

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 MARCH 31, 2017
- 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
(State or other jurisdiction of
incorporation or organization)

14201 Caliber Drive Suite 300
Oklahoma City, Oklahoma
(Address of principal executive offices)

32-0498321
(I.R.S. Employer
Identification No.)

73134
(Zip Code)

(405) 608-6007
(Registrant's telephone number, including area code)

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

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

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

| | | | |
|-------------------------|--------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| | | Emerging growth company | <input checked="" type="checkbox"/> |

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 May 11, 2017, there were 37,500,000 shares of common stock, \$0.01 par value, outstanding.

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GLOSSARY OF OIL AND NATURAL GAS TERMS

The following is a glossary of certain oil and natural gas industry terms used in this report:

| | |
|------------------------------------|--|
| 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 7,010 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 increase of 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. |
| 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. |
| 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. |
| 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 drillpipe, drill collars, pup joints, casing, production tubing and pipeline. |
| Unconventional resource | An umbrella term for oil and natural gas that is produced by means that do not meet the criteria for conventional production. What has qualified as "unconventional" at any particular time is a complex function of resource characteristics, the available exploration and production technologies, the economic environment, and the scale, frequency and duration of production from the resource. Perceptions of these factors inevitably change over time and often differ among users of the term. At present, the term is used in reference to oil and gas resources whose porosity, permeability, fluid trapping mechanism, or other characteristics differ from conventional sandstone and carbonate reservoirs. Coalbed methane, gas hydrates, shale gas, fractured reservoirs and tight gas sands are considered unconventional resources. |
| 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. |

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, 2016 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 our:

- business strategy;
- pending or future acquisitions and future capital expenditures;
- ability to obtain permits and governmental approvals;
- technology;
- financial strategy;
- future operating results; and
- plans, objectives, expectations and intentions.

All of these types of statements, other than statements of historical fact included in this report, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “could,” “should,” “expect,” “plan,” “project,” “budget,” “intend,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “pursue,” “target,” “seek,” “objective” or “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. 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.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

| ASSETS | March 31, 2017 | December 31, 2016 |
|---|-------------------|----------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 12,278,120 | \$ 28,693,985 |
| Accounts receivable, net | 24,973,332 | 20,602,962 |
| Receivables from related parties | 33,141,299 | 28,059,565 |
| Inventories | 4,922,627 | 4,355,088 |
| Prepaid expenses | 3,402,022 | 4,254,148 |
| Other current assets | 1,182,058 | 391,599 |
| Total current assets | 79,899,458 | 86,357,347 |
| Property, plant and equipment, net | 244,021,697 | 221,247,228 |
| Intangible assets, net - customer relationships | 13,859,772 | 15,949,772 |
| Intangible assets, net - trade names | 5,439,307 | 5,617,057 |
| Goodwill | 86,043,148 | 86,043,148 |
| Other non-current assets | 5,239,582 | 5,339,283 |
| Total assets | \$ 434,502,964 | \$ 420,553,835 |
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 37,237,976 | \$ 18,480,325 |
| Payables to related parties | 4,921,129 | 2,434,031 |
| Accrued expenses and other current liabilities | 8,825,877 | 8,396,968 |
| Income taxes payable | — | 28,156 |
| Total current liabilities | 50,984,982 | 29,339,480 |
| Long-term debt | — | — |
| Deferred income taxes | 43,881,012 | 47,670,789 |
| Other liabilities | 2,733,863 | 2,501,886 |
| Total liabilities | 97,599,857 | 79,512,155 |
| COMMITMENTS AND CONTINGENCIES (Note 13) | | |
| EQUITY | | |
| Equity: | | |
| Common stock, \$0.01 par value, 200,000,000 shares authorized, 37,500,000 issued and outstanding at March 31, 2017 and December 31, 2016. | 375,000 | 375,000 |
| Additional paid in capital | 400,775,752 | 400,205,921 |
| Accumulated deficit | (61,259,392) | (56,322,878) |
| Accumulated other comprehensive loss | (2,988,253) | (3,216,363) |
| Total equity | 336,903,107 | 341,041,680 |
| Total liabilities and equity | \$ 434,502,964 | \$ 420,553,835 |

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

MAMMOTH ENERGY SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (unaudited)

| | Three Months Ended | |
|---|-----------------------|------------------------|
| | March 31, | |
| | 2017 | 2016 |
| REVENUE | | |
| Services revenue | \$ 27,091,882 | \$ 28,236,482 |
| Services revenue - related parties | 33,132,571 | 1,156,815 |
| Product revenue | 2,615,209 | 735,453 |
| Product revenue - related parties | 11,576,151 | 4,374,754 |
| Total Revenue | 74,415,813 | 34,503,504 |
| COST AND EXPENSES | | |
| Services cost of revenue (1) | 45,460,804 | 26,103,641 |
| Services cost of revenue - related parties | 494,345 | 2,835,402 |
| Product cost of revenue (2) | 5,376,897 | 3,158,632 |
| Product cost of revenue - related parties | 7,554,380 | 799,545 |
| Selling, general and administrative | 5,844,093 | 3,110,197 |
| Selling, general and administrative - related parties | 377,717 | 144,869 |
| Depreciation and amortization | 16,893,777 | 17,413,591 |
| Total cost and expenses | 82,002,013 | 53,565,877 |
| Operating loss | (7,586,200) | (19,062,373) |
| OTHER (EXPENSE) INCOME | | |
| Interest expense | (286,338) | (1,191,895) |
| Other, net | (170,041) | 18,194 |
| Total other expense | (456,379) | (1,173,701) |
| Loss before income taxes | (8,042,579) | (20,236,074) |
| (Benefit) provision for income taxes | (3,106,065) | 894,360 |
| Net loss | \$ (4,936,514) | \$ (21,130,434) |
| OTHER COMPREHENSIVE LOSS | | |
| Foreign currency translation adjustment (3) | 228,110 | 1,975,351 |
| Comprehensive loss | \$ (4,708,404) | \$ (19,155,083) |
| Net loss per share (basic and diluted) (Note 9) | \$ (0.13) | \$ (0.70) |
| Weighted average number of shares outstanding (Note 9) | 37,500,000 | 30,000,000 |
| Pro Forma C Corporation Data (unaudited): | | |
| Net loss, as reported | | (21,130,434) |
| Pro forma benefit for income taxes | | (944,584) |
| Pro forma net loss | | (20,185,850) |
| Basic and Diluted (Note 9) | | (0.54) |
| Weighted average pro forma shares outstanding—basic and diluted (Note 9) | | 37,500,000 |
| (1) Exclusive of depreciation and amortization | 15,837,735 | 16,348,075 |
| (2) Exclusive of depreciation and amortization | 1,018,241 | 1,029,201 |
| (3) Net of tax | 20,143 | — |

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)

| | Common Stock | | Common Partners | Accumulated Deficit | Additional Paid-In Capital | AOCL | Total |
|--|--------------|------------|-----------------|---------------------|----------------------------|-------------|----------------|
| | Shares | Amount | | | | | |
| Balance at January 1, 2016 | — | \$ — | 329,090,230 | \$ — | — | (5,926,968) | \$ 323,163,262 |
| Net loss prior to LLC conversion | — | — | (32,085,117) | — | — | — | (32,085,117) |
| Equity based compensation | — | — | (18,683) | — | — | — | (18,683) |
| LLC Conversion (Note 1) | — | — | (296,986,430) | — | 296,986,430 | — | — |
| Issuance of common stock at public offering, net of offering costs | 37,500,000 | 375,000 | — | — | 102,699,661 | — | 103,074,661 |
| Stock-based compensation | — | — | — | — | 519,830 | — | 519,830 |
| Net loss subsequent to LLC conversion | — | — | — | (56,322,878) | — | — | (56,322,878) |
| Other comprehensive income | — | — | — | — | — | 2,710,605 | 2,710,605 |
| Balance at December 31, 2016 | 37,500,000 | 375,000 | — | (56,322,878) | 400,205,921 | (3,216,363) | 341,041,680 |
| Net loss | — | — | — | (4,936,514) | — | — | (4,936,514) |
| Equity based compensation | — | — | — | — | 569,831 | — | 569,831 |
| Other comprehensive income | — | — | — | — | — | 228,110 | 228,110 |
| Balance at March 31, 2017 | 37,500,000 | \$ 375,000 | \$ — | (61,259,392) | \$ 400,775,752 | (2,988,253) | \$ 336,903,107 |

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

MAMMOTH ENERGY SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

| | Three Months Ended | |
|---|--------------------|------------------|
| | March 31, | |
| | 2017 | 2016 |
| Cash flows from operating activities | | |
| Net loss | \$ (4,936,514) | \$ (21,130,434) |
| Adjustments to reconcile net loss to cash provided by operating activities: | | |
| Equity based compensation | 569,831 | — |
| Depreciation and amortization | 16,893,777 | 17,413,591 |
| Amortization of coil tubing strings | 492,409 | 551,300 |
| Amortization of debt origination costs | 99,701 | 99,701 |
| Bad debt expense | (40,446) | 23,543 |
| Gain disposal of property and equipment | (79,408) | (21,000) |
| Deferred income taxes | (3,801,212) | 93,451 |
| Changes in assets and liabilities: | | |
| Accounts receivable, net | (4,282,133) | (1,854,385) |
| Receivables from related parties | (5,081,734) | 19,802,936 |
| Inventories | (1,059,948) | (162,003) |
| Prepaid expenses and other assets | 62,571 | (4,530,288) |
| Accounts payable | 12,185,209 | (3,123,148) |
| Payables to related parties | 2,487,033 | 1,393,117 |
| Accrued expenses and other liabilities | 658,419 | 12,100,124 |
| Income taxes payable | (28,156) | (26,912) |
| Net cash provided by operating activities | 14,139,399 | 20,629,593 |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (30,935,179) | (534,525) |
| Proceeds from disposal of property and equipment | 369,258 | 34,863 |
| Net cash used in investing activities | (30,565,921) | (499,662) |
| Cash flows from financing activities: | | |
| Borrowings from lines of credit | — | 4,800,000 |
| Repayments of lines of credit | — | (14,299,772) |
| Net cash used in financing activities | — | (9,499,772) |
| Effect of foreign exchange rate on cash | 10,657 | 260,074 |
| Net (decrease) increase in cash and cash equivalents | (16,415,865) | 10,890,233 |
| Cash and cash equivalents at beginning of period | 28,693,985 | 3,074,072 |
| Cash and cash equivalents at end of period | \$ 12,278,120 | \$ 13,964,305 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | \$ 186,584 | \$ 1,138,550 |
| Cash paid for income taxes | \$ 700,825 | \$ 934,262 |
| Supplemental disclosure of non-cash transactions: | | |
| Purchases of property and equipment included in trade accounts payable | \$ 9,346,077 | \$ 597,885 |

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

1. Organization and Basis of Presentation

The accompanying unaudited condensed consolidated interim financial statements were prepared in accordance with the rules and regulations of the Securities and Exchange Commission, and reflect 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. These condensed consolidated interim 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 2016 annual consolidated financial statements of Mammoth Energy Services, Inc. (the "Company," "Mammoth Inc" or "Mammoth") in the Annual Report on Form 10-K filed on February 24, 2017.

Mammoth, together with its subsidiaries, is an integrated, growth-oriented oilfield services company serving companies engaged in the exploration and development of North American onshore unconventional oil and natural gas reserves. The Company was incorporated in Delaware in June 2016 as a wholly-owned subsidiary of Mammoth Energy Partners, LP, a Delaware limited partnership (the "Partnership" or the "Predecessor"). The Partnership was originally formed by Wexford Capital LP ("Wexford") in February 2014 as a holding company under the name Redback Inc. and was converted to a Delaware limited partnership in August 2014. On November 24, 2014, Mammoth Energy Holdings, LLC ("Mammoth Holdings"), an entity controlled by Wexford, Gulfport Energy Corporation ("Gulfport") and Rhino Resource Partners LP ("Rhino") contributed their interest in certain of the entities presented below to the Partnership in exchange for 20 million limited partner units. Mammoth Energy Partners GP, LLC (the "General Partner") held a non-economic general partner interest.

The following companies (the "Operating Entities") are included in these condensed consolidated financial statements: Bison Drilling and Field Services, LLC ("Bison Drilling"), formed November 15, 2010; Bison Trucking LLC ("Bison Trucking"), formed August 9, 2013; White Wing Tubular Services LLC ("White Wing"), formed July 29, 2014; Barracuda Logistics LLC ("Barracuda"), formed October 24, 2014; Mr. Inspections LLC ("MRI"), formed January 25, 2015; Panther Drilling Systems LLC ("Panther"), formed December 11, 2012; Redback Energy Services, LLC ("Energy Services"), formed October 6, 2011; Redback Coil Tubing, LLC ("Coil Tubing"), formed May 15, 2012; Redback Pump Down Services LLC ("Pump Down"), formed January 16, 2015; Muskie Proppant LLC ("Muskie"), formed September 14, 2011; Stingray Pressure Pumping LLC ("Pressure Pumping"), formed March 20, 2012; Stingray Logistics LLC ("Logistics"), formed November 19, 2012; and Great White Sand Tiger Lodging Ltd. ("Lodging"), formed October 1, 2007, Silverback Energy Services LLC ("Silverback"), formed June 8, 2016; Mammoth Equipment Leasing LLC, formed on November 14, 2016; Cobra Acquisitions LLC, formed January 9, 2017; and Cobra T&D LLC, formed January 24, 2017.

The contribution to the Partnership on November 24, 2014 of all Operating Entities, except Pressure Pumping, Logistics and entities created after the date of such contribution to the Partnership, was treated as a combination of entities under common control. On November 24, 2014, the Partnership also acquired Pressure Pumping and Logistics (collectively, the "Stingray Entities") in exchange for 10 million limited partner units. Prior to the contribution, the Partnership did not conduct any material business operations other than certain activities related to the preparation of the registration statement for a proposed initial public offering.

On October 12, 2016, the Partnership was converted into a Delaware limited liability company named Mammoth Energy Partners LLC ("Mammoth LLC"), and then Mammoth Holdings, Gulfport and Rhino, as all the members of Mammoth LLC, contributed their member interests in Mammoth LLC to Mammoth Inc. Prior to the conversion and the contribution, Mammoth Inc. was a wholly-owned subsidiary of the Partnership. Following the conversion and the contribution, Mammoth LLC (as the converted successor to the Partnership) was a wholly-owned subsidiary of Mammoth Inc. Mammoth Inc. did not conduct any material business operations until Mammoth LLC was contributed to it. On October 19, 2016, Mammoth Inc. closed its initial public offering of 7,750,000 shares of common stock (the "IPO"), which included an aggregate of 250,000 shares that were offered by Mammoth Holdings, Gulfport and Rhino, at a price to the public of \$15.00 per share.

Net proceeds to Mammoth Inc. from its sale of 7,500,000 shares of common stock were approximately \$103.1 million. On the closing date of the IPO, Mammoth Inc. repaid all outstanding borrowings under its revolving credit facility and intends to use the remaining net proceeds for general corporate purposes, which may include the acquisition of additional equipment and complementary businesses that enhance its existing service offerings, broaden its service offerings or expand its customer relationships.

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At March 31, 2017 and December 31, 2016, Mammoth Holdings, Gulfport and Rhino owned the following share of outstanding common stock of Mammoth Inc:

| | At March 31, 2017 | | At December 31, 2016 | |
|---|-------------------|-------------|----------------------|-------------|
| | Share Count | % Ownership | Share Count | % Ownership |
| Mammoth Holdings | 20,443,903 | 54.5 % | 20,443,903 | 54.5 % |
| Gulfport | 9,073,750 | 24.2 % | 9,073,750 | 24.2 % |
| Rhino | 232,347 | 0.6 % | 232,347 | 0.6 % |
| Outstanding shares owned by related parties | 29,750,000 | 79.3 % | 29,750,000 | 79.3 % |
| Total outstanding | 37,500,000 | 100.0 % | 37,500,000 | 100.0 % |

Operations

The Company's pressure pumping services include equipment and personnel used in connection with the completion and early production of oil and natural gas wells, well services include coil tubing units used to enhance the flow of oil or natural gas and 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 contract land and directional drilling services provides drilling rigs and directional tools for both vertical and horizontal drilling of oil and natural gas wells. The Company also provides other energy services, currently primarily consisting of remote accommodations for people working in the oil sands located in Northern Alberta, Canada.

The acquisition of the Stingray Entities added to the Company's completion and production portfolio. Specifically, by adding hydraulic fracturing and proppant hauling logistics services, the Company has developed a diverse offering of operations that can participate in nearly all phases of the oilfield services industry.

All of the Company's operations are in North America. The Company operates in the Permian Basin, the Utica Shale, the Eagle Ford Shale, the Marcellus Shale, the Granite Wash, the Cana-Woodford Shale, the Cleveland Sand and the oil sands located in Northern Alberta, Canada. The Company's 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. Changes in the commodity prices for oil and natural gas could have a material effect on the Company's results of operations and financial condition.

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements are prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). All material intercompany accounts and transactions between the entities within the Company have been eliminated.

(b) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include but are not limited to the allowance for doubtful accounts, reserves for self-insurance, depreciation and amortization of property and equipment, amortization of intangible assets, and future cash flows and fair values used to assess recoverability and impairment of long-lived assets, including goodwill.

(c) Cash and Cash Equivalents

All highly liquid investments with an original maturity of three months or less are considered cash equivalents. The Company maintains its cash accounts in financial institutions that are insured by the Federal Deposit Insurance Corporation, with the exception of cash held by Lodging in a Canadian financial institution. At March 31, 2017, the Company had \$5.7 million, in Canadian dollars, of cash in Canadian accounts. Cash balances from time to time may

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exceed the insured amounts; however, the Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risks on such accounts.

(d) Accounts Receivable

Accounts receivable include amounts due from customers for services performed and are recorded as the work progresses. The Company grants credit to customers in the ordinary course of business and generally does not require collateral. Most areas 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.

The Company regularly reviews receivables and provides for estimated losses through an allowance for doubtful accounts. 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 conditions of customers change, circumstances develop, or additional information becomes available, adjustments to the allowance for doubtful accounts may be required. In the event the Company was to determine 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. Uncollectible accounts receivable are periodically charged against the allowance for doubtful accounts once final determination is made of their uncollectability.

Following is a roll forward of the allowance for doubtful accounts for the three months ended March 31, 2017 and year ended December 31, 2016:

| | | |
|--|----|------------|
| Balance, January 1, 2016 | \$ | 3,947,432 |
| Additions charged to expense | | 1,968,001 |
| Deductions for uncollectible receivables written off | | (602,967) |
| Balance, December 31, 2016 | | 5,312,466 |
| Additions charged (credited) to expense | | (40,446) |
| Balance, March 31, 2017 | \$ | 5,272,020 |

As discussed in Note 1, prolonged declines in pricing can impact the overall health of the oil and natural gas industry. The three months ended March 31, 2017 contained such pricing conditions which may lead to enhanced risk of uncollectibility on certain receivables. As such, the Company monitored its previously established reserves and, consistent with Company policy, it reduced a portion of the allowance for doubtful accounts. The Company will continue to pursue collection until such time as final determination is made consistent with Company policy.

(e) Inventory

Inventory consists 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 market (net realizable value) on an average cost basis. The Company assesses the valuation of its inventories based upon specific usage and future utility.

Inventory also consists of coil tubing strings of various widths, diameters and lengths that are used in providing specialized services to customers who are primarily operators of oil or gas wells. The strings are used at various rates based on factors such as well conditions (i.e. pressure and friction), vertical and horizontal length of the well, running speed of the string in the well, and total running feet accumulated to the string. The Company obtains usage information from data acquisition software and other established assessment methods and attempts to amortize the strings over their estimated useful life. In no event will a string be amortized over a period longer than 12 months. Amortization of coil strings is included in services cost of revenue in the Condensed Consolidated Statements of Comprehensive Loss and totaled \$492,409 and \$551,300 for the three months ended March 31, 2017 and 2016, respectively.

(f) Prepaid Expenses

Prepaid expenses primarily consist of insurance costs. Insurance costs are expensed over the periods that these costs benefit.

(g) Property and Equipment

Property and equipment, including renewals and betterments, are capitalized and stated at cost, while maintenance and repairs that do not increase the capacity, improve the efficiency or safety, or improve or extend the useful life are charged to operations as incurred. Disposals are removed at cost, less accumulated depreciation, and any resulting gain or loss is recorded in operations. Depreciation is calculated using the straight-line method over the shorter of the estimated useful life, or the remaining lease term, as applicable. Depreciation does not begin until property and equipment is placed in service. Once placed in service, depreciation on property and equipment continues while being repaired, refurbished, or between periods of deployment.

(h) Long-Lived Assets

The Company reviews long-lived assets for recoverability in accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 360 *Impairment or Disposal of Long-Lived Assets*, which requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of assets is measured by comparing the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. These evaluations for impairment are significantly impacted by estimates of revenues, costs and expenses, and other factors. If long-lived assets are considered to be impaired, the impairment to be recognized is measured by the amount in which the carrying amount of the assets exceeds the fair value of the assets. For the three months ended March 31, 2017 and 2016, no impairment losses were recognized.

(i) Goodwill

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired. The impairment test is a two-step process. First, the fair value of each reporting unit is compared to its carrying value to determine whether an indication of impairment exists. If impairment is indicated, then the implied value of the reporting unit's goodwill is determined by allocating the unit's fair value to its assets and liabilities as if the reporting unit had been acquired in a business combination. The fair value of the reporting unit is determined using the discounted cash flow approach, excluding interest. The impairment for goodwill is measured as the excess of its carrying value over its implied value. Goodwill was tested for impairment as of December 31, 2016. For the three months ended March 31, 2017 and 2016, no impairment losses were recognized.

(j) Other Non-Current Assets

Other non-current assets primarily consist of deferred financing costs on the credit facility (See Note 7) and sales tax receivables.

(k) Amortizable Intangible Assets

Intangible assets subject to amortization include customer relationships and trade names. Customer relationships are amortized based on an estimated attrition factor and trade names are amortized over their estimated useful lives. For three months ended March 31, 2017 and 2016, no impairment losses were recognized.

(l) Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, trade receivables, trade payables and amounts receivable or payable to related parties. The carrying amount of cash and cash equivalents, trade receivables, receivables from related parties and trade payables approximates fair value because of the short-term nature of the instruments.

(m) Revenue Recognition

The Company generates revenue from multiple sources within its operating segments. In all cases, revenue is recognized when services are performed, collection of the receivable is probable, persuasive evidence of an arrangement exists, and the price is fixed and determinable. Services are sold without warranty or right of return. Taxes assessed on revenue transactions are presented on a net basis and are not included in revenue.

Pressure pumping 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, and revenue is recognized as the work progresses. Jobs for these services are typically short-term in nature and range from a few hours to multiple days. Revenue is recognized upon the completion of each day's 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. The labor charges and the use of consumable supplies are reflected on the completed field tickets.

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Natural sand proppant revenues are recognized when legal title passes to the customer, which may occur at the production facility, rail origin or at the destination terminal. At that point, delivery has occurred, evidence of a contractual arrangement exists, the price is fixed and determinable, and collectability is reasonably assured. Amounts received from customers in advance of sand deliveries are recorded as deferred revenue. Customers have the ability to make up contractual short falls by achieving higher-than-contracted volumes over the shortfall window. Contractual shortfall revenue is deemed not probable until the end of the measurement period.

Well 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, and revenue is recognized as the work progresses. Jobs for these services are typically short-term in nature and range from a few hours to multiple days. Our equipment rental services are recognized upon completion of each day's work based on a completed field ticket.

Contract drilling services are provided under daywork or footage contracts, and revenue is recognized as the work progresses based on the days completed or the feet drilled, as applicable. Mobilization revenue and costs for daywork and footage contracts are recognized over the days of actual drilling.

Directional drilling services are provided on a day rate or hourly basis, and revenue is recognized as work progresses. Proceeds from customers for the cost of equipment that is damaged or lost down-hole are reflected as service revenues as this is deemed to be perfunctory or inconsequential to the underlying service being performed.

Revenue from remote accommodation services is recognized when rooms are occupied and services have been rendered. Advance deposits on rooms and special events are deferred until services are provided to the customer. For the three months ended March 31, 2017, the Company recognized and collected \$918,963 in business interruption insurance proceeds which is included in Service revenue in the accompanying Condensed Consolidated Statements of Comprehensive Loss. The proceeds resulted from loss of revenue relating to wildfires that forced evacuation of personnel.

The timing of revenue recognition may differ from contract billing or payment schedules, resulting in revenues that have been earned but not billed ("unbilled revenue"). The Company had \$2,756,150 and \$2,732,993 of unbilled revenue included in accounts receivable, net in the Condensed Consolidated Balance Sheets at March 31, 2017 and December 31, 2016, respectively. The Company had \$11,466,592 and \$10,506,958 of unbilled revenue included in receivables from related parties in the Condensed Consolidated Balance Sheets at March 31, 2017 and December 31, 2016, respectively.

(n) Earnings per Share

Earnings per share is computed by dividing net loss by the weighted average number of outstanding shares. See Note 9.

(o) Unaudited Pro Forma Loss per Share

The Company's pro forma basic loss per share amounts have been computed based on the weighted-average number of shares of common stock outstanding for the period, as if the common stock issued in the IPO was outstanding for the three months ended March 31, 2016. Diluted earnings per share reflects the potential dilution, using the treasury stock method. During periods in which the Company realizes a net loss, restricted stock awards would be anti-dilutive to net loss per share and conversion into common stock is assumed not to occur. See Note 9.

(p) Equity-based Compensation

The Company records equity-based payments at fair value on the date of grant, and expenses the value of these equity-based payments in compensation expense over the applicable vesting periods. See Note 10.

(q) Stock-based Compensation

The Company's stock-based compensation program consists of restricted stock units granted to employees and restricted stock units granted to non-employee directors under the Mammoth Energy Services, Inc. 2016 Incentive Plan (the "2016 Plan"). The Company recognizes in its financial statements the cost of employee services received in exchange for restricted stock based on the fair value of the equity instruments as of the grant date. In general, this value is amortized over the vesting period; for grants with a non-substantive service condition, this value is recognized immediately. Amounts are recognized in selling, general and administrative expenses. See Note 11.

(r) Income Taxes

On October 12, 2016, immediately prior to the IPO of Mammoth Inc., the Partnership converted into Mammoth LLC a limited liability company. All equity interests in Mammoth LLC were contributed to Mammoth Inc. and Mammoth LLC became a wholly owned subsidiary of Mammoth Inc. Mammoth Inc. is a C corporation under the Internal Revenue Code

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and is subject to income tax. Historically, each of Mammoth LLC and the Operating Entities other than Lodging was treated as a partnership for federal income tax purposes. As a result, essentially all taxable earnings and losses were passed through to its members, and Mammoth LLC did not pay any federal income taxes at the entity level. Mammoth Inc. owns the member interests in several single member limited liability companies. These LLCs are subject to taxation in Texas where the Company does business; therefore, the Company may provide for income taxes attributable to that state on a current basis. The income tax provision for the period before the IPO has been prepared on a separate return basis for Mammoth LLC and all of its subsidiaries that were treated as a partnership for federal income tax purposes.

Subsequent to the IPO, the Company's operations are included in a consolidated federal income tax return and other state returns. Accordingly, the Company has recognized deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases for all its subsidiaries as if each entity were a corporation, regardless of its actual characterization for U.S. federal income tax purposes. The Company's effective tax rate was 38.7% for the three months ended March 31, 2017. The Company's effective tax rate can fluctuate as a result of the impact of state income taxes, permanent differences and changes in pre-tax income.

Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using statutory tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of deferred tax assets and liabilities as a result of a change in tax rate is recognized in the period that includes the statutory enactment date. A valuation allowance for deferred tax assets is recognized when it is more likely than not that the benefit of deferred tax assets will not be realized.

The Company has included a pro forma provision for income taxes assuming it had been taxed as a C corporation in all periods prior to the conversion and contribution as part of its earnings per share calculation in Note 9. The unaudited pro forma data are presented for informational purposes only, and do not purport to project the Company's results of operations for any future period or its financial position as of any future date.

Lodging is subject to foreign income taxes, and such taxes are provided in the financial statements pursuant to FASB ASC 740 *Income Taxes*.

The Company evaluates tax positions taken or expected to be taken in preparation of its tax returns and disallows the recognition of tax positions that do not meet a "more likely than not" threshold of being sustained upon examination by the taxing authorities. During three months ended March 31, 2017 and 2016, no uncertain tax positions existed. Penalties and interest, if any, are recognized in general and administrative expense. The Company's 2016, 2015, 2014 and 2013 income tax returns remain open to examination by the applicable taxing authorities.

(s) Foreign Currency Translation

For foreign operations, assets and liabilities are translated at the period-end exchange rate, and income statement items are translated at the average exchange rate for the period. Resulting translation adjustments are recorded within accumulated other comprehensive loss. Assets and liabilities denominated in foreign currencies, if any, are re-measured at the balance sheet date. Transaction gains or losses are included as a component of current period earnings.

(t) Comprehensive Loss

Comprehensive loss consists of net loss and other comprehensive loss. Other comprehensive loss included certain changes in equity that are excluded from net loss. Specifically, cumulative foreign currency translation adjustments are included in accumulated other comprehensive loss.

(u) 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. The Company's accounts receivable have a concentration in the oil and gas industry and the customer base consists primarily of independent oil and natural gas producers. At March 31, 2017, no third-party customer accounted for more than 10% of the Company's trade accounts receivable and receivables from related parties balance combined. At March 31, 2017 and December 31, 2016, related party customers accounted for 57% and 58%, respectively, of the Company's trade accounts receivable and receivables from related parties balance combined. At March 31, 2017 and December 31, 2016, one related party customer accounted for 52% and 53%, respectively, of the Company's trade accounts receivable and receivables from related parties balance.

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combined. During the three months ended March 31, 2017 and 2016, one related party customer accounted for 59% and 7%, respectively, of the Company's total revenue. Two third-party customers accounted for greater than 10% of the Company's total revenue for three months ended March 31, 2016, at 35% and 17%, respectively. No third-party customer accounted for greater than 10% of the Company's total revenue for three months ended March 31, 2017.

(v) New Accounting Pronouncements

In July 2015, the FASB issued ASU No. 2015-11, "Inventory (Topic 330): Simplifying the Measurement of Inventory," which changes inventory measured using any method other than last-in, first-out (LIFO) or the retail inventory method (for example, inventory measured using first-in, first-out (FIFO) or average cost) at the lower of cost and net realizable value. ASU 2015-11 is effective for annual and interim reporting periods beginning after December 15, 2016, with early adoption permitted. On January 1, 2017, the Company adopted the ASU and it did not impact our condensed consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers." ASU 2014-09 supersedes existing revenue recognition requirements in GAAP and requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. Additionally, it requires expanded disclosures regarding the nature, amount, timing and certainty of revenue and cash flows from contracts with customers. The ASU was effective for annual and interim reporting periods beginning after December 15, 2016, using either a full or a modified retrospective application approach; however, in July 2015 the FASB decided to defer the effective date by one year (until 2018) by issuing ASU No. 2015-14, "Revenue From Contracts with Customers: Deferral of the Effective Date." The Company expects to adopt this new revenue guidance utilizing the retrospective method of adoption in the first quarter of 2018, and because the Company is still evaluating the portion of its revenues that may be subject to the new leasing guidance discussed below, it is unable to quantify the impact that the new revenue standard will have on the Company's consolidated financial statements upon adoption.

In February 2016, the FASB issued ASU No. 2016-2 "Leases" amending the current accounting for leases. Under the new provisions, all lessees will report a right-of-use asset and a liability for the obligation to make payments for all leases with the exception of those leases with a term of 12 months or less. All other leases will fall into one of two categories: (i) a financing lease or (ii) an operating lease. Lessor accounting remains substantially unchanged with the exception that no leases entered into after the effective date will be classified as leveraged leases. For sale leaseback transactions, a sale will only be recognized if the criteria in the new revenue recognition standard are met. ASU 2016-2 is effective for fiscal years beginning after December 15, 2018, and interim periods within that fiscal year. Early adoption is permitted. Since a portion of the Company's revenue may be subject to this new leasing guidance, it expects to adopt this updated leasing guidance at the same time it adopts the new revenue guidance discussed above, utilizing the retrospective method of adoption. This new leasing guidance will also impact the Company in situations where it is the lessee, and in certain circumstances it will have a right-of-use asset and lease liability on its consolidated financial statements. The Company is currently evaluating the effect the new guidance will have on the Company's consolidated financial statements and results of operations.

3. Inventory

A summary of the Company's inventory is shown below:

| | March 31, 2017 | December 31, 2016 |
|-----------------|---------------------|----------------------|
| Supplies | \$ 3,638,587 | \$ 4,020,670 |
| Raw materials | 149,455 | 75,971 |
| Work in process | — | 205,450 |
| Finished goods | 1,134,585 | 52,997 |
| Total inventory | <u>\$ 4,922,627</u> | <u>\$ 4,355,088</u> |

4. Property, Plant and Equipment

Property, plant and equipment include the following:

| | Useful Life | March 31, 2017 | December 31, 2016 |
|--|---------------------------|-------------------|----------------------|
| Land | | \$ 2,010,555 | \$ 2,010,555 |
| Land improvements | 15 years or life of lease | 3,640,976 | 3,640,976 |
| Buildings | 15-20 years | 42,461,037 | 42,191,745 |
| Drilling rigs and related equipment | 3-15 years | 139,101,541 | 138,526,519 |
| Pressure pumping equipment | 3-5 years | 101,580,322 | 96,500,592 |
| Coil tubing equipment | 4-10 years | 28,006,153 | 28,019,217 |
| Other machinery and equipment | 7-20 years | 36,171,379 | 35,548,357 |
| Vehicles, trucks and trailers | 5-10 years | 30,041,893 | 29,964,148 |
| Other property and equipment | 3-12 years | 11,437,020 | 11,416,334 |
| | | 394,450,876 | 387,818,443 |
| Deposits on equipment and equipment in process of assembly | | 39,144,915 | 8,701,725 |
| | | 433,595,791 | 396,520,168 |
| Less: accumulated depreciation | | 189,574,094 | 175,272,940 |
| Property, plant and equipment, net | | \$ 244,021,697 | \$ 221,247,228 |

Depreciation expense was \$14,626,027 and \$15,145,841 for the three months ended March 31, 2017 and 2016, respectively.

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 statement of cash flows. For the three months ended March 31, 2017, proceeds from the sale of equipment damaged or lost down-hole were \$347,844 and gain on sales of equipment damaged or lost down-hole was \$242,723. There were no proceeds from the sale of equipment damaged or lost down-hole for the three months ended March 31, 2016.

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.

5. Goodwill and Intangible Assets

The Company had the following definite lived intangible assets recorded:

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| | March 31, 2017 | December 31, 2016 |
|---|----------------------|----------------------|
| Customer relationships | \$ 33,605,000 | \$ 33,605,000 |
| Trade names | 7,110,000 | 7,110,000 |
| Less: accumulated amortization - customer relationships | 19,745,228 | 17,655,228 |
| Less: accumulated amortization - trade names | 1,670,693 | 1,492,943 |
| Intangible assets, net | <u>\$ 19,299,079</u> | <u>\$ 21,566,829</u> |

Amortization expense for intangible assets was \$2,267,750 and \$2,267,750 for the three months ended March 31, 2017 and 2016, respectively. The original life of customer relationships range from 4 to 10 years with a remaining average useful life of 3.10 years. Trade names are amortized over a 10 year useful life and as of March 31, 2017 the remaining useful life was 7.65 years.

Aggregated expected amortization expense for the future periods is expected to be as follows:

| Year ended December 31: | Amount |
|-------------------------|----------------------|
| Remainder of 2017 | \$ 6,803,254 |
| 2018 | 8,224,005 |
| 2019 | 738,504 |
| 2020 | 738,504 |
| 2021 | 732,752 |
| Thereafter | 2,062,060 |
| | <u>\$ 19,299,079</u> |

Goodwill was \$86,043,148 at March 31, 2017 and December 31, 2016.

6. Accrued Expenses and Other Current Liabilities

Accrued expense and other current liabilities included the following:

| | March 31, 2017 | December 31, 2016 |
|--|---------------------|----------------------|
| Accrued compensation, benefits and related taxes | \$ 2,702,648 | \$ 2,368,143 |
| Financed insurance premiums | 3,022,422 | 3,293,859 |
| State and local taxes payable | 319,868 | 319,597 |
| Insurance reserves | 1,173,705 | 971,351 |
| Other | 1,607,234 | 1,444,018 |
| Total | <u>\$ 8,825,877</u> | <u>\$ 8,396,968</u> |

Financed insurance premiums are due in monthly installments, bear interest at rates ranging from 1.79% to 5.00%, are unsecured, and mature within the twelve month period following the close of the year.

7. Debt

Mammoth Credit Facility

On November 25, 2014, Mammoth entered into a revolving credit and security agreement with a syndicate of banks that provides for maximum borrowings of \$170 million. The facility, as amended in connection with the IPO, matures on November 25, 2019. Borrowings under this facility are secured by the assets of Mammoth, inclusive of the subsidiary companies. The maximum availability of the facility is subject to a borrowing base calculation prepared monthly. Concurrent with the execution of the facility, the initial advance was used to repay all the debt of the Company then outstanding. Interest is payable monthly at a base rate set by the institution's commercial lending group plus an applicable

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margin. Additionally, at the Company's request, outstanding balances are permitted to be converted to LIBOR rate plus applicable margin tranches at set increments of \$500,000. The LIBOR rate option allows the Company to select interest periods from one, two, three or six months. The applicable margin for either the base rate or the LIBOR rate option can vary from 1.5% to 3.0%, based upon a calculation of the excess availability of the line as a percentage of the maximum credit limit. The deferred loan costs associated with this facility are classified in other non-current assets.

At March 31, 2017, the facility was undrawn and had borrowing base availability of \$144,149,393.

At December 31, 2016, the facility was undrawn and had borrowing base availability of \$146,181,002.

The Mammoth facility also contains various customary affirmative and restrictive covenants. Among the various covenants are specifically identified financial covenants placing requirements of a minimum interest coverage ratio (3.0 to 1.0), maximum leverage ratio (4.0 to 1.0), and minimum availability (\$10 million). As of March 31, 2017 and December 31, 2016, the Company was in compliance with its covenants under the facility.

