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, 2024

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

FOR THE TRANSITION PERIOD FROM __________ TO __________

Commission File No. 001-37917

Mammoth Energy Services, Inc.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

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

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

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

As of April 30, 2024, there were 48,008,319 shares of common stock, $0.01 par value, outstanding.

MAMMOTH ENERGY SERVICES, INC.

TABLE OF CONTENTS

GLOSSARY OF OIL AND NATURAL GAS AND ELECTRICAL INFRASTRUCTURE TERMS

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

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

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

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

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

Forward-looking statements may include statements about:

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

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

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

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

ASSETS	March 31, 2024	December 31, 2023
	(in thousands)	
CURRENT ASSETS		
Cash and cash equivalents	$ 22,021	$ 16,556
Restricted cash	—	7,742
Accounts receivable, net	389,520	447,202
Inventories	12,821	12,653
Prepaid expenses	8,982	12,181
Other current assets	554	591
Total current assets	433,898	496,925
Property, plant and equipment, net	109,232	113,905
Sand reserves	58,530	58,528
Operating lease right-of-use assets	7,990	9,551
Goodwill	9,214	9,214
Deferred income tax asset	1,204	1,844
Other non-current assets	8,002	8,512
Total assets	$ 628,070	$ 698,479
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 21,506	$ 27,508
Accrued expenses and other current liabilities	34,117	86,713
Accrued expenses and other current liabilities - related parties	—	1,241
Current operating lease liability	5,212	5,771
Income taxes payable	62,482	61,320
Total current liabilities	123,317	182,553
Long-term debt from related parties	45,630	42,809
Deferred income tax liabilities	597	628
Long-term operating lease liability	2,617	3,534
Asset retirement obligations	4,162	4,140
Other long-term liabilities	3,483	4,715
Total liabilities	179,806	238,379
COMMITMENTS AND CONTINGENCIES (Note 19)		
EQUITY		
Equity:		
Common stock, $0.01 par value, 200,000,000 shares authorized, 48,008,319 and 47,941,652 issued and outstanding at March 31, 2024 and December 31, 2023	480	479
Additional paid in capital	539,776	539,558
Accumulated deficit	(88,128)	(76,317)
Accumulated other comprehensive loss	(3,864)	(3,620)
Total equity	448,264	460,100
Total liabilities and equity	$ 628,070	$ 698,479

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

MAMMOTH ENERGY SERVICES, INC.

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

	Three Months Ended March 31,	
	2024	2023
REVENUE	(in thousands, except per share amounts)	
Services revenue	$ 38,814	$ 103,637
Services revenue - related parties	68	220
Product revenue	4,307	12,463
Total revenue	43,189	116,320
COST AND EXPENSES		
Services cost of revenue (exclusive of depreciation, depletion, amortization and accretion of $ 5,874 and $ 11,762, respectively, for the three months ended March 31, 2024 and 2023)	34,483	80,977
Services cost of revenue - related parties	118	31
Product cost of revenue (exclusive of depreciation, depletion, amortization and accretion of $ 1,146 and $ 1,186, respectively, for the three months ended March 31, 2024 and 2023)	5,983	7,985
Selling, general and administrative (Note 12)	8,782	8,383
Depreciation, depletion, amortization and accretion	7,021	12,956
Gains on disposal of assets, net	(1,166)	(361)
Total cost and expenses	55,221	109,971
Operating (loss) income	(12,032)	6,349
OTHER INCOME (EXPENSE)		
Interest expense and financing charges, net	(6,637)	(3,289)
Interest expense and financing charges, net - related parties	(1,500)	—
Other income, net	10,143	8,624
Total other income, net	2,006	5,335
(Loss) income before income taxes	(10,026)	11,684
Provision for income taxes	1,785	3,333
Net (loss) income	$ (11,811)	$ 8,351
OTHER COMPREHENSIVE (LOSS) INCOME		
Foreign currency translation adjustment, net of tax of $0 and $0, respectively, for the three months ended March 31, 2024 and 2023	(244)	3
Comprehensive (loss) income	$ (12,055)	$ 8,354
Net (loss) income per share (basic) (Note 15)	$ (0.25)	$ 0.18
Net (loss) income per share (diluted) (Note 15)	$ (0.25)	$ 0.17
Weighted average number of shares outstanding (basic) (Note 15)	47,964	47,443
Weighted average number of shares outstanding (diluted) (Note 15)	47,964	48,002

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

MAMMOTH ENERGY SERVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (unaudited)

	Three Months Ended March 31, 2024					
	Common Stock		Accumulated	Additional Paid-In	Accumulated Other Comprehensive	
	Shares	Amount	Deficit	Capital	Loss	Total
	(in thousands)					
Balance at December 31, 2023	47,941	$ 479	$ (76,317)	$ 539,558	$ (3,620)	460,100
Stock based compensation	67	1	—	218	—	219
Net loss	—	—	(11,811)	—	—	(11,811)
Other comprehensive loss	—	—	—	—	(244)	(244)
Balance at March 31, 2024	48,008	$ 480	$ (88,128)	$ 539,776	$ (3,864)	$ 448,264

	Three Months Ended March 31, 2023					
	Common Stock		Accumulated	Additional Paid-In	Accumulated Other Comprehensive	
	Shares	Amount	Deficit	Capital	Loss	Total
	(in thousands)					
Balance at December 31, 2022	47,312	$ 473	$ (73,154)	$ 539,138	$ (3,841)	$ 462,616
Stock based compensation	567	6	—	641	—	647
Shares repurchased	(166)	(2)	—	(917)	—	(919)
Net income	—	—	8,351	—	—	8,351
Other comprehensive loss	—	—	—	—	3	3
Balance at March 31, 2023	47,713	$ 477	$ (64,803)	$ 538,862	$ (3,838)	$ 470,698

