreement; it has, however, relied on this Agreement and all of its terms and provisions;

b. It has investigated the facts pertaining to this settlement and this Agreement, and all matters pertaining thereto, to the full extent it deems necessary;

c. It has carefully read and knows and understands the full contents of this Agreement and is voluntarily entering into this Agreement; and

d. It expressly understands that this Agreement represents the final agreement between the Parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements or understandings between the Parties.

11. **Entire Agreement.** This Agreement constitutes the entire agreement and understanding between the Parties concerning the subject matter hereof, and supersedes and replaces all prior negotiations, proposed agreements and agreements, written and oral, relating thereto and the obligations set forth hereunder may not be altered, amended or modified in any respect unless in writing, and duly executed by the Parties. There are no collateral agreements, reservations, or understandings between the Parties, express or implied, oral or written, except as specifically set forth herein. No modification to this Agreement shall be binding unless it is reduced to writing and signed by the Parties to this Agreement.

12. **Co-Authorship.** The terms of this Agreement are contractual and not a mere recital. This Agreement exists independently of the First Agreement, the Second Agreement and any other agreement among the parties, and survives them. This Agreement is the joint product of the Parties, and it shall not be construed against either Party to the Agreement on the ground of sole authorship.

13. **Jurisdiction.** The Parties hereby consent to the exclusive jurisdiction of the Honorable Laura T. Swain, sitting in the United States Bankruptcy Court for the District of Puerto Rico, for the purposes of enforcing and interpreting the executed Agreement.

14. **Governing Law**. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any jurisdiction other than the State of New York.

15. **Authorization**. The Parties hereby declare that this Agreement has been duly authorized by each of the Parties after consultation with counsel and that the undersigned fully understand the terms of this Agreement and have the express authority to enter into this Agreement.

[Remainder of this page is intentionally blank.]

IN WITNESS WHEREOF, the Parties have executed this Agreement, effective as of the latest date set forth below.

COBRA ACQUISITIONS LLC

/s/ Arty Straehla
Name: Arty Straehla
Title: CEO

DATED: July 12, 2024

PUERTO RICO ELECTRIC POWER AUTHORITY

/s/ Francisco Berrios Portela
Name: Francisco Berrios Portela
Title: Chairman

DATED: July 24, 2024

FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO

/s/ Robert F. Mujica Jr.
Name: Robert F. Mujica Jr.
Title: Executive Director

DATED: July 26, 2024

EXHIBIT 31.1

CERTIFICATIONS

I, Arty Straehla, Chief Executive Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mammoth Energy Services, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

MAMMOTH ENERGY SERVICES, INC.

By: /s/ Arty Straehla

Arty Straehla

Chief Executive Officer

August 9, 2024

EXHIBIT 31.2

CERTIFICATIONS

I, Mark Layton, Chief Financial Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mammoth Energy Services, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

MAMMOTH ENERGY SERVICES, INC.

By: /s/ Mark Layton

Mark Layton

Chief Financial Officer

August 9, 2024

EXHIBIT 32.1

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER 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 Quarterly Report on Form 10-Q of Mammoth Energy Services, Inc. (the "Company") for the quarter ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Arty Straehla, as Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

MAMMOTH ENERGY SERVICES, INC.

By: /s/ Arty Straehla

Arty Straehla
Chief Executive Officer
August 9, 2024

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section. This certification shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

EXHIBIT 32.2

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER 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 Quarterly Report on Form 10-Q of Mammoth Energy Services, Inc. (the “Company”) for the quarter ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Mark Layton, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

	MAMMOTH ENERGY SERVICES, INC.
By:	/s/ Mark Layton
	Mark Layton
	Chief Financial Officer
	August 9, 2024

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section. This certification shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Mine Safety Disclosure

The following disclosures are provided pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") and Item 104 of Regulation S-K, which requires certain disclosures by companies required to file periodic reports under the Securities Exchange Act of 1934, as amended, that operate mines regulated under the Federal Mine Safety and Health Act of 1977 (the "Mine Act").

Mine Safety Information. Whenever the Federal Mine Safety and Health Administration ("MSHA") believes a violation of the Mine Act, any health or safety standard or any regulation has occurred, it may issue a citation which describes the alleged violation and fixes a time within which the U.S. mining operator must abate the alleged violation. In some situations, such as when MSHA believes that conditions pose a hazard to miners, MSHA may issue an order removing miners from the area of the mine affected by the condition until the alleged hazards are corrected. When MSHA issues a citation or order, it generally proposes a civil penalty, or fine, as a result of the alleged violation, that the operator is ordered to pay. Citations and orders can be contested and appealed, and as part of that process, are often reduced in severity and amount, and are sometimes dismissed. The number of citations, orders and proposed assessments vary depending on the size and type (underground or surface) of the mine as well as by the MSHA inspector(s) assigned.

Mine Safety Data. The following provides additional information about references used in the table below to describe the categories of violations, orders or citations issued by MSHA under the Mine Act:

- Section 104 S&S Citations: Citations received from MSHA under section 104 of the Mine Act for violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a mine safety or health hazard.
- Section 104(b) Orders: Orders issued by MSHA under section 104(b) of the Mine Act, which represents a failure to abate a citation under section 104(a) within the period of time prescribed by MSHA. This results in an order of immediate withdrawal from the area of the mine affected by the condition until MSHA determines that the violation has been abated.
- Section 104(d) Citations and Orders: Citations and orders issued by MSHA under section 104(d) of the Mine Act for unwarrantable failure to comply with mandatory health or safety standards.
- Section 110(b)(2) Violations: Flagrant violations issued by MSHA under section 110(b)(2) of the Mine Act.
- Section 107(a) Orders: Orders issued by MSHA under section 107(a) of the Mine Act for situations in which MSHA determined an "imminent danger" (as defined by MSHA) existed.

The following table details the violations, citations and orders issued to us by MSHA during the quarter ended June 30, 2024:

Mine[a]	**Section 104 S&S Citations(#)**	**Section104(b)Orders (#)**	**Section104(d)Citations and Orders(#)**	**Section 110(b)(2) Violations(#)**	**Section107(a)Orders (#)**	**Proposed Assessments[b]($, amounts in dollars)**	**Mining Related Fatalities (#)**
Taylor, WI	—	—	—	—	—	$ —	—
Menomonie, WI	—	—	—	—	—	$ —	—
New Auburn, WI	—	—	—	—	—	$ —	—

a. The definition of mine under section 3 of the Mine Act includes the mine, as well as other items used in, or to be used in, or resulting from, the work of extracting minerals, such as land, structures, facilities, equipment, machines, tools and minerals preparation facilities. Unless otherwise indicated, any of these other items associated with a single mine have been aggregated in the totals for that mine. MSHA assigns an identification number to each mine and may or may not assign separate identification numbers to related facilities such as preparation facilities. We are providing the information in the table by mine rather than MSHA identification number because that is how we manage and operate our mining business and we believe this presentation will be more useful to investors than providing information based on MSHA identification numbers.
b. Represents the total dollar value of proposed assessments from MSHA under the Mine Act relating to any type of citation or order issued during the quarter ended June 30, 2024.

Pattern or Potential Pattern of Violations. During the quarter ended June 30, 2024, none of the mines operated by us received written notice from MSHA of (a) a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of mine health or safety hazards under section 104(e) of the Mine Act or (b) the potential to have such a pattern.

Pending Legal Actions. There were no legal actions pending before the Federal Mine Safety and Health Review Commission (the Commission) as of June 30, 2024. The Commission is an independent adjudicative agency established by the Mine Act that provides administrative trial and appellate review of legal disputes arising under the Mine Act.