8. **Income Taxes**

As discussed in Note 1, the Partnership was converted into a limited liability company on October 12, 2016 and the membership interests in the limited liability company were contributed to the Company. As a result, the Company will file a consolidated return for the period October 12, 2016 through December 31, 2016. Prior to the conversion, the Partnership, other than Lodging, was not subject to corporate income taxes.

The components of income tax expense (benefit) attributable to the Company for the three months ended March 31, 2017 and 2016, are as follows:

| | Three Months Ended March 31, | |
|-------------------------------------|------------------------------|------------|
| | 2017 | 2016 |
| U.S. deferred income tax benefit | \$ (3,685,381) | \$ — |
| Foreign current income tax expense | 585,467 | 894,360 |
| Foreign deferred income tax benefit | (6,151) | — |
| Total | \$ (3,106,065) | \$ 894,360 |

A reconciliation of the statutory federal income tax amount to the recorded expense is as follows:

| | Three Months Ended March 31, | |
|--------------------------------------|------------------------------|------------------|
| | 2017 | 2016 |
| Loss before income taxes | \$ (8,042,579) | \$ (20,236,074) |
| Statutory income tax rate | 35 % | 35 % |
| Expected income tax benefit | (2,814,903) | (7,082,626) |
| Non-taxable entity | — | 8,260,791 |
| Other permanent differences | 14,063 | 6,793 |
| State tax benefit | (452,372) | (2,055) |
| Foreign tax credit | (698,289) | — |
| Foreign earnings not in book income | 1,046,248 | — |
| Foreign income tax rate differential | (174,511) | (270,813) |
| Other | (26,301) | (17,730) |
| Total | \$ (3,106,065) | \$ 894,360 |

Deferred tax assets and liabilities attributable to the Company consisted of the following:

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| | March 31, 2017 | December 31, 2016 |
|--|-------------------------|-------------------------|
| Deferred tax assets: | | |
| Allowance for doubtful accounts | \$ 1,891,392 | \$ 1,892,761 |
| Net operating loss carryforward | 2,280,696 | — |
| Deferred stock compensation | 1,697,536 | 1,686,671 |
| Accrued liabilities | 601,449 | 746,132 |
| Other | 1,765,362 | 1,785,999 |
| Deferred tax assets | 8,236,435 | 6,111,563 |
| Deferred tax liabilities: | | |
| Property and equipment | \$ (40,901,822) | \$ (42,525,793) |
| Intangible assets | (6,890,355) | (7,662,590) |
| Unrepatriated foreign earnings | (4,244,437) | (3,451,110) |
| Other | (80,833) | (142,859) |
| Deferred tax liabilities | (52,117,447) | (53,782,352) |
| Net deferred tax liability | \$ (43,881,012) | \$ (47,670,789) |
| Reflected in accompanying balance sheet as: | | |
| Deferred income taxes | \$ (43,881,012) | \$ (47,670,789) |

9. Earnings Per Share

Common Stock Offering

On October 14, 2016, Mammoth Inc.'s common stock began trading on The Nasdaq Global Select Market under the symbol "TUSK." On October 19, 2016, the Company closed the IPO of 7,500,000 shares of common stock at \$15.00 per share. Net proceeds to Mammoth Inc. from its sale of 7,500,000 shares of common stock were approximately \$103.1 million.

The authorized capital stock of the Company consists of 200 million shares of common stock, par value \$0.01 per share, and 20 million shares of preferred stock, par value \$0.01 per share.

Earnings Per Share

In connection with the contribution of Operating Entities to the Partnership in November 2014, the Partnership issued an aggregate of 30,000,000 common units to Mammoth Holdings, Gulfport and Rhino. Upon the conversion of the Partnership into Mammoth LLC, a limited liability company, in October 2016, the common units were converted into an equal number of membership interests in Mammoth LLC. Finally, when Mammoth Holdings, Gulfport and Rhino contributed their 30,000,000 membership interests in Mammoth LLC to the Company in connection with the IPO, the Company issued to them an aggregate of 30,000,000 shares of the Company's common stock. Accordingly, for purposes of comparability of earnings per equity security, the amount of outstanding equity was the same for all periods presented.

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| | Three Months Ended March 31, | |
|--|------------------------------|-----------------|
| | 2017 | 2016 |
| Basic loss per share: | | |
| Allocation of earnings: | | |
| Net loss | \$ (4,936,514) | \$ (21,130,434) |
| Weighted average common shares outstanding | 37,500,000 | 30,000,000 |
| Basic loss per share | \$ (0.13) | \$ (0.70) |
| Diluted loss per share: | | |
| Allocation of earnings: | | |
| Net loss | \$ (4,936,514) | \$ (21,130,434) |
| Weighted average common shares, including dilutive effect ⁽⁶⁾ | 37,500,000 | 30,000,000 |
| Diluted loss per share | \$ (0.13) | \$ (0.70) |

⁽⁶⁾ No incremental shares of potentially dilutive restricted stock awards were included for periods presented as their effect was antidilutive under the treasury stock method.

Unaudited Pro Forma Earnings Per Share

The Company's pro forma basic earnings per share amounts have been computed based on the weighted-average number of shares of common stock outstanding for the period, as if the shares of common stock issued upon the conversion and contribution of Mammoth LLC to Mammoth Inc. were outstanding for the entire year. A reconciliation of the components of pro forma basic and diluted earnings per common share is presented in the table below:

| | Three Months Ended | |
|--|--------------------|--------------|
| | March 31, 2016 | |
| Pro Forma C Corporation Data (unaudited): | | |
| Net loss, as reported | | (21,130,434) |
| Pro forma benefit for income taxes | | (944,584) |
| Pro forma net loss | | (20,185,850) |
| Basic loss per share: | | |
| Allocation of earnings: | | |
| Net loss | \$ | (20,185,850) |
| Weighted average common shares outstanding | | 37,500,000 |
| Basic loss per share | \$ | (0.54) |
| Diluted loss per share: | | |
| Allocation of earnings: | | |
| Net loss | \$ | (20,185,850) |
| Weighted average common shares, including dilutive effect ⁽⁶⁾ | | 37,500,000 |
| Diluted loss per share | \$ | (0.54) |

⁽⁶⁾ No incremental shares of potentially dilutive restricted stock awards were included for periods presented as their effect was antidilutive under the treasury stock method.

Pro forma basic and diluted loss per share has been computed by dividing pro forma net loss attributable to the Company by the number of shares of common stock determined as if the shares of common stock issued were outstanding for all periods presented. Management believes that these assumptions provide a reasonable basis for presenting the pro forma effects.

10. Equity Based Compensation

Upon formation of certain Operating Entities (including the acquired Stingray Entities), specified members of management ("Specified Members") were granted the right to receive distributions from their respective Operating Entity, after the contribution member's unreturned capital balance was recovered (referred to as "Payout" provision). Additionally, non-employee members were included in the award class ("Non-Employee Members").

On November 24, 2014, the awards were modified in conjunction with the contribution of the Operating Entities to Mammoth. Awards are not granted in limited or general partner units. Agreements are for interest in the distributable earnings of Mammoth Holdings, Mammoth's majority equity holder.

On the IPO closing date, Mammoth Holdings unreturned capital balance 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. Future offerings or sales of common stock to recover outstanding unreturned capital remain not probable.

Payout is expected to occur following the sale by Mammoth Holding's of its shares of the Company's common stock, which is considered not probable until the event occurs. Therefore, for the awards that contained the Payout provision compensation cost was recognized as the distribution rights do not vest until Payout is reached. 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 \$5,618,552. For the Non-Employees Member awards, the unrecognized cost, which represents the fair value of the awards as of March 31, 2017 was \$48,061,841.

11. Stock Based Compensation

The 2016 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 4.5 million shares of common stock reserved for issuance under the 2016 Plan.

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 under the 2016 Plan is presented below.

| | <u>Number of Unvested Restricted Shares</u> | <u>Weighted Average Grant-Date Fair Value</u> |
|---------------------------------------|---|---|
| Unvested shares as of January 1, 2017 | 282,780 | \$ 14.98 |
| Granted | 379,444 | 21.13 |
| Vested | — | — |
| Forfeited | (4,444) | 15.00 |
| Unvested shares as of March 31, 2017 | <u>657,780</u> | <u>\$ 18.53</u> |

As of March 31, 2017, there was \$11,324,218 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 thirty-three months.

Included in cost of revenue and selling, general and administrative expenses is stock-based compensation expense of \$569,831 for the three months ended March 31, 2017.

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12. Related Party Transactions

Transactions between the subsidiaries of the Company and the following companies are included in Related Party Transactions: Gulfport; Grizzly Oil Sands ULC ("Grizzly"); Taylor Frac LLC ("Taylor"); El Toro ("El Toro"); Stingray Cementing, LLC ("Cementing"); Diamondback E&P, LLC ("Diamondback"); Stingray Energy Services, LLC ("SR Energy"); Everest Operations Management, LLC ("Everest"); Elk City Yard, LLC ("Elk City Yard"); Double Barrel Downhole Technologies, LLC ("DBDHT"); Orange Leaf Holdings LLC ("Orange Leaf"); Caliber Investment Group, LLC ("Caliber"); and Dunvegan North Oilfield Services ULC ("Dunvegan").

| | | | REVENUES | | ACCOUNTS RECEIVABLE | | | | |
|--------------------------------|-----|----|------------------------------|------|---------------------|-----------------|------------|----|------------|
| | | | Three Months Ended March 31, | | At March 31, | At December 31, | | | |
| | | | 2017 | 2016 | 2017 | 2016 | | | |
| Pressure Pumping and Gulfport | (a) | \$ | 31,745,950 | \$ | — | \$ | 20,470,158 | \$ | 19,094,509 |
| Muskie and Gulfport | (b) | | 11,540,419 | | 1,918,078 | | 8,109,288 | | 5,373,007 |
| Muskie and Taylor | (c) | | 35,732 | | 2,456,676 | | 20,193 | | 70,470 |
| Panther Drilling and Gulfport | (d) | | 1,042,377 | | 451,875 | | 1,732,263 | | 1,434,036 |
| Lodging and Grizzly | (e) | | 264 | | 555 | | 263 | | 274 |
| Bison Drilling and El Toro | (f) | | — | | 371,873 | | — | | — |
| Panther Drilling and El Toro | (f) | | — | | 170,170 | | — | | — |
| Bison Trucking and El Toro | (f) | | — | | 130,000 | | — | | — |
| White Wing and El Toro | (f) | | — | | 20,431 | | — | | — |
| Energy Services and El Toro | (g) | | 123,645 | | — | | 64,646 | | 108,386 |
| Barracuda and Taylor | (h) | | 170,914 | | 10,261 | | 58,227 | | 199,413 |
| MRI and Cementing | (i) | | 4,790 | | — | | 5,610 | | 820 |
| White Wing and Diamondback | (j) | | — | | 1,650 | | — | | — |
| Coil Tubing and SR Energy | (k) | | 29,250 | | — | | 47,850 | | — |
| Pressure Pumping and Cementing | (l) | | 9,970 | | — | | 26,593 | | 950,678 |
| Silverback and SR Energy | (m) | | 196 | | — | | 17,124 | | 12,181 |
| Panther and DBDHT | (n) | | 5,215 | | — | | 86,015 | | 100,450 |
| Other Relationships | | | — | | — | | 2,503,069 | | 715,341 |
| | | \$ | 44,708,722 | \$ | 5,531,569 | \$ | 33,141,299 | \$ | 28,059,565 |

- a. Pressure Pumping provides pressure pumping, stimulation and related completion services to Gulfport.
- b. Muskie has agreed to sell and deliver, and Gulfport has agreed to purchase, specified annual and monthly amounts of natural sand proppant, subject to certain exceptions specified in the agreement, and pay certain costs and expenses.
- c. Taylor, an entity under common ownership with the Company and managed by the Company, has purchased natural sand proppant from Muskie.
- d. Panther Drilling performs drilling services for Gulfport pursuant to a master service agreement.
- e. Lodging provides remote accommodation and food services to Grizzly, an entity owned approximately 75% by affiliates of Wexford and approximately 25% by Gulfport.
- f. The contract land and directional drilling segment provides services for El Toro, an entity controlled by Wexford, pursuant to a master service agreement.
- g. Energy Services performs completion and production services for El Toro pursuant to a master service agreement.
- h. Barracuda receives fees from Taylor for the usage of its rail transloading facility.
- i. MRI provides iron inspection services to Cementing.
- j. White Wing provides rental services to Diamondback.
- k. Coil Tubing provides rental services to SR Energy.
- l. Pressure Pumping provides services and materials to Cementing.
- m. Silverback provides services and materials to SR Energy.
- n. Panther provides services and materials to DBDHT.

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| | | COST OF REVENUE | | | | ACCOUNTS PAYABLE | | | |
|--|-----|------------------------------|-----------|------|-----------|------------------|-----------|-----------------|-----------|
| | | Three Months Ended March 31, | | | | At March 31, | | At December 31, | |
| | | 2017 | | 2016 | | 2017 | | 2016 | |
| Pressure Pumping and Taylor | (a) | \$ | — | \$ | 2,665,992 | \$ | — | \$ | — |
| Muskie and Taylor | (a) | | 7,554,380 | | 799,545 | | 4,056,830 | | 2,119,084 |
| Barracuda and Taylor | (b) | | 64,428 | | 52,364 | | 203,165 | | 111,738 |
| Panther and DBDHT | (c) | | 127,720 | | 46,554 | | 115,661 | | — |
| Bison Trucking and Diamondback | (d) | | 38,132 | | 41,627 | | 10,187 | | — |
| Energy Services and Elk City Yard | (e) | | 26,700 | | 26,700 | | — | | — |
| Barracuda and SR Energy | (f) | | 14,983 | | 2,165 | | — | | 6,279 |
| Stingray Entities and SR Energy | (g) | | 222,382 | | — | | 408,458 | | 167,866 |
| Lodging and Dunvegan | (h) | | — | | — | | — | | 3,199 |
| Bison Trucking and El Toro | (i) | | — | | — | | 79 | | — |
| | | \$ | 8,048,725 | \$ | 3,634,947 | \$ | 4,794,380 | \$ | 2,408,166 |
| SELLING, GENERAL AND ADMINISTRATIVE COSTS | | | | | | | | | |
| Consolidated and Everest | (j) | \$ | 55,367 | \$ | 72,324 | \$ | 16,798 | \$ | 12,668 |
| Consolidated and Taylor | (k) | | 62,550 | | 37,840 | | — | | — |
| Consolidated and Wexford | (l) | | 227,739 | | 34,705 | | 109,065 | | 13,197 |
| Mammoth and Orange Leaf | (m) | | 29,510 | | — | | — | | — |
| Lodging and Dunvegan | (h) | | 2,551 | | — | | 886 | | — |
| | | \$ | 377,717 | \$ | 144,869 | \$ | 126,749 | \$ | 25,865 |
| | | \$ | | \$ | | \$ | 4,921,129 | \$ | 2,434,031 |

- a. Taylor, an entity under common ownership with the Company and managed by the Company, sells natural sand proppant to Muskie and Pressure Pumping. Natural sand proppant is sold to Muskie at a market-based per ton arrangement on an as-needed basis to supplement sand provided by its facility (when in operation) if any orders placed by its customers are not able to be readily fulfilled, either because of volume or specific grades of sand requested.
- b. From time to time, Barracuda pays for goods and services on behalf of Taylor.
- c. Panther rents rotary steerable equipment in connection with its directional drilling services from DBDHT.
- d. Bison Trucking leases office space from Diamondback in Midland, Texas. The office space is leased through early 2017.
- e. Energy Services leases property from Elk City Yard.
- f. From time to time, Barracuda rents equipment from SR Energy.
- g. Stingray entities rent equipment from SR Energy.
- h. Dunvegan provides technical and administrative services and pays for goods and services on behalf of Lodging.
- i. Bison Drilling leases space from El Toro for storage of a rig.
- j. Everest has historically provided office space and certain technical, administrative and payroll services to the Company and the Company has reimbursed Everest in amounts determined by Everest based on estimates of the amount of office space provided and the amount of employees' time spent performing services for the Company. In 2014, Everest provided personnel to support operational functions in addition to significant technical and advisory support.
- k. Taylor provides certain administrative and analytical services to the Company.
- l. Wexford provides certain administrative and analytical services to the Company and, from time to time, the Company pays for goods and services on behalf of Wexford.
- m. Orange Leaf leases office space to Mammoth Inc.

13. Commitments and Contingencies

The Company leases real estate, rail cars and other equipment under long-term operating leases with varying terms and expiration dates through 2025. Aggregate future minimum lease payments under these non-cancelable operating leases in effect at March 31, 2017 are as follows:

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| Year ended December 31: | Amount |
|-------------------------|----------------------|
| Remainder of 2017 | \$ 4,344,826 |
| 2018 | 5,400,861 |
| 2019 | 4,980,266 |
| 2020 | 3,516,479 |
| 2021 | 2,280,974 |
| Thereafter | 4,244,036 |
| | <u>\$ 24,767,442</u> |

For the three months ended March 31, 2017 and 2016, the Company recognized rent expense of \$910,119 and \$960,918, respectively.

The Company entered into a purchase agreement in 2014 with a sand supplier to begin January 1, 2015 and end December 31, 2016. The Company is subject to an annual commitment of 800,000 tons of sand. During June 2016, the Company paid a deposit of \$600,000 to the sand supplier to be netted against future purchases of sand under this contract and deferred the commitment until June 2017. The Company has one additional unilateral option to extend for one additional year with a further deposit of \$600,000. As of March 31, 2017, the future commitment for 2017 under this agreement is \$2,110,848.

The Company has various letters of credit totaling \$454,560 to secure rail car lease payments. These letters of credit were issued under the Company's revolving credit agreement and are collateralized by substantially all of the assets of the Company.

On March 31, 2017, the Company entered into a five year office lease agreement with Caliber Investment Group LLC, an affiliate of Wexford. The aggregate minimum lease payments under this agreement are \$2.6 million.

In the fourth quarter of 2016 and first quarter of 2017, we entered into agreements to acquire new high pressure fracturing units and other capital equipment. The future commitments under these agreements were \$21.0 million as of March 31, 2017.

The Company has insurance coverage for physical 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. As of March 31, 2017 and December 31, 2016, the policy requires a per deductible per occurrence of \$250,000. The Company establishes liabilities for the unpaid deductible portion of claims incurred relating to workers' compensation and auto liability based on estimates. As of March 31, 2017 and December 31, 2016, the policies contained an aggregate stop loss of \$2,000,000. As of March 31, 2017 and December 31, 2016, accrued claims were \$1,173,705 and \$971,351, respectively. 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 \$150,000 and an aggregate stop-loss of \$5,799,991 per calendar year. In connection with the insurance programs, letters of credit of \$1,636,000 as of March 31, 2017 and December 31, 2016, have been issued supporting the retained risk exposure. As of both March 31, 2017 and December 31, 2016, these letters of credit were collateralized by substantially all of the assets of the Company.

On March 20, 2017, as amended and restated on May 12, 2017, the Company entered into definitive agreements (the "Contribution Agreements") with affiliates of Wexford, Gulfport and Rhino to acquire Sturgeon Acquisitions LLC (which owns Taylor, Taylor Real Estate Investments, LLC and South River Road, LLC), SR Energy and Cementing (collectively, the "Targets") for 7,000,000 of its common stock. Based upon the closing price of Mammoth's common stock of \$19.06 per share on March 20, 2017, the total purchase price was valued at approximately \$133.4 million. The acquisition is expected to close in the second quarter of 2017.

On March 27, 2017, the Company, as purchaser, entered into a definitive asset purchase agreement with Chieftain Sand and Proppant, LLC and Chieftain Sand and Proppant Barron, LLC, unrelated third party sellers (the "Sellers"), following the Company's successful bid in a bankruptcy court auction for substantially all of the assets of the Sellers for \$35.3 million (the "Chieftain Acquisition"). The Chieftain Acquisition was approved by the bankruptcy court at a hearing on March 27, 2017, but remains subject to agreed closing conditions. The Chieftain Acquisition is expected to close in the

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second quarter of 2017. The Company intends to fund the purchase price for the Chieftain Acquisition with cash on hand and borrowings under its revolving credit facility.

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 has appealed the assessment and a hearing was scheduled for November 30, 2016. In November 2016, the State of Ohio deferred the hearing until 2017. While the Company is not able to predict the outcome of the appeal, this matter is not expected to have a material adverse effect on the financial position or results of operations of the Company.

On March 16, 2016, a putative and collective action lawsuit alleging that Coil Tubing failed to pay a class of workers in compliance with the Fair Labor Standards Act was filed titled Rusty Hale, individually and on behalf of all others similarly situated v. Redback Energy Services LLC in the U.S. District Court for the Western District of Oklahoma. On March 28, 2017, the Company settled this matter. This resolution did not have a material impact on the Company's financial position, results of operations or cash flows.

On June 3, 2015, a putative class and collective action lawsuit alleging that Pressure Pumping failed to pay a class of workers overtime in compliance with the Fair Labor Standards Act and Ohio law was filed titled William Crigler, et al v. Stingray Pressure Pumping, LLC in the U.S. District Court Southern District of Ohio Eastern Division. The parties have reached a settlement of this matter which received preliminary approval from the court in February 2017. This settlement, if it receives final approval at a fairness hearing in August 2017, will not have a material impact on the Company's financial position, results of operations or cash flows.

On October 12, 2015, a putative class and collective action lawsuit alleging that Energy Services failed to pay a class of workers overtime in compliance with the Fair Labor Standards Act and Oklahoma law was filed titled William Reynolds, individually and on behalf of all others similarly situated v. Redback Energy Services LLC in the U.S. District Court for the Western District of Oklahoma. In March 2017, the parties reached a settlement of this matter and filed a joint motion with the court to approve this settlement, which was granted. This settlement will not have a material impact on the Company's financial position, results of operations or cash flows.

On December 2, 2015, a putative class and collective action lawsuit alleging that Bison Drilling failed to pay a class of workers overtime in compliance with the Fair Labor Standards Act and Texas law was filed titled John Talamentez, individually and on behalf of all others similarly situated v. Bison Drilling and Field Services, LLC in the U.S. District Court Western District of Texas Midland/Odessa Division. The Company is evaluating the background facts and at this time is not able to predict the outcome of this lawsuit or whether it will have a material impact on the Company's financial position, results of operations or cash flows.

On February 12, 2016, a putative lawsuit alleging that Energy Services failed to pay a class of workers in compliance with the Fair Labor Standards Act was filed titled Brian Croniser vs. Redback Energy Services LLC in the U.S. District Court Southern District of Ohio. On February 17, 2017, the Company settled this matter and the lawsuit has been dismissed. This resolution did not have a material impact on the Company's financial position, results of operations or cash flows.

On June 22, 2016, a putative, Title VII discrimination, and Oklahoma anti-discrimination lawsuit alleging that Redback Energy Services was in violation of the previously mentioned federal and state laws. The lawsuit was filed titled Earl Richardson and Keary Johnson v. Redback Energy Services LLC in the U.S. District Court for the Western District of Oklahoma. The Company is evaluating the background facts at this time and is not able to predict the outcome of this lawsuit or whether it will have a material impact on the Company's financial position, results of operations or cash flows.

On August 1, 2016, a putative class and collective action lawsuit alleging that Energy Services failed to pay a class of workers overtime in compliance with the Fair Labor Standards Act and Texas law was filed titled Michael Caffey, individually and on behalf of all others similarly situated v. Redback Energy Services LLC in the U.S. District Court for the Western District of Texas. The Company is evaluating the background facts and at this time is not able to predict the outcome of this lawsuit or whether it will have a material impact on the Company's financial position, results of operations or cash flows.

On September 27, 2016, a putative lawsuit alleging that Energy Services failed to pay a class of workers in compliance with the Fair Labor Standards Act was filed titled Michael Drake vs. Redback Coil Tubing LLC, et al in the U.S. District Court Western District of Texas. The Company is evaluating the background facts at this time. The parties have agreed to

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stay discovery while they engage in settlement discussions. The Company is not able to predict the outcome of this lawsuit or whether it will have a material impact on the Company's financial position, results of operations or cash flows.

On January 26, 2017, a collective action lawsuit alleging that Pressure Pumping failed to pay a class of workers in compliance with the Fair Labor Standards Act was filed titled Ryan Crosby vs. Stingray Pressure Pumping, in the United States District Court for the Southern District of Ohio Eastern Division. The Company is evaluating the background facts at this time and is not able to predict the outcome of this lawsuit or whether it will have a material impact on the Company's financial position, results of operations or cash flows.

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 adverse effect on the Company's business, financial condition, results of operations or cash flows.

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 4% of an employee's compensation and may make additional discretionary contributions for eligible employees. For the three months ended March 31, 2017 and 2016, the Company paid \$0 and \$67,171, respectively, in contributions to the plan.

14. Operating Segments

The Company is organized into five reportable segments based on the nature of services provided and the basis in which management makes business and operating decisions. The Company principally provides oilfield services in connection with on-shore drilling of oil and natural gas wells for small to large domestic independent oil and natural gas producers. The Company's five segments consist of pressure pumping services ("Pressure Pumping Services"), well services ("Well Services"), natural sand proppant ("Sand"), contract land and directional drilling services ("Drilling") and other energy services ("Other Energy Services").

The Company's Chief Executive Officer and Chief Financial Officer comprise the Company's Chief Operating Decision Maker function ("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 revenue and earnings before interest, other expense (income), impairment, taxes and depreciation and amortization as well as a qualitative basis, such as nature of the product and service offerings, types of customers.

Based on the CODM's assessment, effective December 31, 2016, the Company reorganized the reportable segments to align with its new management reporting structure and business activities. Prior to this reorganization, the existing reportable segments were comprised of four segments for financial reporting purposes: land and directional drilling services, completion and production services, completion and production - natural sand proppant and remote accommodation services. As a result of this change, there are five reportable segments for financial reporting purposes as described above. Historical information in this Note to the financial statements has been revised to reflect the new reportable segment.

The following table sets forth certain financial information with respect to the Company's reportable segments:

MAMMOTH ENERGY SERVICES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

| Three Months Ended March 31, 2017 | Completion and Production | | | | | Total |
|---|---------------------------|----------------|----------------|----------------|-----------------------|----------------|
| | Pressure Pumping Services | Well Services | Sand | Drilling | Other Energy Services | |
| Revenue from external customers..... | \$ 8,691,647 | \$ 3,190,132 | \$ 2,615,209 | \$ 9,703,397 | \$ 5,506,706 | \$ 29,707,091 |
| Revenue from related parties..... | \$ 31,931,820 | \$ 152,895 | \$ 11,576,151 | \$ 1,047,592 | \$ 264 | \$ 44,708,722 |
| Cost of revenue..... | \$ 28,771,868 | \$ 3,799,776 | \$ 12,931,277 | \$ 10,953,423 | \$ 2,430,082 | \$ 58,886,426 |
| Selling, general and administrative expenses..... | \$ 1,774,926 | \$ 972,405 | \$ 1,542,565 | \$ 1,295,024 | \$ 636,890 | \$ 6,221,810 |
| Earnings before interest, other expense, taxes and depreciation and amortization..... | \$ 10,076,673 | \$ (1,429,154) | \$ (282,482) | \$ (1,497,458) | \$ 2,439,998 | \$ 9,307,577 |
| Other expense..... | \$ 2,631 | \$ 1,182 | \$ 102 | \$ 163,785 | \$ 2,341 | \$ 170,041 |
| Interest expense..... | \$ 128,444 | \$ (105,902) | \$ 21,793 | \$ 217,182 | \$ 24,821 | \$ 286,338 |
| Depreciation and amortization..... | \$ 9,157,893 | \$ 1,208,241 | \$ 1,019,491 | \$ 4,968,628 | \$ 539,524 | \$ 16,893,777 |
| Income tax provision..... | \$ — | \$ (3,691,532) | \$ — | \$ — | \$ 585,467 | \$ (3,106,065) |
| Net income (loss)..... | \$ 787,705 | \$ 1,158,857 | \$ (1,323,868) | \$ (6,847,053) | \$ 1,287,845 | \$ (4,936,514) |
| Total expenditures for property, plant and equipment..... | \$ 28,665,309 | \$ — | \$ — | \$ 2,269,277 | \$ 593 | \$ 30,935,179 |
| At March 31, 2017 | | | | | | |
| Goodwill..... | \$ 86,043,148 | \$ — | \$ — | \$ — | \$ — | \$ 86,043,148 |
| Intangible assets, net..... | \$ 19,174,183 | \$ 124,896 | \$ — | \$ — | \$ — | \$ 19,299,079 |
| Total Assets..... | \$ 228,689,765 | \$ 47,734,021 | \$ 29,421,704 | \$ 97,838,858 | \$ 30,818,616 | \$ 434,502,964 |

| Three Months Ended March 31, 2016 | Completion and Production | | | | | Total |
|--|---------------------------|----------------|---------------|----------------|-----------------------|-----------------|
| | Pressure Pumping Services | Well Services | Sand | Drilling | Other Energy Services | |
| Revenue from external customers..... | \$ 12,294,529 | \$ 2,698,592 | \$ 735,453 | \$ 5,257,738 | \$ 7,985,623 | \$ 28,971,935 |
| Revenue from related parties..... | \$ 10,261 | \$ — | \$ 4,374,754 | \$ 1,145,999 | \$ 555 | \$ 5,531,569 |
| Cost of revenue..... | \$ 14,260,507 | \$ 3,927,709 | \$ 3,958,177 | \$ 7,208,657 | \$ 3,542,170 | \$ 32,897,220 |
| Selling, general and administrative expenses..... | \$ 526,171 | \$ 573,296 | \$ 242,463 | \$ 1,302,473 | \$ 610,663 | \$ 3,255,066 |
| Earnings before interest, other (income) expense, taxes and depreciation and amortization..... | \$ (2,481,888) | \$ (1,802,413) | \$ 909,567 | \$ (2,107,393) | \$ 3,833,345 | \$ (1,648,782) |
| Other (income) expense..... | \$ (19,208) | \$ 9,400 | \$ (2) | \$ (10,074) | \$ 1,690 | \$ (18,194) |
| Interest expense..... | \$ 237,055 | \$ 98,319 | \$ — | \$ 852,574 | \$ 3,947 | \$ 1,191,895 |
| Depreciation and amortization..... | \$ 8,955,217 | \$ 1,397,507 | \$ 1,031,036 | \$ 5,507,381 | \$ 522,450 | \$ 17,413,591 |
| Income tax provision..... | \$ — | \$ — | \$ — | \$ — | \$ 894,360 | \$ 894,360 |
| Net (loss) income..... | \$ (11,654,952) | \$ (3,307,639) | \$ (121,467) | \$ (8,457,274) | \$ 2,410,898 | \$ (21,130,434) |
| Total expenditures for property, plant and equipment..... | \$ 30,695 | \$ — | \$ 92,028 | \$ 264,171 | \$ 147,631 | \$ 534,525 |
| At March 31, 2016 | | | | | | |
| Goodwill..... | \$ 86,043,148 | \$ — | \$ — | \$ — | \$ — | \$ 86,043,148 |
| Intangible assets, net..... | \$ 28,217,683 | \$ 152,396 | \$ — | \$ — | \$ — | \$ 28,370,079 |
| Total Assets..... | \$ 198,457,528 | \$ 60,191,891 | \$ 28,112,951 | \$ 110,148,572 | \$ 35,713,736 | \$ 432,624,678 |

The pressure pumping services segment provides hydraulic fracturing. The well services segment provides coil tubing, flowback and equipment rental services. The sand segment sells, distributes and produces sand for use in hydraulic fracturing. The contract land and directional drilling services segment provides vertical, horizontal and directional drilling services. The other energy services segment primarily provides housing, kitchen and dining, and recreational service facilities for oilfield workers that are located in remote areas away from readily available lodging. The pressure pumping and well service segments primarily services in the Utica Shale of Eastern Ohio, Marcellus Shale in Pennsylvania, Eagle Ford and Permian basin in Texas and mid-continent region. The natural sand proppant segment primarily services the Utica Shale and Montney Shale in British Columbia and Alberta, Canada. The contract land and directional drilling services segment primarily services the Permian Basin in West Texas. The other energy services segment provides service primarily in Canada.

**15. Subsequent
Events**

Subsequent to March 31, 2017, the Company entered into lease agreements with aggregate commitments of \$0.5 million.

On April 21, 2017, the Company acquired an energy service provider and related equipment from an unrelated third party seller for \$4.0 million.

On May 10, 2017, the Company acquired oilfield service equipment and related real property from an unrelated third party seller for \$3.8 million.

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 for the year ended December 31, 2016, filed with the Securities and Exchange Commission, or the SEC, on February 24, 2017.

Overview

We are an integrated, growth-oriented oilfield service company serving companies engaged in the exploration and development of North American onshore unconventional oil and natural gas reserves. Our primary business objective is to grow our operations and create value for stockholders through organic opportunities and accretive acquisitions. Our suite of services includes pressure pumping services, well services, natural sand proppant services, contract land and directional drilling services and other energy services. Our pressure pumping services division provides hydraulic fracturing services. Our well services division provides pressure control services, flowback services and equipment rentals. Our natural sand proppant services division sells, distributes and produces proppant for hydraulic fracturing. Our contract land and directional drilling services division provides drilling rigs and crews for operators as well as rental equipment, such as mud motors and operational tools, for both vertical and horizontal drilling. Our other energy services division primarily provides housing, kitchen and dining, and recreational service facilities for oilfield workers located in remote areas away from readily available lodging. 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. Our complementary suite of completion and production and drilling related services provides us with the opportunity to cross-sell our services and expand our customer base and geographic positioning.

On October 19, 2016, Mammoth Energy Services, Inc., or Mammoth Inc., closed its IPO of 7,750,000 shares of common stock, of which 7,500,000 shares were sold by Mammoth Inc. and the remaining 250,000 shares were sold by certain selling stockholders, at a price to the public of \$15.00 per share. Mammoth Inc.'s common stock is traded on the Nasdaq Global Select Market under the symbol "TUSK." Unless the context otherwise requires, references in this report to "we," "our," "us," or like terms, when used in a historical context for periods prior to October 12, 2016 refer to Mammoth Energy Partners, LP, or the Partnership, and its subsidiaries. References in this report to "we," "our," "us," or like terms, when used in the present tense or for periods commencing on or after October 12, 2016 refer to Mammoth Inc. and its subsidiaries. Mammoth Inc. was formed in June 2016, and did not conduct any material business operations prior to the completion of the IPO and the contribution described below completed on October 12, 2016 immediately prior to the IPO. Prior to the IPO, Mammoth Inc. was a wholly-owned subsidiary of the Partnership.

On November 24, 2014, Mammoth Energy Holdings LLC, or Mammoth Holdings, Gulfport Energy Corporation, or Gulfport, and Rhino Exploration LLC, or Rhino, contributed to the Partnership their respective interests in the following entities: Bison Drilling and Field Services, LLC, or Bison Drilling; Bison Trucking LLC, or Bison Trucking; White Wing Tubular Services LLC, or White Wing; Barracuda Logistics LLC, or Barracuda; Panther Drilling Systems LLC, or Panther Drilling; Redback Energy Services LLC, or Redback Energy Services; Redback Coil Tubing LLC, or Redback Coil Tubing; Muskie Proppant LLC, or Muskie Proppant; Stingray Pressure Pumping LLC, or Pressure Pumping; Stingray Logistics LLC, or Logistics; and Great White Sand Tiger Lodging Ltd., or Lodging. Upon completion of these contributions, Mammoth Holdings, Gulfport and Rhino beneficially owned a 68.7%, 30.5% and 0.8% equity interest, respectively, in the Partnership. Subsequently, the Partnership formed Redback Pumpdown Services LLC, or Pumpdown, Mr. Inspections LLC, or Mr. Inspections, Silverback Energy Services LLC, or Silverback, and Mammoth Inc. as wholly-owned subsidiaries.

On October 12, 2016, prior to and in connection with the IPO, the Partnership converted to a Delaware limited liability company named Mammoth Energy Partners LLC, or Mammoth LLC, and Mammoth Holdings, Gulfport and Rhino contributed their respective membership interests in Mammoth LLC to us in exchange for shares of our common stock, and Mammoth LLC became our wholly-owned subsidiary.

First Quarter 2017 Highlights

Pending Acquisition of Stingray Energy, Stingray Cementing and Sturgeon

On March 20, 2017, as amended and restated on May 12, 2017, we entered into three definitive contribution agreements, one with affiliates of Wexford, Gulfport, Rhino and Mammoth LLC, and two others with affiliates of Wexford, Gulfport and Mammoth LLC, which we collectively refer to as the Contribution Agreements. Under the Contribution Agreements, we agreed

to acquire all outstanding membership interests in Sturgeon Acquisitions LLC (which owns Taylor Frac, LLC, Taylor Real Estate Investments, LLC and South River Road, LLC, which are collectively referred to as Taylor Frac), Stingray Energy Services, LLC, or Stingray Energy, and Stingray Cementing, LLC, or Stingray Cementing, and, together with Sturgeon Acquisitions, LLC and Stingray Energy, the Target Companies), respectively, for an aggregate of 7.0 million shares of our common stock valued at approximately \$133.4 million based on the closing price of \$19.06 per share for our common stock on March 20, 2017. As of February 28, 2017, the Target Companies had \$7.3 million in debt and a positive working capital balance of \$6.9 million. Taylor Frac owns a 0.7 million ton per year sand mine and processing plant with an estimated 37.1 million tons of recoverable reserves, 73% of which is more highly valued fine sand grades. Stingray Energy and Stingray Cementing, combined, offer services in fresh water transfer, equipment rental, re-fueling as well as cementing and operate primarily in the Appalachian basin. We have provided certain management, administrative and treasury functions to Taylor Frac, Stingray Energy and Stingray Cementing since 2014. We anticipate closing this acquisition in the second quarter of 2017, subject to agreed closing conditions.