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,	
	2024	2023
	(in thousands)	
Cash flows from operating activities:		
Net (loss) income	$ (11,811)	$ 8,351
Adjustments to reconcile net (loss) income to cash provided by operating activities:		
Stock based compensation	219	647
Depreciation, depletion, accretion and amortization	7,021	12,956
Amortization of debt origination costs	372	188
Change in provision for expected credit losses	229	(381)
Gains on disposal of assets	(1,166)	(361)
Deferred income taxes	609	(27)
Other	111	174
Changes in assets and liabilities:		
Accounts receivable, net	56,623	(18,534)
Inventories	(168)	(1,347)
Prepaid expenses and other assets	3,236	3,203
Accounts payable	(5,152)	8,602
Accrued expenses and other liabilities	(5,441)	(13,262)
Accrued expenses and other liabilities - related parties	1,500	—
Income taxes payable	1,167	3,031
Net cash provided by operating activities	47,349	3,240
Cash flows from investing activities:		
Purchases of property and equipment	(4,151)	(6,036)
Proceeds from disposal of property and equipment	3,049	330
Net cash used in investing activities	(1,102)	(5,706)
Cash flows from financing activities:		
Borrowings on long-term debt	—	66,700
Repayments of long-term debt	—	(65,606)
Payments on financing transaction	(46,837)	—
Payments on sale leaseback transaction	(1,112)	(1,214)
Principal payments on financing leases and equipment financing notes	(503)	(2,044)
Debt issuance costs	(37)	—
Other	—	(919)
Net cash used in financing activities	(48,489)	(3,083)
Effect of foreign exchange rate on cash	(35)	(6)
Net decrease in cash, cash equivalents and restricted cash	(2,277)	(5,555)
Cash, cash equivalents and restricted cash at beginning of period	24,298	17,282
Cash, cash equivalents and restricted cash at end of period	$ 22,021	$ 11,727
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 741	$ 3,108
Cash paid for income taxes, net of refunds received	$ 8	$ (26)
Supplemental disclosure of non-cash transactions:		
Interest paid in kind	$ 2,741	$ —
Purchases of property and equipment included in accounts payable and accrued expenses	$ 2,500	$ 5,917
Right-of-use assets obtained for financing lease liabilities	$ 106	$ —

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

1. Organization and Nature of Business

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

Operations

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

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

2. Basis of Presentation and Significant Accounting Policies

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

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

Reclassifications
Certain reclassifications have been made to prior period amounts to conform to the current period financial statement presentation. Previously, the Company included Bison Trucking LLC (“Bison Trucking”) in its drilling services segment.

The Company now presents Bison Trucking in the “All Other” reconciling column. See Note 20 for additional detail regarding our reporting segments. There was no impact on previously reported total assets, total liabilities, net income (loss) or equity for the periods presented.

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

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

During the period October 2017 through March 2019, the Company provided infrastructure services in Puerto Rico under master services agreements entered into by Cobra Acquisitions LLC (“Cobra”), one of the Company’s subsidiaries, with the Puerto Rico Electric Power Authority (“PREPA”) to perform repairs to PREPA’s electrical grid as a result of Hurricane Maria. During the three months ended March 31, 2024 and 2023, the Company charged interest on delinquent accounts receivable pursuant to the terms of its agreements with PREPA totaling $10.5 million and $11.2 million, respectively. These amounts are included in “other income, net” on the unaudited condensed consolidated statements of comprehensive (loss) income. Included in “accounts receivable, net” on the unaudited condensed consolidated balance sheets as of March 31, 2024 and December 31, 2023 were interest charges of $208.0 million and $197.5 million, respectively.

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

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

Balance, January 1, 2023	$	3,587
Change in provision for expected credit losses		47
Recoveries of receivables previously charged to credit loss expense		(638)
Write-offs charged against the provision		(2,831)
Balance, December 31, 2023		165
Change in provision for expected credit losses		242
Recoveries of receivables previously charged to credit loss expense		(13)
Write-offs charged against the provision		(271)
Balance, March 31, 2024	$	123

The Company has made specific reserves consistent with Company policy which resulted in additions to allowance for expected credit losses totaling $0.2 million and a nominal amount for the three months ended March 31, 2024 and 2023, respectively. These additions were charged to credit loss expense based on the factors described above.

PREPA

As of March 31, 2024, PREPA owed Cobra approximately $140.8 million for services performed, excluding $208.0 million of interest charged on these delinquent balances. PREPA is currently subject to bankruptcy proceedings, which were filed in July 2017 and are currently pending in the U.S. District Court for the District of Puerto Rico. As a result, PREPA's ability to meet its payment obligations is largely dependent upon funding from the Federal Emergency Management Agency ("FEMA") or other sources. On October 19, 2017, one of our subsidiaries, Cobra, and PREPA entered into an emergency master services agreement for repairs to PREPA's electrical grid as a result of Hurricane Maria. The one-year contract, as amended, provided for payments of up to $945 million (the "first contract"). On May 26, 2018, Cobra and PREPA entered into a second one-year, $900 million master services agreement to provide additional repair services and begin the initial phase of reconstruction of the electrical power system in Puerto Rico (the "second contract"). Since September 30, 2019, we have been pursuing litigation in the U.S. District Court for the District of Puerto Rico and other dispute resolution efforts seeking recovery of the amounts owed to Cobra by PREPA for restoration services in Puerto Rico, which proceedings are discussed in more detail in Note 19—"Commitments and Contingencies—Litigation" included elsewhere in this report. In connection with these efforts, in 2023, an aggregate of $99 million was approved by FEMA for reimbursement to Cobra for services performed by Cobra, of which amount approximately $22.2 million was paid by PREPA to Cobra in 2023. On December 1, 2023, Cobra, as seller, and Mammoth, as guarantor, entered into an assignment agreement (the "Assignment Agreement") with SPCP Group, LLC ("SPCP Group"), pursuant to which Cobra transferred to SPCP Group all of its rights, title and interest in $54.4 million of outstanding accounts receivable with PREPA and received net proceeds of $46.1 million. See Note 19—"Commitments and Contingencies—Assignment Agreement" included elsewhere in this report for additional information. On December 4, 2023, following submission of a joint status report by Cobra and FEMA on December 1, 2023, in which, among other things, PREPA reported that they submitted a request for reimbursement to the Government of Puerto Rico's Central Recovery and Reconstruction Office ("COR3") on November 1, 2023 for $82.4 million and is disputing approximately $1.5 million of invoices from Cobra, the Court ordered PREPA to provide a detailed summary of each of their objections to the disputed amounts and directed the parties to report the status of any remaining unpaid approved invoices in connection with the status report due on January 16, 2024. On January 16, 2024, the parties filed a joint status report in which, among other things, PREPA reported that on December 28, 2023, it received a disbursement from COR3 for the amount requested on November 1, 2023 and was in the process of paying approximately $13.4 million in approved but unpaid invoices for reimbursements for services performed by Cobra to SPCP Group, as Cobra's assignee, which amount was paid by PREPA on January 18, 2024. PREPA, however, also informed the Court that it would withhold the release of any further funds to Cobra approved by FEMA for reimbursement to Cobra due to municipal and construction excise tax claims against Cobra allegedly aggregating to $70.4 million. On January 19, 2024, the Court extended the previously ordered stay in the proceedings through April 5, 2024, and directed the parties to file a joint status report by March 27, 2024. On January 17, 2024, Cobra filed a Writ of Certiorari requesting the Court of Appeals to reverse the order from the Humacao Superior Court. On February 15, 2024, Cobra's request was granted by the Court of Appeals and the order instructing PREPA to withhold the $9.0 million payment from Cobra was revoked. On February 26, 2024, PREPA paid $50.6 million, of which $9.6 million was paid to Cobra and $41.0 million was paid to SPCP Group, as Cobra's assignee under the Assignment Agreement, which fully extinguished Cobra's and Mammoth's obligations to SPCP Group under the Assignment Agreement, and the Assignment Agreement was terminated. On March 27, 2024, the parties filed a joint status report in which, among other things, PREPA informed the Court that it was withholding the release of FEMA approved funds for reimbursement to Cobra totaling approximately $18.2 million due to municipal and construction excise tax claims against Cobra. Cobra believes it is exempt from the construction excise taxes and strongly disagrees with PREPA's decision to withhold funds. On March 29, 2024, the Court extended the previously ordered stay in the proceedings through May 24, 2024, and directed the parties to file a joint status report by May 8, 2024. Cobra remains in mediation with PREPA on all open disputes. This may result in settlement negotiations but, at this time, it remains unclear whether a negotiated resolution can be reached on all or part of the open disputes and thus the range of possible outcomes is uncertain. As such, at this time, Cobra is not able to estimate a range of loss.

The Company believes all amounts charged to PREPA, including interest charged on delinquent accounts receivable, were in accordance with the terms of the contracts. Further, there have been multiple reviews prepared by or on behalf of FEMA that have concluded that the amounts Cobra charged PREPA were reasonable, that PREPA adhered to Puerto Rican legal statutes regarding emergency situations, and that PREPA engaged in a reasonable procurement process. The Company believes these receivables are collectible and no allowance was deemed necessary at March 31, 2024 or

December 31, 2023. However, in the event PREPA (i) does not have or does not obtain the funds necessary to satisfy its obligations to Cobra under the contracts, (ii) obtains the necessary funds but refuses to pay the remaining amounts owed to the Company or (iii) otherwise does not pay amounts owed to the Company, the receivable may not be collectible.

Concentrations of Credit Risk and Significant Customers

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

	REVENUES		ACCOUNTS RECEIVABLE	
	Three Months Ended March 31,		At March 31,	At December 31,
	2024	2023	2024	2023
Customer A[(a)]	13 %	1 %	— %	— %
Customer B[(b)]	— %	— %	90 %	90 %
Customer C[(c)]	— %	16 %	— %	— %

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

Fair Value of Financial Instruments

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

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

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

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

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

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

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

New Accounting Pronouncements

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

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

3. Revenue

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

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

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

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

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

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

Certain of the Company's sand supply agreements contain a minimum volume commitment related to sand purchases whereby the Company charges a shortfall payment if the customer fails to meet the required minimum volume commitment. These agreements may also contain make-up provisions whereby shortfall payments can be applied in future periods against purchased volumes exceeding the minimum volume commitment. If a make-up right exists, the Company has future performance obligations to deliver excess volumes of product in subsequent months. In accordance with ASC 606, if the customer fails to meet the minimum volume commitment, the Company will assess whether it expects the customer to fulfill its unmet commitment during the contractually specified make-up period based on discussions with the customer and management's knowledge of the business. If the Company expects the customer will make-up deficient volumes in future periods, revenue related to shortfall payments will be deferred and recognized on the earlier of the date on which the customer utilizes make-up volumes or the likelihood that the customer will exercise its right to make-up deficient volumes becomes remote. If the Company does not expect the customer will make-up deficient volumes in future periods, the breakage model will be applied and revenue related to shortfall payments will be recognized when the model indicates the customer's inability to take delivery of excess volumes. The Company did not recognize any shortfall revenue during the three months ended March 31, 2024 or 2023 and did not have any deferred revenue related to shortfall payments.

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

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

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

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

Contract Balances

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

Balance, December 31, 2022		7,550
Deduction for recognition of revenue		(7,042)
Deduction for rebate credit recognized		(375)
Increase for deferral of customer prepayments		530
Balance, December 31, 2023		663
Deduction for recognition of revenue		(58)
Increase for deferral of customer prepayments		2,532
Balance, March 31, 2024	$	3,137

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

Performance Obligations

Revenue recognized in the current period from performance obligations satisfied in previous periods was anominal amount for the three months ended March 31, 2024 and 2023. As of March 31, 2024, the Company had unsatisfied performance obligations totaling $9.9 million, which will be recognized over the next10 months.

4. Divestitures

On July 13, 2023, the Company sold all of the equity interest in its subsidiary Air Rescue Systems Corporation ("ARS") for $3.3 million in cash plus $0.3 million to be paid one year after closing if certain conditions are met.

5. Inventories

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

		March 31, 2024		December 31, 2023
Supplies	$	6,678	$	6,757
Raw materials		1,523		872
Work in process		3,414		3,955
Finished goods		1,206		1,069
Total inventories	$	12,821	$	12,653

6. Property, Plant and Equipment

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

	Useful Life		March 31, 2024		December 31, 2023
Pressure pumping equipment	3-5 years	$	253,020	$	251,111
Drilling rigs and related equipment	3-15 years		97,207		97,207
Machinery and equipment	7-20 years		153,717		155,921
Buildings	15-39 years		38,138		40,869
Vehicles, trucks and trailers	5-10 years		91,552		92,257
Coil tubing equipment	4-10 years		6,971		6,954
Land	N/A		12,393		12,393
Land improvements	15 years or life of lease		10,066		10,066
Rail improvements	10-20 years		13,793		13,793
Other property and equipment[(a)]	3-12 years		15,240		15,171
			692,097		695,742
Deposits on equipment and equipment in process of assembly[(b)]			8,799		8,670
			700,896		704,412
Less: accumulated depreciation[(c)]			591,664		590,507
Total property, plant and equipment, net		$	109,232	$	113,905

a. Included in Other property and equipment are costs of $ 3.1 million at each of March 31, 2024 and December 31, 2023, respectively, related to assets leased to customers under operating leases.
b. Deposits on equipment and equipment in process of assembly represents deposits placed with vendors for equipment that is in the process of assembly and purchased equipment that is being outfitted for its intended use. The equipment is not yet placed in service.
c. Includes accumulated depreciation of $ 2.4 million and $ 2.3 million at March 31, 2024 and December 31, 2023, respectively, related to assets under operating leases.