Pending Chieftain Acquisition

On March 27, 2017, we entered into a definitive asset purchase agreement, which we refer to as the Purchase Agreement, with Chieftain Sand and Proppant, LLC and Chieftain Sand and Proppant Barron, LLC, unrelated third party sellers, following our successful bid in a bankruptcy court auction for substantially all of the assets of the sellers for \$35.25 million, which we refer to as the Chieftain Acquisition. The assets subject to the Chieftain Acquisition include a wet and dry plant located on approximately 600 acres in New Auburn, Wisconsin and a sand mine with estimated reserves of 30 million tons of Northern White Jordan Substrate frac sand which meets or exceeds API standards including solubility, turbidity, roundness, sphericity and crush resistance. The nameplate capacity of the dry plant, which is not operating today, is 1.8 million tons per annum, or Mtpa, with an expected capacity of 1.5 Mtpa once it is operational. The sellers' facilities are located on the Union Pacific Railroad with unit train capability on site. The Chieftain Acquisition was approved by the bankruptcy court at a hearing on March 27, 2017, but remains subject to agreed closing conditions. The Chieftain Acquisition is expected to close in the second quarter of 2017. We intend to fund the purchase price for the Chieftain Acquisition with cash on hand and borrowings under our revolving credit facility.

Industry Overview

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 budget. 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 and other conditions and factors that are beyond our control.

Demand for most of our products and services depends substantially on the level of expenditures by companies in the oil and natural gas industry. The significant decline in oil and natural gas prices that began in the third quarter of 2014 continued into February 2016, when the closing price of oil reached a 12-year low of \$26.19 per barrel on February 11, 2016. The low commodity price environment caused a reduction in the drilling, completion and other production activities of most of our customers and their spending on our products and services.

The reduction in demand during the first part of 2016, and the resulting oversupply of many of the services and products we provide, substantially reduced the prices we could charge our customers for our products and services, and had a negative impact on the utilization of our services. This overall trend with respect to our customers' activities and spending continued in 2016. However, oil prices have increased since the 12-year low recorded on February 11, 2016, reaching a high of \$54.06 per barrel on December 28, 2016. During the first three months of 2017, oil traded between a low of \$47.70 per barrel recorded on March 23, 2017 and a high of \$54.45 per barrel on February 23, 2017. As commodity prices have begun to recover, we have experienced an increase in activity. If near term commodity prices remain at current levels and recover further, we expect to continue to experience an increase in demand for our services and products, particularly in our completion and production, natural sand proppant and contract land and directional drilling businesses. Our other energy services revenue, which are currently only attributable to our remote accommodations business, declined during the first quarter of 2017 as a major construction project in the area we service was substantially completed in March 2017. We currently anticipate that our other energy services revenues will continue to decrease in the second quarter of 2017 if we are unable to replace the revenue attributable to this project.

Results of Operations

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016

| | Three Months Ended | |
|---|--------------------|-----------------|
| | March 31, 2017 | March 31, 2016 |
| Revenue: | | |
| Pressure pumping services | \$ 40,623,467 | \$ 12,304,790 |
| Well services | 3,343,027 | 2,698,592 |
| Natural sand proppant services | 14,191,360 | 5,110,207 |
| Contract land and directional drilling services | 10,750,989 | 6,403,737 |
| Other energy services | 5,506,970 | 7,986,178 |
| Total revenue | 74,415,813 | 34,503,504 |
| Cost of Revenue: | | |
| Pressure pumping services | 28,771,868 | 14,260,507 |
| Well services | 3,799,776 | 3,927,709 |
| Natural sand proppant services | 12,931,277 | 3,958,177 |
| Contract land and directional drilling services | 10,953,423 | 7,208,657 |
| Other energy services | 2,430,082 | 3,542,170 |
| Total cost of revenue | 58,886,426 | 32,897,220 |
| Selling, general and administrative expenses | 6,221,810 | 3,255,066 |
| Depreciation and amortization | 16,893,777 | 17,413,591 |
| Operating loss | (7,586,200) | (19,062,373) |
| Interest expense, net | (286,338) | (1,191,895) |
| Other (expense) income | (170,041) | 18,194 |
| Loss before income taxes | (8,042,579) | (20,236,074) |
| (Benefit) provision for income taxes | (3,106,065) | 894,360 |
| Net loss | \$ (4,936,514) | \$ (21,130,434) |

Revenue. Revenue for the three months ended March 31, 2017 increased \$39.9 million, or 116%, to \$74.4 million from \$34.5 million for the three months ended March 31, 2016. Revenue by operating division was as follows:

Pressure Pumping Services. Pressure pumping services division revenue increased \$28.3 million, or 230%, to \$40.6 million for the three months ended March 31, 2017 from \$12.3 million for the three months ended March 31, 2016. The increase was primarily driven by an increase in fleet utilization, on two active fleets, from 21% for the three months ended March 31, 2016 to 63%, on three active fleets, for the three months ended March 31, 2017. Additionally, the number of stages completed increased to 860 for the three months ended March 31, 2017 from 204 for the three months ended March 31, 2016.

Well Services. Well services division revenue increased \$0.6 million, or 24%, to \$3.3 million for the three months ended March 31, 2017 from \$2.7 million for the three months ended March 31, 2016. Our coil tubing services accounted for \$0.6 million, or 100% of our operating division increase, as a result of an increase in average day rates from approximately \$19,900 for the three months ended March 31, 2016 to approximately \$22,100 for the three months ended March 31, 2017. Our flowback services remained consistent period over period.

Natural Sand Proppant Services. Natural sand proppant services division revenue increased \$9.1 million, or 178%, to \$14.2 million for the three months ended March 31, 2017, from \$5.1 million for the three months ended March 31, 2016. The increase was primarily attributable to an increase in tons of sand sold from approximately 66,500 for the three months ended March 31, 2016 to approximately 227,840 for the three months ended March 31, 2017, partially offset by a decrease in the average sales price per ton of sand from \$77 to \$62 for the three months ended March 31, 2016 and 2017, respectively.

Contract Land and Directional Drilling Services. Contract land and directional drilling services division revenue increased \$4.4 million, or 68%, from \$6.4 million for the three months ended March 31, 2016 to \$10.8 million for the three months ended March 31, 2017. The increase was primarily attributable to our land drilling services, which accounted for \$2.5 million, or 57%, of the operating division increase as a result of an increase in average day rates from approximately \$13,400 for the three months ended March 31, 2016 to approximately \$14,400 for the three months ended March 31, 2017. Active rig count remained consistent at four during those same periods. Our directional drilling services accounted for \$1.4 million, or 31%, of the operating division increase as a result of utilization increasing from 14% for the three months ended March 31, 2016 to 26% for the three months ended March 31, 2017. Our rig moving services accounted for \$0.6 million, or 15%, of the operating division increase. The increase in our rig moving services was driven by the increase in drilling activity. Our drill pipe inspection services reflected a decrease of \$0.1 million, or (3)%, of the operating division activity.

Other Energy Services. Other energy services division revenue decreased \$2.5 million, or 31%, to \$5.5 million for the three months ended March 31, 2017 from \$8.0 million for the three months ended March 31, 2016. The decrease was the result of a decrease in total rooms nights rented from 61,697 to 34,338 for the three months ended March 31, 2016 and 2017, respectively, in addition to a decrease in revenue per room night, in Canadian dollars, from \$178 for the three months ended March 31, 2016 to \$175 for the three months ended March 31, 2017, partially offset by approximately \$0.9 million of business interruption insurance proceeds we collected and recognized for the three months ended March 31, 2017.

Cost of Revenue. Cost of revenue increased \$26.0 million from \$32.9 million, or 95% of total revenue, for the three months ended March 31, 2016 to \$58.9 million, or 79% of total revenue, for the three months ended March 31, 2017. Cost of revenue by operating division was as follows:

Pressure Pumping Services. Pressure pumping services division cost of revenue increased \$14.5 million, or 102%, from \$14.3 million for the three months ended March 31, 2016 to \$28.8 million for the three months ended March 31, 2017. The increase was primarily due to increases in proppant costs, repairs and maintenance expense and labor-related costs from bringing our third pressure pumping fleet on line during 2017. As a percentage of revenues, our pressure pumping services division cost of revenue was 71% and 116% for the three months ended March 31, 2017 and 2016, respectively. The decrease in cost of revenue as a percentage of revenue was primarily due to an increase in utilization.

Well Services. Well services division cost of revenue decreased \$0.1 million, or 3%, from \$3.9 million for the three months ended March 31, 2016 to \$3.8 million for the three months ended March 31, 2017. The decrease was primarily due to decreases in labor-related costs. As a percentage of revenues, our well services division cost of revenue was 114% and 146% for the three months ended March 31, 2017 and 2016, respectively. The decrease in cost of revenue as a percentage of revenue was primarily due to an increase in utilization.

Natural Sand Proppant Services. Natural sand proppant services division cost of revenue increased \$8.9 million, or 227%, from \$4.0 million for the three months ended March 31, 2016 to \$12.9 million for the three months ended March 31, 2017, primarily due to an increase in product costs. As a percentage of revenue, cost of revenue was 91% and 77% for the three months ended March 31, 2017 and 2016, respectively. The increase was primarily due to an increase in per-ton product costs.

Contract Land and Directional / Drilling Services. Contract land and directional drilling services division cost of revenue increased \$3.8 million, or 52%, from \$7.2 million for the three months ended March 31, 2016 to \$11.0 million for the three months ended March 31, 2017, primarily due to an increase in labor-related costs and higher utilization. As a percentage of revenue, our contract land and directional drilling services division cost of revenue was 402% and 113% for the three months ended March 31, 2017 and 2016, respectively. The decrease was primarily due to lower compensation and repairs and maintenance as a percentage of revenue.

Other Energy Services. Other energy services division cost of revenues decreased \$1.1 million, or 31%, from \$3.5 million for the three months ended March 31, 2016 to \$2.4 million for the three months ended March 31, 2017, primarily due to declines in contracted labor-related costs in our remote accommodation services. As a percentage of revenues, cost of revenues was 44% for each of the three month periods ended March 31, 2017 and 2016.

Selling, General and Administrative Expenses. Selling, general and administrative expenses represent the costs associated with managing and supporting our operations. These expenses increased \$2.9 million, or 91%, to \$6.2 million for the three months ended March 31, 2017, from \$3.3 million for the three months ended March 31, 2016. The increase in expenses

was primarily attributable to a \$2.1 million increase in compensation-related cost, a \$0.7 million increase in professional fees and services and a \$0.1 million reduction in bad debt expense for the three months ended March 31, 2017, compared to the three months ended March 31, 2016.

Depreciation and Amortization. Depreciation and amortization decreased \$0.5 million, or 3%, to \$16.9 million for the three months ended March 31, 2017 from \$17.4 million for the three months ended March 31, 2016. The decrease was primarily attributable to \$26.2 million of assets that fully depreciated during 2016 and was partially offset by placing in service of \$6.6 million of capital additions for the three months ended March 31, 2017.

Interest Expense. Interest expense decreased \$0.9 million, or 76%, to \$0.3 million during the three months ended March 31, 2017, from \$1.2 million during the three months ended March 31, 2016. The decrease in interest expense was attributable to a decrease in average borrowings during 2016 and the repayment of all outstanding borrowings in October 2016 with a portion of the net proceeds from the IPO.

Other (expense) income, net. Non-operating charges (income) resulted in expense of \$0.2 million for the three months ended March 31, 2017, compared to other income, net of \$18.2 thousand for the three months ended March 31, 2016. The three months ended March 31, 2017 included \$0.1 million in loss recognition on assets disposed of during the period.

Income Taxes. Prior to our initial public offering in October 2016, we were treated as a pass-through entity for federal income tax and most state income tax purposes. For the three months ended March 31, 2017, we recognized income tax benefit of \$3.1 million compared to an income tax expense of \$0.9 million for the three months ended March 31, 2016. The provision for the three months ended March 31, 2016 was primarily attributable to our subsidiary, Lodging, which provides our remote accommodation services.

Non-GAAP Financial Measures

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 income (loss) before depreciation and amortization, acquisition related costs, equity based compensation, interest expense, other (income) expense, net (which is comprised of the (gain) or loss on disposal of long-lived assets) and provision (benefit) for income taxes. We exclude the items listed above from net income (loss) in arriving at Adjusted EBITDA because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net income (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 measure 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 also 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.

Consolidated

| Reconciliation of Adjusted EBITDA to net income (loss): | Three Months Ended March 31, | |
|---|------------------------------|-----------------|
| | 2017 | 2016 |
| Net loss | \$ (4,936,514) | \$ (21,130,434) |
| Depreciation and amortization expense | 16,893,777 | 17,413,591 |
| Acquisition related costs | 1,246,564 | — |
| Equity based compensation | 569,831 | — |
| Interest expense | 286,338 | 1,191,895 |
| Other (income) expense, net | 170,041 | (18,194) |
| Provision (benefit) for income taxes | (3,106,065) | 894,360 |
| Adjusted EBITDA | \$ 11,123,972 | \$ (1,648,782) |

Pressure Pumping Services

| Reconciliation of Adjusted EBITDA to net income (loss): | Three Months Ended March 31, | |
|---|------------------------------|-----------------|
| | 2017 | 2016 |
| Net income (loss) | \$ 787,705 | \$ (11,654,952) |
| Depreciation and amortization expense | 9,157,893 | 8,955,217 |
| Equity based compensation | 271,388 | — |
| Interest expense | 128,444 | 237,055 |
| Other (income) expense, net | 2,631 | (19,208) |
| Provision (benefit) for income taxes | — | — |
| Adjusted EBITDA | \$ 10,348,061 | \$ (2,481,888) |

Well Services

| Reconciliation of Adjusted EBITDA to net income (loss): | Three Months Ended March 31, | |
|---|------------------------------|----------------|
| | 2017 | 2016 |
| Net income (loss) | \$ 1,158,857 | \$ (3,307,639) |
| Depreciation and amortization expense | 1,208,241 | 1,397,507 |
| Acquisition related costs | 187,184 | — |
| Equity based compensation | 46,989 | — |
| Interest expense | (105,902) | 98,319 |
| Other (income) expense, net | 1,182 | 9,400 |
| Provision (benefit) for income taxes | (3,691,532) | — |
| Adjusted EBITDA | \$ (1,194,981) | \$ (1,802,413) |

Natural Sand Proppant Services

| Reconciliation of Adjusted EBITDA to net income (loss): | Three Months Ended March 31, | |
|---|------------------------------|--------------|
| | 2017 | 2016 |
| Net loss | \$ (1,323,868) | \$ (121,467) |
| Depreciation and amortization expense | 1,019,491 | 1,031,036 |
| Acquisition related costs | 1,037,865 | — |
| Equity based compensation | 70,124 | — |
| Interest expense | 21,793 | — |
| Other (income) expense, net | 102 | (2) |
| Provision (benefit) for income taxes | — | — |
| Adjusted EBITDA | \$ 825,507 | \$ 909,567 |

Contract Land and Directional Drilling Services

| Reconciliation of Adjusted EBITDA to net income (loss): | Three Months Ended March 31, | |
|---|------------------------------|----------------|
| | 2017 | 2016 |
| Net income (loss) | \$ (6,847,053) | \$ (8,457,274) |
| Depreciation and amortization expense | 4,968,628 | 5,507,381 |
| Acquisition related costs | 21,515 | — |
| Equity based compensation | 111,870 | — |
| Interest expense | 217,182 | 852,574 |
| Other (income) expense, net | 163,785 | (10,074) |
| Provision for income taxes | — | — |
| Adjusted EBITDA | \$ (1,364,073) | \$ (2,107,393) |

Other Energy Services

| Reconciliation of Adjusted EBITDA to net income (loss): | Three Months Ended March 31, | |
|---|------------------------------|--------------|
| | 2017 | 2016 |
| Net income | \$ 1,287,845 | \$ 2,410,898 |
| Depreciation and amortization expense | 539,524 | 522,450 |
| Equity based compensation | 69,460 | — |
| Interest expense | 24,821 | 3,947 |
| Other (income) expense, net | 2,341 | 1,690 |
| Provision (benefit) for income taxes | 585,467 | 894,360 |
| Adjusted EBITDA | \$ 2,509,458 | \$ 3,833,345 |

Liquidity and Capital Resources

We require capital to fund ongoing operations, including maintenance expenditures on our existing fleet and equipment, organic growth initiatives, investments and acquisitions. Since November 2014, our primary sources of liquidity have been cash on hand, borrowings under our revolving credit facility and cash flows from operations in addition to the net proceeds from our initial public offering. Our primary use of capital has been for investing in property and equipment used to provide our services.

As of March 31, 2017, our revolving credit facility was undrawn, leaving an aggregate of \$144.1 million of available borrowing capacity under this facility.

The following table summarizes our liquidity for the periods indicated:

| | March 31, | December 31, |
|---|-----------------------|-----------------------|
| | 2017 | 2016 |
| Cash and cash equivalents | \$ 12,278,120 | \$ 28,693,985 |
| Revolving credit facilities availability | 144,149,393 | 146,181,002 |
| Less borrowings | — | — |
| Less letter of credit facilities (rail car commitments) | (454,560) | (2,090,560) |
| Less letter of credit facilities (insurance programs) | (1,636,000) | (1,285,000) |
| Net working capital (less cash) | 16,636,356 | 28,323,882 |
| Total | \$ 170,973,309 | \$ 199,823,309 |

We used a portion of the net proceeds from our IPO to repay all borrowings outstanding under our revolving credit facility and, at May 11, 2017, this facility was undrawn with \$141.2 million available borrowing capacity.

Liquidity and Cash Flows

The following table sets forth our cash flows at the dates indicated:

| | Three Months Ended | |
|---|---------------------------|----------------------|
| | March 31, | |
| | 2017 | 2016 |
| Net cash provided by operating activities | \$ 14,139,399 | \$ 20,629,593 |
| Net cash used in investing activities | (30,565,921) | (499,662) |
| Net cash used in financing activities | — | (9,499,772) |
| Effect of foreign exchange rate on cash | 10,657 | 260,074 |
| Net change in cash | <u>\$ (16,415,865)</u> | <u>\$ 10,890,233</u> |

Operating Activities

Net cash provided by operating activities was \$14.1 million for the three months ended March 31, 2017, compared to net cash provided of \$20.6 million for the three months ended March 31, 2016. The increase in operating cash flows was primarily attributable to timing of receivable collections with related parties.

Investing Activities

Net cash used in investing activities was \$30.6 million for the three months ended March 31, 2017, compared to net cash used of \$0.5 million for the three months ended March 31, 2016. Substantially all cash used in investing activities was used to purchase property and equipment that is utilized to provide our services.

The following table summarizes our capital expenditures by operating division for the periods indicated:

| | Three Months Ended | |
|--|----------------------|-------------------|
| | March 31, | |
| | 2017 | 2016 |
| Pressure pumping services (a) | \$ 28,665,309 | \$ 30,695 |
| Well services | — | — |
| Natural sand proppant production (b) | — | 92,028 |
| Contract and directional drilling services (c) | 2,269,277 | 264,171 |
| Other energy services (d) | 593 | 147,631 |
| Net change in cash | \$ 30,935,179 | \$ 534,525 |

(a). Capital expenditures primarily for for pressure pumping equipment for the three months ended March 31, 2017 and 2016.

(b). Capital expenditures included a conveyor for the three months ended March 31, 2016.

(c). Capital expenditures primarily for upgrades to our rig fleet for the three months ended March 31, 2017 and 2016.

(d). Capital expenditures included primarily for an intersection upgrade for the three months ended March 31, 2016.

Financing Activities

Net cash used in financing activities for the three months ended March 31, 2016 was \$9.5 million. During 2016, substantially all of which was used to pay down net borrowings under our credit facility. There was no net cash used in financing activities for the three months ended March 31, 2017.

Effect of Foreign Exchange Rate on Cash

The effect of foreign exchange rate on cash was \$0.1 million, for the three months ended March 31, 2017, compared to net cash used of \$0.3 million for the three months ended March 31, 2016. The year-over-year effect 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 \$28.9 million and \$57.0 million at March 31, 2017 and December 31, 2016 respectively. Our cash balances totaled \$12.3 million and \$28.7 million at March 31, 2017 and December 31, 2016, respectively.

Our Revolving Credit Facility

On November 25, 2014, we entered into a \$170.0 million revolving credit and security agreement with PNC Capital Markets LLC, as lead arranger, PNC Bank, National Association, as the administrative and collateral agent, and the lenders from time-to-time party thereto. Our revolving credit facility, as amended in connection with the IPO, matures on November 25, 2019. Borrowings under our revolving credit facility are secured by our and our subsidiaries' assets. The maximum availability for future borrowings under our revolving credit facility is subject to a borrowing base calculation prepared monthly. Concurrent with our entry into our revolving credit facility, we repaid all of our then existing subordinate debt with the initial advance under our revolving credit facility.

Interest is payable monthly at a base rate set by the institution's commercial lending group plus an applicable margin. Additionally, at our request, outstanding balance, are permitted to be converted to LIBOR rate plus applicable margin tranches at set increments of \$500,000. The LIBOR rate option allows us to select interest periods from one, two, and three or six months. The applicable margin for either the base rate or the LIBOR rate option can vary from 1.5% to 3.0%, based upon a calculation of the excess availability of the line as a percentage of the maximum credit limit.

We used a portion of the net proceeds from the IPO to repay all borrowings outstanding under our revolving credit facility and at March 31, 2017 our credit facility remained undrawn with availability of \$144.1 million, net of outstanding letters of credit. At May 11, 2017, this facility was undrawn with \$141.2 million available borrowing capacity.

Our revolving credit facility contains various customary affirmative and restrictive covenants. Among the covenants are two financial covenants, including a minimum interest coverage ratio (3.0 to 1.0), and a maximum leverage ratio (4.0 to 1.0).

and minimum availability (\$10.0 million). As of March 31, 2017 and December 31, 2016, we were in compliance with these covenants.

Capital Requirements and Sources of Liquidity

With commodity prices beginning to increase in the second half of 2016 and then stabilizing at their current range, we have seen an increase in customer demand, particularly in our pressure pumping and natural sand proppant services divisions. We have increased our capital budget accordingly and, during 2017, we currently estimate that our aggregate capital expenditures will be approximately \$143.0 million. These capital expenditures include \$66.0 million in our pressure pumping services division for the acquisition of an additional 132,500 horsepower of new high pressure hydraulic pumps and related equipment, \$29.0 million in our pressure pumping service division for tractors, pneumatic trailers and transload facilities to enhance our last mile solutions \$23.0 million in our sand segment for plant capacity expansion projects, \$9.0 million in our contract land and directional drilling services division for an upgrade to two of our horizontal rigs and \$16.0 million in our well services and other energy services divisions, primarily to maintain our coil tubing and flowback services lines and add new service offerings. We spent approximately \$31.0 million on capital expenditures during the first quarter of 2017. We also intend to spend \$35.3 million to complete the Chieftain Acquisition.

We believe that our cash on hand, operating cash flow and available borrowings under our revolving credit facility will be sufficient to fund our operations for at least the next twelve months and fund the Chieftain Acquisition. However, future cash flows are subject to a number of variables, and significant additional capital expenditures could be required to conduct our operations. There can be no assurance that operations and other capital resources will provide cash in sufficient amounts to maintain planned or future levels of capital expenditures. Further, as previously announced, we intend to actively pursue an acquisition strategy to enhance our portfolio of products and services, market positioning and/or geographic presence. We regularly evaluate acquisition opportunities, and the number of opportunities coming to our attention has increased substantially since the IPO. We do not have a specific acquisition budget for 2017 since the timing and size of acquisitions cannot be accurately forecasted, however, we continue to evaluate opportunities. Our acquisitions may be undertaken with cash (as in the case of the Chieftain Acquisition), our common stock (as in the case of the pending acquisitions of the Target companies) 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 that or other reasons, we may do so through borrowings under our revolving credit facility, joint venture partnerships, asset sales, offerings of debt or equity securities or other means. 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, we may not be able to complete acquisitions that may be favorable to us or finance the capital expenditures necessary to conduct our operations.

Off-Balance Sheet Arrangements

Operating Leases

An Operating Entity leases real estate, rail cars and other equipment under long-term operating leases with varying terms and expiration dates through 2025. Aggregate future minimum lease payments under these non-cancelable operating leases in effect at March 31, 2017, are as follows:

| Year ended December 31: | Amount |
|-------------------------|----------------------|
| Remainder of 2017 | \$ 4,344,826 |
| 2018 | 5,400,861 |
| 2019 | 4,980,266 |
| 2020 | 3,516,479 |
| 2021 | 2,280,974 |
| Thereafter | 4,244,036 |
| | <u>\$ 24,767,442</u> |

Other Commitments

We entered into a purchase agreement in 2014 with a sand supplier to begin January 1, 2015 and end December 31, 2016. We are subject to an annual commitment of 200,000 tons of sand. During June 2016, we paid a deposit of \$0.6 million to the

sand supplier to be netted against future purchases of sand under this contract and deferred the commitment until June 2017. We have one additional unilateral option to extend for one additional year with a further deposit of \$0.6 million. As of March 31, 2017, the future commitment for 2017 under this agreement was \$2.1 million.

On March 31, 2017, we entered into a five year office lease agreement with Caliber Investment Group LLC, an affiliate of Wexford. The aggregate minimum lease payments under this agreement are \$2.6 million.

In the fourth quarter of 2016 and first quarter of 2017, we entered into agreements to acquire new high pressure fracturing units and other capital equipment. The future commitments under these agreements was \$21.0 million as of March 31, 2017.

Subsequent to March 31, 2017, we entered into lease agreements with aggregate commitments of \$0.5 million.

On March 20, 2017, as amended and restated on May 12, 2017, we entered into the Contribution Agreements in which we agreed to acquire all outstanding membership interests in the Target Companies for an aggregate of 7.0 million shares of our common stock. We anticipate closing these acquisitions in the second quarter of 2017, subject to agreed closing conditions. See "—First Quarter 2017 Highlights" above.

On March 27, 2017, we entered into the Purchase Agreement with Chieftain Sand and Proppant, LLC and Chieftain Sand and Proppant Barron, LLC, unrelated third party sellers, following our successful bid in a bankruptcy court auction for substantially all of the assets of the sellers for \$35.3 million. The Chieftain Acquisition was approved by the bankruptcy court at a hearing on March 27, 2017, but remains subject to agreed closing conditions. The Chieftain Acquisition is expected to close in the second quarter of 2017. We intend to fund the purchase price for the Chieftain Acquisition with cash on hand and borrowings under our revolving credit facility. See "—First Quarter 2017 Highlights" above.

New Accounting Pronouncements

In July 2015, the FASB issued ASU No. 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*, which changes inventory measured using any method other than last-in, first-out (LIFO) or the retail inventory method (for example, inventory measured using first-in, first-out (FIFO) or average cost) at the lower of cost and net realizable value. ASU 2015-11 is effective for annual and interim reporting periods beginning after December 15, 2016, with early adoption permitted. On January 1, 2017, we adopted the ASU and it did not impact our condensed consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 supersedes existing revenue recognition requirements in GAAP and requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. Additionally, it requires expanded disclosures regarding the nature, amount, timing and certainty of revenue and cash flows from contracts with customers. The ASU was effective for annual and interim reporting periods beginning after December 15, 2016, using either a full or a modified retrospective application approach; however, in July 2015 the FASB decided to defer the effective date by one year (until 2018) by issuing ASU No. 2015-14, *Revenue From Contracts with Customers: Deferral of the Effective Date*. The Company expects to adopt this new revenue guidance utilizing the retrospective method of adoption in the first quarter of 2018, and because the Company is still evaluating the portion of its revenues that may be subject to the new leasing guidance discussed below, it is unable to quantify the impact that the new revenue standard will have on the Company's consolidated financial statements upon adoption.

In February 2016, the FASB issued ASU No. 2016-2 *Leases* amending the current accounting for leases. Under the new provisions, all lessees will report a right-of-use asset and a liability for the obligation to make payments for all leases with the exception of those leases with a term of 12 months or less. All other leases will fall into one of two categories: (i) a financing lease or (ii) an operating lease. Lessor accounting remains substantially unchanged with the exception that no leases entered into after the effective date will be classified as leveraged leases. For sale leaseback transactions, a sale will only be recognized if the criteria in the new revenue recognition standard are met. ASU 2016-2 is effective for fiscal years beginning after December 15, 2018, and interim periods within that fiscal year. Early adoption is permitted. Since a portion of the Company's revenue may be subject to this new leasing guidance, it expects to adopt this updated leasing guidance at the same time its adopts the new revenue standard discussed above, utilizing the retrospective method of adoption. This new leasing guidance will also impact the Company in situations where it is the lessee, and in certain circumstances it will have a right-of-use asset and lease liability on its consolidated financial statements. We are currently evaluating the effect the new guidance will have on our consolidated financial statements and results of operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The demand, pricing and terms for oil and gas services provided by us are largely dependent upon the level of activity for the U.S. oil and natural gas 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; the level of prices, and expectations about future prices of oil and natural gas; the cost of exploring for, developing, producing and delivering oil and natural gas; the expected rates of declining current production; the discovery rates of new oil and natural gas reserves; available pipeline and other transportation capacity; weather conditions; domestic and worldwide economic conditions; political instability in oil-producing countries; environmental regulations; technical advances affecting energy consumption; the price and availability of alternative fuels; the ability of oil and natural gas producers to raise equity capital and debt financing; and merger and divestiture activity among oil and natural gas producers.

The level of activity in the U.S. oil and natural gas exploration and production industry is volatile. Expected trends in oil and natural gas production activities may not continue and demand for our services may not reflect the level of activity in the industry. Any prolonged substantial reduction in oil and natural gas prices would likely affect oil and natural gas production levels and therefore affect demand for our services. A material decline in oil and natural gas prices or U.S. activity levels could have a material adverse effect on our business, financial condition, results of operations and cash flows. Recently, demand for our services has been strong and we are continuing our past practice of committing our equipment on a short-term or day-to-day basis.

Interest Rate Risk

We had a cash and cash equivalents balance of \$12.3 million at March 31, 2017. We do not enter into investments for trading or speculative purposes. We do not believe that we have any material exposure to changes in the fair value of these investments as a result of changes in interest rates. Declines in interest rates, however, will reduce future income.

At March 31, 2017, our revolving credit facility was undrawn and no borrowings were outstanding. On October 19, 2016, immediately prior to the closing of the IPO, we had \$78.1 million outstanding under this facility with weighted average interest rate of 3.51%. A 1% increase or decrease in the interest rate at that time would have increased or decreased our interest expense by approximately \$0.8 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 energy services segment, 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 March 31, 2017, we had \$5.7 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 March 31, 2017. 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.

Seasonality

We provide completion and production 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 also 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 resource plays in Ohio, Oklahoma, Wisconsin, Minnesota, and Alberta, Canada. For the three months ended March 31, 2017 and 2016, we generated approximately 84% and 74%, respectively, of our revenue from our operations 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.

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 d 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 March 31, 2017, 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 March 31, 2017, 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 March 31, 2017 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

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 has appealed the assessment and a hearing was scheduled for November 30, 2016. In November 2016, the State of Ohio deferred the hearing until 2017. While we are not able to predict the outcome of the appeal, this matter is not expected to have a material adverse effect on the financial position or results of operations of the Company.

Due to the nature of our business, we are, from time to time, involved in other routine litigation or subject to disputes or claims related to our business activities, including workers' compensation claims and employment related disputes. In the opinion of our management, none of the pending litigation, disputes or claims against us, if decided adversely, will have a material adverse effect on our financial condition, cash flows or results of operations.

See Part I, Item 1. Note 13 of this report.

Item 1A. Risk Factors

See risk factors previously in our Annual Report on Form 10-K for the year ended December 31, 2016.

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

On March 20, 2017 as amended and restated on May 12, 2017, we entered into the Contribution Agreements, pursuant to which we agreed to issue an aggregate of 7.0 million shares of our common stock to the contributors under the Contribution Agreements as consideration for all outstanding membership interests in the Target Companies. We anticipate closing this acquisition in the second quarter of 2017, subject to agreed closing conditions. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — First Quarter 2017 Highlights." At the closing of this acquisition, we intend to issue these shares of our common stock in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 4(2) of the Securities Act as sales by an issuer not involving any public offering.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

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

| Exhibit Number | Exhibit Description | Incorporated By Reference | | | | Filed Herewith | Furnished Herewith |
|----------------|--|---------------------------|---------------------|-------------|-------------|----------------|--------------------|
| | | Form | Commission File No. | Filing Date | Exhibit No. | | |
| 2.1 # | Amended and Restated Contribution Agreement by and among MEH Sub LLC, Gulfport Energy Corporation, Rhino Exploration LLC, Mammoth Energy Partners LLC and Mammoth Energy Services, Inc. Dated as of May 12, 2017 | DEF14C | 001-37917 | 5/15/2017 | A-1 | | |
| 2.2# | Amended and Restated Contribution Agreement by and among MEH Sub LLC, Gulfport Energy Corporation, Mammoth Energy Partners LLC and Mammoth Energy Services, Inc. Dated as of May 12, 2017 | DEF14C | 001-37917 | 5/15/2017 | A-2 | | |
| 2.3# | Amended and Restated Contribution Agreement by and among MEH Sub LLC, Gulfport Energy Corporation, Mammoth Energy Partners LLC and Mammoth Energy Services, Inc. Dated as of May 12, 2017 | DEF14C | 001-37917 | 5/15/2017 | A-3 | | |
| 2.4 # | Purchase and Sale Agreement, dated as of March 27, 2017, by and between Mammoth Energy Services, Inc., as purchaser, and Chieflain Sand and Proppant, LLC and Chieflain Sand and Proppant Barron, LLC, as sellers. | 8-K | 001-37917 | 3/29/2017 | 2.1 | | |
| 10.1 | Office Lease Agreement, dated as of March 31, 2017, by and between the Company and Caliber Investment Group LLC. | | | | | | 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 |
| 101.1 | Interactive data files pursuant to Rule 405 of Regulation S-T. | | | | | | |

The schedules (or similar attachments) referenced in this agreement have been omitted in accordance with Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule (or similar attachment) will be furnished supplementally to the Securities and Exchange Commission.

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.

Date: May 15, 2017

By:

MAMMOTH ENERGY SERVICES, INC.

/s/ Arty Strachla
Arty Strachla
Chief Executive Officer

Date: May 15, 2017

By:

/s/ Mark Layton
Mark Layton
Chief Financial Officer

OFFICE LEASE AGREEMENT

This Office Lease Agreement (the "Lease") is made and entered into to be effective as of the 1st day of April, 2017, between **CALIBER INVESTMENT GROUP LLC**, a Delaware limited liability company (" Landlord"), and **MAMMOTH ENERGY PARTNERS LLC**, a Delaware limited liability company (" Tenant").

WITNESSETH:

1. **Construction and Definitions.** Section 1 sets forth the definitions of some of the defined terms used in this Lease, which terms shall include the plural as well as the singular meanings thereof. The word "including", when used in this Lease shall be construed to be followed by the words "without limitation" or "but not limited to". The words "herein", "hereof", "hereunder", "hereafter", and other words of similar import shall refer to this Lease as a whole and not to any particular Section or other subdivision. All references to Exhibits or other attachments shall refer to the Exhibits, diagrams, and other special provisions attached to this Lease, all of which are incorporated by reference herein for all purposes. The definitions of other defined terms are found throughout this Lease.
 - A. "**Additional Provisions**" shall mean those certain additional specific covenants and agreement of the Landlord and the Tenant that are set forth on **Exhibit K**, which is attached hereto. By this reference, **Exhibit K** and such Additional Provisions are made an integral part of this Lease for all purposes as if fully set forth in the body of this Lease.
 - B. "**Additional Rent**" shall mean Tenant's Pro Rata Share of Basic Costs (hereinafter defined) and any other sums (exclusive of Base Rent) that are required to be paid to Landlord by Tenant hereunder, which sums are deemed to be Additional Rent under this Lease pursuant to Section 5 herein. Additional Rent and Base Rent are sometimes collectively referred to herein as "Rent." The first monthly installment of Additional Rent shall be due and payable by the Tenant to the Landlord on the same date that payment of the Base Rent by Tenant to the Landlord commences pursuant to Section 1.F hereof, subject to any necessary prorations thereof in accordance with the terms of Section 5.A hereof.
 - C. "**Approximate Rentable Area in the Building**" is 42,343 square feet.
 - D. "**Initial Approximate Rentable Area in the Premises**" shall mean the entire third floor of the Building, consisting of the area contained within the demising walls of the Premises prior to June 1, 2017, as described below in Section 1.R, and any other area designated for the exclusive use of the Tenant plus an allocation of the applicable Tenant's Pro Rata Share (as defined below) of the square footage of the "**Common Areas**" and the "**Service Areas**" (as defined below). For purposes of this Lease, it is agreed and stipulated by both Landlord and Tenant that the Initial Approximate Rentable Area in the Premises is fourteen thousand three hundred eleven (14,311) rentable square feet (" **Initial Area**"). Any payments under this Lease are not subject to revision whether or not the size of the Initial Area is eventually determined to be more or less than that amount.
 - E. "**Final Approximate Rentable Area in the Premises**" shall mean the Initial Area plus as of June 1, 2017, the entire second floor of the Building (the "**Additional Area**"), consisting of the area contained within the demising walls of the Additional Area, and any other area designated in conjunction therewith for the exclusive use of Tenant plus an allocation of the applicable Tenant's Pro Rata Share of the square footage of the Common Areas and Service Areas. For purposes of this Lease it is agreed and stipulated by both Landlord and Tenant that the Additional Area is fourteen thousand three hundred eleven (14,311) rentable square feet. It is further agreed and stipulated by both Landlord and Tenant that when the Additional Area is added to the Initial Area, as of June 1, 2017, the sum of those two areas, i.e., the Initial Area and the Additional Area, shall thereafter be deemed to constitute, for all purposes under this Lease, the "**Final Approximate Rental Area in the Premises**" consisting of a

total of twenty eight thousand six hundred twenty two (28,622) rentable square feet ("**Final Area**"). Any payments under this Lease are not subject to revision whether or not the size of the Final Area is eventually determined to be more or less than the foregoing amount.