Disposals

Proceeds from customers for horizontal and directional drilling services equipment damaged or lost down-hole are reflected in revenue with the carrying value of the related equipment charged to cost of service revenues and are reported as cash inflows from investing activities in the unaudited condensed consolidated statements of cash flows. The Company did not have any proceeds or gains from the sale of equipment damaged or lost down-hole during the three months ended March 31, 2024 and 2023.

Proceeds from assets sold or disposed of as well as the carrying value of the related equipment are reflected in “gains on disposal of assets, net” on the unaudited condensed consolidated statements of comprehensive (loss) income. For the three months ended March 31, 2024 and 2023, total cash and accrued proceeds from the sale of equipment were $2.3 million and $0.4 million, respectively, and gains from the sale or disposal of equipment were $1.2 million and $0.4 million, respectively.

Depreciation, depletion, amortization and accretion

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

	Three Months Ended March 31,			
		2024		2023
Depreciation expense	$	6,788	$	12,726
Amortization expense		193		195
Accretion and depletion expense		40		35
Depreciation, depletion, amortization and accretion	$	7,021	$	12,956

7. Goodwill and Intangible Assets

Goodwill

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

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

Impairment of Goodwill

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

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

Intangible Assets

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

	March 31, 2024	December 31, 2023
Trade names	7,730	7,730
Less: accumulated amortization - trade names	(7,010)	(6,817)
Intangible assets, net	$ 720	$ 913

Amortization expense for intangible assets was $0.2 million for each of the three months ended March 31, 2024 and 2023, respectively. The original life of trade names is 10 years as of March 31, 2024 with a remaining average useful life of 1.6 years.

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

Remainder of 2024	$ 511
2025	85
2026	85
2027	39
2028	—
Thereafter	—
	$ 720

8. Equity Method Investment

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

The Company uses the equity method of accounting to account for its investment in Brim Acquisitions, which had a carrying value of approximately $4.1 million and $4.2 million at March 31, 2024 and December 31, 2023, respectively. The investment is included in “other non-current assets” on the unaudited condensed consolidated balance sheets. The Company recorded equity method adjustments to its investment of $0.1 million and $0.2 million for the three months ended March 31, 2024, and 2023, respectively, which is included in “other income, net” on the unaudited condensed consolidated statements of comprehensive (loss) income.

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

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

	March 31, 2024	December 31, 2023
State and local taxes payable	$ 12,847	$ 13,111
Financed insurance premiums[(a)]	6,521	9,807
Sale-leaseback liability[(b)]	4,778	4,754
Accrued compensation and benefits	3,222	5,558
Deferred revenue	3,137	663
Financing leases	1,445	1,702
Insurance reserves	1,354	1,277
Financing arrangement, net[(c)]	—	48,943
Other	813	2,139
Total accrued expenses and other current liabilities	$ 34,117	$ 87,954
Other Long-Term Liabilities		
Financing leases	$ 2,003	$ 2,138
Sale-leaseback liability[(b)]	1,468	2,555
Other	12	22
Total other long-term liabilities	$ 3,483	$ 4,715

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

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

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

10. Debt

Debt included the following (in thousands):

	March 31, 2024	December 31, 2023
Revolving credit facility	$ —	$ —
Term credit facility, including interest paid-in-kind	47,741	45,000
Unamortized debt issuance costs and discount	(2,111)	(2,191)
Total debt	45,630	42,809
Less: current portion	—	—
Total long-term debt	$ 45,630	$ 42,809

As of March 31, 2024 and December 31, 2023, there were deferred financing costs on our revolving credit facility totaling $3.2 million and $3.4 million, respectively, included in “other non-current assets” in the accompanying consolidated balance sheets.

The table below presents debt maturities as of March 31, 2024, excluding debt issuance costs and discount (in thousands):

	Total
Remainder of 2024	$ —
2025	—
2026	6,768
2027	5,809
2028	35,164
Thereafter	—
Total long-term debt, net	$ 47,741

New Revolving Credit Facility and New Term Credit Facility

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

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

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

At March 31, 2024, the new revolving credit facility was undrawn, the borrowing base was $27.3 million, and there was $21.0 million of borrowing capacity under the facility, after giving effect to $6.3 million of outstanding letters of credit. At December 31, 2023, the new revolving credit facility was undrawn, the borrowing base was $27.0 million, and there was $20.7 million of borrowing capacity under the facility, after giving effect to $6.3 million of outstanding letters of credit.

On October 16, 2023, the Company, as borrower, and certain of its direct and indirect subsidiaries, as guarantors, also entered into a loan and security agreement with the lenders party thereto and Wexford Capital LP, an affiliate of the Company, as administrative agent for the lenders ("Wexford"), as may be subsequently amended (the "new term credit facility"). The new term credit was approved by the audit committee of the Company's board of directors, consisting entirely of independent directors, as a transaction with a related party. The new term credit facility provides for term commitments in an aggregate amount equal to $45 million. Borrowings under the new term credit facility are secured by the Company's assets, inclusive of the subsidiary companies. The new term credit facility also contains various affirmative and restrictive covenants. Interest under the new term credit facility equals the SOFR Interest Rate (as defined in the new term credit facility) plus 7.50%, as such margin may be increased pursuant to the terms of the new term credit facility; provided that the Company may elect to pay all or a portion of the accrued interest due with respect to any Interest Period (as defined in the new term credit facility) ending on or before April 16, 2025, in kind by adding such accrued interest to the principal amount of the outstanding loans thereunder. As of March 31, 2024, borrowings outstanding under the new term credit facility bore interest at 12.8%.