F. "**Base Rent**" shall mean the Base Rent to be paid according to the following schedule, subject to the provisions of Section 5. Tenant shall not pay any Rent to Landlord for the lease of the Initial Area for the month of April 2017. Tenant will commence payments of Base Rent to Landlord on May 1, 2017 as shown below.

| PERIOD Months After Commencement Date | ANNUAL BASE RENTAL RATE/SQUARE FOOT | ANNUAL BASE RENT | MONTHLY INSTALLMENTS OF BASE RENT |
|--|--|------------------|--------------------------------------|
| May 1, 2017 to May 31, 2017 (while Tenant is leasing only the Initial Area of 14,311 sf) | \$18.00/sf | 257,598.00 | 21,466.50 |
| June 1, 2017 to April 30, 2022 (after Tenant begins leasing the Final Area of 28,622 sf) in addition to the Initial Area | \$18.00/sf | 515,196.00 | 42,933.00 |

The Base Rent shall be payable in monthly installments in the applicable amounts set forth above, in advance, each month during the Lease Term (hereinafter defined). The first monthly installment of Base Rent in the applicable amount shall be due and payable by the Tenant to Landlord, beginning on the Commencement Date (hereinafter defined), or such other date as provided herein, and without prior notice or demand, and continuing on the first day of each month thereafter through the Termination Date (hereinafter defined), subject to any necessary proration pursuant to the provisions of Section 5.A hereof if the date upon which the obligation to pay Base Rent commences, for any reason, on a day other than the first day of a calendar month.

G. "**Base Year**" shall mean the Calendar Year 2017.

H. "**Basic Costs**" shall mean all direct and indirect costs and expenses incurred in connection with the Building as more fully defined in **Exhibit A** attached hereto.

I. "**Building**" shall mean the office building at 14201 Caliber Drive, Oklahoma City, County of Oklahoma, State of Oklahoma, currently known as Two Caliber Park at Quail Springs, together with the adjacent parking areas designated for the Building's use, having the complete legal description set forth on **Exhibit B** attached hereto.

J. "**Building Manager**" shall mean Caliber Investment Group LLC or such other company as Landlord shall designate from time to time.

K. "**Building Standard**" shall mean the type, brand, quality and/or quantity of materials Landlord designates from time-to-time to be the minimum quality and/or quantity to be used in the Building or the exclusive type, grade, quality and/or quantity of material to be used in the Building.

L. "**Business Day(s)**" shall mean Mondays through Fridays exclusive of the normal business holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day ("**Holidays**"). Landlord, from time to time during the Lease Term, shall have the right to designate additional Holidays, provided such additional Holidays are commonly recognized by other office buildings in the area where the Building is located.

M. “Commencement Date”, “Lease Term” and “Termination Date” shall have the meanings set forth below:

- (1) The “Lease Term” shall mean a period of sixty-one (61) months commencing on April 1, 2017 (the “ Commencement Date”).
- (2) The “Termination Date” shall, unless sooner terminated as provided herein, mean the last day of the Lease Term, i.e., April 30, 2022. Notwithstanding the foregoing, if the Termination Date, as determined herein, does not occur on the last day of a calendar month, the Lease Term shall be extended by the number of days necessary to cause the Termination Date to occur on the last day of the last calendar month of the Lease Term. Tenant shall pay Base Rent and Additional Rent for such additional days at the same rate payable for the portion of the last calendar month immediately preceding such extension.
- (3) “Common Areas” shall mean those areas located within the Building or on the Property used for corridors, elevator foyers, mail rooms, restrooms, mechanical rooms, elevator mechanical rooms, property management office, janitorial closets, electrical and telephone closets, vending areas, and lobby areas (whether at ground level or otherwise), entrances, exits, sidewalks, skywalks, tunnels, driveways, parking areas and parking garages and landscaped areas and other similar facilities provided for the non-exclusive common use or benefit of tenants generally and/or the public.

N. “Default Rate” shall mean eighteen percent (18%) per annum.

O. “Normal Business Hours” for the Building shall mean 8:00 a.m. to 6:00 p.m. Mondays through Fridays, and 8:00 a.m. to 1:00 p.m. on Saturdays, exclusive of Holidays.

P. “Notice Addresses” shall mean the following addresses for Tenant and Landlord, respectively:

If to Tenant:

MAMMOTH ENERGY PARTNERS LLC
Attn: Arty Straehla, Chief Executive Officer
14201 North May Avenue, Suite 300
Oklahoma City, Oklahoma 73134
Telephone: 405.762.0920
Email: astraehla@mammothenergy.com

Monthly Rent Statements shall be sent to Tenant only to:

MAMMOTH ENERGY PARTNERS LLC
Attn: Arty Straehla, Chief Executive Officer
14201 North May Avenue, Suite 300
Oklahoma City, Oklahoma 73134
Telephone: 405.762.0920
Email: astraehla@mammothenergy.com

If to Landlord:

Caliber Investment Group LLC
14301 Caliber Drive, Suite 300
Oklahoma City, Oklahoma 73134
Attn: Matthew Austin, President
Telephone: 405.242.6112
Email: maustin@CaliberCompanies.com

Payments of Rent only shall be made payable to the order of:

Caliber Investment Group LLC
At the following address:
Caliber Investment Group LLC
14301 Caliber Drive, Suite 300
Oklahoma City, Oklahoma 73134

or such other name and address as Landlord shall, from time to time, designate.

- Q.** “**Permitted Use**” shall mean an operation, consistent with a first-class office building, of offices to be utilized for the conduct of general office functions and related administrative activities or other comparable office use.
- R.** “**Premises**”, prior to June 1, 2017, shall mean the Initial Area of 14,311 rentable square feet, as defined in Section 1.D, above, comprising the entire third floor of the Building, commonly known as Suite 300. Beginning on June 1, 2017, and thereafter for the remainder of the Lease Term, the term “**Premises**” shall be deemed, for all purposes, to mean the Initial Area, i.e., Suite 300, plus the addition thereto of the 14,311 rentable square feet constituting the Additional Area, as defined in Section 1.E, above, comprising the entire second floor of the Building, commonly known as Suite 200, such that, as a result, the total Premises, from and after June 1, 2017, shall constitute both Suites 200 and 300.
- S.** “**Property**” shall mean the Building and the parcel(s) of land on which it is located, other improvements located on such land, adjacent parcels of land that Landlord operates jointly with the Building, and other buildings and improvements located on such adjacent parcels of land, having the complete legal description set forth on **Exhibit B**.
- T.** “**Service Areas**” shall mean those areas within the Building used for stairs, elevator shafts, flues, vents, stacks, pipe shafts and other vertical penetrations (but shall not include any such areas for the exclusive use of a particular tenant).
- U.** “**Tenant’s Estoppel Certificate**” shall mean the tenant estoppel certificate Tenant is required to provide to Landlord pursuant to the provisions of Section 28 herein which shall be substantially in the form of the Pre-Approved Tenant Estoppel Certificate attached hereto as **Exhibit C**.
- V.** “**Tenant’s Pro Rata Share**” prior to June 1, 2017 shall mean Thirty-Three and Eighty One-Hundredths Percent, i.e., 0.3380 (33.80%), which is the quotient (expressed as a percentage), derived by dividing the Initial Area, i.e., 14,311 rentable square feet, as defined in Section 1.D, above, by the Approximate Rentable Area in the Building, i.e., 42,343 square feet as defined in Section 1.C, above. Tenant’s Pro Rata Share from and after June 1, 2017, and thereafter, during the remainder of the entire Lease Term, shall mean Sixty-Seven and Sixty One-Hundredths Percent, i.e., 0.6760 (67.60%), which is the quotient derived by dividing the Final Area, i.e., 28,622 rentable square feet, as defined in Section 1.E, above, by the Approximate Rentable Area in the Building.
- 2.** **Lease Grant.** Subject to and upon the terms herein set forth, Landlord leases to Tenant and Tenant leases from Landlord the Premises together with the right, in common with others, to use the Common Areas.
- 3.** **Commencement Date/Possession.**
- A.** **Commencement Date/Possession** The Lease Term shall commence, and Tenant shall be entitled to take possession of the Premises on the Commencement Date, as that term is defined above. Landlord shall not have any obligation or duty whatsoever to perform, or cause to be performed any improvements to the Premises prior to or after the Commencement Date except as expressly set forth

herein, and Tenant agrees to take possession of the Premises in the condition they are in on the Commencement Date without improvements being made thereto as provided in Section 3.B, below.

B. Property Condition on the Commencement Date Tenant shall be deemed to have accepted the Premises, "AS-IS", "WHERE-IS", "WITH ALL FAULTS", in the condition that the Premises are in on the Commencement Date, and to have agreed that the Premises are in good order and satisfactory condition, with no representation or warranty of any kind or nature, whether express or implied, by Landlord as to the condition of the Premises or the Building or the suitability thereof for Tenant's use, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

4. **Use.** Tenant will occupy the Premises continuously and in its entirety and will not use or permit any portion of the Premises to be used for any purpose other than for general office space and related administrative activities consistent with the Permitted Use. Tenant agrees not to use the Premises for any purpose which is unlawful, disreputable, dangerous to life, limb or property, or which adversely affects Landlord's leasing of the Building, or which, in Landlord's sole judgment, creates a nuisance, or increases the risk of casualty or the rate of fire or casualty insurance covering the Building or its contents. In the event that any act of Tenant results in any increase in the cost of insurance covering the Building or its contents, Tenant agrees to pay to Landlord the amount of such increased cost as Additional Rent. Tenant will conduct Tenant's business and will control Tenant's agents, servants, employees, customers, licensees, and invitees in such a manner as not to create any nuisance or interfere with, annoy, or disturb the Landlord or other tenants in the management and operation of the Building and the Property. Tenant will maintain the Premises in a clean and healthful condition, free of vermin, insects and pests at all times, and will not cause or permit objectionable odors of an unusual or objectionable nature, to emanate from the Premises at any time. Tenant agrees to provide to Landlord once every calendar year during the Lease Term a certificate from a reputable pest control company that it is acceptable to Landlord that the Premises are free of vermin, insects and other pests, which is in form and substance reasonably satisfactory to Landlord. Tenant will remove all trash, food debris, and other refuse from the Premises on a daily basis. Tenant, at Tenant's expense, shall comply and cause Tenant's agents, employees, licensees, and invitees to fully comply with: (i) the Building Regulations which are attached to this Lease as **Exhibit D** hereto; (ii) all laws pertaining to Tenant's use of the Premises; (iii) all other legal requirements, including all applicable laws pertaining to air and water quality, hazardous materials, waste and disposal, all emissions, and other environmental matters; and (iv) all zoning and land use matters and any directive of any governmental authority, pursuant to law, which shall impose any duty upon Landlord or Tenant with respect to the use or occupancy of the Premises, to include, without limitation, the obligation of Tenant to obtain, at its sole cost and expense, all permits or other government consents from any county, state or federal agency which are required in order for it to perform the Permitted Use on the Premises, Tenant shall otherwise comply with such other rules and regulations for the Building adopted and altered by Landlord from time-to-time. All such changes to the Building's Regulations, i.e., **Exhibit D** hereto, will be reasonable and shall be sent by Landlord to Tenant in writing. Nothing contained in this Lease will be deemed or construed in any manner as creating a partnership or joint venture between Landlord and Tenant with regard to conducting the Permitted Use on the Premises or between Landlord and any other party with regard thereto, or cause the Landlord to be liable or responsible in any way for the actions, inactions, liabilities, debts or obligations of Tenant or Tenant's agents, employees, invitees, permitted subtenants, licensees or concessionaires.

In addition to the foregoing, Tenant specifically covenants and agrees that its use of the Premises and Common Areas shall be subject to and in full compliance with the Declaration of Protective Covenants of Quail Springs Office Park, and any current or subsequent amendments thereto, including the Declaration of Protective Covenants dated as of July 27, 1983, and recorded in Book 4997 at Page 999, in the Office of the County Clerk of Oklahoma County, State of Oklahoma ("Oklahoma County Clerk"), as amended by that certain Amendment to Declaration of Protective Covenants dated as of September 20, 1984, and recorded with the Oklahoma County Clerk in Book 5230 at page 44, as further amended by that certain Second Amendment to Declaration of Protective Covenants dated as of March 17, 1998, and recorded with the Oklahoma County Clerk in Book 7269 at Page 735, as further amended by that certain Third Amendment to Declaration of Protective Covenants dated as of September 30, 2005, and recorded with the Oklahoma County Clerk in Book

9875 at Page 560, and as further amended by that certain Fourth Amendment to Declaration of Protective Covenants dated as of March 13, 2009, and recorded with the Oklahoma County Clerk in Book 11165 at Page 412 (collectively, the "Declaration"), all of which subject the Building and the Property to the terms, conditions, restrictions, and provisions therein contained, and as said Declaration is amended from time-to-time. It is expressly understood and agreed that the terms of the Declaration may vary from the terms of this Lease.

5. Rent.

- A. **Base Rent** Tenant covenants and agrees to pay to Landlord during the Lease Term, without any setoff or deduction except as otherwise expressly provided herein, the full amount of all Base Rent and Additional Rent due hereunder and the full amount of all such other sums of money as shall become due under this Lease (including, without limitation, any charges for replacement of electric lamps and ballasts and any other services, goods or materials in excess of Building Standard furnished by Landlord at Tenant's request), all of which hereinafter may be collectively called "Rent". In addition Tenant shall pay and be liable for, as Additional Rent, all rent, sales and use taxes or other similar taxes, if any, levied or imposed by any city, state, county or other governmental body having authority, such payments to be in addition to all other payments required to be paid to Landlord by Tenant under the terms and conditions of this Lease. Any such payments shall be paid concurrently with the payments of the Rent on which the tax is based. The Base Rent and Additional Rent for each calendar year or portion thereof during the Lease Term, shall be due and payable in advance in monthly installments on the first day of each calendar month during the Lease Term and any extensions or renewals hereof, and Tenant hereby agrees to pay such Base Rent and Additional Rent to Landlord without demand. If the obligation of the Tenant to pay the Base Rent and the Additional Rent to the Landlord, pursuant to the provisions of Sections 1.B. and 1.F., above, commences on a day other than the first day of a month or, if the Lease Term terminates on a day other than the last day of a month, then the installments of Base Rent and Additional Rent for such month or months shall be prorated, based on the number of days in such month. No payment by Tenant or receipt or acceptance by Landlord of a lesser amount than the correct installment of Rent due under this Lease shall be deemed to be other than a payment on account of the earliest Rent due hereunder, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance or pursue any other available remedy. The acceptance by Landlord of an installment of Rent on a date after the due date of such payment shall not be construed to be a waiver of Landlord's right to declare a default for any other late payment. All amounts received by Landlord from Tenant hereunder shall be applied first to the earliest accrued and unpaid Rent then outstanding. Tenant's covenant to pay Rent shall be independent of every other covenant set forth in this Lease.
- B. **Late Charges** To the extent allowed by law, all installments of Rent not paid when due shall bear interest at the Default Rate from the date due until paid. In addition, if Tenant fails to pay any installment of Base Rent and Additional Rent or any other item of Rent more than fifteen (15) days after such payment is due and payable hereunder, a "Late Charge" equal to five percent (5%) of such unpaid amount will be assessed thereon and will be due and payable immediately by Tenant to Landlord.
- C. **Additional Rent** The Additional Rent payable hereunder shall be determined, as adjusted from time-to-time, in accordance with the provisions of **Exhibit A** attached hereto and incorporated herein for all purposes.

6. Security Deposit. (Intentionally Deleted)

7. Services to be Furnished by Landlord.

- A. **Standard Services** Landlord agrees to furnish Tenant the following services:

- (1) Water for use in the lavatories on the floor(s) on which the Premises is located and to any fixtures located therein. If Tenant desires additional water in the Premises for any reason, approved in writing by the Landlord, including any fixtures installed therein, e.g., a private lavatory or kitchen, except for the Initial Tenant Improvements as provided in Section 38, below, cold water shall be supplied from the Building water main through a line and fixtures, at Tenant's sole cost and expense, with the prior reasonable consent of Landlord. Except for the Initial Tenant Improvements being provided to the Initial Area by Landlord pursuant to Section 38, below, if Tenant desires additional hot water fixtures in the Premises beyond those installed as of the Commencement Date, Tenant, at its sole cost and expense, and subject to the prior reasonable consent of the Landlord, may install an additional hot water heater in the Premises. Tenant shall be solely responsible for the maintenance and repair of all hot water heaters located in the Premises.
- (2) Central heat and air conditioning in season during Normal Business Hours, at such temperatures and in such amounts as are considered by Landlord, in its reasonable judgment, to be standard for buildings of similar class, size, age and location, or as required by governmental authority. In the event that Tenant requires central heat, ventilation or air conditioning service at times other than Normal Business Hours, such additional service shall be furnished only upon the written request of Tenant delivered to Landlord prior to 3:00 p.m. at least one Business Day in advance of the date for which such usage is requested. Tenant shall bear the entire cost of such additional service as such costs are determined by the Landlord, from time-to-time, as Additional Rent upon presentation of a statement therefor by Landlord. All additional heating, ventilating and air conditioning required (if any) to accommodate Tenant's design, and/or any special needs of the Tenant shall be installed at the Tenant's expense subject to Landlord's prior written approval in accordance with the provisions of Section 10, below. The cost of operation and maintenance of such additional equipment shall be the responsibility of the Tenant and paid to Landlord as Additional Rent.
- (3) Maintenance and repair of all Common Areas in the manner and to the extent reasonably deemed by Landlord to be standard for buildings of similar class, age and location.
- (4) Janitorial and cleaning service in and about the Premises on Business Days; provided, however, if Tenant's floor covering or other improvements require special treatment, Tenant shall pay the additional cleaning cost attributable thereto as Additional Rent upon presentation of a statement therefor by Landlord. Tenant shall not provide or use any other janitorial or cleaning services without Landlord's consent, and then only subject to the supervision of Landlord and at Tenant's sole cost and responsibility and by a janitor, cleaning contractor or employees at all times satisfactory to Landlord. **Tenant shall be responsible for thoroughly cleaning any cooking and service areas of the Premises, on a daily basis.**
- (5) Electricity to the Premises for general office use, in accordance with and subject to the terms and conditions of Section 11 of this Lease.
- (6) Fluorescent bulb and ballast replacement in the Premises necessary to maintain Building Standard in the lighting as established by Landlord and fluorescent and incandescent bulb and ballast replacement in the Common Areas and Service Areas.
- (7) Passenger elevator service in common with Landlord and other persons during Normal Business Hours and freight elevator service in common with the Landlord and other persons during Normal Business Hours. Such normal elevator service, passenger or freight, if furnished at other times, shall be optional with Landlord and shall never be deemed a continuing obligation.
- (8) Access control to the Building during other than Normal Business Hours shall be provided in such form as Landlord deems appropriate. Tenant shall cooperate fully in Landlord's efforts

to maintain access control to the Building and shall follow all regulations promulgated by Landlord with respect thereto. Landlord agrees to allow access to the Building on a 24-hour per day, seven (7) days a week basis by use of a security card access system that Tenant will be allowed to utilize. Notwithstanding anything herein to the contrary Tenant expressly acknowledges and agrees that Landlord is not warranting the efficacy of any access personnel, service, procedures or equipment and that Tenant is not relying and shall not hereafter rely on any such personnel service, procedures or equipment. Landlord shall not be responsible or liable in any manner for failure of any access personnel, services, procedures or equipment to prevent, control, or apprehend anyone suspected of causing personal injury or damage in, on or around the Building or the Premises.

B. Excess Services If Tenant requests any other utilities or building services in addition to those identified above, or any of the above utilities or building services in frequency, scope, quality or quantities substantially greater than the standards set by Landlord for the Building, then Landlord shall use reasonable efforts to attempt to furnish Tenant with such additional utilities or building services. Landlord may impose a reasonable charge for such additional utilities or building services, which shall be paid monthly by Tenant as Additional Rent on the same day that the monthly installment of Base Rent is due.

C. Landlord's Reservations Except as otherwise expressly provided herein, the failure by Landlord to any extent to furnish, or the interruption or termination of these defined services in whole or in part, resulting from adherence to laws, regulations and administrative orders, wear, use, repairs, improvements alterations or any causes beyond the reasonable control of Landlord shall not render Landlord liable in any respect nor be construed as a constructive eviction of Tenant, nor give rise to an abatement of Rent unless Tenant is unable to use the Premises or any material part thereof for more than ten (10) successive days, nor relieve Tenant from the obligation to fulfill any covenant or agreement hereof. Should any of the equipment or machinery used in the provision of such defined services for any cause cease to function properly, Landlord shall use reasonable diligence to repair such equipment or machinery without delay or interruption except for events beyond the reasonable control of Landlord.

8. Leasehold Improvements/Tenant's Property. All fixtures, equipment, improvements and appurtenances attached to, or built into, the Premises at the commencement of or during the Lease Term, whether or not by, or at the expense of, Tenant ("Leasehold Improvements"), shall be and remain a part of the Premises; shall constitute part of the Premises to be utilized by Tenant during the Lease Term, but shall be the property of Landlord; and shall not be removed by Tenant except as expressly provided herein. All unattached and moveable partitions, trade fixtures, moveable equipment or furniture located in the Premises and acquired by or for the account of Tenant, without expense to Landlord, including, without limitation, those items of personal property being left in the Premises by the previous tenant of the Premises, which Landlord is conveying to Tenant on the Commencement Date as a material inducement to Tenant to make and enter into this Lease as specifically provided in Section 36, below, which can be removed without structural damage to the Building or Premises, and all personalty brought into the Premises by Tenant after the Commencement Date ("Tenant's Property") shall be owned and insured by Tenant. Landlord may, nonetheless, at any time prior to, or within one (1) month after, the expiration or earlier termination of this Lease or Tenant's right to possession, require Tenant to remove any and all electronic, phone and data cabling which have been laid on the ceiling tile of the grid by the Tenant (the "Required Removables") at Tenant's sole cost. It is expressly provided, however, that if the electronic, phone and other data cabling in the Premises is installed suspended from the structure and not laid on the ceiling tile, then Tenant shall not be required to remove it at the end of this Lease and it shall not be deemed to be a Required Removable for purposes of this Section 8. In the event that Landlord so elects, Tenant shall remove such Required Removables within ten (10) days after notice from Landlord, provided that in no event shall Tenant be required to remove such Required Removables prior to the expiration or earlier termination of this Lease or Tenant's right to possession. In addition to Tenant's obligation to remove the Required Removables, Tenant shall remove all of Tenant's Property on or before the end of the Lease Term. Tenant shall repair any damage caused by such removal and perform such other work as is reasonably

necessary to restore the Premises to a "move in" condition at the end of the Term. If Tenant fails to remove any specified Required Removables, or all of the Tenant's Property, or to perform any required repairs and restoration within the respective time period specified above, Landlord, at Tenant's sole cost and expense, may remove the Required Removables and any remaining Tenant's Property (and repair any damage occasioned thereby) and dispose thereof or deliver the Required Removables and Tenant's Property to any other place of business of Tenant, or warehouse the same, and Tenant shall pay the cost of such removal, repair, delivery, or warehousing of the Required Removables or Tenant's Property, as the case may be, within five (5) days after demand therefor is made by Landlord.

9. **Signage.** Landlord will list Tenant's name on both the Building's directory located in the lobby of the Building, and the Building's monument sign located outside the Building, at Landlord's sole cost and expense, pursuant to the Building Standard. In addition, Tenant shall have the right and option, in its sole discretion, at any time during the period from and after June 1, 2017 and until March 31, 2019, to install a sign of similar size, quality and type as the currently existing Orange Leaf signage on the Building at Landlord's expense (subject to a maximum limitation on the amount to be expended thereon) in accordance with the terms and provisions of **Exhibit G** attached hereto. Tenant's right to have such signage installed pursuant to this Section 9 shall terminate and be of no further force and effect if Tenant has not had such signage installed before March 31, 2019.

10. **Repairs and Alterations by Tenant.**

A. **Tenant's Maintenance Obligations** Except to the extent such obligations are imposed upon Landlord hereunder, Tenant shall, at its sole cost and expense, maintain the Premises in good order, condition and repair throughout the entire Lease Term, ordinary wear and tear excepted. Tenant agrees to keep the areas visible from outside the Premises in a neat, clean and attractive condition at all times. Tenant shall be responsible for all repairs replacements and alterations in and to the Premises, Building and Property and the facilities and systems thereof, the need for which arises out of (1) Tenant's use or occupancy of the Premises, (2) the installation, removal, use or operation of Tenant's Property (as defined in Section 8, above), (3) the moving of Tenant's Property into or out of the Building, or (4) the act, omission, misuse or negligence of Tenant, its agents, contractors, employees or invitees. All such repairs, replacements or alterations shall be performed in accordance with Section 10.B. below and the rules, policies and procedures reasonably enacted by Landlord from time to time for the performance of work in the Building. If Tenant fails to maintain the Premises in good order, condition and repair, Landlord shall give Tenant notice to perform such acts as are reasonably required to so maintain the Premises. If Tenant fails to promptly commence such work and diligently pursue it to its completion, then Landlord may, at its option, make such repairs, and Tenant shall pay the cost thereof to Landlord on demand as Additional Rent, together with an administration charge in an amount equal to ten percent (10%) of the cost of such repairs. Landlord shall, at its expense (except as included in Basic Costs) keep and maintain in good repair and working order and make all repairs to and perform necessary maintenance upon: (a) all structural elements of the Building; and (b) all mechanical, electrical and plumbing systems that serve the Building in general; and (c) the Building facilities common to all tenants including but not limited to, the ceilings, walls and floors in the Common Areas.

B. **Alterations** Tenant shall not make or allow to be made any alterations, additions or improvements to the Premises, without first obtaining the written consent of Landlord in each such instance, which consent, may be refused or given on such conditions as Landlord may elect, in its sole discretion. Prior to commencing any such work and as a condition to obtaining Landlord's consent, Tenant must furnish Landlord with plans and specifications acceptable to Landlord; names and addresses of contractors reasonably acceptable to Landlord; copies of contracts; necessary permits and approvals; evidence of contractor's and subcontractor's insurance in accordance with Section 15 hereof; and a payment bond or other security, all in form and amount satisfactory to Landlord. Tenant shall be responsible for insuring that all such persons procure and maintain insurance coverage against such risks, in such amounts and with such companies as Landlord may require, including, but not limited to, Builder's Risk and Worker's Compensation insurance. All such improvements, alterations or

additions shall be constructed in a good and workmanlike manner using Building Standard materials or other new materials of equal or greater quantity. Landlord, to the extent reasonably necessary to avoid any disruption to the tenants and occupants of the Building, shall have the right to designate the time when any such alterations, additions and improvements may be performed and to otherwise designate reasonable rules, regulations and procedures for the performance of work in the Building. Upon completion, Tenant shall furnish "as-built" plans, contractor's affidavits and full and final waivers of lien and receipted bills covering all labor and materials. All improvements, alterations and additions shall comply with the insurance requirements, codes, ordinances, laws and regulations, including without limitation, the Americans with Disabilities Act. Tenant shall reimburse Landlord upon demand for all sums, if any, expended by Landlord for third party examination of the architectural, mechanical, electrical and plumbing plans for any alterations, additions or improvements. In addition, if Landlord so requests, Landlord shall be entitled to oversee the construction of any alterations, additions or improvements that may affect the structure of the Building or any of the mechanical, electrical, plumbing or life safety systems of the Building. In the event Landlord elects to oversee such work, Landlord shall be entitled to receive a fee for such oversight in an amount equal to ten percent (10%) of the cost of such alterations, additions or improvements. Landlord's approval of Tenant's plans and specifications for any work performed for or on behalf of Tenant shall not be deemed to be representation by Landlord that such plans and specifications comply with applicable insurance requirements, building codes, ordinances, laws or regulations or that the alterations, additions and improvements constructed in accordance with such plans and specifications will be adequate for Tenant's use.

11. Use of Electrical Services by Tenant.

- A. Electric Service Provider** All electricity used by Tenant in the Premises shall be paid for by Tenant through inclusion in Base Rent and Basic Costs (except as provided in Section 11.B. below with respect to excess usage). Landlord shall have the right at any time and from time-to-time during the Lease Term to contract for electricity service from such providers of such services as Landlord shall elect (each being an "Electric Service Provider"). Tenant shall cooperate with Landlord, and the applicable Electric Service Provider, at all times and, as reasonably necessary, shall allow Landlord and such Electric Service Provider reasonable access to the Building's electric lines, feeders, risers, wiring, and any other machinery within the Premises. Landlord shall in no way be liable or responsible for any loss, damage, or expense that Tenant may sustain or incur by reason of any change, failure, interference, disruption, or defect in the supply or character of the electric energy furnished to the Premises, or if the quantity or character of the electric energy supplied by the Electric Service Provider is no longer available or suitable for Tenant's requirements, and no such change, failure, defect, unavailability, or unsuitability shall constitute an actual or constructive eviction of Tenant, in whole or in part, or entitle Tenant to any abatement or diminution of rent, or relieve Tenant from any of its obligations under this Lease.
- B. Excess Usage** Tenant's use of electrical services furnished by Landlord shall not exceed in voltage, rated capacity, or overall load that which is the Building Standard. In the event Tenant shall request that it be allowed to consume electrical services in excess of the Building Standard, Landlord may refuse to consent to such usage or may consent upon such conditions as Landlord reasonably elects (including the installation of utility service upgrades, submeters, air handlers or cooling units), and all such additional usage (to the extent permitted by law), installation and maintenance thereof shall be paid for by Tenant as Additional Rent. Landlord, at any time during the Lease Term, shall have the right to separately meter electrical usage for the Premises or to measure electrical usage by survey or any other method that Landlord, in its reasonable judgment, deems appropriate.

- 12. Entry by Landlord.** Tenant shall permit Landlord or its agents or representatives to enter into and upon any part of the Premises to inspect the same, or to show the Premises to prospective purchasers, mortgagees, tenants (within the last six (6) months of the Lease Term), or insurers, or to clean or make repairs, alterations, or additions thereto, including any work that Landlord deems necessary for the safety, protection or preservation

of the Building or any occupants thereof, or to facilitate repairs, alterations or additions to the Building or any other tenant's premises. Except for any entry by Landlord in an emergency situation or to provide normal cleaning and janitorial service, Landlord shall provide Tenant with reasonable prior notice of any entry into the Premises, which notice shall be given to Tenant at least forty-eight (48) hours prior to Landlord's entry and may be given verbally. Landlord shall have the right to temporarily close the Premises or the Building to perform repairs, alterations or additions in the Premises or the Building, provided that Landlord shall use reasonable efforts to perform all such work on weekends and after Normal Business Hours. Entry by Landlord hereunder shall not constitute a constructive eviction or entitle Tenant to any abatement or reduction of Rent by reason thereof.

13. Assignment and Subletting.

- A. General** Except in connection with a Permitted Transfer (defined in Section 13.E. below), Tenant shall not assign, sublease, transfer or encumber any interest in this Lease or allow any third party to use any portion of the Premises (collectively or individually, a "Transfer") without the prior written consent of Landlord, which consent will not be unreasonably denied. In no event shall any Transfer or Permitted Transfer release or relieve Tenant from any obligation under this Lease or any liability hereunder whatsoever.
- B. Landlord's Election** If Tenant requests Landlord's Consent to a Transfer, Tenant shall submit to Landlord financial statements for the proposed Transferee, a complete copy of the proposed assignment, sublease and other information as Landlord may reasonably request. Landlord shall, within thirty (30) days after Landlord's receipt of the required information and documentation, either: (1) consent or refuse consent, in its sole and absolute discretion, to the Transfer in writing; or (2) in the event of a proposed assignment of this Lease or a proposed sublease of the entire Premises that would not be a Permitted Transfer for the entire remaining term of this Lease, terminate this Lease effective the first to occur of ninety (90) days following written notice of such termination or the date that the proposed Transfer would have come into effect and upon such termination, Tenant shall be released from any further obligations under this Lease. If Landlord shall fail to notify Tenant in writing of its decision within such thirty (30) days after the later of the date Landlord is notified in writing of the proposed Transfer or the date Landlord has received all required information concerning the proposed transferee and the proposed Transfer and the proposed Transfer would not be a Permitted Transfer, Landlord shall be deemed to have refused to consent to such Transfer and to have elected to keep this Lease in full force and effect. Tenant shall pay Landlord a review fee of Five Hundred and No/100ths Dollars (\$500.00) for Landlord's review of any Permitted Transfer or requested Transfer. In addition, Tenant shall reimburse Landlord for its actual reasonable costs and expenses (including, without limitation, reasonable attorney's fees) incurred by Landlord in connection with Landlord's review of such requested Transfer or Permitted Transfer.
- C. Proceeds** Tenant shall pay to Landlord one hundred percent (100%) of all cash and other consideration which Tenant receives as a result of the Transfer that is in excess of the rent payable to Landlord hereunder for the portion of the Premises and Term covered by the Transfer within ten (10) days following receipt thereof by Tenant. If Tenant is in Monetary Default (defined in Section 22.A.(1), below), Landlord may require that all sublease payments be made directly to Landlord, in which case Tenant shall receive a credit against Rent in the amount of any payments received (less Landlord's share of any excess).
- D. Change of Ownership** Except as provided below with respect to a Permitted Transfer, if Tenant is a corporation, limited liability company, partnership or similar entity, and the entity which owns or controls a majority of the voting shares/rights at the time changes for any reason (including but not limited to a merger, consolidation or reorganization), such change of ownership or control shall constitute a Transfer. The foregoing shall not apply so long as Tenant is an entity whose outstanding stock is listed

on a nationally recognized security exchange, or if at least eighty percent (80%) of its voting stock is owned by another entity, the voting stock of which is so listed.

E. Common Control Tenant may assign its entire interest under this Lease or sublet the Premises to any entity controlling or controlled by or under common control with Tenant or to any successor to Tenant by purchase, merger, consolidation or reorganization (hereinafter, collectively, referred to as "Permitted Transfer") without the consent of Landlord, provided: (1) Tenant is not in default under this Lease; (2) if such proposed transferee is a successor to Tenant by purchase, said proposed transferee shall acquire all or substantially all of the stock or assets of Tenant's business or, if such proposed transferee is a successor to Tenant by merger, consolidation or reorganization, the continuing or surviving corporation shall own all or substantially all of the assets of Tenant; (3) such proposed transferee shall have a net worth which is at least equal to the greater of Tenant's net worth at the date of this Lease or Tenant's net worth as of the day prior to the proposed purchase, merger, consolidation or reorganization as evidenced to Landlord's reasonable satisfaction; (4) such proposed transferee operates the business in the Premises for the Permitted Use and no other purpose; and (5) Tenant shall give Landlord written notice at least thirty (30) days prior to the effective date of the proposed purchase, merger, consolidation or reorganization.

F. Remedy Tenant agrees that in the event Landlord withholds its consent to any Transfer contrary to the provisions of this Section 13, Tenant's sole remedy shall be to seek an injunction in equity or compel performance by Landlord to give its consent and Tenant expressly waives any right to damages in the event of such withholding by Landlord of its consent.

14. Mechanic's Liens. Tenant will not permit any mechanic's liens or other liens to be placed upon the Premises, the Building, or the Property and nothing in this Lease shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied, by inference or otherwise, to any person for the performance of any labor or the furnishing of any materials to the Premises, the Building, or the Property or any part thereof, nor as giving Tenant any right, power, or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to any mechanic's or other liens against the Premises, the Building, or the Property. In the event any such lien is attached to the Premises, the Building, or the Property, then, in addition to any other right or remedy of Landlord, Landlord may, but shall not be obligated to, discharge the same. Any amount paid by Landlord for any of the aforesaid purposes including, but not limited to, reasonable attorneys' fees, shall be paid by Tenant to Landlord promptly on demand as Additional Rent. Tenant shall within ten (10) days of receiving such notice of lien or claim (a) have such lien or claim released or (b) deliver to Landlord a bond in form, content, amount and issued by surety, satisfactory to Landlord, indemnifying, protecting, defending and holding harmless the Landlord, its partners, affiliates or employees against all costs and liabilities resulting from such lien or claim and the foreclosure or attempted foreclosure thereof. Tenant's failure to comply with the provisions of the foregoing sentence shall be deemed an Event of Default under Section 22 hereof entitling Landlord to exercise all of its remedies therefor without the requirement of any additional notice or cure period.

15. Insurance.

A. Landlord's Insurance Landlord shall maintain such insurance on the Building and the Premises (other than on Tenant's Property or on any additional improvements constructed in the Premises by Tenant), and such liability insurance in such amounts as Landlord elects. The cost of such insurance shall be included as a part of the Basic Costs, and payments for losses thereunder shall be made solely to Landlord or the mortgagees of Landlord as their interests shall appear.

B. Tenant's Insurance Tenant shall maintain at its expense: (1) in an amount equal to full replacement cost, special form (formerly known as all risk) property insurance on all of its personal property, including removable trade fixtures and leasehold and tenant improvements, and Tenant's Property located in the Premises and in such additional amounts as are required to meet Tenant's obligations pursuant

to Section 16 hereof and with deductibles in an amount reasonably satisfactory to Landlord; (ii) a policy or policies of commercial general liability insurance with respect to its activities in the Building and on the Property, with the premiums thereon fully paid on or before the due date, in an amount of not less than \$2,000,000 per occurrence per person coverage for bodily injury, property damage, personal injury or combination thereof (the term "personal injury" as used herein means, without limitation, false arrest, sexual harassment, detention or imprisonment, malicious prosecution, wrongful entry, libel and slander), provided that if only single limit coverage is available it shall be for at least \$2,000,000 per occurrence with an umbrella policy of at least \$5,000,000 combined single limit per occurrence; (iii) an automotive liability insurance policy with respect to its activities on the Property, with premiums thereon fully paid on or before the due date, covering both owned and non-owned automobile liability with a combined single limit of at least \$1,000,000; and (iv) a policy of workers' compensation insurance with respect to its activities in the Building and on the Property, with the premiums thereon fully paid on or before the due date, which is in compliance with the statutory requirements under Oklahoma law. If possible, all of Tenant's said required insurance policies shall name Landlord and Building Manager as additional insureds. Further, all Tenant's liability insurance policies shall include coverage for the contractual liability of Tenant to indemnify Landlord and Building Manager pursuant to Section 16 of this Lease and shall have deductibles in an amount reasonably satisfactory to Landlord. Prior to Tenant's taking possession of the Premises, Tenant shall furnish evidence satisfactory to Landlord of the maintenance and timely renewal of all of such foregoing insurance, and Tenant shall obtain and deliver to Landlord a written obligation on the part of each insurer to notify Landlord at least thirty (30) days prior to the modification, cancellation or expiration of such insurance policies. In the event Tenant shall not have delivered to Landlord a policy or certificate evidencing all of such insurance at least thirty (30) days prior to the expiration date of each expiring policy, Landlord may obtain such insurance as Landlord may reasonably require to protect Landlord's interest (which obtaining of insurance shall not be deemed to be a waiver of Tenant's default under this Section 15). The cost to Landlord of obtaining such policies, plus an administrative fee in the amount of fifteen percent (15%) of the cost of such policies shall be paid by Tenant to Landlord as Additional Rent upon demand.