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

At March 31, 2024 and December 31, 2023, there were outstanding borrowings, including interest paid-in-kind, under the term credit facility of $47.7 million and $45.0 million, respectively.

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

11. Variable Interest Entities

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

Dire Wolf's and Predator Aviation's voting rights are not proportional to their respective obligations to absorb expected returns or losses of Cobra Aviation and Leopard, respectively, and all of Cobra Aviation's and Leopard's activities are conducted on behalf of Dire Wolf and Predator Aviation, which have disproportionately fewer voting rights; therefore, Cobra Aviation and Leopard meet the criteria of a VIE. Cobra Aviation and Leopard's operational activities are directed by Dire Wolf's and Predator Aviation's officers and Dire Wolf and Predator Aviation have the option to terminate the Voting Trust Agreements at any time. Therefore, the Company, through Dire Wolf and Predator Aviation, is considered the primary beneficiary of the VIEs and consolidates Cobra Aviation and Leopard at March 31, 2024.

12. Selling, General and Administrative Expense

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

	Three Months Ended March 31,	
	2024	2023
Cash expenses:		
Compensation and benefits	$ 4,104	$ 4,277
Professional services	2,457	1,929
Other[(a)]	1,773	1,911
Total cash SG&A expense	8,334	8,117
Non-cash expenses:		
Change in provision for expected credit losses	229	(381)
Stock based compensation	219	647
Total non-cash SG&A expense	448	266
Total SG&A expense	$ 8,782	$ 8,383

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

13. Income Taxes

The Company recorded income tax expense of $1.8 million for the three months ended March 31, 2024 compared to income tax expense of $3.3 million for the three months ended March 31, 2023. The Company's effective tax rates were 18% and 29% for the three months ended March 31, 2024 and 2023, respectively.

The effective tax rates for the three months ended March 31, 2024 and 2023 differed from the statutory rate of 21% primarily due to the mix of earnings between the United States and Puerto Rico, changes in the valuation allowance and interest and penalties.

14. Leases

Lessee Accounting

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

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

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

Lease expense consisted of the following for the three months ended March 31, 2024 and 2023 (in thousands):

	Three Months Ended March 31,	
	2024	2023
Operating lease expense	$ 1,849	$ 1,768
Short-term lease expense	14	420
Finance lease expense:		
Amortization of right-of-use assets	435	565
Interest on lease liabilities	54	57
Total lease expense	$ 2,352	$ 2,810

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

	March 31, 2024	December 31, 2023
Operating leases:		
Operating lease right-of-use assets	$ 7,990	$ 9,551
Current operating lease liability	5,212	5,771
Long-term operating lease liability	2,617	3,534
Finance leases:		
Property, plant and equipment, net	$ 3,637	$ 3,966
Accrued expenses and other current liabilities	1,445	1,702
Other liabilities	2,003	2,138

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

	Three Months Ended March 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 1,766	$ 1,749
Operating cash flows from finance leases	54	57
Financing cash flows from finance leases	494	1,493
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 111	$ 2,917
Finance leases	106	—

	March 31, 2024	December 31, 2023
Weighted-average remaining lease term:		
Operating leases	2.4 years	2.5 years
Finance leases	2.1 years	2.2 years
Weighted-average discount rate:		
Operating leases	8.8 %	8.7 %
Finance leases	6.5 %	6.3 %

Maturities of lease liabilities as of March 31, 2024 are as follows (in thousands):

	Operating Leases	Finance Leases
Remainder of 2024	$ 4,612	$ 1,346
2025	2,764	944
2026	725	1,387
2027	174	50
2028	14	—
Thereafter	436	—
Total lease payments	8,725	3,727
Less: Present value discount	896	279
Present value of lease payments	$ 7,829	$ 3,448

Lessor Accounting

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

The Company's lease agreements are generally short-term in nature and lease revenue is recognized over time based on a monthly, daily or hourly rate basis. The Company does not provide an option for the lessee to purchase the rented assets at the end of the lease and the lessees do not provide residual value guarantees on the rented assets. The Company recognized lease revenue of $0.7 million during each of the three months ended March 31, 2024 and 2023, respectively, which is included in "services revenue" and "services revenue - related parties" on the unaudited condensed consolidated statements of comprehensive (loss) income.

15. (Loss) Earnings Per Share

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

	Three Months Ended March 31,	
	2024	**2023**
Basic (loss) earnings per share:		
Allocation of (loss) earnings:		
Net (loss) income	$ (11,811)	$ 8,351
Weighted average common shares outstanding	47,964	47,443
Basic (loss) earnings per share	$ (0.25)	$ 0.18
Diluted (loss) earnings per share:		
Allocation of (loss) earnings:		
Net (loss) income	$ (11,811)	$ 8,351
Weighted average common shares, including dilutive effect[(a)]	47,964	48,002
Diluted (loss) earnings per share	$ (0.25)	$ 0.17

a. No incremental shares of potentially dilutive restricted stock awards were included for the three months ended March 31, 2024 as their effect was antidilutive under the treasury stock method.

16. Equity Based Compensation

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

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

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

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

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

17. Stock Based Compensation

The Mammoth Energy Services, Inc. 2016 Incentive Plan, as amended (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 was a maximum of 4.5 million shares of common stock reserved for issuance under the 2016 Plan, of which0.6 million shares of common stock remain available for future grants under the 2016 Plan as of March 31, 2024.

Restricted Stock Units

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

A summary of the status and changes of the unvested shares of restricted stock under the 2016 Plan is presented below.

	Number of Unvested Restricted Shares	Weighted Average Grant-Date Fair Value
Unvested shares as of January 1, 2023	728,310	$ 1.32
Granted	369,050	5.17
Vested	(794,977)	1.69
Forfeited	—	—
Unvested shares as of December 31, 2023	302,383	5.06
Granted	—	—
Vested	(66,667)	5.63
Forfeited	—	—
Unvested shares as of March 31, 2024	235,716	$ 4.91

As of March 31, 2024, there was $0.7 million of total unrecognized compensation cost related to the unvested restricted stock. The cost is expected to be recognized over a weighted average period of approximately 1.6 years.