- C. Evidence of Coverage** The insurance requirements set forth in this Section 15 are independent of the waiver, indemnification, and other obligations under this Lease and will not be construed or interpreted in any way to restrict, limit or modify the waiver, indemnification and other obligations or to in any way limit any party's liability under this Lease. In addition to the requirements set forth in Sections 15 and 16, the insurance required of Tenant under this Lease must be issued by an insurance company with a rating of no less than A-VIII in the current Best's Insurance Guide, or A- in the current Standard & Poor Insurance Solvency Review, or that is otherwise acceptable to Landlord, and admitted to engage in the business of insurance in the state in which the Building is located; be primary insurance for all claims under it and provide that any insurance carried by Landlord and Landlord's lenders is strictly excess, secondary and noncontributing with any insurance carried by Tenant; and provide that insurance may not be cancelled, nonrenewed or the subject of material change in coverage of available limits of coverage, except upon thirty (30) days prior written notice to Landlord and Landlord's lenders. Tenant will deliver either a duplicate original or a legally enforceable certificate of insurance on all policies procured by Tenant in compliance with Tenant's obligations under this Lease, together with evidence satisfactory to Landlord of the payment of the premiums therefor, to Landlord on or before the date Tenant first occupies any portion of the Premises, at least thirty (30) days before the expiration date of any policy and upon the renewal of any policy. Landlord must give its prior written approval to all deductibles and self-insured retentions under Tenant's policies. Tenant may comply with its insurance coverage requirements through a blanket policy, provided Tenant, at Tenant's sole expense, procures a "per location" endorsement, or equivalent reasonably acceptable to Landlord, so that the general aggregate and other limits apply separately and specifically to the Premises.
- D. Increase** If Tenant's business operations, conduct or use of the Premises or any other part of the Property causes an increase in the premium for any insurance policy carried by Landlord, Tenant will, within ten (10) days after receipt of notice from Landlord, reimburse Landlord for the entire increase.

E. Waiver Neither Landlord nor Tenant shall be liable (by way of subrogation or otherwise) to the other party (or to any insurance company insuring the other party) for any personal injury or loss or damage to any of the property of Landlord or Tenant, as the case may be, with respect to their respective property, the Building, the Property or the Premises or any addition or improvements thereto, or any contents therein, to the extent covered by insurance carried or required to be carried by a party hereto even though such loss might have been occasioned by the negligence or willful acts or omissions of the Landlord, the Building Manager, or Tenant or their respective employees, agents, contractors or invitees. Since this mutual waiver will preclude the assignment of any such claim by subrogation (or otherwise) to an insurance company (or any other person), Landlord and Tenant each agree to give each insurance company which has issued, or on the future may issue, policies of insurance, with respect to the items covered by this waiver, written notice of the terms of this mutual waiver, and to have such insurance policies properly endorsed, if necessary, to prevent the invalidation of any of the coverage provided by such insurance policies by reason of such mutual waiver. For the purpose of the foregoing waiver, the amount of any deductible applicable to any loss or damage shall be deemed covered by, and recoverable by the insured under the insurance policy to which such deductible relates. In the event that Tenant is permitted to and self-insures any risk for which insurance is required to be carried under this Lease, or if Tenant fails to carry any insurance required to be carried by Tenant pursuant to this Lease, then all loss or damage to Tenant, its leasehold interest, its business, its property, the Premises or any additions or improvements thereto or contents thereof shall be deemed covered by and recoverable by Tenant under valid and collectible policies of insurance. Notwithstanding anything to the contrary herein, Landlord shall not be liable to the Tenant or any insurance company (by way of subrogation or otherwise) insuring the Tenant for any loss or damage to any property, or bodily injury or personal injury or any resulting loss of income or losses from worker's compensation laws and benefits, even though such loss or damage might have been occasioned by the negligence of Landlord, its agents or employees, or Building Manager, if any such loss or damage was required to be covered by insurance pursuant to this Lease.

16. Indemnity. TENANT HEREBY AGREES TO INDEMNIFY, DEFEND AND HOLD HARMLESS LANDLORD, THE BUILDING MANAGER, AND THEIR RESPECTIVE EMPLOYEES, MEMBERS, PARTNERS, AGENTS, CONTRACTORS, AND LENDERS (SAID PERSONS AND ENTITIES ARE HEREINAFTER COLLECTIVELY REFERRED TO AS THE "INDEMNIFIED PARTIES") FROM AND AGAINST ANY AND ALL LIABILITY, LOSS, COST, DAMAGE, CLAIMS, DEMANDS, LOSS OF RENTS, LIENS, JUDGMENTS, PENALTIES, FINES, SETTLEMENT COSTS, INVESTIGATION COSTS, COST OF CONSULTANTS AND EXPERTS, ATTORNEYS FEES, COURT COSTS AND OTHER LEGAL EXPENSES, EFFECTS OF ENVIRONMENTAL CONTAMINATION, COST OF ENVIRONMENTAL TESTING, REMOVAL, REMEDIATION AND/OR ABATEMENT OF HAZARDOUS MATERIALS (AS SAID TERM IS DEFINED BELOW), INSURANCE POLICY DEDUCTIBLES AND OTHER EXPENSES (HEREINAFTER COLLECTIVELY REFERRED TO AS "DAMAGES") ARISING OUT OF OR RELATED TO AN INDEMNIFIED MATTER (AS DEFINED BELOW), UNLESS CAUSED BY THE INDEMNIFIED PARTY'S SOLE NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. FOR PURPOSES OF THIS SECTION, AN "INDEMNIFIED MATTER" SHALL MEAN ANY MATTER FOR WHICH ONE OR MORE OF THE INDEMNIFIED PARTIES INCURS LIABILITY OR DAMAGES IF THE LIABILITY OR DAMAGES ARISE OUT OF OR INVOLVE, DIRECTLY OR INDIRECTLY, (A) TENANT'S OR ITS EMPLOYEES', AGENTS', CONTRACTORS' OR INVITEES' (ALL OF SAID PERSONS OR ENTITIES ARE HEREINAFTER COLLECTIVELY REFERRED TO AS "TENANT PARTIES") USE OR OCCUPANCY OF THE PREMISES, (B) ANY ACT, OMISSION OR NEGLECT OF A TENANT PARTY, (C) TENANT'S FAILURE TO PERFORM ANY OF ITS OBLIGATIONS UNDER THIS LEASE, (D) THE EXISTENCE, USE OR DISPOSAL OF ANY HAZARDOUS SUBSTANCE (AS DEFINED BELOW) BROUGHT ON TO THE PREMISES BY A TENANT PARTY OR (E) ANY OTHER MATTERS FOR WHICH TENANT HAS AGREED TO INDEMNIFY LANDLORD PURSUANT TO ANY OTHER PROVISION OF THIS LEASE. TENANT'S OBLIGATIONS HEREUNDER SHALL INCLUDE, BUT SHALL NOT BE LIMITED TO (F) COMPENSATING THE INDEMNIFIED PARTIES FOR ACTUAL DAMAGES ARISING OUT OF INDEMNIFIED MATTERS WITHIN TEN (10) DAYS AFTER WRITTEN DEMAND FROM AN INDEMNIFIED PARTY AND (G) PROVIDING A DEFENSE, WITH COUNSEL REASONABLY SATISFACTORY TO THE INDEMNIFIED PARTY, AT TENANT'S SOLE EXPENSE, WITHIN TEN (10) DAYS AFTER WRITTEN DEMAND FROM THE INDEMNIFIED PARTY,

OF ANY CLAIMS, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO AN INDEMNIFIED MATTER, WHETHER OR NOT LITIGATED OR REDUCED TO JUDGMENT AND WHETHER OR NOT WELL-FOUNDED. IF TENANT IS OBLIGATED TO COMPENSATE AN INDEMNIFIED PARTY FOR DAMAGES ARISING OUT OF AN INDEMNIFIED MATTER, LANDLORD SHALL HAVE THE IMMEDIATE AND UNCONDITIONAL RIGHT, BUT NOT THE OBLIGATION, WITHOUT NOTICE OR DEMAND TO TENANT, TO PAY THE DAMAGES, AND TENANT SHALL, UPON TEN (10) DAYS' WRITTEN NOTICE FROM LANDLORD, REIMBURSE LANDLORD FOR THE COSTS INCURRED BY LANDLORD. BY WAY OF EXAMPLE, AND NOT LIMITATION, LANDLORD SHALL HAVE THE IMMEDIATE AND UNCONDITIONAL RIGHT TO CAUSE ANY DAMAGES TO THE COMMON AREAS, ANOTHER TENANT'S PREMISES OR TO ANY OTHER PART OF THE BUILDING TO BE REPAIRED AND TO COMPENSATE OTHER TENANTS OF THE BUILDING OR OTHER PERSONS OR ENTITIES FOR DAMAGES ARISING OUT OF AN INDEMNIFIED MATTER. EXCEPT FOR, AND TO THE EXTENT OF, THE INDEMNIFIED PARTY'S SOLE NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, THE INDEMNIFIED PARTIES NEED NOT FIRST PAY ANY DAMAGES IN ORDER TO BE INDEMNIFIED HEREUNDER. EXCEPT FOR, AND TO THE EXTENT OF, AN INDEMNIFIED PARTY'S SOLE NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, TENANT'S OBLIGATIONS UNDER THIS SECTION SHALL NOT BE RELEASED, REDUCED OR OTHERWISE LIMITED BECAUSE ONE OR MORE OF THE INDEMNIFIED PARTIES ARE OR MAY BE ACTIVELY OR PASSIVELY NEGLIGENT WITH RESPECT TO AN INDEMNIFIED MATTER OR BECAUSE AN INDEMNIFIED PARTY IS OR WAS PARTIALLY RESPONSIBLE FOR THE DAMAGES INCURRED. THIS INDEMNITY IS INTENDED TO APPLY TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW. TENANT'S OBLIGATIONS UNDER THIS SECTION SHALL SURVIVE THE EXPIRATION OR TERMINATION OF THIS LEASE UNLESS SPECIFICALLY WAIVED IN WRITING BY LANDLORD AFTER SAID EXPIRATION OR TERMINATION. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, NOTHING IN THIS LEASE SHALL IMPOSE ANY OBLIGATIONS ON TENANT OR LANDLORD OR THE BUILDING MANAGER TO BE RESPONSIBLE OR LIABLE FOR, AND EACH HEREBY RELEASES THE OTHER FROM ALL LIABILITY FOR, CONSEQUENTIAL DAMAGES OTHER THAN THOSE CONSEQUENTIAL DAMAGES INCURRED BY LANDLORD IN CONNECTION WITH A HOLDOVER OF THE PREMISES BY TENANT AFTER THE EXPIRATION OR EARLIER TERMINATION OF THIS LEASE OR INCURRED BY LANDLORD IN CONNECTION WITH ANY REPAIR, PHYSICAL CONSTRUCTION OR IMPROVEMENT WORK PERFORMED BY OR ON BEHALF OF TENANT IN THE BUILDING.

17. **Exemption of Landlord from Liability.** TENANT HEREBY AGREES THAT NEITHER LANDLORD OR THE BUILDING MANAGER SHALL BE LIABLE FOR INJURY TO TENANT'S BUSINESS OR ANY LOSS OF INCOME THEREFROM OR FOR LOSS OF OR DAMAGE TO THE MERCHANDISE, TENANT IMPROVEMENTS, FIXTURES, FURNITURE, EQUIPMENT, COMPUTERS, FILES, AUTOMOBILES, OR OTHER PROPERTY OF TENANT, TENANT'S EMPLOYEES, AGENTS, CONTRACTORS OR INVITEES, OR ANY OTHER PERSON IN OR ABOUT THE BUILDING, NOR SHALL LANDLORD OR THE BUILDING MANAGER BE LIABLE FOR INJURY TO THE PERSON OF TENANT, TENANT'S EMPLOYEES, AGENTS, CONTRACTORS OR INVITEES, WHETHER SUCH DAMAGE OR INJURY IS CAUSED BY OR RESULTS FROM ANY CAUSE WHATSOEVER INCLUDING, BUT NOT LIMITED TO, THEFT, CRIMINAL ACTIVITY AT THE BUILDING, NEGLIGENT SECURITY MEASURES, BOMBINGS OR BOMB SCARES, ACTS OF WAR, TERRORIST ACTIVITIES, HAZARDOUS MATERIALS, FIRE, STEAM, ELECTRICITY, GAS, WATER OR RAIN, FLOODING, BREAKAGE OF PIPES, SPRINKLERS, PLUMBING, AIR CONDITIONING OR LIGHTING FIXTURES, OR FROM ANY OTHER CAUSE, WHETHER SAID DAMAGE OR INJURY RESULTS FROM CONDITIONS ARISING UPON THE PREMISES OR UPON OTHER PORTIONS OF THE BUILDING, OR FROM OTHER SOURCES OR PLACES, OR FROM NEW CONSTRUCTION OR THE REPAIR, ALTERATION OR IMPROVEMENT OF ANY PART OF THE BUILDING, EXCEPT IF THE CAUSE OF THE LOSS, DAMAGE OR INJURY ARISES OUT OF LANDLORD'S, THE BUILDING MANAGER'S OR THEIR RESPECTIVE EMPLOYEES', AGENTS' OR CONTRACTORS' SOLE NEGLIGENCE, GROSS NEGLIGENCE, INTENTIONAL ACTS, OR WILLFUL MISCONDUCT. NEITHER THE LANDLORD NOR THE BUILDING MANAGER SHALL BE LIABLE FOR ANY DAMAGES ARISING FROM ANY ACT OR NEGLECT OF ANY EMPLOYEES, AGENTS, CONTRACTORS OR INVITEES OF ANY OTHER TENANT, OCCUPANT OR USER OF THE BUILDING, NOR FROM THE FAILURE OF LANDLORD OR BUILDING MANAGER TO ENFORCE THE PROVISIONS OF THIS LEASE OF ANY OTHER TENANT OF THE BUILDING. TENANT, AS A MATERIAL

PART OF THE CONSIDERATION TO LANDLORD HEREUNDER, HEREBY ASSUMES ALL RISK OF DAMAGE TO TENANT'S PROPERTY OR BUSINESS OR INJURY TO PERSONS IN, UPON OR ABOUT THE PREMISES ARISING FROM ANY CAUSE, INCLUDING LANDLORD'S OR BUILDING MANAGER'S NEGLIGENCE OR THE NEGLIGENCE OF THEIR RESPECTIVE EMPLOYEES, AGENTS OR CONTRACTORS (BUT, EXCLUDING THE SOLE NEGLIGENCE, GROSS NEGLIGENCE, INTENTIONAL ACTS OR WILLFUL MISCONDUCT OF THE LANDLORD OR BUILDING MANAGER OR THEIR RESPECTIVE EMPLOYEES, AGENTS OR CONTRACTORS, OR THE MATERIAL BREACH BY LANDLORD OF THIS LEASE), AND TENANT HEREBY WAIVES ALL CLAIMS IN RESPECT THEREOF AGAINST LANDLORD, THE BUILDING MANAGER OR THEIR RESPECTIVE EMPLOYEES, AGENTS AND CONTRACTORS. NO PARTNER, EMPLOYEE OR AGENT OF LANDLORD OR THE BUILDING MANAGER SHALL BE PERSONALLY LIABLE FOR THE PERFORMANCE OF LANDLORD'S OBLIGATIONS HEREUNDER OR BE NAMED AS A PARTY IN ANY LAWSUIT ARISING OUT OF OR RELATED TO, DIRECTLY OR INDIRECTLY, THIS LEASE AND THE OBLIGATIONS OF LANDLORD HEREUNDER.

18. Casualty Damage. If the Premises or any part thereof shall be damaged by fire or other casualty, Tenant shall give prompt written notice thereof to Landlord. In case the Building shall be so damaged that substantial alteration or reconstruction of the Building shall, in Landlord's sole opinion, be required (whether or not the Premises shall have been damaged by such casualty) or in the event Landlord's mortgagee should require that the insurance proceeds payable as a result of a casualty be applied to the payment of the mortgage debt or in the event of any material uninsured loss to the Building, Landlord may, at its option, terminate this Lease by notifying Tenant in writing of such termination within ninety (90) days after the date of such casualty. If Landlord does not thus elect to terminate this Lease, Landlord shall commence and proceed with reasonable diligence to restore the Building (except that Landlord shall not be responsible for delays not within the control of Landlord) to substantially the same condition in which it was immediately prior to the happening of the casualty. Notwithstanding the foregoing, Landlord's obligation to restore the Building shall not require Landlord to expend for such repair and restoration work more than the insurance proceeds actually received by the Landlord as a result of the casualty. When the repairs described in the preceding two sentences have been completed by Landlord, Tenant shall complete the restoration of all improvements, including furniture, fixtures and equipment, which are necessary to permit Tenant's re-occupancy of the Premises. Tenant shall present Landlord with evidence satisfactory to Landlord of Tenant's ability to pay such foregoing costs, prior to Landlord's commencement of such repair and restoration to the Premises. Landlord shall not be liable for any inconvenience or annoyance to Tenant or injury to the business of Tenant resulting in any way from such damage or the repair thereof, except that, subject to the provisions of the next sentence, Landlord shall allow Tenant a fair diminution of Rent, equal to a pro rata decrease based on the then applicable Monthly Installment of Base Rent as set forth herein, during the time and in proportion to the extent the Premises are unfit for occupancy by Tenant by reason of such damage and the required repair and restoration of the Property. If the Premises or any other portion of the Property is damaged by fire or other casualty resulting from the fault or negligence of Tenant or any of Tenant's agents, employees, or invitees, the Rent payable hereunder shall not be diminished during the repair of such damage and Tenant shall be liable to Landlord for the cost of the repair and restoration of the Property caused thereby to the extent such cost and expense is not covered by insurance proceeds.

19. Condemnation. If the whole or any substantial part of the Building or any portion thereof which would leave the remainder of the Building unsuitable for use as an office building comparable to its use on the Commencement Date, or if the land on which the Building is located or any material portion thereof, shall be taken or condemned for any public or quasi-public use under governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof, then Landlord may, at its option, terminate this Lease and the rent shall be abated during the unexpired portion of this Lease, effective when the physical taking of said portion of the Building or land shall occur. In the event this Lease is not terminated, the Rent for any portion of the Premises so taken or condemned shall be equitably abated during the unexpired term of this Lease effective when the physical taking of said portion of the Premises shall occur. All compensation awarded for any such taking or condemnation, or sale proceeds in lieu thereof, shall be the property of Landlord, and Tenant shall have no claim thereto, the same being hereby expressly waived by Tenant, except for any

portions of such award or proceeds which are specifically allocated by the condemning or purchasing party for the taking of or damage to trade fixtures of Tenant, which Tenant specifically reserves to itself.

20. Hazardous Substances.

- A. General** Tenant hereby represents and covenants to Landlord the following: No toxic or hazardous substances or wastes, pollutants or contaminants (including, without limitation, asbestos, urea formaldehyde, the group of organic compounds known as polychlorinated biphenyls, petroleum products including gasoline, fuel oil, crude oil and various constituents of such products, radon, and any hazardous substance as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601-9657, as amended ("CERCLA") (collectively, "Environmental Pollutants") other than customary office supplies and cleaning supplies stored and handled within the Premises in accordance with all applicable laws, will be generated, treated, stored, released or disposed of, or otherwise placed, deposited in or located on the Property, and no activity shall be taken on the Property, by Tenant, its agents, employees, invitees or contractors, that would cause or contribute to (i) the Property or any part thereof to become a generation, treatment, storage or disposal facility within the meaning of or otherwise bring the Property within the ambit of the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. 5901 et. seq., or any similar state law or local ordinance, (ii) a release or threatened release of toxic or hazardous wastes or substances, pollutants or contaminants, from the Property or any part thereof within the meaning of, or otherwise result in liability in connection with the Property within the ambit of CERCLA, or any similar state law or local ordinance, or (iii) the discharge of pollutants or effluents into any water source or system, the dredging or filling of any waters, or the discharge into the air of any emissions, that would require a permit under the Federal Water Pollution Control Act, 33 U.S.C. 1251 et. seq., or the Clean Air Act, 42 U.S.C. 7401 et. seq., or any similar state law or local ordinance.
- B. Waiver** Tenant expressly waives, to the extent allowed by law, any claims under federal, state or other law that Tenant might otherwise have against Landlord relating to the condition of such Property or the Premises or the Leasehold Improvements or personal property located thereon or the presence in or contamination of the Property or the Premises by hazardous materials. Tenant agrees to indemnify and hold Indemnitees (as defined in Section 16) harmless from and against and to reimburse Indemnitees with respect to, any and all claims, demands, causes of action, loss, damage, liabilities, costs and expenses (including attorneys' fees and court costs) of any and every kind or character, known or unknown, fixed or contingent, asserted against or incurred by Landlord at any time and from time-to-time by reason of or arising out of the breach by Tenant of any representation or covenant contained in Section 20.A above.
- C. Notification** Tenant shall immediately notify Landlord in writing of any release or threatened release of toxic or hazardous wastes or substances, pollutants or contaminants of which Tenant has knowledge whether or not the release is in quantities that would require under law the reporting of such release to a governmental or regulatory agency.
- D. Reporting** Tenant shall also immediately notify Landlord in writing of, and shall contemporaneously provide Landlord with a copy of:
- (1) Any written notice of release of hazardous wastes or substances, pollutants or contaminants on the Property that is provided by Tenant or any subtenant or other occupant of the Premises to a governmental or regulatory agency;
 - (2) Any notice of a violation, or a potential or alleged violation, of any Environmental Law (hereinafter defined) that is received by Tenant or any subtenant or other occupant of the Premises from any governmental or regulatory agency relating in whole or in part to the Property;

- (3) Any inquiry, investigation, enforcement, cleanup, removal, or other action that is instituted or threatened by a governmental or regulatory agency against Tenant or any subtenant or other occupant of the Premises and that relates to the release or discharge of hazardous wastes or substances, pollutants or contaminants on or from the Property;
- (4) Any claim that is instituted or threatened by any third-party against Tenant or any subtenant or other occupant of the Premises and that relates to any release or discharge of hazardous wastes or substances, pollutants or contaminants on or from the Property; and
- (5) Any notice of the loss of any environmental operating permit by Tenant or any subtenant or other occupant of the Premises with respect to its operations at the Premises.

E. Defined Term As used herein "Environmental Laws" mean all present and future federal, state and municipal laws, ordinances, rules and regulations applicable to environmental and ecological conditions, and the rules and regulations of the U.S. Environmental Protection Agency, and any other federal, state or municipal agency, or governmental board or entity relating to environmental matters.

21. Americans with Disabilities Act. Tenant agrees to comply with all requirements of the Americans with Disabilities Act (Public Law (July 26, 1990) ("ADA")) applicable to the Premises and such other current acts or other subsequent acts, (whether federal or state) addressing like issues as are enacted or amended. Tenant agrees to indemnify and hold Landlord harmless from any and all expenses, liabilities, costs or damages suffered by Landlord as a result of additional obligations which may be imposed on the Building or the Property under any of such acts by virtue of Tenant's specific operations and/or occupancy of the Premises unless due to the sole or gross negligence, or willful misconduct of the Landlord. Tenant acknowledges that it will be wholly responsible for any provision of the Lease, which could arguably be construed as authorizing a violation of the ADA by Tenant. Any such provision shall be interpreted in a manner, which permits compliance with the ADA and is hereby amended to permit such compliance.

22. Events of Default.

A. The following events shall be deemed to be "Events of Default" under this Lease:

- (1) Tenant shall fail to pay within five (5) days of when due any Base Rent, Additional Rent or other amount payable by Tenant to Landlord under this Lease (hereinafter sometimes referred to as a "Monetary Default").
- (2) Any failure by Tenant (other than a Monetary Default) to comply with any term, provision or covenant of this Lease, which failure is not cured within twenty (20) days after delivery to Tenant of notice of the occurrence of such failure provided, however, that if the term, condition, covenant or obligation to be performed by Tenant is of such nature that the same cannot reasonably be performed within such twenty-day period, such default shall be deemed to have been cured if Tenant commences such performance within said twenty-day period and thereafter diligently undertakes to complete the same, and, in fact, completes same within forty-five (45) days after the delivery of that notice. It is expressly provided, however, that if Tenant shall fail to comply with any material term, provision or covenant of this Lease twice during any twelve (12) month Lease Term, then, and in such event, the occurrence of the second such failure within the Lease Term, shall be deemed to be an Event of Default immediately upon the Landlord's delivery of notice to Tenant of such failure without any opportunity required to be provided by Landlord to Tenant in such instance to cure such failure. In such event, Landlord shall then be entitled to exercise any and all of the Remedies set forth in Section 23 to include, without limitation, the right to immediately terminate this Lease pursuant to Section 23(A)(2).

- (3) Any failure by Tenant to observe or perform any of the covenants with respect to (a) assignment and subletting set forth in Section 13, (b) mechanic's liens set forth in Section 14, or (c) insurance set forth in Section 15.
- (4) Tenant shall (a) become insolvent, (b) make a transfer in fraud of creditors (c) make an assignment for the benefit of creditors, (d) admit in writing its inability to pay its debts as they become due, (e) file a petition under any section or chapter of the United States Bankruptcy Code, as amended, pertaining to bankruptcy, or under any similar law or statute of the United States or any State thereof, or Tenant shall be adjudged bankrupt or insolvent in proceedings filed against Tenant thereunder; or a petition or answer proposing the adjudication of Tenant as a bankrupt or its reorganization under any present or future federal or state bankruptcy or similar law shall be filed in any court and such petition or answer shall not be discharged or denied within sixty (60) days after the filing thereof.
- (5) A receiver or trustee shall be appointed for all or substantially all of the assets of Tenant or of the Premises or of any of Tenant's property located thereon in any proceeding brought by Tenant, or any such receiver or trustee shall be appointed in any proceeding brought against Tenant and shall not be discharged within sixty (60) days after such appointment or Tenant shall consent to or acquiesce in such appointment.
- (6) The leasehold estate hereunder shall be taken on execution or other process of law in any action against Tenant.
- (7) Tenant shall abandon or vacate any substantial portion of the Premises.
- (8) Tenant shall fail to take possession of and occupy the Premises within thirty (30) days following the Commencement Date and thereafter continuously conduct its operations in the Premises for the Permitted Use as set forth in Section 4 hereof.
- (9) The liquidation, termination, dissolution, forfeiture of right to do business of Tenant.

23. Remedies.

A. Default Upon the occurrence of any Event of Default, Landlord shall have the following rights and remedies, in addition to those allowed by law or equity, any one or more of which may be exercised without further notice to or demand upon Tenant and which may be pursued successively or cumulatively as Landlord may elect:

- (1) Landlord may re-enter the Premises and cure any default of Tenant, in which event Tenant shall, upon demand, reimburse Landlord as Additional Rent for any cost and expenses which Landlord may incur to cure such default; and Landlord shall not be liable to Tenant for any loss or damage which Tenant may sustain by reason of Landlord's action, unless caused by Landlord's negligence;
- (2) Landlord may terminate this Lease by giving to Tenant notice of Landlord's election to do so, in which event the Term shall end, and all right, title and interest of Tenant hereunder shall expire, on the date stated in such notice;
- (3) Landlord may terminate the right of Tenant to possession of the Premises without terminating this Lease by giving notice to Tenant that Tenant's right to possession shall end on the date stated in such notice, whereupon the right of Tenant to possession of the Premises or any part thereof shall cease on the date stated in such notice; and
- (4) Landlord may enforce the provisions of this Lease and may enforce and protect the rights of Landlord hereunder by a suit or suits in equity or at law for the specific performance of any

covenant or agreement contained herein, or for the enforcement of any other appropriate legal or equitable remedy, including recovery of all moneys due or to become due from Tenant under any of the provisions of this Lease.

Landlord shall not be required to serve Tenant with any notices or demands as a prerequisite to its exercise of any of its rights or remedies under this Lease, other than those notices and demands specifically required under this Lease. TENANT EXPRESSLY WAIVES THE SERVICE OF ANY STATUTORY DEMAND OR NOTICE, WHICH IS A PREREQUISITE TO LANDLORD'S COMMENCEMENT OF EVICTION PROCEEDINGS AGAINST TENANT. LANDLORD AND TENANT EACH HEREBY EXPRESSLY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY LAWSUIT BROUGHT BY LANDLORD TO RECOVER POSSESSION OF THE PREMISES FOLLOWING LANDLORD'S TERMINATION OF THIS LEASE PURSUANT TO SECTION 23A(2) OR THE RIGHT OF TENANT TO POSSESSION OF THE PREMISES PURSUANT TO SECTION 23A(3), ON ANY CLAIM FOR DELINQUENT RENT OR OTHER DAMAGE CLAIMS WHICH LANDLORD MAY JOIN IN ITS LAWSUIT TO RECOVER POSSESSION, AND/OR AS TO ANY OTHER LEGAL ACTION BROUGHT BY EITHER LANDLORD OR TENANT TO ENFORCE THE PROVISIONS OF THIS LEASE.

- B. Surrender** If Landlord exercises either of the remedies provided in Sections 23.A.(2) or 23.A.(3), Tenant shall surrender possession and vacate the Premises and immediately deliver possession thereof to Landlord, and Landlord may re-enter and take complete and peaceful possession of the Premises, with process of law, full and complete license to do so being hereby granted to Landlord, and Landlord may remove all occupants and property therefrom, using such force as may be necessary to the extent allowed by law, without being deemed guilty in any manner of trespass, eviction or forcible entry and detainer and without relinquishing Landlord's right to Rent or any other right given to Landlord hereunder or by operation of law.
- C. Possession** If Landlord terminates the right of Tenant to possession of the Premises without terminating this Lease, Landlord shall have the right to immediate recovery of all amounts then due hereunder. Such termination of possession shall not release Tenant, in whole or in part, from Tenant's obligation to pay Rent hereunder for the full Term, and Landlord shall have the right, from time to time, to recover from Tenant, and Tenant shall remain liable for, all Base Rent, Additional Rent and any other sums accruing as they become due under this Lease during the period from the date of such notice of termination of possession to the stated end of the Term. In any such case, Landlord may relet the Premises or any part thereof for the account of Tenant for such rent, for such time (which may be for a term extending beyond the Term) and upon such terms as Landlord shall determine and may collect the rents from such reletting. Also, in any such case, Landlord may make repairs, alterations and additions in or to the Premises and redecorate the same to the extent reasonably deemed necessary by Landlord and in connection therewith change the locks to the Premises, and Tenant upon demand shall pay the cost of all of the foregoing together with Landlord's expenses of reletting. The rents from any such reletting shall be applied first to the payment of the expenses of reentry, redecoration, repair and alterations and the expenses of reletting and second to the payment of Rent herein provided to be paid by Tenant. Any excess or residue shall operate only as an offsetting credit against the amount of Rent due and owing as the same thereafter becomes due and payable hereunder, and the use of such offsetting credit to reduce the amount of Rent due Landlord, if any, shall not be deemed to give Tenant any right, title or interest in or to such excess or residue and any such excess or residue shall belong to Landlord solely, and in no event shall Tenant be entitled to a credit on its indebtedness to Landlord in excess of the aggregate sum (including Base Rent and Additional Rent) which would have been paid by Tenant for the period for which the credit to Tenant is being determined, had no Event of Default occurred. No such reentry or repossession, repairs, alterations and additions, or reletting shall be construed as an eviction or ouster of Tenant or as an election on Landlord's part to terminate this Lease, unless a written notice of such intention is given to Tenant, or shall operate to release Tenant in whole or in part from any of Tenant's obligations hereunder, and Landlord, at any time and from time to time, may sue and recover judgment for any deficiencies remaining after the application of the proceeds of any such reletting.

D. Termination If this Lease is terminated by Landlord pursuant to Section 23.A.(2), Landlord shall be entitled to recover from Tenant all Rent accrued and unpaid for the period up to and including such termination date, as well as all other additional sums payable by Tenant, or for which Tenant is liable or for which Tenant has agreed to indemnify Landlord under any of the provisions of this Lease, which may be then owing and unpaid, and all costs and expenses, including without limitation court costs and attorneys' fees incurred by Landlord in the enforcement of its rights and remedies hereunder, and, in addition, Landlord shall be entitled to recover as damages for loss of the bargain and not as a penalty (i) the unamortized portion of any concessions offered by Landlord to Tenant in connection with this Lease, and the cost of all tenant improvements and alterations, if any, installed by either Landlord or Tenant pursuant to this Lease or any work letter entered into in connection with this Lease, (ii) reimbursement of any and all amounts which Landlord was required to pay to the Broker as commission, fees or expenses for the procurement and making of this Lease, (iii) the aggregate sum which at the time of such termination represents the excess, if any, of the present value of the aggregate rents which would have been payable after the termination date had this Lease not been terminated, including, without limitation, Base Rent at the annual rate or respective annual rates for the remainder of the Term provided for in this Lease and the amount projected by Landlord to represent Additional Rent for the remainder of the Term over the then present value of the then aggregate fair rent value of the Premises for the balance of the Term, such present worth to be computed in each case on the basis of a ten percent (10%) per annum discount from the respective dates upon which such Rents would have been payable hereunder had this Lease not been terminated, and (iv) any damages in addition thereto, including without limitation reasonable attorneys' fees and court costs, which Landlord sustains as a result of the breach of any of the covenants of this Lease other than for the payment of Rent.

E. Mitigation Landlord shall use commercially reasonable efforts to mitigate any damages resulting from an Event of Default by Tenant under this Lease. Landlord's obligation to mitigate damages after an Event of Default by Tenant under this Lease shall be satisfied in full if Landlord undertakes to lease the Premises to another tenant (a "Substitute Tenant") in accordance with the following criteria:

- (1) Landlord shall have no obligations to solicit or entertain negotiations with any other prospective tenants for the Premises until Landlord obtains full and complete possession of the Premises including, without limitation, the final and unappealable legal right to relet the Premises free of any claim of Tenant;
- (2) Landlord shall not be obligated to lease or show the Premises, on a priority basis, offer the Premises to a prospective tenant when other premises in the Building suitable for that prospective tenant's use are (or soon will be) available;
- (3) Landlord shall not be obligated to lease the Premises to a Substitute Tenant for a Rent less than the current fair market Rent then prevailing for similar uses in comparable buildings in the same market area as the Building, nor shall Landlord be obligated to enter into a new lease under other terms and conditions that are unacceptable to Landlord under Landlord's then current leasing policies for comparable space in the Building;
- (4) Landlord shall not be obligated to enter into a lease with a Substitute Tenant whose use would:
 - (i) violate any restriction, covenant, or requirement contained in the lease of another tenant of the Building;
 - (ii) adversely affect the reputation of the Building; or
 - (iii) be incompatible with the operation of the Building as an office building;

- (5) Landlord shall not be obligated to enter into a lease with any proposed Substitute Tenant which does not have, in Landlord's reasonable opinion, sufficient financial resources to operate the Premises in a first class manner; and
- (6) Landlord shall not be required to expend any amount of money to alter, remodel, or otherwise make the Premises suitable for use by a proposed Substitute Tenant unless:
 - (i) Tenant pays any such sum to Landlord in advance of Landlord's execution of a lease with such tenant (which payment shall not be in lieu of any damages or other sums to which Landlord may be entitled as a result of Tenant's default under this Lease); or
 - (ii) Landlord, in Landlord's reasonable discretion, determines that any such expenditure is financially justified in connection with entering into any such substitute lease.

F. Tenant Property All property of Tenant removed from the Premises by Landlord pursuant to any provision of this Lease or applicable law may be handled, removed or stored by Landlord at the cost and expense of Tenant, and Landlord shall not be responsible in any event for the value, preservation or safekeeping thereof. Tenant shall pay Landlord for all expenses incurred by Landlord with respect to such removal and storage so long as the same is in Landlord's possession or under Landlord's control. All such property not removed from the Premises or retaken from storage by Tenant within thirty (30) days after the end of the Term or the termination of Tenant's right to possession of the Premises, however terminated, at Landlord's option, shall be conclusively deemed to have been conveyed by Tenant to Landlord as by bill of sale without further payment or credit by Landlord to Tenant.

G. Bankruptcy If Tenant is adjudged bankrupt, or a trustee in bankruptcy is appointed for Tenant, Landlord and Tenant, to the extent permitted by law, agree to request that the trustee in bankruptcy determine within sixty (60) days thereafter whether to assume or to reject this Lease.

H. Non-Waiver of Remedies The receipt by Landlord of less than the full rent due shall not be construed to be other than a payment on account of rent then due, nor shall any statement on Tenant's check or any letter accompanying Tenant's check be deemed an accord and satisfaction, and Landlord may accept such payment without prejudice to Landlord's right to recover the balance of the rent due or to pursue any other remedies provided in this Lease. The acceptance by Landlord of rent hereunder shall not be construed to be a waiver of any breach by Tenant of any term, covenant or condition of this Lease. No act or omission by Landlord or its employees or agents during the term of this Lease shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid unless in writing and signed by Landlord.

I. Enforcement In the event of any litigation between Tenant and Landlord to enforce any provision of this Lease or any right of either party hereto, the unsuccessful party to such litigation shall pay to the successful party all costs and expenses, including reasonable attorney's fees, incurred therein. Furthermore, if Landlord, without fault, is made a party to any litigation instituted by or against Tenant, Tenant shall indemnify Landlord against, and protect, defend, and save it harmless from, all costs and expenses, including reasonable attorney's fees, incurred by it in connection therewith. If Tenant, without fault, is made party to any litigation instituted by or against Landlord, Landlord shall indemnify Tenant against, and protect, defend, and save it harmless from, all costs and expenses, including reasonable attorney's fees, incurred by it in connection therewith.