The total fair value of shares vested was $0.2 million and $3.1 million during the three months ended March 31, 2024 and 2023, respectively. Included in cost of revenue and selling, general and administrative expenses is stock-based compensation expense of $0.2 million and $0.6 million for the three months ended March 31, 2024 and 2023, respectively.

18. Related Party Transactions

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

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

On October 16, 2023, the Company entered into a loan and security agreement with Wexford, an affiliate of Mammoth. Under this agreement, the Company had outstanding debt, including interest paid-in kind and net of debt discount and debt issuance costs, of $45.6 million and $42.8 million as of March 31, 2024 and December 31, 2023, respectively. Additionally, the Company incurred interest expense under this agreement totaling $1.5 million for the three months ended March 31, 2024. See Note 10 for additional detail on the agreement with Wexford.

19. Commitments and Contingencies

Commitments

From time to time, the Company may enter into agreements with suppliers that contain minimum purchase obligations and agreements to purchase capital equipment. The Company did not have any unconditional purchase obligations as of March 31, 2024.

Letters of Credit

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

	March 31, 2024	December 31, 2023
Environmental remediation	$ 3,782	$ 3,782
Insurance programs	2,500	2,500
Total letters of credit	$ 6,282	$ 6,282

Insurance

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

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

The Company also self-insures its employee health insurance. The Company has coverage on its self-insurance program in the form of a stop loss of $0.2 million per participant and an aggregate stop-loss of $5.8 million for the calendar year ending December 31, 2022. At each of March 31, 2024 and December 31, 2023, accrued claims were $1.5 million, respectively. These estimates may change in the near term as actual claims continue to develop.

Warranty Guarantees

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

Bonds

In the ordinary course of business, the Company is required to provide bid bonds to certain customers in the infrastructure services segment as part of the bidding process. These bonds provide a guarantee to the customer that the Company, if awarded the project, will perform under the terms of the contract. Bid bonds are typically provided for a percentage of the total contract value. Additionally, the Company may be required to provide performance and payment bonds for contractual commitments related to projects in process. These bonds provide a guarantee to the customer that the Company will perform under the terms of a contract and that the Company will pay subcontractors and vendors. If the Company fails to perform under a contract or to pay subcontractors and vendors, the customer may demand that the surety make payments or provide services under the bond. The Company must reimburse the surety for expenses or outlays it incurs. As of March 31, 2024 and December 31, 2023, outstanding performance and payment bonds totaled $9.2 million and $10.0 million, respectively. The estimated cost to complete projects secured by the performance and payment bonds totaled $1.7 million as of March 31, 2024. There were no outstanding bid bonds as of March 31, 2024 and $0.2 million in outstanding bid bonds as of December 31, 2023.

Litigation

As of March 31, 2024, PREPA owed the Company approximately $140.8 million for services performed, excluding $208.0 million of interest charged on these delinquent balances as of March 31, 2024. The Company believes these receivables are collectible. PREPA, however, is currently subject to bankruptcy proceedings, which were filed in July 2017 and are currently pending in the U.S. District Court for the District of Puerto Rico. As a result, PREPA’s ability to meet its payment obligations is largely dependent upon funding from FEMA or other sources. On September 30, 2019, Cobra filed a motion with the U.S. District Court for the District of Puerto Rico seeking recovery of the amounts owed to Cobra by PREPA, which motion was stayed by the Court. On March 25, 2020, Cobra filed an urgent motion to modify the stay order and allow the recovery of approximately $61.7 million in claims related to a tax gross-up provision contained in the emergency master service agreement, as amended, that was entered into with PREPA on October 19, 2017. This emergency motion was denied on June 3, 2020 and the Court extended the stay of our motion. On December 9, 2020, the Court again extended the stay of our motion and directed PREPA to file a status motion by June 7, 2021. On April 6, 2021, Cobra filed a motion to lift the stay order. Following this filing, PREPA initiated discussion, which resulted in PREPA and Cobra filing a joint motion to adjourn all deadlines relative to the April 6, 2021 motion until the June 16, 2021 omnibus hearing as a result of PREPA’s understanding that FEMA would release a report in the near future relating to the emergency master service agreement between PREPA and Cobra that was executed on October 19, 2017. The joint motion was granted by the Court on April 14, 2021. On May 26, 2021, FEMA issued a Determination Memorandum related to the first contract between Cobra and PREPA in which, among other things, FEMA raised two contract compliance issues and, as a result, concluded that approximately $47 million in costs were not authorized costs under the contract. On June 14, 2021, the Court issued an order adjourning Cobra’s motion to lift the stay order to a hearing on August 4, 2021 and directing Cobra and PREPA to meet and confer in good faith concerning, among other things, (i) the May 26, 2021 Determination Memorandum issued by FEMA and (ii) whether and when a second determination memorandum is expected. The parties were further directed to file an additional status report, which was filed on July 20,