24. No Waiver. Failure of Landlord to declare any default immediately upon its occurrence, or delay in taking any action in connection with an event of default, shall not constitute a waiver of such default, nor shall it constitute an estoppel against Landlord, but Landlord shall have the right to declare the default at any time and take

such action as is lawful or authorized under this Lease. Failure by Landlord to enforce its rights with respect to any one default shall not constitute a waiver of its rights with respect to any subsequent default.

25. **Peaceful Enjoyment.** Tenant shall, and may peacefully have, hold, and enjoy the Premises, subject to the other terms hereof, provided that Tenant pays the Rent and other sums herein recited to be paid by Tenant and timely performs all of Tenant's covenants and agreements herein contained. This covenant and any and all other covenants of Landlord shall be binding upon Landlord and its successors only with respect to breaches occurring during its or their respective periods of ownership of the Landlord's interest hereunder.
26. **Intentionally Deleted.**
27. **Holding Over.** In the event of holding over by Tenant after expiration or other termination of this Lease or in the event Tenant continues to occupy the Premises after the termination of Tenant's right of possession pursuant to Section 23.A(3) hereof, occupancy of the Premises subsequent to such termination or expiration shall be that of a tenancy at sufferance and in no event for month-to-month or year-to-year. Tenant shall, throughout the entire holdover period, be subject to all the terms and provisions of this Lease and shall pay for its use and occupancy an amount (on a per month basis without reduction for any partial months during any such holdover) equal to one hundred fifty percent (150%) of (a) the greater of then current market rate, or (b) the Base Rent and Additional Rent which would have been applicable had the Lease Term continued through the period of such holding over by Tenant. No holding over by Tenant or payments of money by Tenant to Landlord after the expiration of the Lease Term shall be construed to extend the Lease Term or prevent Landlord from recovery of immediate possession of the Premises by summary proceedings or otherwise unless Landlord has sent written notice to Tenant that Landlord has elected to extend the Lease Term. In addition to the obligation to pay the amounts set forth above during any such holdover period, Tenant shall also be liable to Landlord for all damages, including, without limitation, any consequential damages, which Landlord may suffer by reason of any holding over by Tenant and Tenant shall also indemnify Landlord against any and all claims made by any other tenant or prospective tenant against Landlord for delay by Landlord in delivering possession of the Premises to such other tenant or prospective tenant.
28. **Subordination to Mortgage/Estoppel Certificate.** Tenant accepts this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Premises, or upon the Building and/or the Property and to any renewals, modifications, refinancings and extensions thereof, and Tenant agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion. The provisions of the foregoing sentence shall be self-operative and no further instrument of subordination shall be required. However, Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust or other lien now existing or hereafter placed upon the Premises, or the Building and/or the Property. Tenant covenants and agrees that it will execute and deliver to Landlord and Landlord's mortgagee, Legacy Bank, on the same date it executes this Lease that certain Subordination, Non-Disturbance and Attornment Agreement, substantially in the form that is attached to this Lease as **Exhibit E** hereto. Landlord will provide a fully executed copy of the Subordination, Non-Disturbance and Attornment Agreement to Tenant as soon as it receives it from the mortgagee. In addition, Tenant agrees within ten (10) days after demand therefore hereto to execute such further instruments subordinating this Lease or attorning to the holder of any such liens as Landlord may request. The terms of this Lease are subject to approval by the Landlord's existing lender(s) and any lender(s) who, at the time of the execution of this Lease, have committed or are considering committing to Landlord to make a loan secured by all or any portion of the Property, and such approval is a condition precedent to Landlord's obligations hereunder. In the event that Tenant should fail to execute any subordination or other agreement required by this Section promptly as requested, Tenant hereby irrevocably constitutes Landlord as its attorney-in-fact to execute such instrument in Tenant's name, place and stead, it being agreed that such power is one coupled with an interest in Landlord and is accordingly irrevocable. Tenant agrees that it will from time-to-time upon request by Landlord execute and deliver to such persons as Landlord shall request a statement in recordable form, i.e., a Tenant Estoppel Certificate, certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as so modified), stating the dates to

which rent and other charges payable under this Lease have been paid, stating that Landlord is not in default hereunder (or if Tenant alleges a default stating the nature of such alleged default) and further stating such other matters as Landlord shall reasonably require. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Property. Tenant has pre-approved the form of Tenant Estoppel Certificate attached as **Exhibit C** hereto. In addition, Tenant agrees periodically to furnish within ten (10) days after so requested by Landlord, to any prospective purchaser of the Building, the Property, or any interest therein, or to the holder of any deed of trust, mortgage or security agreement covering the Building, the Property, or any interest of Landlord therein, a certificate signed by Tenant certifying (a) that this Lease is in full force and effect and unmodified (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (b) as to the Commencement Date and the date through which Base Rent and Tenant's Additional Rent have been paid, (c) that Tenant has accepted possession of the Premises and that any improvements required by the terms of this Lease to be made by Landlord have been completed to the satisfaction of Tenant, (d) that except as stated in the certificate no rent has been paid more than thirty (30) days in advance of its due date, (e) that the address for notices to be sent to Tenant is as set forth in this Lease (or has been changed by notice duly given and is as set forth in the certificate), (f) that except as stated in the certificate, Tenant, as of the date of such certificate, has no charge, lien, or claim of offset against rent due or to become due, (g) that except as stated in the certificate, Landlord is not then in default under this Lease, (h) as to the amount of the Approximate Rentable Area of the Premises then occupied by Tenant, (i) that there are no renewal or extension options, purchase options, rights of first refusal or the like in favor of Tenant except as set forth in this Lease, (j) the amount and nature of accounts payable to Landlord under terms of this Lease, and (k) as to such other matters as may be requested by Landlord or the holder of any such deed of trust, mortgage or security agreement. Any such certificate may be relied upon by any prospective purchaser, secured party, mortgagee or any beneficiary under any mortgage, deed of trust on the Building or the Property or any part thereof or interest of Landlord therein. At Landlord's option, the failure of Tenant to deliver such statements as required by this Section 28 shall constitute a material default of Tenant under this Lease, or it shall by reason of such failure be deemed to be conclusive upon Tenant that (a) this Lease is in full force and effect, without modification, except as may be represented by Landlord, (b) there are no uncured defaults in Landlord's performance, (c) not more than one month's Base Rent has been paid in advance, (d) all tenant improvements to be constructed by Landlord, if any, have been satisfactorily completed in accordance with Landlord's obligations, and (e) Tenant has taken possession of the Premises.

29. Notice. Any notice required or permitted to be given under this Lease or by law shall be deemed to have been given if it is written and delivered in person or mailed by Registered or Certified mail, postage prepaid, or sent by a nationally recognized overnight delivery service to the party who is to receive such notice at the address specified in 1.P. of this Lease. When so mailed, the notice shall be deemed to have been given two (2) business days after the date it was mailed. When sent by overnight delivery service, the notice shall be deemed to have been given on the next business day after deposit with such overnight delivery service. The address specified in Section 1. P. of this Lease may be changed from time to time by giving written notice thereof to the other party.

30. Intentionally Deleted.

31. Surrender of Premises. Upon the termination, whether by lapse of time or otherwise, or upon any termination of Tenant's right to possession without termination of the Lease, Tenant will at once surrender possession and vacate the Premises, together with all Leasehold Improvements (except those Leasehold Improvements Tenant is required to remove pursuant to Section 8 hereof), to Landlord in good condition and repair, ordinary wear and tear excepted; conditions existing because of Tenant's failure to perform maintenance, repairs or replacements as required of Tenant under this Lease shall not be deemed "reasonable wear and tear." Tenant shall surrender to Landlord all keys to the Premises and make known to Landlord the combination to all combination locks, which Tenant is permitted to leave on the Premises. Subject to the Landlord's rights under Section 23 hereof, if Tenant fails to remove any of Tenant's Property within one (1) day after the termination of this Lease, or Tenant's right to possession hereunder, Landlord, at Tenant's sole cost and expenses, shall be entitled to remove and/or store such Tenant's Property and Landlord shall, in no event, be responsible for the value, preservation or safekeeping thereof. Tenant shall pay Landlord, upon demand, any and all

reasonable expenses caused by such removal and all storage charges against such property so long as the same shall be in possession of Landlord or under the control of Landlord. In addition, if Tenant fails to remove any Tenant's Property from the Premises or storage, as the case may be, within thirty (30) days after written notice from Landlord, Landlord, at its option, may deem all or any part of such Tenant's Property to have been abandoned by Tenant and title thereof shall immediately pass to Landlord under this Lease as by a bill of sale.

32. Rights Reserved to Landlord. Landlord reserves the following rights, exercisable without notice, except as provided herein, and without liability to Tenant for damage or injury to property, person or business and without affecting an eviction or disturbance of Tenant's use or possession or giving rise to any claim for setoff or abatement of rent or affecting any of Tenant's obligations under this Lease: (1) upon thirty (30) days prior notice to change the name or street address of the Building; (2) to install and maintain signs on the exterior and interior of the Building; (3) to designate and approve window coverings to present a uniform exterior appearance; (4) to make any decorations, alterations, additions, improvements to the Building or Property, or any part thereof (including, with prior notice, the Premises) which Landlord shall desire, or deem necessary for the safety, protection, preservation or improvement of the Building or Property, or as Landlord may be required to do by law; (5) to have access to the Premises at reasonable hours to perform its duties and obligations and to exercise its rights under this Lease; (6) to retain at all times and to use in appropriate instances, pass keys to all locks within and to the Premises; (7) to approve the weight, size, or location of heavy equipment, or articles within the Premises; (8) to close or restrict access to the Building at all times other than Normal Business Hours subject to Tenant's right to admittance at all times under such regulations as Landlord may reasonably prescribe from time to time, or to close (temporarily or permanently) any of the entrances to the Building; provided Landlord shall have the right to restrict or prohibit access to the Building or the Premises at any time Landlord determines it is necessary to do so to minimize the risk of injuries or death to persons or damage to property; (9) to change the arrangement and/or location of entrances of passageways, doors and doorways, corridors, elevators, stairs, toilets and public parts of the Building or Property; (10) to regulate access to telephone, electrical and other utility closets in the Building and to require use of designated contractors for any work involving access to the same; (11) if Tenant has vacated the Premises during the last six (6) months of the Lease Term, to perform additions, alterations and improvements to the Premises in connection with a reletting or anticipated reletting thereof without being responsible or liable for the value or preservation of any then existing improvements to the Premises; (12) to grant to anyone the exclusive right to conduct any business or undertaking in the Building provided Landlord's exercise of its rights, under this clause (12) of this Section 32, shall not be deemed to prohibit Tenant from the operation of its business in the Premises and shall not constitute a constructive eviction; and (13) Landlord shall have the right to transfer all or any portion of the interest in the Building and to assign this Lease to its transferee. Tenant agrees that in the event of such a transfer to Landlord's transferee, and assumption by such transferee of Landlord's obligations hereunder (including all obligations then accrued under this Lease), Landlord shall automatically be released from all liability under this Lease; and Tenant hereby agrees to look solely to Landlord's transferee for the performance of Landlord's obligations hereunder after the date of such transfer.

33. Miscellaneous.

- A. Severability** If any term or provision of this Lease, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.
- B. Recording** Tenant agrees not to record this Lease or any short form or memorandum hereof.
- C. Governing Law** This Lease and the rights and obligations of the parties hereto shall be interpreted, construed, and enforced in accordance with the laws and decisions of the State of Oklahoma.

- D. Force Majeure** Events of "Force Majeure" shall include strikes, riots, acts of God, shortages of labor or materials, war, governmental laws, regulations or restrictions, or any other cause whatsoever beyond the control of Landlord or Tenant, as the case may be. Whenever a period of time is herein prescribed for the taking of any action by Landlord or Tenant (other than the payment of Rent and all other such sums of money as shall become due hereunder), such party shall not be liable or responsible for, and there shall be excluded from the computation of such period of time hereunder, any delays due to events of Force Majeure.
- E. Time** Except as expressly otherwise herein provided, with respect to all required acts of Tenant, time is of the essence of this Lease.
- F. Assignment** Landlord shall have the right to transfer and assign, in whole or in part, all of its rights and obligations hereunder and in the Building and Property referred to herein, and in such event and upon such transfer to Landlord's transferee, and assumption by such transferee of Landlord's obligations hereunder (including all obligations then accrued under this Lease), Landlord shall be released from any further obligations hereunder, and Tenant agrees to look first to such successor in interest of Landlord for the performance of such obligations.
- G. Broker** Landlord and Tenant hereby indemnify and hold each other harmless against any loss, claim, expense or liability with respect to any commissions or brokerage fees claimed on account of the execution and/or renewal of this Lease due to any action of the indemnifying party. Landlord and Tenant each warrant to the other that it has not dealt with any broker or agent in connection with the negotiation or execution of this Lease. Tenant and Landlord shall each indemnify the other against all costs, expenses, attorneys' fees, and other liability for commissions or other compensation claimed by any broker or agent claiming the same by, through or under the indemnifying party.
- H. Joint and Several Liability** If there is more than one Tenant, or if the Tenant as such is comprised of more than one person or entity, the obligations hereunder imposed upon Tenant shall be joint and several obligations of all such parties. All notices, payments, and agreements given or made by, with or to any one of such persons or entities shall be deemed to have been given or made by, with or to all of them.
- I. Authority** The individual signing this Lease on behalf of Tenant represents (1) that such individual is duly authorized to execute or attest and deliver this Lease on behalf of Tenant in accordance with the organizational documents of Tenant; (2) that this Lease is binding upon Tenant; (3) that Tenant is duly organized and legally existing in the state of its organization, and is qualified to do business in the state in which the Premises is located.
- J. Financial Reporting** Tenant acknowledges that the financial capability of Tenant to perform its obligations hereunder is material to Landlord and that Landlord would not enter into this Lease but for its belief, based on its review of Tenant's public filings, that Tenant is capable of performing such financial obligations. Tenant hereby represents, warrants and certifies to Landlord that its financial statements previously furnished to Landlord were at the time given true and correct in all material respects and that there have been no material subsequent changes thereto as of the date of this Lease.
- K. Survivability** Notwithstanding anything to the contrary contained in this Lease, the expiration of the Lease Term, whether by lapse of time or otherwise, shall not relieve Tenant from Tenant's obligations accruing prior to the expiration of the Lease Term, and such obligations shall survive any such expiration or other termination of the Lease Term.
- L. Conditional Offer** Landlord has delivered a copy of this Lease to Tenant for Tenant's review only, and the delivery hereof does not constitute an offer to Tenant or an option. This Lease shall not be effective

until an original of this Lease has been executed by both Landlord and Tenant and this Lease has been approved by Landlord's mortgagee, if required.

- M. Interpretation** Landlord and Tenant understand, agree and acknowledge that (i) this Lease has been freely negotiated by both parties; and (ii) in any controversy, dispute or contest over the meaning, interpretation, validity, or enforceability of this Lease or any of its terms or conditions, there shall be no inference, presumption, or conclusion drawn whatsoever against either party by virtue of that party having drafted this Lease or any portion thereof.
- N. Headings** The headings and titles to the paragraphs of this Lease are for convenience only and shall have no effect upon the construction or interpretation of any part hereof.
- O. Surrender** Receipt by Landlord of Tenant's keys to the Premises shall not constitute an acceptance of surrender of the Premises.
- P. Waiver of Jury Trial** TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, LANDLORD AND TENANT EACH WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY LITIGATION ARISING OUT OF, RESULTING FROM, OR WITH RESPECT TO THIS LEASE.

34. Entire Agreement. This Lease, including the following Exhibits, each of which shall be fully executed, if required, by Landlord and/or Tenant, as applicable, on the same date this Lease is executed and shall be deemed to be an integral and essential part of this Lease, namely:

Exhibit A – Payment of Basic Costs

Exhibit B – Legal Description of the Building

Exhibit C – Pre-Approved Tenant Estoppel Certificate

Exhibit D – Two Caliber Park at Quail Springs Building Regulations

Exhibit E – Subordination, Non-Disturbance and Attornment Agreement

Exhibit F – Bill of Sale of Personal Property Located in the Premises

Exhibit G – Signage Agreement

Exhibit H – Data Room Use Agreement

Exhibit I – Ritchey/Zink & Associates, Inc. Proposal

Exhibit J – Work Letter for the Additional Alterations to the Building

Exhibit K – Additional Provisions

constitute the entire agreement between the parties hereto with respect to the subject matter of this Lease and supersedes all prior agreements and understandings between the parties related to the Premises, including all lease proposals, letters of intent and similar documents. Tenant expressly acknowledges and agrees that Landlord has not made and is not making, and Tenant, in executing and delivering this Lease, is not relying upon, any warranties, representations, promises or statements, except to the extent that the same are expressly set forth in this Lease. All understandings and agreements heretofore had between the parties are merged in this Lease, which alone fully and completely expresses the agreement of the parties, neither party relying upon any statement or representation not embodied in this Lease. This Lease may be amended or modified only if done in a writing executed by the Landlord and the Tenant with specific reference made therein to the clause or clauses of the Lease being so amended or modified thereby. Except for the express warranties specifically set forth in this Lease, **Landlord and Tenant expressly agree that there are and shall be no implied warranties of merchantability, habitability, suitability, fitness for a particular purpose or of any other kind arising out of this Lease, all of which are hereby waived by Tenant, and that there are no other warranties of any kind or nature which extend beyond those expressly stated in this Lease.**

35. **LIMITATION OF LIABILITY**. EXCEPT TO THE EXTENT SPECIFICALLY ADDRESSED HEREIN, TENANT SHALL NOT HAVE THE RIGHT TO AN ABATEMENT OF RENT OR TO TERMINATE THIS LEASE AS A RESULT OF LANDLORD'S DEFAULT AS TO ANY COVENANT OR AGREEMENT CONTAINED IN THIS LEASE OR AS A RESULT OF THE BREACH OF ANY PROMISE OR INDUCEMENT IN CONNECTION HEREWITH, WHETHER IN THIS LEASE OR ELSEWHERE, AND TENANT HEREBY WAIVES SUCH REMEDIES OF ABATEMENT OF RENT AND TERMINATION EXCEPT AS SPECIFICALLY PROVIDED HEREIN. TENANT HEREBY AGREES THAT TENANT'S REMEDIES FOR DEFAULT BY THE LANDLORD HEREUNDER OR IN ANY WAY ARISING IN CONNECTION WITH THIS LEASE, INCLUDING ANY BREACH OF ANY PROMISE OR INDUCEMENT OR WARRANTY, WHETHER EXPRESS OR IMPLIED, SHALL BE LIMITED TO SUIT SEEKING THE RECOVERY OF DIRECT AND PROXIMATE DAMAGES, PROVIDED THAT TENANT HAS GIVEN THE NOTICES REQUIRED IN THIS LEASE. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, NEITHER TENANT NOR LANDLORD SHALL BE ENTITLED TO SEEK TO RECOVER ANY SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES FROM THE OTHER BY REASON OF THE OTHER PARTY'S BREACH OF THIS LEASE. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, THE LIABILITY OF THE LANDLORD AND OF THE BUILDING MANAGER TO TENANT FOR ANY DEFAULT BY LANDLORD UNDER THIS LEASE SHALL BE LIMITED TO THE EQUITY INTEREST OF LANDLORD IN THE BUILDING AND THE PROPERTY AND TENANT AGREES TO LOOK SOLELY TO LANDLORD'S INTEREST IN THE BUILDING AND THE PROPERTY FOR THE RECOVERY OF ANY JUDGMENT AGAINST THE LANDLORD OR THE BUILDING MANAGER, IF THEY ARE THE SAME PERSON, IT BEING INTENDED THAT NEITHER THE LANDLORD NOR THE BUILDING MANAGER, IN SUCH EVENT, SHALL BE PERSONALLY LIABLE FOR ANY JUDGMENT OR DEFICIENCY. TENANT HEREBY COVENANTS THAT, PRIOR TO THE FILING OF ANY SUIT FOR DIRECT AND PROXIMATE DAMAGES, IT SHALL GIVE LANDLORD, AND ALL MORTGAGEES WHOM TENANT HAS BEEN NOTIFIED HOLD MORTGAGES OR DEED OF TRUST LIENS ON THE PROPERTY, BUILDING OR PREMISES ("LANDLORD MORTGAGEES"), NOTICE AND REASONABLE TIME TO CURE ANY ALLEGED DEFAULT BY LANDLORD OR THE BUILDING MANAGER.
36. **Landlord Conveyance of Former Tenant's Personal Property to Tenant**. As a material inducement and consideration to Tenant to make and enter into this Lease on the terms and conditions set forth herewith, Landlord covenants and agrees to convey to Tenant effective as of the Commencement Date, free and clear of any charge, lien, security interest, expense, judgment, tax, assessment, mortgage, pledge, or encumbrance of any kind or nature, all of the tangible personal property, i.e., the furniture, appliances and tenant improvements of the former tenant of the Initial Area, i.e., Suite 300 of the Building, namely, Gulfport Energy Corporation ("Gulfport"), which Gulfport has conveyed to Landlord and that are located in the Initial Area on the Commencement Date ("Initial Area Personal Property"), to include, without limitation, those items of personal property that are listed on Schedule 1 to the Bill of Sale, as described and defined below. In order to evidence Landlord's conveyance of ownership of the Initial Area Personal Property to Tenant, Landlord covenants and agrees to execute and deliver to Tenant, to be effective as of the Commencement Date, a Bill of Sale, substantially in the form of the Bill of Sale that is attached to this Lease as **Exhibit F** hereto conveying to Tenant all of the Initial Area Personal Property, including, without limitation, those items of tangible personal property listed on Schedule 1 to the Bill of Sale. Landlord has determined a value for the Initial Area Personal Property being so conveyed by Landlord to Tenant and Landlord agrees to be solely liable for and fully pay any and all Oklahoma sales tax that might be owing by reason of such conveyance.
37. **Tenant's Right to Rent Vacant Racks in the Data Room**. During the Lease Term, Tenant shall have the right to rent vacant Racks in the Data Room (as both terms are defined in **Exhibit H** attached hereto) for Tenant's exclusive use at the rental rate of Six Hundred Seventy-Five and No/100ths Dollars (\$675.00) per Rack per month in accordance with the terms and conditions set forth in **Exhibit H** attached hereto.
38. **Tenant Improvements to the Initial Area**. As a material inducement and consideration to Tenant to make and enter into this Lease on the terms and conditions set forth herewith, Landlord covenants and agrees to repair, as soon as possible after the Commencement Date at Landlord's sole cost and expense, the portion of the carpet that is damaged in the Large Conference Room located in the Initial Area and to construct shelving in the closet of the office in the Initial Area that is designated by Tenant in the manner directed by Tenant.

Further and in addition, Landlord covenants and agrees to perform those improvements to the Initial Area that are set forth in the Richey/Zink & Associates, Inc. Proposal attached hereto as **Exhibit I** (collectively, the "Initial Tenant Improvements") at Landlord's sole cost and expense in the amount of Fifty Thousand Three Hundred Seventy-Three and No/100ths Dollars (\$50,373.00) as set forth on Exhibit I. Landlord shall make reasonable efforts to complete the Initial Tenant Improvements as quickly as possible. Landlord will not be able to complete the Initial Tenant Improvements prior to the Commencement Date. This fact will not be deemed to be a basis for Tenant terminating the Lease, or to extend the Commencement Date under the Lease, nor entitle Tenant to receive any rebate or abatement of Rent by reason thereof. By utilizing the Initial Tenant Improvements being made by Landlord pursuant to this Section 38, after substantial completion (except for punch list items), Tenant shall be deemed to have accepted the Initial Tenant Improvements as having been satisfactorily completed by Landlord without any further requirements or representations or warranties of any kind or nature, whether express or implied, by Landlord as to the condition of those Initial Tenant Improvements.

39. **Condition Precedent to the Effectiveness of the Lease.** As a condition precedent to the effectiveness of this Lease, this Lease will not be valid and binding upon Landlord and Tenant and will not be of any force and effect unless and until Gulfport Energy Corporation executes and delivers to Landlord that certain Conditional Termination of Lease Agreement ("Termination Agreement") to be entered into by and between Landlord and Gulfport Energy Corporation fully terminating and relinquishing its rights to lease the entire third floor of the Building, i.e., the Initial Area, upon satisfaction of the payments and other conditions set forth in the Termination Agreement, on or before the Effective Date, i.e., April 1, 2017, in order to enable Tenant to lease the Initial Area pursuant to this Lease.
40. **Early Termination of Stingray Lease.** As a material inducement and consideration to Tenant to make and enter into this Lease on the terms and conditions set forth herewith, Landlord and Tenant covenant and agree to amend that certain Office Lease Agreement dated April 24, 2015 ("Stingray Lease"), by and between Landlord and Stingray Pressure Pumping LLC, a Delaware limited liability company ("Stingray"), a subsidiary of Tenant, whereby Stingray is leasing from Landlord Suites 210 and 230, consisting of approximately three thousand eight hundred seventy-nine (3,879) rentable square feet, of the office building located at 14301 Caliber Drive, Oklahoma City, County of Oklahoma, State of Oklahoma, known as One Caliber Park at Quail Springs (the "Stingray Premises") so that the amended lease term will terminate on May 31, 2017, eighteen (18) months prior to the original termination date of November 30, 2018.
41. **Additional Alterations to the Premises.** As a further material inducement and consideration to Tenant to make and enter into this Lease on the terms and conditions set forth herewith, Landlord and Tenant covenant and agree that Landlord shall enter into a direct contract with a general contractor to construct certain additional tenant improvements to that portion of the Premises, i.e., Suites 200 and 300 of the Building, or a portion thereof, that Tenant hereafter designates in writing to Landlord, during the period of time from June 1, 2017 to May 31, 2018 ("Additional Alterations"). It is expressly provided, however, that Landlord's obligation to pay for the cost of these Additional Alterations so timely designated by Tenant shall be limited to the sum of Fifty Thousand and No/100ths Dollars (\$50,000.00). Tenant shall be responsible for all costs and expenses of the Additional Alterations to the extent that they exceed that amount, i.e., \$50,000.00. The Work Letter setting forth the obligations of Landlord and Tenant in full with respect to the Additional Alterations is attached hereto as **Exhibit J** and by this reference incorporated herein. By utilizing and possessing the Additional Alterations, Tenant will be deemed to have accepted the Additional Alterations as having been satisfactorily completed by Landlord without any further requirements or any representation or warranty of any kind or nature, whether express or implied, by Landlord as to the condition of those Additional Alterations.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease in multiple original counterparts as of the day and year first above written.

LANDLORD:

CALIBER INVESTMENT GROUP LLC,
a Delaware limited liability company

By: /s/ Matthew Austin
Name: Matthew Austin
Title: *President*
Date: March 31, 2017

TENANT:

MAMMOTH ENERGY PARTNERS LLC,
a Delaware limited liability company

By: /s/ Arty Straehla
Name: Arty Straehla
Title: *Chief Executive Officer*
Date: March 31, 2017

EXHIBIT A

PAYMENT OF BASIC COSTS

This **Exhibit A** – Payment of Basic Costs - is attached to and made a part of the Lease dated effective as of April 1, 2017, between **CALIBER INVESTMENT GROUP LLC**, a Delaware limited liability company ("Landlord"), and **MAMMOTH ENERGY PARTNERS LLC**, a Delaware limited liability company ("Tenant"), for lease of the Premises in the Building located at 14201 Caliber Drive, Oklahoma City, Oklahoma, 73134, known as Suites 200 and 300, Two Caliber Park at Quail Springs.

- A. During each calendar year, or portion thereof, falling within the Lease Term, Tenant shall pay to Landlord as Additional Rent hereunder Tenant's Pro Rata Share of the amount by which (a) Basic Costs (as defined below) for the applicable calendar year exceeds Basic Costs for 2017 (the "Base Year"). In no event shall the amount required to be paid by Tenant with respect to Basic Costs for any calendar year during the Lease Term be less than zero. Prior to March 31 of each calendar year during the Lease Term, or as soon thereafter as possible, Landlord shall furnish to Tenant a statement of the actual Additional Rent that Tenant should have paid for the previous calendar year, as calculated by the Landlord after it has reasonably determined the actual Basic Costs incurred by the Landlord in operating, maintaining, repairing, owning and managing the Building (as is provided in Paragraph B, below) for the immediately preceding calendar year. If for any calendar year during the Lease Term, the Additional Rent collected from the Tenant for the prior calendar year is more than the amount by which the Tenant's Pro Rata Share of actual Basic Costs for such prior year exceeded the Tenant's Pro Rata Share of the Basic Costs for the Base Year, then Landlord shall refund to Tenant such overpayment (or, alternatively, at Landlord's option, apply such amount against the Additional Rent due or to become due by Tenant hereunder). On the other hand, Tenant shall likewise pay to Landlord, on demand, any underpayment of the Additional Rent that Tenant paid to Landlord for the immediately preceding calendar year that was less than Tenant's Pro Rata Share of the amount by which the actual Basic Costs for such prior year (as so determined by Landlord in March of the following year) exceeded Basic Costs for the Base Year, whether or not the Lease has terminated prior to the receipt by Tenant of a statement from Landlord for such underpayment. Prior to March 31 of each calendar year, Landlord shall also prepare and provide to Tenant Landlord's estimate of what the Basic Costs will be for that current calendar year. Tenant will then pay Additional Rent for that current calendar year based on Tenant's Pro Rata Share of the amount by which Landlord's said estimate of the Basic Costs for that year exceed Basic Costs for the Base Year of 2017. Landlord will not bill Tenant any Additional Rent for the first three (3) months of each calendar year (i.e., January-March) but, rather, the full amount of Tenant's Additional Rent for each calendar year shall be prorated over the remaining monthly installments of Rent to be paid for that current year, i.e., the monthly installments of Rent owing under the Lease for April-December of that current calendar year. If the Lease is terminated for any reason prior to December 31 of any calendar year, then, and in that event, the amount of Additional Rent owing by Tenant for the portion of that calendar year from January 1 of that year to the termination date of the Lease in that year shall be prorated over the remaining monthly installments of Rent that are payable by Tenant from April of that calendar year until the said termination date of the Lease during that year (i.e., the months of that year for which Landlord assesses Tenant Additional Rent as provided above). For example, if a Lease terminates on July 31 of a lease year, Tenant will pay the Additional Rent owing for the period January 1-July 31 of that year (based on Landlord's estimate of Basic Costs for that year) in equal, monthly installments prorated over the months of April-July of that year. If, however, the Lease is terminated for any reason prior to March 31 of any calendar year then, and in that event, the Tenant shall pay all of the Additional Rent that is owing for those of the first three (3) months of the calendar year occurring prior to such termination date in one lump sum on April 1st of that final year in the amount so determined by Landlord. Upon Tenant's prior written request therefor, Landlord shall promptly provide Tenant a statement documenting Landlord's determination of the actual total Basic Costs for the previous calendar year which provided the basis for Landlord's determination of the Tenant's actual Additional Rent for that prior year. It is acknowledged and understood by Tenant that the provisions of this Exhibit "A" shall expressly survive the termination of the Lease for any reason.
- B. "Basic Costs" shall mean all direct and indirect costs, expenses paid and disbursements of every kind (subject to the limitations set forth below) which Landlord incurs, pays or becomes obligated to pay in each calendar

year in connection with operating, maintaining, repairing, owning and managing the Building and the Property including but not limited to, the following:

- (1) All labor costs for all persons performing services required or utilized in connection with the operation, repair, replacement and maintenance of and control of access to the Building and the Property, including but not limited to amounts incurred for wages, salaries and other compensation for services, professional training, payroll, social security, unemployment and other similar taxes, workers' compensation insurance, uniforms, training, disability benefits, pensions, hospitalization, retirement plans, group insurance or any other similar or like expenses or benefits.
- (2) All management fees, the cost of equipping and maintaining a management office for the Building, accounting services, legal fees not attributable to leasing and collection activity, and all other administrative costs relating to the Building and the Property.
- (3) All Rent and/or purchase costs of materials, supplies, tools and equipment used in the operation, repair, replacement and maintenance and the control of access to the Building and the Property.
- (4) All amounts charged to Landlord by contractors and/or suppliers for services, replacement parts, components, materials, equipment and supplies furnished in connection with the operation, repair, maintenance, replacement and control of access to any part of the Building, or the Property generally, including the heating, air conditioning, ventilating, plumbing, electrical, elevator and other systems and equipment of the Building and the garage. At Landlord's option, major repair items may be amortized over a period of up to five (5) years.
- (5) All premiums and deductibles paid by Landlord for fire and extended insurance coverage, earthquake and extended coverage insurance, flood insurance, liability and extended coverage insurance, Rent loss insurance, elevator insurance, boiler insurance and other insurance customarily carried from time to time by landlords of comparable office buildings or required to be carried by Landlord's mortgagee.
- (6) Charges for all utilities, including but not limited to water, electricity, gas and sewer, but excluding those electrical charges for which tenants are individually responsible.
- (7) "Taxes", which, for purposes hereof, shall mean (a) all real estate taxes and assessments on the Property, the Building or the Premises, and taxes and assessments levied in substitution or supplementation in whole or in part of such taxes, (b) all personal property taxes for the Building's personal property, including license expenses, (c) all taxes imposed on services of Landlord's agents and employees, (d) all sales, use or other tax, excluding state and/or federal income tax now or hereafter imposed by any governmental authority upon Rent received by Landlord, (e) all other taxes, fees or assessments now or hereafter levied by any governmental authority on the Property, the Building or its contents or on the operation and use thereof (except as relate to specific tenants), and (f) all costs and fees incurred in connection with seeking reductions in or refunds in Taxes including, without limitation, any costs incurred by Landlord to challenge the tax valuation of the Building, but excluding income taxes. Estimates of real estate taxes and assessments for any calendar year during the Lease Term shall be determined based on Landlord's good faith estimate of the real estate taxes and assessments. Taxes and assessments hereunder are those accrued with respect to such calendar year, as opposed to the real estate taxes and assessments paid or payable for such calendar year.
- (8) All landscape expenses and costs of repairing, resurfacing and striping of the parking areas and garages of the Property, if any.
- (9) Cost of all maintenance service agreements, including those for equipment, alarm service, window cleaning, drapery or mini-blind cleaning, janitorial services, metal refinishing, pest control, uniform supply, landscaping and any parking equipment.

- (10) Cost of all other repairs, replacements and general maintenance of the Property and Building neither specified above nor directly billed to tenants, including the cost of maintaining all interior Common Areas including lobbies, multi-tenant hallways, restrooms and service areas.
- (11) The amortized cost of capital improvements made to the Building or the Property which are (a) primarily for the purpose of reducing operating expense costs or otherwise improving the operating efficiency of the Property or Building; or (b) required to comply with any laws, rules or regulations of any governmental authority or a requirement of Landlord's insurance carrier. The cost of such capital improvements shall be amortized over a period of five (5) years, or longer (at Landlord's option), and shall, at Landlord's option, include interest at a rate that is reasonably equivalent to the interest rate that Landlord would be required to pay to finance the cost of the capital improvement in question as of the date such capital improvement is performed, provided if the payback period for any capital improvement is less than five (5) years, Landlord may amortize the cost of such capital improvement over the payback period.
- (12) Any other charge or expense of any nature whatsoever which, in accordance with general industry practice with respect to the operation of a first class office building, would be construed as an operating expense.

C. Basic Costs shall not include repairs and general maintenance paid from proceeds of insurance or by a tenant or other third parties, and alterations attributable solely to individual tenants of the Property. Further, Basic Costs shall not include the cost of capital improvements (except as above set forth), depreciation, interest (except as provided above with respect to the amortization of capital improvements), lease commissions, and principal payments on mortgage and other non-operating debts of Landlord. Capital improvements are more specifically defined as:

- (1) Costs incurred in connection with the original construction or renovation of the Property or with any major changes to same, including but not limited to, additions or deletions of corridor extensions, renovations and improvements of the Common Areas beyond the costs caused by normal wear and tear, and upgrades or replacement of major Property systems; and
- (2) Costs of correcting defects (including latent defects), including any allowances for same, in the construction of the Property or its related facilities; and
- (3) Costs incurred in renovating or otherwise improving, designing, redesigning, decorating or redecorating space for tenants or other occupants of the Property or other space leased or held for lease in the Property.

D. If the Building is not at least ninety-five percent (95%) occupied, in the aggregate, during any calendar year of the Lease Term or if Landlord is not supplying services to at least ninety-five percent (95%) of the Approximate Rentable Area of the Building at any time during any calendar year of the Lease Term, actual Basic Costs for purposes hereof shall, at Landlord's option, be determined as if the Building had been ninety-five percent (95%) occupied and Landlord had been supplying services to ninety-five percent (95%) of the Approximate Rentable Area of the Building during such year. If Tenant pays for its Pro Rata Share of Basic Costs based on increases over a "Base Year" and Basic Costs for any calendar year during the Lease Term are determined as provided in the foregoing sentence, Basic Costs for such Base Year shall also be determined as if the Building had been ninety-five percent (95%) occupied and Landlord had been supplying services to ninety-five percent (95%) of the Approximate Rentable Area of the Building including calculating any necessary extrapolation of Basic Costs that are affected by changes in the occupancy of the Building (including, at Landlord's option, Taxes) to the cost that would have been incurred if the Building had been ninety-five percent (95%) occupied and Landlord had been supplying services to ninety-five percent (95%) of the Approximate Rentable Area of the Building.

IN WITNESS WHEREOF, Landlord and Tenant have executed this **Exhibit A** to be effective as of this 1st day of April, 2017.

LANDLORD:

CALIBER INVESTMENT GROUP LLC,
a Delaware limited liability company

By: /s/ Matthew Austin
Name: Matthew Austin
Title: *President*
Date: March 31, 2017

TENANT:

MAMMOTH ENERGY PARTNERS LLC,
a Delaware limited liability company

By: /s/ Arty Straehla
Name: Arty Straehla
Title: *Chief Executive Officer*
Date: March 31, 2017

EXHIBIT B

TWO CALIBER PARK AT QUAIL SPRINGS

14201 CALIBER DRIVE

LEGAL DESCRIPTION OF THE BUILDING

A part of Lot 5, Block 1 of Quail Springs Office Park, a part of the Southeast Quarter (SE/4), Section 12, Township Thirteen North (T13N), Range Four West (R4W) I.M., Oklahoma City, Oklahoma County, Oklahoma; more particularly described as follows:

Commencing at the Northeast Corner of the Southeast Quarter of Section 12; Thence South 89°36'09" West a distance of 370.00 feet to the Northeast Corner of Lot 5, Block 1, Quail Springs Office Park; Thence South 00°13'06" East a distance of 213.97 feet to a point on the Right-of-Way of Rubye Redbud Circle; Thence along a non-tangent curve to the left having a radius 60.00 feet a distance of 99.17 feet, said curve having a chord length of 88.26 feet and a chord bearing South 52°02'20" West to the Point of Beginning; Thence from the Point of Beginning along a curve to the left having a radius 60.00 feet a distance of 67.97 feet, said curve having a chord length of 64.39 feet and a chord bearing South 27°45'46" East; Thence South 00°12'52" East a distance of 249.14 feet; Thence South 89°47'08" West a distance of 340.00 feet; Thence North 00°12'52" West a distance of 225.00 feet; Thence South 89°47'08" West a distance of 60.00 feet; Thence North 00°12'52" West a distance of 81.25 feet; Thence North 89°47'08" East a distance of 370.22 feet to the Point of Beginning. Area containing 2.4732 Acres, more or less.

EXHIBIT C
PRE-APPROVED
TENANT ESTOPPEL CERTIFICATE

The undersigned hereby certify as follows:

1. MAMMOTH ENERGY PARTNERS LLC, a Delaware limited liability company, as "Tenant", and Caliber Investment Group LLC, a Delaware limited liability company, as "Landlord", entered into a written lease dated effective as of April 1, 2017, ("Lease"), in which Landlord leased to Tenant and Tenant leased from Landlord, certain "Premises" described in said Lease and located in the City of Oklahoma City, County of Oklahoma, State of Oklahoma.
2. The Lease is in full force and effect and has not been amended, modified, supplemented or assigned by Tenant. The Lease represents the entire agreement between Landlord and Tenant.
3. The Tenant has accepted the Premises and presently occupies them, and is paying rent on a current basis. Tenant has no setoffs, claims, or defenses to the enforcement of the Lease.
4. As of the date of this certificate, Tenant is not in default in the performance of any of its obligations under the Lease, and has not committed any breach of the Lease, and no notice of default has been given to Tenant.
5. As of the date of this certificate, Landlord is not in default in the performance of any of its obligations under the Lease, and has not committed any breach of the Lease, and no notice of default has been given to Landlord.
6. Base Rent (as defined in the Lease) in the amount of \$_____ is payable monthly from Tenant. Base Rent has been paid by Tenant under the Lease up to and including _____. The amount of the Additional Rent currently payable by Tenant is \$_____ per month. No Rent has been paid under the Lease more than thirty (30) days in advance of its due date.
7. Tenant has no claim against Landlord for any other security deposit, prepaid fee or charge or prepaid rent. Tenant has no renewal rights or other options as to the Premises other than what is stated in the Lease.

Tenant is executing and delivering this certificate with the understanding that a lender provided financing which affects the Building and the Property. Tenant acknowledges and agrees that Landlord and Lender shall be entitled to rely on Tenant's certifications set forth herein.

[Signature Page Follows]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Tenant Estoppel Certificate as of the day and year first written above.

LANDLORD:

CALIBER INVESTMENT GROUP LLC,
a Delaware limited liability company

By: /s/ Matthew Austin

Name: Matthew Austin

Title: *President*

Date: March 31, 2017

TENANT:

MAMMOTH ENERGY PARTNERS LLC,
a Delaware limited liability company

By: /s/ Arty Straehla

Name: Arty Straehla

Title: *Chief Executive Officer*

Date: March 31, 2017

EXHIBIT D
TWO CALIBER PARK AT QUAIL SPRINGS
BUILDING REGULATIONS

1. Tenant shall at all times use, maintain and occupy the Premises on a careful, safe, proper and lawful manner, keep the Premises and its appurtenances in a clean and safe condition.
2. Tenant shall at all times keep the Premises in a clean, orderly and sanitary condition, free of insects, rodents, vermin and other pest.
3. Tenant shall not permit undue accumulations of garbage, trash, rubbish and other refuse in the Premises or Building, and place refuse in designated containers outside the Premises.
4. Tenant shall not use, permit or suffer the use of any apparatus or instruments for musical or other sound reproduction or transmission in such manner that the sound emanating therefrom or caused thereby shall be audible beyond the interior of the Premises.
5. Tenant shall, at all times, keep all mechanical apparatus free of vibrations and noise, which may be transmitted beyond the confines of the Premises.
6. Tenant shall not cause or permit objectionable odors to emanate from the Premises.
7. Tenant shall not overload the floors or electrical wiring and not install any additional electrical wiring or plumbing without Landlord's prior written consent.
8. Tenant shall not conduct, permit or suffer any public or private auction sale to be conducted on or from the Premises.
9. Tenant shall not solicit business in the common areas of the Building or distribute handbills or other advertising materials in the common areas, and if this provision is violated, the Tenant shall pay Landlord the cost of collecting same from the common areas for trash disposal. Except with the prior written consent of Landlord, no tenant shall conduct any retail sales in or from the Premises, or any business other than that specifically provided for in the Lease.
10. Landlord reserves the right to prohibit personal goods and services vendors from access to the Building except upon such reasonable terms and conditions, including but not limited to a provision for insurance coverage, as are related to the safety, care and cleanliness of the Building, the preservation of good order thereon, and the relief of any financial or other burden on Landlord occasioned by the presence of such vendors or the sale by them of personal goods or services to a tenant or its employees. If reasonably necessary for the accomplishment of these purposes, Landlord may exclude a particular vendor entirely or limit the number or vendors who may be present at any one time in the Building. The term "personal goods or services vendors" means persons who periodically enter the Building of which the Premises are a part for the purpose of selling goods or services to a tenant, other than goods or services which are used by a tenant only for the purpose of conducting its business on the Premises. "Personal goods or services" include, but are not limited to, drinking water and other beverages, food, barbering services, and shoe-shining services.
11. The sidewalks, halls, passages, elevators and stairways shall not be obstructed by any tenant or used by it for any purpose other than for ingress to and egress from their respective Premises. The halls, passages, entrances, elevators, stairways, balconies, janitorial closets, and roof are not for the use of the general public, and Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Landlord shall be prejudicial to the safety, character, reputation and interests of the Building and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom Tenant normally deals only for the purpose of conducting its business on the Premises (such as clients, customers, office suppliers and equipment vendors, and the like) unless such persons are

engaged in illegal activities. No tenant and no employees of any tenant shall go upon the roof of the Building without the written consent of Landlord.

12. The sashes, sash doors, windows, glass lights, and any lights or skylights that reflect or admit light into the halls or other places of the Building shall not be covered or obstructed. The toilet rooms, water and wash closets and other water apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein, and the expense of any breakage, stoppage or damage, resulting from the violation of this rule shall be borne by the tenant who, or whose clerks, agents, employees, or visitors, shall have caused it.
13. No sign, advertisement or notice visible from the exterior of the Premises or Building shall be inscribed, painted or affixed by Tenant on any part of the Building or the Premises without the prior written consent of Landlord. If Landlord shall have given such consent at any time, whether before or after the execution of this Lease, such consent shall in no way operate as a waiver or release of any of the provisions hereof or of this Lease, and shall be deemed to relate only to the particular sign, advertisement or notice so consented to by Landlord and shall not be construed as dispensing with the necessity of obtaining the specific written consent of Landlord with respect to each and every such sign, advertisement or notice, as the case may be, so consented to by Landlord.
14. In order to maintain the outward professional appearance of the Building, all window coverings to be installed at the Premises shall be subject to Landlord's prior reasonable approval. If Landlord, by a notice in writing to Tenant, shall object to any curtain, blind, shade or screen attached to, or hung in, or used in connection with, any window or door of the Premises, such use of such curtain, blind, shade or screen shall be forthwith discontinued by Tenant. No awnings shall be permitted on any part of the Premises.
15. Tenant shall not do or permit anything to be done in the Premises, or bring or keep anything therein, which shall in any way increase the rate of fire insurance on the Building, or on the property kept therein, or obstruct or interfere with the rights of other tenants or in any way injure or annoy them; or conflict with the regulations of the Fire Department or the fire laws, or with any insurance policy upon the Building, or any part thereof, or with any rules and ordinances established by the Board of Health or other governmental authority.
16. No safes or other objects larger or heavier than the elevators of the Building are limited to carry shall be brought into or installed in the Premises. Landlord shall have the power to prescribe the weight, method of installation and position of such safes or other objects. The moving of safes shall occur only between such hours as may be designated by, and only upon previous notice to the manager of the Building, and the persons employed to move safes in or out of the Building must be acceptable to Landlord. No freight, furniture or bulky matter of any description shall be received into the Building or carried into the elevators except during hours and in a manner approved by Landlord.
17. Landlord shall clean the premises as provided in the Lease, and except with the written consent of Landlord, no person or persons other than those approved by Landlord will be permitted to enter the Building for such purpose, but Tenant shall not cause unnecessary labor by reason of Tenant's carelessness and indifference in the preservation of good order and cleanliness.
18. No tenant shall sweep or throw or permit to be swept or thrown from the Premises any dirt or other substances into any of the corridors of halls or elevators, or out of the doors or windows or stairways of the Building, and Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interference in any way with other tenants or those having business therein, nor shall any animals or birds be kept in or about the Building.
19. Except for the use of microwave ovens and coffee makers for Tenant's personal use, no cooking shall be done or permitted by Tenant on the Premises, nor shall the Building be used for lodging.
20. Tenant shall not use or keep in the Building any kerosene, gasoline, or inflammable fluid or any other illuminating material, or use any method of heating other than that supplied by Landlord.

21. If Tenant desires telephone or telegraph connections, Landlord will direct electricians as to where and how the wires are to be introduced. No boring or cutting for wires or other, otherwise shall be made without directions from Landlord.
22. Each Tenant, upon the termination of its tenancy, shall deliver to Landlord all the keys of offices, rooms and toilet rooms, and security access card/keys which shall have been furnished such Tenant or which such tenant shall have had made, and in the event of loss of any keys so furnished, shall pay Landlord therefor.
23. No Tenant shall lay linoleum or other similar floor covering so that the same shall be affixed to the floor of the Premises in any manner except by a paste, or other material which may easily be removed with water, the use of cement or other similar adhesive materials being expressly prohibited. The method of affixing any such linoleum or other similar floor covering to the floor, as well as the method of affixing carpets or rugs to the Premises shall be subject to reasonable approval by Landlord. The expense of repairing any damage resulting from a violation of this rule shall be borne by Tenant by whom, or by those agents, clerks, employees or visitors, the damage shall have been caused.
24. On Saturdays, Sundays and legal holidays, and on other days between the hours of 5:00 p.m. and 9:00 a.m. access to the Building or to the halls, corridors, elevators or stairways in the Building, or to the Premises may be refused unless the person seeking access is known to the building watchman, if any, in charge and has a pass or is properly identified. Landlord shall in no case be liable for damages for the admission to or exclusion from the Building of any person whom Landlord has the right to exclude under Rule 10 above. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right but shall not be obligated to prevent access to the Building during the continuance of the same by closing the doors or otherwise, for the safety of the tenants and protection of property in the Building.
25. Tenant shall see that the windows and doors of the Premises are closed and securely locked before leaving the Building and Tenant shall exercise extraordinary care and caution that all water faucets or water apparatus are entirely shut off before Tenant or Tenant's employees leave the Building, and that all electricity, gas or air shall likewise be carefully shut off, so as to prevent waste or damage, and for any default or carelessness Tenant shall make good all injuries sustained by other tenants or occupants of the Building of Landlord.
26. Tenant shall not alter any lock or install a new or additional lock or any bolt on any door of the Premises without prior written consent of Landlord. If Landlord shall give its consent, Tenant shall in each case furnish Landlord with a key for any such lock.
27. Tenant shall not install equipment, such as but not limited to electronic tabulating or computer equipment, requiring electrical or air conditioning service in excess of those to be provided by Landlord under the Lease.
28. Landlord shall have the right to prohibit the use of the name of the Building or Property or any other publicity by Tenant which in Landlord's opinion tends to impair the reputation of the Building or Property or their desirability for other tenants, and upon written notice from Landlord, Tenant will refrain from or discontinue such publicity.
29. Tenant shall not erect any aerial or antenna on the roof or exterior walls of the Premises, Building, or Property without the prior written consent of Landlord.
30. Neither Tenant nor any of its employees, agents, contractors, invitees or customers shall smoke in any portion of the Building except for designated smoking areas, if any. No smoking shall be allowed within twenty-five feet of the entrance or exit of the Building.
31. Sidewalks, entrances, passageways, courts, corridors, vestibules, halls, elevators and stairways in and about the Building shall not be obstructed nor shall objects be placed against glass partitions, doors or windows which would be unsightly from the Building's corridors from the exterior of the Building.
32. Plumbing, fixtures and appliances shall be used for only the purpose for which they were designed and no foreign substance of any kind whatsoever shall be thrown or placed therein. Damage resulting to any such

fixtures or appliances from misuse by Tenant or its agents, employees or invitees, shall be paid for by Tenant and Landlord shall not in any case be responsible therefor.

33. Any sign, lettering, picture, notice, advertisement installed within the Premises which is visible from the public corridors within the Building shall be installed in such manner, and be of such character and style, as Landlord shall approve, in writing in its reasonable discretion. No sign, lettering, picture, notice or advertisement shall be placed on any outside window or door or in a position to be visible from outside the Building. No nails, hooks or screws (except for customary artwork or wall hangings) shall be driven or inserted into any part of the Premises or Building except by Building maintenance personnel, nor shall any part of the Building be defaced or damaged by Tenant.
34. Tenant shall refer all contractors, contractors' representatives and installation technicians for Landlord for Landlord's supervision, approval and control before the performance of any contractual services. This provision shall apply to all work performed in the Building including, but not limited to installation of telephones, telegraph equipment, electrical devices and attachments, doors, entranceways, and any and all installations of every nature affecting floors, walls, woodwork, window trim, ceilings, equipment and any other physical portion of the Building. Tenant shall not waste electricity, water or air conditioning. All controls shall be adjusted only by Building personnel.
35. Movement in or out of the Building of furniture or office equipment, or dispatch or receipt by Tenant of any merchandise or materials which require the use of elevators, stairways, lobby areas, or loading dock areas, shall be restricted to hours designated by Landlord. Tenant must seek Landlord's prior approval by providing in writing a detailed listing of such activity. If approved by Landlord, such activity shall be under the supervision of Landlord and performed in the manner stated by Landlord. Landlord may prohibit any article, equipment or any other item from being brought into the Building. Tenant is to assume all risk for damage to articles moved and injury to persons resulting from such activity. If any equipment, property and/or personnel of Landlord or of any other tenant is damaged or injured as a result of or in connection with such activity, Tenant shall be solely liable for any and all damage or loss resulting therefrom.
36. Canvassing, soliciting and peddling in or about the Building or Property are prohibited. Tenant shall cooperate and use its best efforts to prevent the same.
37. Tenant shall not use the Premises in any manner which would overload the standard heating, ventilating or air conditioning systems of the Building.
38. Tenant shall not utilize any equipment or apparatus in such manner as to create any magnetic fields or waves which adversely affect or interfere with the operation of any systems or equipment in the Building or Property.
39. Tenant shall not operate or permit to be operated on the Premises any coin or token operated vending machine or similar device (including, without limitation, telephones, lockers, toilets, scales, amusements devices and machines for sale of beverages, foods, candy, cigarettes or other goods), except for those vending machines or similar devices which are for the sole and exclusive use of Tenant's employees, and then only if such operation does not violate the lease of any other tenant in the Building.
40. To the extent permitted by law, Tenant shall not permit picketing or other union activity involving its employees or agents in the Building or on the Property, except in those locations and subject to time and other constraints as to which Landlord may give its prior written consent, which consent may be withheld in Landlord's sole discretion.
41. Tenant shall comply with all applicable laws, ordinances, governmental orders or regulations and applicable orders or directions from any public office or body having jurisdiction, with respect to the Premises, the Building, the Property and their respective use or occupancy thereof. Tenant shall not make or permit any use of the Premises, the Building or the Property, respectively, which is directly or indirectly forbidden by law, ordinance, governmental regulation or order, or direction of applicable public authority, or which may be dangerous to person or property.

42. Tenant shall not use or occupy the Premises in any manner or for any purpose which would injure the reputation or impair the present or future value of the Premises, the Building or the Property; without limiting the foregoing, Tenant shall not use or permit the Premises or any portion thereof to be used for lodging, sleeping or for any illegal purpose.
43. All deliveries to or from the Premises shall be made only at times, in the areas and through the entrances and exits designated for such purposes by Landlord. Tenant shall not permit the process of receiving deliveries to or from the Premises outside of said areas or in a manner which may interfere with the use by any other tenant of its premises or any common areas, any pedestrian use of such area, or any use which is inconsistent with good business practice.
44. Tenant shall carry out Tenant's permitted repair, maintenance, alterations, and improvements in the Premises only during times agreed to in advance by Landlord and in a manner which will not interfere with the rights of other tenants in the Building.
45. Landlord may from time to time adopt appropriate systems and procedures for the security or safety of the Building, its occupants, entry and use, or its contents. Tenant, Tenant's agents, employees, contractors, guests and invitees shall comply with Landlord's reasonable requirements thereto.
46. Landlord shall have the right to prohibit the use of the name of the Building or any other publicity by Tenant that in Landlord's opinion may tend to impair the reputation of the Building or its desirability for Landlord or its other tenants. Upon written notice from Landlord, Tenant will refrain from and/or discontinue such publicity immediately.

Landlord reserves the right to make such other Building rules and regulations as, in its reasonable judgment, may from time to time be needed for the safety, care and cleanliness of the Premises and/or Building, and for the preservation of good order therein. In the case of any express conflict between the Lease and these Regulations, the Lease shall be controlling.

EXHIBIT E

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENMENT AGREEMENT

This Subordination, Non-Disturbance, and Attornment Agreement (this "Agreement") dated March 31, 2017, is made among **MAMMOTH ENERGY PARTNERS LLC**, a Delaware limited liability company ("Tenant"), under Office Lease Agreement dated effective as of April 1, 2017 ("Lease"), **CALIBER INVESTMENT GROUP LLC**, a Delaware limited liability company or its assigns ("Landlord"), and **LEGACY BANK** ("Mortgagee").

WHEREAS, Mortgagee is the owner of a promissory note (herein, as it may have been or may be from time to time renewed, extended, amended or supplemented, called the "Note") executed by Landlord and payable to the order of Mortgagee, bearing interest and payable as therein provided, secured by, among other things, a Mortgage (herein, as it may have been or may be from time to time renewed, extended, amended or supplemented, called the "Mortgage"), recorded in the real property records of Oklahoma County, Oklahoma, covering, among other property, the land (the "Land") described in Schedule "A" which is attached hereto and incorporated herein by reference, and the improvements ("Improvements") thereon (such land and Improvements being herein together called the "Property");

WHEREAS, Tenant is the tenant under the Lease referenced above, including all amendments and supplements thereto, as it may from time to time be renewed, extended, amended, or supplemented, covering a portion of the property (said portion being herein referred to as the "Premises"); and

WHEREAS, the term "Landlord" as used herein means the present landlord under the Lease or, if the landlord's interest is transferred in any manner, the successor(s) or assign(s) occupying the position of landlord under the Lease at the time in question;

THEREFORE, in consideration of the mutual agreements herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Subordination. Tenant agrees and covenants that the Lease and the rights of Tenant thereunder, are and shall be subordinate and inferior to (a) the lien of the Mortgage and the rights of Mortgagee thereunder, and all right, title and interest of Mortgagee in the Property, and (b) all other security documents now or hereafter securing payment of any indebtedness of the Landlord (or any prior landlord) to Mortgagee which cover or affect the Property (the "Security Documents").

2. Non-Disturbance. Mortgagee agrees that so long as the Lease is in full force and effect and Tenant is not in default in the payment of rent, additional rent, or other payments or in the performance of any of the other terms, covenants or conditions of the Lease on Tenant's part to be performed (beyond the period, if any, specified in the Lease within which Tenant may cure such default),

(a) Tenant's possession of the Premises under the Lease shall not be disturbed or interfered with by Mortgagee in the exercise of any of its rights under the Mortgage, including any foreclosure or conveyance in lieu of foreclosure; and

(b) Mortgagee will not join Tenant as a party defendant for the purpose of terminating Tenant's interest and estate under the Lease in any proceeding for foreclosure of the Mortgage.

3. Attornment.

(a) Tenant covenants and agrees that in the event of foreclosure of the Mortgage, whether by power of sale or by court action, or upon a transfer of the Property by conveyance in lieu of foreclosure (the purchaser at foreclosure or the transferee in lieu of foreclosure, including Mortgagee if it is such purchaser or transferee, being herein called "New Owner"), Tenant shall attorn to the New Owner as Tenant's new landlord, and agrees that the Lease shall continue in full force and effect as a direct lease between Tenant and New Owner upon all of the terms, covenants, conditions and agreements set forth in the Lease and this Agreement, except for provisions which are impossible for Mortgagee to perform; provided, however, that in no event shall the New Owner be:

(i) liable for any act, omission, default, misrepresentation, or breach of warranty, of any previous landlord (including Landlord) or obligations accruing prior to New Owner's actual ownership of the property;

(ii) subject to any offset, defense, claim or counterclaim which Tenant might be entitled to assert against any previous landlord (including Landlord);

(iii) bound by any payment of rent, additional rent or other payments, made by Tenant to any previous landlord (including Landlord) for more than (1) month in advance;

(iv) bound by any amendment, or modification of the Lease hereafter made, or consent by any previous landlord (including Landlord) under the Lease to any assignment or sublease hereafter granted, without the written consent of Mortgagee; or

(v) liable for any deposit that Tenant may have given to any previous landlord (including Landlord) which has not, as such, been transferred to New Owner.

(b) The provisions of this Agreement regarding attornment by Tenant shall be self-operative and effective without the necessity of execution of any new lease or other document on the part of any party hereto or the respective heirs, legal representatives, successors or assigns of any such party.

4. Estoppel Certificate. Hereafter, Tenant agrees to execute and deliver from time to time, upon the request of Landlord or of any holder(s) of the indebtedness or other obligations secured by the Mortgage, a certificate regarding the status of the Lease, consisting of statements, if true (or if not, specifying why not), (a) that the Lease is in full force and effect, (b) the date through which rentals have been paid, (c) the date of the commencement of the term of the Lease, (d) the nature of any amendments or modifications of the Lease, (e) that no default, or state of facts which with the passage of time or notice (or both) would constitute a default, exists under the Lease, and (f) such other matters as may be reasonably requested.

5. Acknowledgment and Agreement by Tenant. Tenant acknowledges and agrees as follows:

(a) Tenant consents to the assignment of the Lease to Mortgagee as security for a loan. Tenant will not amend, alter, or terminate the Lease, without obtaining Mortgagee's prior written consent thereto. Tenant shall not prepay any rents or other sums due under the Lease for more than one (1) month in advance of the due date therefor.

(b) From and after the date hereof, in the event of any act or omission by Landlord which would give Tenant the right, either immediately or after the lapse of time, to terminate the Lease or to claim a partial or total eviction, Tenant will not exercise any such right (i) until it has given written notice of such act or omission to the Mortgagee; and (ii) until the same period of time as is given to Landlord under the Lease to cure such act or omission shall have elapsed following such giving of notice to Mortgagee, after the time when Mortgagee shall have become entitled under the Mortgage to remedy the same.

(c) In the event that the Mortgagee notifies Tenant of a default under the Mortgage, Note, or Security Documents and demands that Tenant pay its rent and all other sums due under the Lease directly to Mortgagee, Tenant shall honor such demand and pay the full amount of its rent and all other sums due under the Lease directly to Mortgagee or as otherwise required pursuant to such notice beginning with the payment next due after such notice of default, without inquiry as to whether a default actually exists under the Mortgage, Security Documents or otherwise in connection with the Note, and notwithstanding any contrary instructions of or demands from Landlord.

(d) Mortgagee and any New Owner shall have no obligation nor incur any liability with respect to the erection or completion of the improvements in which the Premises are located or for completion of the Premises or any improvements for Tenant's use and occupancy, either at the commencement of the term of the Lease or upon any renewal or extension thereof or upon the addition of additional space, pursuant to any expansion rights contained in the Lease.

(e) Mortgagee and any New Owner shall have no obligation nor incur any liability with respect to any warranties of any nature whatsoever, whether pursuant to the Lease or otherwise, including, without

limitation, any warranties respecting use, compliance with zoning, Landlord's title, Landlord's authority, habitability, fitness for purpose or possession.

(f) Nothing herein contained is intended, nor shall it be construed, to abridge or adversely affect any right or remedy of Landlord under the Lease in the event of any default by Tenant in the payment of rent and/or any other sums due under the Lease or in the performance of any of the other terms, covenants or conditions of the Lease on Tenant's part to be performed.

6. Acknowledgement and Agreement by Landlord. Landlord, as landlord under the Lease and Mortgagor under the Mortgage, acknowledges and agrees for itself and its successors and assigns, that: (a) this Agreement does not constitute a waiver by Mortgagee of any of its rights under the Mortgage, Note, or Security documents, or in any way release Landlord from its obligations to comply with the terms, provisions, conditions, covenants, agreements and clauses of the Mortgage, Note, and Security Documents; (b) the provisions of the Mortgage, Note, or Security Documents remain in full force and effect and must be complied with by Landlord; and (c) Tenant is hereby authorized to pay its rent and all other sums due under the Lease directly to Mortgagee upon receipt of a notice as set forth in paragraph 5(c) above from Mortgagee. Landlord hereby releases and discharges Tenant of and from any liability to Landlord resulting from Tenant's payment to Mortgagee in accordance with this Agreement. Landlord represents and warrants to Mortgagee that a true and complete copy of the Lease has been delivered by Landlord to Mortgagee.

7. Lease Status. Landlord and Tenant certify to Mortgagee that neither Landlord nor Tenant has knowledge of any default on the part of the other under the Lease, that the Lease is bona fide and contains all of the agreements of the parties thereto with respect to the letting of the Premises and that all of the agreements and provisions therein contained are in full force and effect.

8. Notices. All notices, requests, consents, demands and other communications required or which any party desires to give hereunder shall be in writing and shall be deemed sufficiently given or furnished if delivered by personal delivery, by telegram, telex, or facsimile, by expedited delivery service with proof of delivery, or by registered or certified United States mail, postage prepaid, at the addresses specified at the end of this Agreement (unless changed by similar notice in writing given by the particular party whose address is to be changed). Any such notice or communication shall be deemed to have been given either at the time of personal delivery or, in the case of delivery service or mail, as of the date of first attempted delivery at the address and in the manner provided herein, or, in the case of telegram, telex or facsimile, upon receipt. Notwithstanding the foregoing, no notice of change of address shall be effective except upon receipt. This Paragraph 8 shall not be construed in any way to affect or impair any waiver of notice or demand provided in this Agreement or in the lease or in any document evidencing, securing or pertaining to the loan evidenced by the Note or to require giving of notice or demand to or upon any person in any situation or for any reason.

9. Miscellaneous.

(a) This Agreement supersedes any inconsistent provision of the Lease.

(b) This Agreement shall inure to the benefit of the parties hereto, their respective successors and permitted assigns, and any New Owner, and its heirs, personal representatives, successors and assigns; provided, however, that in the event of the assignment or transfer of the interest of Mortgagee, all obligations and liabilities of the assigning Mortgagee under this Agreement shall terminate, and thereupon all such obligations and liabilities shall be the responsibility of the party to whom Mortgagee's interest is assigned or transferred; and provided further that the interest of Tenant under this Agreement may not be assigned or transferred without the prior written consent of Mortgagee.

(c) THIS AGREEMENT AND ITS VALIDITY, ENFORCEMENT AND INTERPRETATION SHALL BE GOVERNED BY THE LAWS OF THE STATE OF OKLAHOMA AND APPLICABLE UNITED STATES FEDERAL LAW.

(d) This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto or their respective successors in interest.

(e) If any provision of the Agreement shall be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not apply to or affect any other provision hereof, but this Agreement shall be construed as if such invalidity, illegality, or unenforceability did not exist.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ADDRESS OF TENANT: TENANT:

MAMMOTH ENERGY PARTNERS LLC **MAMMOTH ENERGY PARTNERS LLC**
14201 North May Avenue, Suite 300 a Delaware limited liability company
Oklahoma City, Oklahoma 73134

Attn: Arty Straehla, Chief Executive Officer By: /s/ Arty Straehla

Name: Arty Straehla
Title: Chief Executive Officer

Date: March 31, 2017

ADDRESS OF LANDLORD: LANDLORD:

Caliber Investment Group LLC **CALIBER INVESTMENT GROUP LLC**
14301 Caliber Drive, Suite 300 a Delaware limited liability company
Oklahoma City, Oklahoma 73134

Attn: Matthew Austin, President By: /s/ Matthew Austin

Name: Matthew Austin
Title: President

Date: March 31, 2017

ADDRESS OF MORTGAGEE: MORTGAGEE

Legacy Bank **LEGACY BANK**
2801 West Memorial Road
Oklahoma City, OK 73134

Attn: Reeve Tarron, Vice President By: /s/ Reeve Tarron

Name: Reeve Tarron
Title: Vice President

Date: March 31, 2017

SCHEDULE "A"
TO
SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

Legal Description of Real Property

A part of Lot 5, Block 1 of Quail Springs Office Park, a part of the Southeast Quarter (SE/4), Section 12, Township Thirteen North (T13N), Range Four West (R4W) I.M., Oklahoma City, Oklahoma County, Oklahoma; more particularly described as follows:

Commencing at the Northeast Corner of the Southeast Quarter of Section 12; Thence South 89°36'09" West a distance of 370.00 feet to the Northeast Corner of Lot 5, Block 1, Quail Springs Office Park; Thence South 00°13'06" East a distance of 213.97 feet to a point on the Right-of-Way of Rubye Redbud Circle; Thence along a non-tangent curve to the left having a radius 60.00 feet a distance of 99.17 feet, said curve having a chord length of 88.26 feet and a chord bearing South 52°02'20" West to the Point of Beginning; Thence from the Point of Beginning along a curve to the left having a radius 60.00 feet a distance of 67.97 feet, said curve having a chord length of 64.39 feet and a chord bearing South 27°45'46" East; Thence South 00°12'52" East a distance of 249.14 feet; Thence South 89°47'08" West a distance of 340.00 feet; Thence North 00°12'52" West a distance of 225.00 feet; Thence South 89°47'08" West a distance of 60.00 feet; Thence North 00°12'52" West a distance of 81.25 feet; Thence North 89°47'08" East a distance of 370.22 feet to the Point of Beginning. Area containing 2.4732 Acres, more or less.

SUBSCRIBED AND SWORN TO BEFORE ME on this 31 day of March, 2017, by the undersigned Matthew Austin, as President of Caliber Investment Group LLC, a Delaware limited liability company, by and on behalf of said company in the capacity therein stated.

/s/ Jennifer Keuchel

SEAL

Notary Public, State of Oklahoma

Notary's Commission #: 15011505

My Commission Expires: 12/30/2019

SCHEDULE 1
to
BILL OF SALE

**List of Seller's Personal Property to be Conveyed by Seller to Mammoth
On the Effective Date Pursuant to Section 36 of the Office Lease Agreement**

| <u>South Building 2 Floor Inventory:</u> | Desk | L shaped Desk | Credenza | File w/ Shelf | Shelf | Small table | Desk Chair | Guest Chair | Other: |
|--|-----------------|---------------|----------------|----------------|-------|-------------|------------|-------------|---|
| 1 Reception | | | | | | | 1 | 1 | 1 sofa, 1 side table, 1 coffee table, 2 rugs, 1 buffet, 4 loungers, 2 mini files, 3 plants & 3 lamps |
| 2 | | 1 | | | | | 1 | 2 | 2 drawer lateral |
| 3 | | 1 | 1 | | 1 | | 2 | 2 | |
| 4 | | 1 | | | | | 1 | 1 | |
| 5 | | 1 | 1 | | 1 | | 2 | 2 | |
| 6 | | 1 | | 1 | | | 1 | 2 | |
| 7 | 2 | | | 1 | | | 1 | 1 | |
| 8 | | 1 | 1 | | | 1 | | 2 | 4 drawer file in closet |
| 9 | 1 | | 1 w/shelf unit | | | 1 | 1 | 3 | 2 drawer lateral & wooden map holder |
| 10 | 1 | 1 | | | | 1 | 1 | 1 | |
| 11 | | 1 | | | | | 1 | 2 | |
| 12 | 2 | | | | 1 | | 1 | 1 | |
| 13 | 2 | | | | | | 1 | 2 | 4 drawer lateral |
| 14 | | 1 | | | 1 | | 1 | 2 | 2 drawer lateral |
| 15 | | 1 | | 1 | | | 1 | 2 | 4 drawer lateral |
| 16 | | 1 | | | | | 1 | 1 | 2 drawer lateral |
| 17 | 2 | | | | | | 1 | 2 | small accent cabinet |
| 18 | 2 | | | | 1 | 1 | 1 | 4 | 2 drawer file in closet & small 3 drawer cabinet & 1 buffet table |
| 19 | | 1 | | 1/w 12 cubbies | | | 1 | 1 | |
| 20 | 1 | | | | | | 1 | 2 | |
| 21 | 2 | | | | 3 | 1 | 1 | 6 | 1 sofa, 1 lounge, 1 coffee table, 1 side table, 1 lamp |
| 22 | | 1 | | | 1 | 1 accent | 1 | 2 | 2 drawer lateral in closet |
| 23 | 1 U shaped desk | | | | 1 | 1 | 1 | 4 | 4 drawer lateral in closet & lateral bookcase |

| South Building 3 Floor Inventory: | Desk | L shaped Desk | Credenza | File w/ Shelf | Shelf | Small table | Desk Chair | Guest Chair | Other: |
|--------------------------------------|----------|----------------|----------|---------------|-------|-------------|------------|-------------|---|
| 24 | | 1 | | | | | 1 | 2 | 2 drawer lateral & lateral bookcase |
| 25 | | 1 | | | 1 | | 1 | 2 | 1 polka dot lounger |
| 26 | 2 | | | | 1 | | 1 | 2 | 1 polka dot lounger & 1 3-shelf wooden bookcase |
| 27 Audit Room | | | | | | | | | |
| 28 lounge | | | | | | | | | conference table, 8 desk chairs, small table, 2 guest chairs, side table, 3 polka dot loungers & a ceramic vase |
| 29 | 1 U desk | | | 1 | 5 | 1 | | 2 | 2 drawer file |
| 30 | 1 | 1 | | | | | 3 | 4 | |
| 31 | 2 | | | | | | | 1 | small accent table |
| 32 | 1 | 1 | | 1 | | | 1 | 2 | wooden corner shelf & 2 drawer file |
| 33 | | 1 | | | 1 | | 1 | 2 | 3 drawer file |
| 34 | | 1 | | | | | 1 | 2 | |
| 35 | | 1 | | | | | 3 | | |
| 36 | 2 | | | | | | 2 | 1 | |
| 37 | | 1 w/shelf unit | | | | | 1 | 1 | 4 drawer lateral & small accent table |
| 38 | 2 | | | 1 | 1 | | 1 | 2 | |
| 39 Kitchen | | | | | | | | | Fridge, Microwave |
| 40 | | | | | | | | | |
| 41 IT Equip | | | | | | | 1 | | |
| 42 Break Room | | | | | | | | | 1 Fridge, 1 Ice Maker, 1 Dishwasher, 1 Microwave, 1 desk chair, 3 wire shelves |
| space off back door | | 2 | | | | | 2 | 3 | 2 3-drawer files, rolling wooden cart & small side table |
| Halls | | | | | | | | | 1 side table & 1 two drawer lateral file |
| Large Conf. Room | | | | | | | | | 1 Conf. Table, 20 Conf chairs, 1 side buffet, 4 desk chairs, 2 guest chairs & 1 folding table |

EXHIBIT G

SIGNAGE AGREEMENT

This **Exhibit G – Signage Agreement** – is attached to and made a part of the Lease dated effective as of April 1, 2017, between **CALIBER INVESTMENT GROUP LLC**, a Delaware limited liability company (“Landlord”), and **MAMMOTH ENERGY PARTNERS LLC**, a Delaware limited liability company (“Tenant”), for lease of the Premises in the Building located at 14201 Caliber Drive, Oklahoma City, Oklahoma, 73134, known as Suites 200 and 300, Two Caliber Park at Quail Springs. This Signage Agreement shall set forth the obligations of Landlord and Tenant with respect to Tenant’s right and option, in its sole discretion, to elect during the period from June 1, 2017 and until March 31, 2019 to erect a sign displaying Tenant’s name and/or logo on the Building (“Mammoth Sign”) at Landlord’s cost, as limited below. Tenant’s option for erecting the Mammoth Sign on the Building will expire if the Mammoth Sign has not been installed by Tenant prior to March 31, 2019. Except as otherwise defined in this **Exhibit G – Signage Agreement** – below, all capitalized terms utilized in this **Exhibit G** shall have the same meanings ascribed to those terms in the Lease.

1. **Construction and Installation of Mammoth Sign by Tenant.** Landlord will reimburse Tenant for all costs and expenses incurred by Tenant with respect to the design, implementation, purchase, construction and installation of the Mammoth Sign on the Building, which is to be of a similar size, quality and type as the currently existing Orange Leaf signage on the Building, after the Mammoth Sign is installed, up to but not to exceed, in any event, the sum of Seven Thousand and No/100ths Dollars (\$7,000.00). Tenant shall be responsible for all such costs and expenses to the extent that they exceed the \$7,000.00 amount reimbursable by Landlord to Tenant. Before commencing purchase, construction, and installation of the Mammoth Sign, Tenant must obtain Landlord’s prior written approval of the design, size, content, location and structure of the Mammoth Sign on the Building in the following manner. Prior to Tenant commencing any purchase, construction or installation of the Mammoth Sign, and as a condition to obtaining Landlord’s prior written approval of the design, content, size, location, and structure of the Mammoth Sign on the Building, Tenant must furnish Landlord with drawings, plans and specifications for the proposed Mammoth Sign and its proposed installation and location on the Building, together with the names and addresses of the contractors which will be utilized to construct and install the Mammoth Sign, copies of the necessary permits and approval, evidence of the contractors’ and subcontractors’ insurance in accordance with the requirements of Section 15 of the Lease, and the payment bond or other security, if required by Landlord, all in form and substance reasonably satisfactory to Landlord. Landlord and Tenant covenant and agree that the Mammoth Sign shall be deemed to constitute a part of the Premises, for all purposes, and shall be subject to, all of the terms and conditions of Section 10 of the Lease, which pertains to the requirements imposed on Tenant with regard to maintenance and construction of alterations to the Premises. Landlord shall retain, and Tenant shall not be entitled to be paid, any portion of the Seven Thousand and No/100ths Dollars (\$7,000.00) that is not expended on the installation of the Mammoth Sign pursuant to this **Exhibit G**.