2021. On July 23, 2021, with the aid of Mammoth, PREPA filed an appeal of the entire $47 million that FEMA de-obligated in the May 26, 2021 Determination Memorandum. FEMA approved the appeal in part and denied the appeal in part. FEMA found that staffing costs of $24.4 million are eligible for funding. On August 4, 2021, the Court extended the stay and directed that an additional status report be filed, which was done on January 22, 2022. On January 26, 2022, the Court extended the stay and directed the parties to file a further status report by July 25, 2022. On June 7, 2022, Cobra filed a motion to lift the stay order. On June 29, 2022 the Court denied Cobra’s motion and extended the stay to January 2023. On November 21, 2022, FEMA issued a Determination Memorandum related to the 100% federal funded portion of the second contract between Cobra and PREPA in which FEMA concluded that approximately $5.6 million in costs were not authorized costs under the contract. On December 21, 2022, FEMA issued a Determination Memorandum related to the 90% federal cost share portion of the second contract between Cobra and PREPA in which FEMA concluded that approximately $68.1 million in costs were not authorized costs under the contract. PREPA filed first-level administrative appeals of the November 21, 2022 and December 21, 2022. On January 7, 2023, Cobra and PREPA filed a joint status report with the Court, in which PREPA requested that the Court continue the stay through July 31, 2023 and Cobra requested that the stay be lifted. On January 18, 2023, the Court entered an order extending the stay and directing the parties to file a further status report addressing (i) the status of any administrative appeals in connection with the November and December determination memoranda regarding the second contract, (ii) the status of the criminal case against the former Cobra president and the FEMA official that concluded in December 2022, and (iii) a summary of the outstanding and unpaid amounts arising from the first and second contracts and whether PREPA disputes Cobra’s entitlement to these amounts with the Court by July 31, 2023. On January 20, 2023, Cobra submitted a certified claim for approximately $379 million to FEMA pursuant to the federal Contract Disputes Act. On February 1, 2023, FEMA notified Cobra that it had reviewed the claim and determined that no contract, expressed or implied, exists between FEMA and Cobra. On March 29, 2023, Cobra filed a notice of appeal with the Civilian Board of Contract Appeals related to the certified claim submitted in January 2023. On April 25, 2023, FEMA filed a motion to dismiss Cobra’s appeal alleging lack of jurisdiction. On March 27, 2023, Cobra was notified that FEMA had approved $233 million in Cobra invoices related to the December 21, 2022 Determination Memorandum. The 90% federal cost share of this approved amount was $210 million, which was obligated and made available for draw down on March 27, 2023. Of this $210 million, approximately $99 million has been represented by both PREPA and FEMA as intended to pay Cobra for outstanding invoices and the remaining $111 million is a reimbursement to PREPA for payments already made on Cobra invoices. On May 16, 2023, Cobra filed a motion to lift the stay order. In a June 8, 2023 hearing, the Court ordered PREPA to provide Cobra a detailed report on the status of their review of the invoices that make up the aforementioned $99 million. On June 14, 2023, PREPA paid Cobra approximately $10.8 million, all of which was used to reduce outstanding borrowings under the Company’s previous revolving credit facility, as required under the terms thereof. Additionally, on June 14, 2023, PREPA filed a report noting a portion of the approved, but unpaid invoices would be submitted to COR3 within two weeks of the filing and the remainder of the invoices would be submitted to COR3 within four weeks of the filing. Following the passage of the two-week and four-week periods contained in the June 14, 2023 report, Cobra filed an informative motion with the Court regarding the passage of the respective periods and PREPA’s failure to meet the deadlines. The Court ordered PREPA to respond to Cobra’s informative motion, which PREPA did on July 21, 2023. In this Court ordered response, PREPA informed the Court that an additional $8.4 million of invoices had been submitted for payment and that $72 million in FEMA approved costs were awaiting engineer certification. On August 2, 2023, following submission of a joint status report by Cobra and FEMA on July 31, 2023, in which, among other things, PREPA requested the stay be continued and Cobra requested the stay be lifted, the Court entered an order continuing the stay until October 31, 2023 and requiring another joint status report be filed on October 16, 2023. On August 22, 2023, PREPA paid Cobra approximately $2.0 million, all of which was used to reduce outstanding borrowings under the Company’s previous revolving credit facility. On August 30, 2023, Cobra filed an informative motion with the Court regarding the status of the approved, but unpaid invoices. The Court ordered PREPA to respond to Cobra’s informative motion, which PREPA did on September 18, 2023. In this Court ordered response, PREPA informed the Court that the approved, but unpaid invoices were in the process of being entered into PREPA’s system for payment. On September 22, 2023 and October 10, 2023, PREPA made payments to Cobra of approximately $0.8 million and $5.7 million, respectively, all of which was used to reduce outstanding borrowings under the Company’s previous revolving credit facility. On October 16, 2023 and October 25, 2023, PREPA made additional payments to Cobra of approximately $1.7 million and $1.2 million. Also on October 16, 2023, pursuant to Court’s prior order, the parties submitted a further joint status report. In the joint status report, PREPA informed the Court that, among other things, it intended to process and submit to COR3 for reimbursement the remaining approximately $81 million in approved, but unpaid invoices. In addition, the parties informed the Court that the parties were engaged in mediation to resolve open disputes with respect to other unpaid invoices. On October 19, 2023, the Court entered an order continuing the stay through the earlier of January 31, 2024, and the termination of the mediation, directing the parties to file a further status report with the Court by December 1, 2023, and if the disputes have not been resolved through payment or mediation by January 15, 2024, directed the parties to file a status report by January 16, 2024. On December 1, 2023, Cobra, as seller, and Mammoth, as guarantor, entered into the Assignment Agreement with SPCP Group. Under the terms and conditions of the Assignment Agreement, Cobra transferred to SPCP Group all of its rights, title and interest in $54.4 million of outstanding accounts receivable with PREPA and received net proceeds of $46.1 million. See below for additional information. On December 4, 2023, following submission of a joint status report by Cobra and FEMA on December 1, 2023, in which, among other things, PREPA reported that they submitted a request for reimbursement to COR3 on November 1, 2023 for $82.4 million and is disputing approximately $1.5 million of invoices from Cobra, the Court ordered PREPA to provide a detailed summary of each of their objections to the disputed amounts and directed the parties to report the status of any remaining unpaid approved invoices in connection with the status report due on January 16, 2024. On January 16, 2024, the parties filed a joint status report in which, among other things, PREPA reported that on December 28, 2023, it received a disbursement from COR3 for the amount requested on November 1, 2023 and was in the process of paying Cobra's assignee approximately $13.4 million, which was paid to SPCP Group on January 18, 2023. Additionally, PREPA reported that it received an order from the Humacao Superior Court requiring it to withhold approximately $9.0 million from any payment otherwise due to Cobra stemming from an alleged unpaid debt of municipal and construction excise taxes and noted that it is aware of twelve Puerto Rico Superior Court cases filed against Cobra by different municipalities relating to the same alleged claims for municipal and construction excise taxes, which, in aggregate, total approximately $70.4 million. See below for a more detailed discussion of claims alleging Cobra's failure to pay construction excise and volume of business taxes. As a result of these alleged claims, PREPA informed the Court that it would withhold the release of any further funds to Cobra. On January 17, 2024, Cobra filed a Writ of Certiorari requesting the Court of Appeals to reverse the order from the Humacao Superior Court. On January 19, 2024, the Court extended the previously ordered stay in the proceedings through April 5, 2024, and directed the parties to file a joint status report by March 27, 2024. On February 15, 2024, Cobra's request was granted by the Court of Appeals and the order instructing PREPA to withhold the $9.0 million payment from Cobra was revoked. On February 26, 2024, PREPA paid $50.6 million, of which $9.6 million was paid to Cobra and $41.0 million was paid to SPCP Group, as Cobra's assignee under the Assignment Agreement, which fully extinguished Cobra's and Mammoth's obligations to SPCP Group under the Assignment Agreement, and the Assignment Agreement was terminated. On March 27, 2024, the parties filed a joint status report in which, among other things, PREPA informed the Court that it was withholding the release of FEMA approved funds for reimbursement to Cobra totaling approximately $18.2 million due to municipal and construction excise tax claims against Cobra. Cobra believes it is exempt from the construction excise taxes and strongly disagrees with PREPA's decision to withhold funds. On March 29, 2024, the Court extended the previously ordered stay in the proceedings through May 24, 2024, and directed the parties to file a joint status report by May 8, 2024. Cobra remains in mediation with PREPA on all open disputes. This may result in settlement negotiations but, at this time, it remains unclear whether a negotiated resolution can be reached on all or part of the open disputes and thus the range of possible outcomes is uncertain. As such, at this time, Cobra is not able to estimate a range of loss.