2. **Maintenance of Mammoth Sign.** Tenant shall be solely responsible, at its sole cost and expense, to maintain the Mammoth Sign in good condition at all times during the Lease Term in accordance with the provisions and pursuant to the terms and conditions of Section 10.A of the Lease which establishes Tenant’s maintenance obligations with regard to the Premises.

3. **Insurance as to the Mammoth Sign.** Tenant shall take all necessary steps to make sure the insurance which it is required to maintain in accordance with the provisions of Section 15.B through Section 15.E of the Lease shall apply and be fully effective as to cover the Mammoth Sign. Tenant shall provide a Certificate or other evidence reasonably satisfactory to Landlord that the insurance coverage which it maintains under Section 15 of the Lease, will apply to the Mammoth Sign prior to Tenant commencing the installation thereof.

4. **Indemnity.** As a material consideration and inducement to the Landlord to grant Tenant the right to construct and install the Mammoth Sign on the Building, Tenant agrees to indemnify, defend and hold harmless the Landlord, Building Manager, and their respective employees, members, partners, agents, contractors and lenders (the “Landlord’s Indemnified Parties”) from and against any and all liability, loss, cost, damages, claims, demands, loss of rents, liens, judgments, penalties, fines, settlement costs, and investigation costs, which are imposed, or sought to be imposed, or incurred by Landlord by reason of Tenant’s or its employees’ or agents’ construction, installation, maintenance or operation of the Mammoth Sign. Tenant agrees that, for all purposes under the Lease, construction, installation, maintenance and operation of the Mammoth Sign shall be deemed to constitute an “Indemnified Matter” and shall be deemed to be included within the definition of that term set forth in Section 16 of the Lease such that all of such indemnification provisions of the Tenant set forth in Section 16 shall be fully applicable to the Mammoth Sign for all purposes under the Lease.

5. **Removal of Mammoth Sign at the End of Lease Term**. Tenant covenants and agrees at the end of the Lease Term, if the Lease Term is not extended or renewed, or upon termination of this Lease for any reason, that Tenant shall cause, at its sole cost and expense, the removal of the Mammoth Sign from the Building within the last sixty (60) days of the Lease Term such that the location on the Building upon which the Mammoth Sign was erected is restored to the same condition that it was in prior to the erection of the Mammoth Sign.

IN WITNESS WHEREOF, Landlord and Tenant have executed and entered into this Signage Agreement as **Exhibit G** to the Lease as of the 31 day of March, 2017.

LANDLORD:

CALIBER INVESTMENT GROUP LLC,
a Delaware limited liability company

By: /s/ Matthew Austin
Name: Matthew Austin
Title: *President*
Date: March 31, 2017

TENANT:

MAMMOTH ENERGY PARTNERS LLC,
a Delaware limited liability company

By: /s/ Arty Straehla
Name: Arty Straehla
Title: *Chief Executive Officer*
Date: March 31, 2017

EXHIBIT H

DATA ROOM AGREEMENT

This **Exhibit H – Data Room Use Agreement** – is attached to and made a part of the Lease dated effective as of April 1, 2017, between **CALIBER INVESTMENT GROUP LLC**, a Delaware limited liability company (“Landlord”), and **MAMMOTH ENERGY PARTNERS LLC**, a Delaware limited liability company (“Tenant”) for lease of the Premises in the Building located at 14201 Caliber Drive, Oklahoma City, Oklahoma, 73134, known as Suites 200 and 300, Two Caliber Park at Quail Springs.

1. **Definitions.** In addition to the definitions contained in the Lease, which shall remain in full force and effect as currently stated, Landlord and Tenant agree that the following terms used in this **Exhibit H** shall have the meanings set forth below and shall include the plural as well as singular.

1.1 Data Room shall mean the room located on the first (1st) floor of the building known as One Caliber Park at Quail Springs, 14301 Caliber Drive, Oklahoma City, Oklahoma 73134 (“**Building**”) and designated by the Landlord as the Data Room. Tenant hereby acknowledges and agrees that the Landlord may, from time-to-time, lease vacant Racks in the Data Room to any other person or third party for any rental amount it deems appropriate, in its sole discretion, regardless of whether that person or third party is an existing tenant of the Building.

1.2 Rack(s) shall mean each of the segregated areas within the Data Room that are designated by Landlord as a “**Rack**”. Each particular Rack in the Data Room shall be further designated by Landlord with a Rack Number assigned thereto (i.e., Rack Number 1, Rack Number 2, Rack Number 3, Rack Number 4, etc.).

1.3 Occupied Racks shall mean the total number of specific Racks, excluding the Demarc Rack which is shared by all of the tenants of the Data Room, which are actually being leased to and utilized by any person in the Data Room for any day during any particular calendar month.

1.4 Tenant Racks shall mean those of the Occupied Racks in the Data Room that are being utilized by the Tenant on the first day of any calendar month during the Lease Term. The number of Racks utilized by Tenant may be added to or reduced by Tenant, as it shall see fit, during the Lease Term, as provided below, with a corresponding adjustment to the Data Room Rent to be paid by Tenant to Landlord as provided below in Section 3 of this **Exhibit H**. Tenant’s obligation to pay the Monthly Data Room Rent pursuant to this **Exhibit H** shall be in addition to and cumulative of any and all other sums due and owing by Tenant to the Landlord pursuant to the Lease (including, without limitation, the Base Rent, the Additional Rent, and any other sums owing by Tenant to Landlord under the terms and conditions of the Lease).

1.5 Monthly Data Room Rent shall mean, as specifically provided in Section 3, below, as applicable, the amount of rent to be paid on the first day of each calendar month of the Lease Term, by Tenant to Landlord for the utilization of the Tenant Racks by Tenant.

2. **Tenant’s Right to Rent Racks in the Data Room.** Landlord hereby grants to Tenant the right to rent vacant Racks in the Data Room for Tenant’s exclusive use, together with its rights in common with others to use the Data Room and the Demarc Rack. In the event Tenant elects to exercise this right, Tenant hereby covenants and agrees to pay the monthly Data Room Rent to Landlord, in the amount set forth in Section 3, below, and to otherwise comply with the other terms and conditions set forth in this **Exhibit H** during the Lease Term. Tenant’s right to rent vacant Racks in the Data Room will continue to and end at the same time as Tenant’s right to occupy the Premises under the Lease.

3. **Monthly Data Room Rent.** Tenant covenants and agrees to pay Landlord, and the Landlord agrees to accept, the amount for monthly Data Room Rent that is equal to the product of the sum of Six Hundred Seventy-Five and No/100ths Dollars (\$675.00) multiplied times the number of Tenant Racks being utilized by Tenant, as will be determined by the Landlord on the first day of each calendar month during the Lease Term. Landlord shall issue

an invoice to Tenant stating the amount of the Monthly Data Room Rent that is owing by Tenant for the ensuing month, determined in the foregoing manner. Tenant shall have the right to add to or reduce the number of Tenant Racks being utilized by Tenant at any time, and from time-to-time, during the Lease Term, as Tenant shall elect unless Tenant is prevented from adding to the number of Tenant Racks by the provisions of Section 4, below. Tenant shall promptly notify Landlord when it makes any such reduction or increase in the number of Tenant Racks. Landlord shall verify the adjusted number of Tenant Racks being so utilized by Tenant on the first day of the following calendar month during the Lease Term and the amount of Monthly Data Room Rent payable for the ensuing month, and thereafter, shall be determined on the basis of the adjusted number of Tenant Racks as so verified by Landlord. If Tenant discontinues the use of one or more Tenant Racks after the first day of a calendar month, it shall not be entitled to any proration, reduction or adjustment of any kind in the amount of Monthly Data Room Rent Tenant paid Landlord for that calendar month. If, on the other hand, Tenant increases the number of Tenant Racks it is utilizing during a month by one or more, then Tenant will be required to pay, in addition to the Monthly Data Room Rent owing for the following month, a prorated amount equal to the product of the percentage of the days of the preceding calendar month during which Tenant utilized such additional Tenant Rack(s) multiplied times the sum of Six Hundred Seventy-Five and No/100ths Dollars (\$675.00) for each such additional Tenant Rack it began utilizing during such month. The Monthly Data Room Rent payable pursuant to this Section 3 shall be payable by Tenant to Landlord at the same time that it pays its Base Rent and Additional Rent to Landlord as required by the Lease and it shall be in addition to those rent payments.

4. **Landlord's Option to Eliminate or Reduce the Number of Tenant Racks.** Upon thirty (30) days' prior written Notice to the Tenant provided by Landlord pursuant to the Notice provisions of the Lease, Landlord shall have the right and option, in its sole and absolute discretion, at any time, and from time-to-time, during the Lease Term, to reduce the number Tenant Racks being utilized and leased by the Tenant under this **Exhibit H**, and/or to eliminate entirely Tenant's right to use any Tenant Racks pursuant to this Data Room Use Agreement. After the exercise of Landlord's option under this Section 4, and as of the effective date of the Tenant's resultant reduced number of Tenant Rack(s), the Tenant's Monthly Data Room Rent shall be reduced accordingly to reflect *pro tanto* that reduction in the number of the Tenant Rack(s). Landlord's option to entirely eliminate or reduce the number of Tenant Rack(s) being utilized by Tenant hereunder, as set forth in this Section 4, shall not be applicable to, or affect in any manner, Tenant's Premises, its Base Rent, its Additional Rent, any other sums owing by Tenant under the Lease, or its occupancy of the Building, and shall only be applicable to Tenant's use of the Data Room and the Tenant Rack(s) under this **Exhibit H**. Landlord may exercise its option under this Section 4 as many times as Landlord deems appropriate during the Lease Term, in its sole and absolute discretion, in accordance with and subject to the provisions of this Section 4.

5. **Exculpation of Landlord's Liability.** Tenant, with regard to its utilization of the Tenant Rack(s) and the Data Room, in addition to and cumulative of the specific protections and limitations on liability accorded to Landlord by the provisions of Sections 16, 17 and 35 of the Lease, hereby expressly acknowledges and agrees that the Landlord shall not be liable to Tenant, its affiliates or any other person, for any damage or destruction of whatsoever kind or nature that might occur to the Tenant Rack(s), for any reason whatsoever, including without limitation, Landlord's negligence, and/or to the information and data contained therein, at any time during the Lease Term. Tenant expressly acknowledges and agrees that it will be its sole responsibility to obtain sufficient insurance to adequately compensate Tenant for any potential damage or destruction of the information or data contained on the Tenant Rack(s) which results from any damage, destruction or casualty of any kind or nature that may occur to the Data Room and, specifically, to the Tenant Rack(s) during the Lease Term. Notwithstanding anything to the contrary in this Lease and this **Exhibit H**, Landlord shall also not be liable to Tenant, its affiliates or any other person, for any inconvenience, annoyance or injury, of any kind or nature to the business of Tenant resulting in any way, or to any extent, from any stoppage or interruption in the ability of Landlord to provide services to the Premises, in general, and to the Data Room, in particular, including, without limitation, electrical or HVAC service, unless otherwise expressly provided in the Lease. To the extent Tenant seeks to be protected from any such business interruption or other issues, Tenant agrees that its sole remedy and obligation shall be to obtain, at Tenant's sole cost and expense, business interruption and other types of insurance coverage in order to protect Tenant against such losses and to make any such claim only on Tenant's insurance carrier. Additionally, any such stoppage or interruption in Landlord's said services to the Premises, and to the Data Room, in particular, shall not constitute or be construed in any manner as an eviction of Tenant, or entitle Tenant to any abatement of the payment of its Rent, or the Monthly Data Room Rent, or relieve Tenant in any other manner from performing any obligation contained in this Lease or in this **Exhibit H**, unless otherwise expressly provided in the Lease.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Data Room Use Agreement, as **Exhibit H** to the Lease, as of the ____ day of _____, 2017.

LANDLORD:

CALIBER INVESTMENT GROUP LLC,
a Delaware limited liability company

By: /s/ Matthew Austin
Name: Matthew Austin
Title: *President*
Date: March 31, 2017

TENANT:

MAMMOTH ENERGY PARTNERS LLC,
a Delaware limited liability company

By: /s/ Arty Straehla
Name: Arty Straehla
Title: *Chief Executive Officer*
Date: March 31, 2017

EXHIBIT I

RICHEY/ZINK & ASSOCIATES, INC. PROPOSAL

Richey/Zink & Associates, Inc.
330 NE 38th Street
Oklahoma City, OK 73105
www.richeyzink.com

Proposal



Phone: 405-528-6020 Ext: 1
Fax: 405-528-6069

Proposal: 16LN084
Date: 3/2/2017

| | |
|--|---|
| To: CALIBER INVESTMENT GROUP LLC Attn: JAROD TARVER 14301 CALIBER DRIVE OKLAHOMA CITY, OK 73134 | Project: CALIBER PARK SOUTH 3RD FL RR |
|--|---|

| | | |
|--------------------|--|--|
| Salesperson | | |
| Larry Neufeld | | |

Scope of Work
CALIBER PARK SOUTH, 3RD FLOOR RESTROOM ADDITION. ESTIMATE INCLUDES ADDING NEW RESTROOM WITH TOILET, LAVATORY AND BASE CABINET, WALK IN TILE SHOWER, RELOCATING EXISTING DOOR FOR NEW RESTROOM ENTRY, DRYWALL, ACOUSTICAL GRID REPAIR IN OFFICE AREA, REMOVE CLOSET FRONT FOR NEW SINK/CABINET, CERAMIC TILE FLOOR AND WALLS, HALF WALL WITH GLASS TO CEILING AT SIDE WALL OF SHOWER, 30 GALLON HOT WATER TANK ABOVE CEILING, EXHAUST FAN VENTED THRU ROOF, 2 CAN LIGHTS PLUS LIGHT BAR FIXTURE ABOVE SINK, FRAMELESS MIRROR AT SINK, SPRINKLER ALLOWANCE FOR ONE ADDED HEAD. CORE DRILLING AND UNDER FLOOR PLUMBING BID ON OVERTIME. REVISED BID INCLUDES COFFEE BAR AREA WITH 2' WIDE FULL HEIGHT CABINET FOR COFFEE MAKER AND ADJACENT 3' WIDE BASE AND UPPER CABINETS, NEW BUILT IN COFFEE MAKER AND ASSOCIATED PLUMBING AND ELECTRICAL, U/C REFRIGERATOR(\$400 ALLOWANCE), CERAMIC FLOOR AREA IN FRONT OF COFFEE BAR.

Exclusions
PERMIT, ROOF FLASHINGS FOR EXHAUST AND PLUMBING VENTS.

| Reference | Description | Quantity | UOM | Unit Price | Extended Price |
|--------------------|----------------------|----------|-----|------------|----------------|
| 01.01 | | | | | |
| | SUPERINTENDENT | 1.00 | LS | 691.89 | 692 |
| Total 01.01 | | | | | 692 |
| 01.02 | | | | | |
| | SMALL TOOLS | 1.00 | LS | 41.84 | 42 |
| | PLANS/SHOP DRAWINGS | 1.00 | LS | 145.74 | 146 |
| Total 01.02 | | | | | 188 |
| 01.03 | | | | | |
| | TEMPORARY PROTECTION | 1.00 | LS | 160.45 | 160 |
| | GENERAL CLEAN UP | 1.00 | LS | 219.76 | 220 |
| | TRASH HAUL/DISPOSE | 1.50 | CY | 53.36 | 80 |
| | FINAL CLEANING | 1.00 | LS | 397.67 | 398 |
| Total 01.03 | | | | | 858 |
| 01.04 | | | | | |
| | TRUCKING/DELIVERY | 1.00 | LS | 293.01 | 293 |
| Total 01.04 | | | | | 293 |
| 02.01 | | | | | |

Proposal



Phone: 405-528-6020 Ext: 1
 Fax: 405-528-6069

Proposal: 16LN084
Date: 3/2/2017

| | |
|--|---|
| To: CALIBER INVESTMENT GROUP LLC Attn: JAROD TARVER 14301 CALIBER DRIVE OKLAHOMA CITY, OK 73134 | Project: CALIBER PARK SOUTH 3RD FL RR |
|--|---|

| | | |
|--------------------|--|--|
| Salesperson | | |
| Larry Neufeld | | |

| Reference | Description | Quantity | UOM | Unit Price | Extended Price |
|--------------------|----------------------------|----------|-----|------------|----------------|
| | WALL DEMO | 4.00 | LF | 14.83 | 59 |
| | FLOORING DEMO | 140.00 | SF | 1.33 | 186 |
| | FLOOR SCRAPING | 1.00 | LS | 205.81 | 206 |
| | DOOR/FRAME DEMO | 2.00 | EA | 59.31 | 119 |
| | CEILING TILE/GRID DEMO | 96.00 | SF | 0.59 | 57 |
| | DEMO HAUL/DISPOSE | 2.00 | CY | 53.36 | 107 |
| Total 02.01 | | | | | 733 |
| 06.01 | | | | | |
| | WALL BLOCKING | 20.00 | LF | 7.98 | 160 |
| | EQUIPMENT PLYWOOD | 1.00 | LS | 88.74 | 89 |
| Total 06.01 | | | | | 248 |
| 06.02 | | | | | |
| | WOOD CROWN-TIE IN EXISTING | 1.00 | LS | 135.62 | 136 |
| | WOOD BASE-TIE IN EXISTING | 1.00 | LS | 102.33 | 102 |
| | FASTENERS | 1.00 | LS | 13.95 | 14 |
| Total 06.02 | | | | | 252 |
| 06.03 | | | | | |
| | BASE CABINETS-NO TOP | 7.00 | LF | 173.03 | 1,211 |
| | UPPER CABINET | 6.00 | LF | 128.66 | 772 |
| | COFFEE MAKER CABINET | 2.00 | LF | 472.80 | 946 |
| Total 06.03 | | | | | 2,929 |
| 06.04 | | | | | |
| | SOLID SURFACE TOPS | 1.00 | LS | 2,450.73 | 2,451 |
| Total 06.04 | | | | | 2,451 |
| 08.01 | | | | | |
| | RELOCATE DOOR FRAME | 1.00 | EA | 49.42 | 49 |
| Total 08.01 | | | | | 49 |
| 08.02 | | | | | |

Proposal



RICHEY/ZINK

Proposal: 16LN084
Date: 3/2/2017

Phone: 405-528-6020 Ext: 1
 Fax: 405-528-6069

| | |
|--|---|
| To: CALIBER INVESTMENT GROUP LLC Attn: JAROD TARVER 14301 CALIBER DRIVE OKLAHOMA CITY, OK 73134 | Project: CALIBER PARK SOUTH 3RD FL RR |
|--|---|

| | |
|--------------------|--|
| Salesperson | |
| Larry Neufeld | |

| Reference | Description | Quantity | UOM | Unit Price | Extended Price |
|--------------------|------------------------|----------|-----|------------|----------------|
| | RELOCATE WOOD DOORS | 1.00 | EA | 32.95 | 33 |
| Total 08.02 | | | | | 33 |
| 08.04 | | | | | |
| | SHOWER GLASS | 1.00 | EA | 644.93 | 645 |
| | VANITY/DOOR MIRRORS | 1.00 | LS | 558.83 | 559 |
| Total 08.04 | | | | | 1,204 |
| 09.01 | | | | | |
| | HALF WALLS | 8.00 | LF | 32.83 | 263 |
| | CEILING HIGH WALLS | 16.00 | LF | 45.00 | 720 |
| | WALL INSULATION | 144.00 | SF | 0.85 | 123 |
| | DRYWALL CEILINGS | 104.00 | SF | 10.77 | 1,120 |
| | DRYWALL PATCHES | 1.00 | LS | 159.68 | 160 |
| Total 09.01 | | | | | 2,386 |
| 09.02 | | | | | |
| | ACOUST CEILINGS REPAIR | 1.00 | LS | 305.42 | 305 |
| Total 09.02 | | | | | 305 |
| 09.03 | | | | | |
| | CARPET REPAIR | 1.00 | LS | 386.96 | 387 |
| Total 09.03 | | | | | 387 |
| 09.04 | | | | | |
| | CERAMIC SUB | 1.00 | LS | 7,367.67 | 7,368 |
| Total 09.04 | | | | | 7,368 |
| 09.05 | | | | | |
| | PAINT/T&B | 1.00 | LS | 1,934.79 | 1,935 |
| Total 09.05 | | | | | 1,935 |
| 09.06 | | | | | |
| | STAIN/FINISH | 1.00 | LS | 838.41 | 838 |
| Total 09.06 | | | | | 838 |

Proposal



RICHEYZINK

Phone: 405-528-6020 Ext: 1
 Fax: 405-528-6069

Proposal: 16LN084
Date: 3/2/2017

| | |
|--|---|
| To: CALIBER INVESTMENT GROUP LLC Attn: JAROD TARVER 14301 CALIBER DRIVE OKLAHOMA CITY, OK 73134 | Project: CALIBER PARK SOUTH 3RD FL RR |
|--|---|

| | |
|--------------------|--|
| Salesperson | |
| Larry Neufeld | |

| Reference | Description | Quantity | UOM | Unit Price | Extended Price |
|--------------------|--------------------------|----------|-----|------------|----------------|
| 10.02 | | | | | |
| | GRAB BARS | 2.00 | EA | 81.76 | 164 |
| | TP HOLDERS | 1.00 | EA | 44.37 | 44 |
| | TOWEL BARS | 2.00 | EA | 49.70 | 99 |
| Total 10.02 | | | | | 307 |
| 11.01 | | | | | |
| | COFFEE MAKER | 1.00 | LS | 5,481.89 | 5,482 |
| | U/C REFRIGERATOR | 1.00 | LS | 623.81 | 624 |
| Total 11.01 | | | | | 6,106 |
| 15.01 | | | | | |
| | HVAC SUB | 1.00 | LS | 967.39 | 967 |
| Total 15.01 | | | | | 967 |
| 15.02 | | | | | |
| | PLUMBING SUB | 1.00 | LS | 14,814.01 | 14,814 |
| Total 15.02 | | | | | 14,814 |
| 15.03 | | | | | |
| | FIRE SPRINKLER ALLOWANCE | 1.00 | LS | 515.94 | 516 |
| Total 15.03 | | | | | 516 |
| 16.01 | | | | | |
| | ELECTRICAL SUB | 1.00 | LS | 2,817.05 | 2,817 |
| Total 16.01 | | | | | 2,817 |

| | |
|------------------------|---------------|
| Proposal Total: | 48,676 |
|------------------------|---------------|

| | |
|-------------------|-------|
| Acceptance | |
| Accepted by: | _____ |
| Title: | _____ |
| Date: | _____ |

Proposal



RICHEY/ZINK

Phone: 405-528-6020 Ext: 1
 Fax: 405-528-6069

Proposal: 16LN084
Date: 3/2/2017
Alternate: ALT#1

| | |
|--|---|
| To: CALIBER INVESTMENT GROUP LLC Attn: JAROD TARVER 14301 CALIBER DRIVE OKLAHOMA CITY, OK 73134 | Project: CALIBER PARK SOUTH 3RD FL RR |
|--|---|

| | |
|--------------------|--|
| Salesperson | |
| Larry Neufeld | |

| |
|---------------------|
| Description |
| COPY ROOM WALL/DOOR |

| Reference | Description | Quantity | UOM | Unit Price | Extended Price |
|----------------------|-------------------|----------|-----|------------|----------------|
| Uncoded | | | | | |
| | GENERAL CLEAN UP | 1.00 | LS | 73.25 | 73 |
| | HINGES | 3.00 | EA | 9.76 | 29 |
| | LOCKSET FURN B/O | 1.00 | EA | 34.59 | 35 |
| | DOOR STOP | 1.00 | EA | 24.27 | 24 |
| | CEILING HIGH WALL | 6.00 | LF | 51.33 | 308 |
| | COVE BASE | 1.00 | LS | 38.61 | 39 |
| | PAINT/T&B | 1.00 | | 592.02 | 592 |
| | STAIN/FINISH | 1.00 | LS | 109.40 | 109 |
| | HM DOOR FRAME | 1.00 | EA | 195.00 | 195 |
| | WOOD DOOR | 1.00 | EA | 292.63 | 293 |
| Total Uncoded | | | | | 1,697 |

| | |
|-------------------------|--------------|
| Alternate Total: | 1,697 |
|-------------------------|--------------|

| |
|--------------------|
| Initial to Accept: |
|--------------------|

EXHIBIT J

WORK LETTER FOR ADDITIONAL ALTERATIONS TO THE PREMISES

This **Exhibit J** is attached to and made a part of the Office Lease Agreement dated April 1, 2017, between **CALIBER INVESTMENT GROUP LLC**, a Delaware limited liability company ("Landlord"), and **MAMMOTH ENERGY PARTNERS LLC**, a Delaware limited liability company ("Tenant"), for lease of the Premises in the Building located at 14201 Caliber Drive, Oklahoma City, Oklahoma, 73134, known as Suites 200 and 300, Two Caliber Park at Quail Springs. The capitalized terms used in this Work Letter, **Exhibit J**, shall have the same meanings ascribed to those terms in the Lease, unless otherwise defined herein.

This Work Letter shall set forth the obligations of Landlord and Tenant for the period from June 1, 2017 through May 31, 2018 during the Lease Term with respect to the construction and/or renovation of the Premises, i.e., Suites 200 and 300 of the Building, or a portion thereof, which Tenant elects to have performed in the Premises, or any portion thereof, by Landlord at any time during that foregoing period of time pursuant to Tenant's written request and instructions to Landlord as to the work to be done on the Premises, or any portion thereof ("Additional Alterations"). All Additional Alterations as so directed by Tenant, and as described in this Work Letter to be constructed in and upon the Premises, or any portion thereof, by Landlord, are hereinafter referred to as the "Landlord's Work." All construction will comply with ADA and state applicable codes and laws. Landlord and Tenant acknowledge that Plans (hereinafter defined) for the Landlord's Work have not yet been prepared and, therefore, it is impossible to determine the exact cost of the Landlord's Work at this time. Accordingly, Landlord and Tenant agree that Landlord's obligation to pay for the cost of Landlord's Work for the Additional Alterations to the Premises, or any portion thereof, shall be limited to Fifty Thousand and No/100ths Dollars (\$50,000.00) (the "Maximum Amount"), and that Tenant shall be solely responsible for the cost of Landlord's Work to the extent that it exceeds the Maximum Amount for the construction of the Additional Alterations to the Premises, or any portion thereof. Landlord shall enter into a direct contract for the Landlord's Work with a general contractor selected by Landlord. In addition, Landlord shall have the right to select and/or approve of any subcontractors used in connection with the Landlord's Work. Once Tenant has designated to Landlord the nature and extent of the Additional Alterations to the Premises, or any portion thereof, Landlord's Work will be completed, as soon as reasonably possible thereafter. However, if Tenant fails to direct Landlord to effect the Additional Alterations to the Premises, or any portion thereof, i.e., the Landlord's Work in the Premises pursuant to this Work Letter, prior to May 31, 2018, then, and in such event, Tenant's right to require Landlord to perform Additional Alterations in the Premises, or any portion thereof, shall expire and be of no further force or effect and this Work Letter shall terminate, be void and no longer in force or effect. Landlord shall retain and Tenant shall not be entitled to be paid any portion of the Fifty Thousand and No/100ths Dollars (\$50,000.00) that is not expended on construction of the Additional Alterations to the Premises, or any portion thereof.

Space planning, architectural and engineering (mechanical, electrical and plumbing) drawings for the Landlord's Work shall be prepared at Landlord's sole cost and expense, provided that such costs shall be included in the cost of Landlord's Work for purposes of determining if the Maximum Amount is exceeded. The space planning, architectural and mechanical drawings are collectively referred to herein as the "Plans." Tenant shall be entitled to have one (1) fit of the Plans as a part of Landlord's Work, i.e., Tenant's prior review and approval of the Plans and any reasonable changes it informs Landlord that it wants made in the Plans on a one-time basis. If Tenant has not notified Landlord of any changes to the Plans within five (5) Business Days after it received the Plans from Landlord, Tenant shall be deemed to have approved and consented to those Plans.

In the event Landlord's estimate and/or the actual costs of construction shall exceed the Maximum Amount (such amounts exceeding the Maximum Amount being herein referred to as the "Excess Costs"), Tenant shall pay to Landlord such Excess Costs upon demand. The statements of costs submitted to Landlord by Landlord's contractors shall be conclusive for purposes of determining the actual cost of the items described therein. The amounts payable under this Work Letter by Tenant, if applicable, constitute Rent payable pursuant to the Lease, and Tenant's failure to timely pay same shall constitute an event of default by Tenant under the Lease.

If Tenant shall request any change, addition or alteration in any of the Plans after approval of the Plans by Landlord and Tenant, i.e., after Tenant's "one fit" described above, Landlord shall have such revisions to the drawings prepared and Tenant shall reimburse Landlord for the cost thereof upon demand to the extent that the cost of performing such revision causes the cost of Landlord's Work to exceed the Maximum Amount. Promptly upon completion of the revisions,

Landlord shall notify Tenant in writing of the increased cost, if any, which will be chargeable to Tenant by reason of such change, addition or deletion. Tenant shall, within two (2) Business Days after its receipt of Landlord's notice, notify Landlord in writing whether it desires to proceed with such change, addition or deletion. In the absence of such written authorization, Landlord shall have the option to continue work on the Additional Alterations to the Premises disregarding the requested change, addition or alteration, or Landlord may elect to discontinue work on the Additional Alterations until it receives notice of Tenant's decision, in which event Tenant shall be responsible for any delay in completion of the Additional Alterations to the Premises resulting therefrom. In the event such revisions result in a higher estimate of the cost of construction and/or higher actual construction costs which exceed the Maximum Amount, such increased estimate or costs shall be deemed Excess Costs and Tenant shall pay such Excess Costs upon demand.

Landlord shall use commercially reasonable efforts to substantially complete the Additional Alterations to the Premises, or any portion thereof, as soon as reasonably possible after the Plans have been finalized and the Tenant has paid any Excess Costs. Landlord shall cause the Additional Alterations to the Premises to be performed in good and workmanlike manner and in compliance with all applicable laws, codes, ordinances, rules and regulations, and the Plans. Tenant covenants and agrees that it shall not be entitled to any reduction or abatement of Rent during the time, and by reason of, Landlord's construction of the Additional Alterations to the Premises, or any portion thereof, being performed in the Premises pursuant to this **Exhibit J**. The Additional Alterations to the Premises shall be deemed for all purposes under this Work Letter and the Lease to be substantially completed when the Additional Alterations to the Premises are completed subject only to the minor punch list items. Subject only to the completion of any punch list items which Landlord's architect has identified, Tenant's occupancy and utilization of the Additional Alterations to the Premises after Landlord's such substantial completion of Landlord's Work, shall constitute the acceptance and approval by Tenant that the Landlord has fully constructed the Additional Alterations to the Premises as required by this Work Letter satisfactorily and without any representation or warranty of any kind or nature, whether express or implied, by Landlord as to the condition of the Additional Alterations to the Premises and that there are no other items in connection therewith to be performed by Landlord, except for punch list items, that need to be done.

Unless expressly so provided in the Lease or any amendment or supplement thereto, in the event of a renewal or extension of the original Term of this Lease, this **Exhibit J** shall not be deemed applicable to any additional space added to the original Premises at any time, or from time-to-time thereafter, whether by any options under the Lease, or otherwise.

IN WITNESS WHEREOF, Landlord and Tenant have executed and entered into this Work Letter as **Exhibit J** to the Lease as of the 31 day of March, 2017.

LANDLORD:

CALIBER INVESTMENT GROUP LLC,
a Delaware limited liability company

By: /s/ Matthew Austin
Name: Matthew Austin
Title: *President*
Date: March 31, 2017

TENANT:

MAMMOTH ENERGY PARTNERS LLC,
a Delaware limited liability company

By: /s/ Arty Straehla
Name: Arty Straehla
Title: *Chief Executive Officer*
Date: March 31, 2017

EXHIBIT K

ADDITIONAL PROVISIONS

This **Exhibit K** is attached to and made a part of, for all purposes, the Office Lease Agreement dated April 1, 2017, between **CALIBER INVESTMENT GROUP LLC**, a Delaware limited liability company (“Landlord”), and **MAMMOTH ENERGY PARTNERS LLC**, a Delaware limited liability company (“Tenant”), for lease of the Premises in the Building located at 14201 Caliber Drive, Oklahoma City, Oklahoma, 73134, known as Suites 200 and 300, Two Caliber Park at Quail Springs. All capitalized terms used in this **Exhibit K** shall have the same meanings ascribed to those terms in the above and foregoing Lease.

Right of First Offer. In the event Landlord decides at any time during the original five (5) year Lease Term to seek to sell the Building where the Premises are located, i.e., 14201 Caliber Drive, Oklahoma City, Oklahoma 73134, known as Two Caliber Park, and provided no Event of Default beyond any applicable cure period exists under the Lease by Tenant at such time, Landlord shall be required to first offer to sell the entire Building to the Tenant in the manner provided in this **Exhibit K** before soliciting offers from others to purchase the Building. Thus, Tenant will have a right of first offer (the “Right of First Offer”) to purchase the Building from Landlord, if and when Landlord decides to seek to sell the Building. The Right of First Offer will be exercised in accordance with the provisions of this **Exhibit K**, and is subject to the following terms and conditions:

1. Landlord shall notify Tenant in writing if it decides to seek to sell the Building (“Notice of First Offer”). Landlord’s Notice of First Offer will include:
 - (i) The approximate date on which the Building will become available for acquisition by Tenant;
 - (ii) A complete description, i.e., Rent Roll, of all current leases to third parties, if any (“Third Party Leases”), that affect the Building and which Third Party Leases Tenant will be required to assume and accept the assignment thereof upon Tenant’s acquisition of the Building from Landlord;
 - (iii) Any existing mortgages or liens of any other kind or nature that currently exist on the Building; and
 - (iv) The sales price and manner and time of payment for which Landlord is offering to sell the Building to Tenant.
2. Within ten (10) Business Days after Tenant’s receipt of the Notice of First Offer, time being of the essence, Tenant will notify Landlord if it elects to exercise its Right of First Offer, i.e., accept Landlord’s Offer as stated in the Notice of First Offer, or forfeit it irrevocably as to the purchase of the Building that is the subject of the Notice of the Right of First Offer, except as otherwise provided in Paragraph 5, below.
3. If Tenant rejects Landlord’s Offer, i.e., declines to timely accept Landlord’s Offer as set forth in Landlord’s Notice of First Offer, the Right of First Offer granted to Tenant by the provisions of this **Exhibit K** will be deemed terminated and of no further force and effect, except as otherwise provided in Paragraph 5, below, and Landlord will thereafter be able to market the Building in any manner it sees fit free and clear of Tenant’s Right of First Offer under this **Exhibit K** to this Lease.
4. If Tenant timely accepts Landlord’s Offer as set forth in Landlord’s Notice of the Right of First Offer, then Landlord and Tenant will, as soon as possible, enter into a commercially reasonable definitive sale and purchase agreement with standard representations and warranties of Landlord, as Seller, the usual title procedures, and containing the terms of the Landlord’s Offer as set forth in its Notice of First Offer accepted by Tenant. Landlord will sell and deliver the Building to Tenant at Closing, in its then existing condition, i.e., on an “as-is”, “where-is” basis, and Tenant will accept and pay the full purchase price for the Building, in cash, at Closing.
5. The projected sale of the Building by Landlord during the Lease Term is subject only to one Right of First Offer granted to Tenant. If Tenant does not timely elect to exercise its Right of First Offer and accept Landlord’s Offer to sell the Building to Tenant pursuant to Landlord’s Notice of First Offer strictly in accordance with this **Exhibit K**, time being of the essence, Tenant’s Right of First Offer will cease to exist as to the Building, and Landlord shall thereafter be free to sell the Building on such terms and conditions as Landlord may determine and without any restrictions by reason of the Right of First Offer granted pursuant to **Exhibit K** of this Lease,

except as otherwise provided in the following sentence. It is expressly provided, however, that if: (i) the Landlord has not sold the Building within nine (9) months of the date that such Notice of First Offer was provided by Landlord to the Tenant and rejected by it, or (ii) the Landlord offers to sell the Building to a third party for a sale price that is fifteen percent (15%) less than the sale price that was offered by Landlord to Tenant in Landlord's Notice of First Offer, that, then, and in either of such events, the Tenant's Right of First Offer hereunder will be deemed to still exist and be viable as to the proposed sale of the Building and Landlord must provide a new Notice of First Offer to Tenant again as to its proposed sale of the Building pursuant to this **Exhibit K**, or at any such time thereafter that Landlord subsequently seeks to sell the Building.

6. Tenant cannot assign its Right of First Offer under this **Exhibit K** to any sublessee of the Premises, or to any assignee of the Lease, or to any other person, and it shall only be applicable to Tenant.

LANDLORD:

CALIBER INVESTMENT GROUP LLC,
a Delaware limited liability company

By: /s/ Matthew Austin
Name: Matthew Austin
Title: *President*
Date: March 31, 2017

TENANT:

MAMMOTH ENERGY PARTNERS LLC,
a Delaware limited liability company

By: /s/ Arty Straehla
Name: Arty Straehla
Title: *Chief Executive Officer*
Date: March 31, 2017

CERTIFICATIONS

I, Arty Strachla, 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)) 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. Intentionally omitted;
 - 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 Strachla

Arty Strachla

Chief Executive Officer

5/15/2017

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)) 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. Intentionally omitted;
 - 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

5/15/2017

**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 quarterly period ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Arty Strachla, 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 Strachla

Arty Strachla

Chief Executive Officer

5/15/2017

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.

**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 quarterly period ended March 31, 2017 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

5/15/2017

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.