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

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

Cobra has been served with 13 lawsuits from municipalities in Puerto Rico alleging failure to pay construction excise and volume of business taxes. On November 14, 2022, the Court entered judgment against Cobra in connection with one of the lawsuits ordering payment of approximately $9.0 million. On January 9, 2023, Cobra appealed the judgment and, on March 20, 2023, the Court confirmed the imposition of approximately $8.5 million related to construction excise taxes. On April 10, 2023, Cobra appealed this judgment, which was denied on May 5, 2023. Cobra filed a motion for reconsideration on May 15, 2023, which was denied. Cobra filed a second motion for reconsideration on June 22, 2023 and is currently awaiting a decision. On December 18, 2023, the Humacao Superior Court issued an order to PREPA to withhold payment of approximately $9.0 million to Cobra. On January 17, 2024, Cobra filed a Writ of Certiorari requesting the Court of Appeals to reverse the order from the Humacao Superior Court. On February 15, 2024, Cobra's request was granted by the Court of Appeals and the order instructing PREPA to withhold the $9.0 million payment from Cobra was revoked. The case was remanded to the lower Court for continuation of the proceedings in accordance with the Court of Appeals' order. Cobra believes it is exempt from the construction excise taxes. To the extent Cobra receives an unfavorable judgment, the Company believes that any such taxes in the judgment that relate to the Emergency Master Service Agreement with PREPA executed on October 19, 2017, would be reimbursable to Cobra. At this time, the Company is not able to predict the outcome of these matters or whether they will have a material impact on the Company's business, financial condition, results of operations or cash flows.

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

On September 10, 2019, the U.S. District Court for the District of Puerto Rico unsealed an indictment that charged the former president of Cobra Acquisitions LLC with conspiracy, wire fraud, false statements and disaster fraud. two other individuals were also charged in the indictment. The indictment is focused on the interactions between a former FEMA official and the former president of Cobra. Neither the Company nor any of its subsidiaries were charged in the indictment. On May 18, 2022, the former FEMA official and the former president of Cobra each pled guilty to one-count information charging gratuities related to a project that Cobra never bid upon and was never awarded or received any monies for. On December 13, 2022, the Court sentenced the former Cobra president to custody of the Bureau of Prisons for six months and one day, a term of supervised release of six months and one day and a fine of $25,000. The Court sentenced the FEMA official to custody of the Bureau of Prisons for six months and one day, a term of supervised release of six months and a fine of $15,000. The Court also dismissed the indictment against the two defendants. The Company does not expect any additional activity in the criminal proceeding. Given the uncertainty inherent in criminal litigation, however, it is not possible at this time to determine the potential impacts that the sentencings could have on the Company. PREPA has stated in Court filings that it may contend the alleged criminal activity affects Cobra's entitlement to payment under its contracts with PREPA. It is unclear what PREPA's position will be going forward. Subsequent to the indictment, Cobra received a civil investigative demand ("CID") from the United States Department of Justice ("DOJ"), which requests certain documents and answers to specific interrogatories relevant to an ongoing investigation it is conducting. The aforementioned DOJ investigation is in connection with the issues raised in the criminal matter. Cobra is cooperating with the DOJ and is not able to predict the outcome of this investigation or if it will have a material impact on Cobra's or the Company's business, financial condition, results of operations or cash flows. With regard to the SEC investigation disclosed in previous filings, on July 6, 2022, the SEC sent a letter saying that it had concluded its investigation as to the Company and that based on information the SEC has as of this date, it does not intend to recommend an enforcement action against the Company.

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

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

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

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

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

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

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

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

Defined Contribution Plan

The Company sponsors a 401(k) defined contribution plan for the benefit of substantially all employees at their date of hire. The plan allows eligible employees to contribute up to 92% of their annual compensation, not to exceed annual limits established by the federal government. The Company makes discretionary matching contributions of up to 3% of an employee's compensation and may make additional discretionary contributions for eligible employees. For the three months ended March 31, 2024 and 2023, the Company paid $0.5 million and $0.6 million, respectively, in contributions to the plan.

20. Reporting Segments

As of March 31, 2024, the Company's revenues, income before income taxes and identifiable assets are primarily attributable to four reportable segments. The Company's Chief Executive Officer and Chief Financial Officer comprise the Company's CODM. Segment information is prepared on the same basis that the CODM manages the segments, evaluates the segment financial statements and makes key operating and resource utilization decisions. Segment evaluation is determined on a quantitative basis based on a function of operating loss less impairment expense, as well as a qualitative basis, such as nature of the product and service offerings and types of customers.

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

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

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

Three Months Ended March 31, 2024	Well Completion	Infrastructure	Sand	Drilling	All Other	Eliminations	Total
Revenue from external customers	$ 8,159	$ 25,038	$ 4,307	$ 511	$ 5,174	$ —	$ 43,189
Intersegment revenues	114	—	—	—	1,005	(1,119)	—
Total revenue	8,273	25,038	4,307	511	6,179	(1,119)	43,189
Cost of revenue, exclusive of depreciation, depletion, amortization and accretion	8,338	21,533	5,840	1,050	3,823	—	40,584
Intersegment cost of revenues	218	25	—	2	874	(1,119)	—
Total cost of revenue	8,556	21,558	5,840	1,052	4,697	(1,119)	40,584
Selling, general and administrative	1,073	5,617	1,031	212	849	—	8,782
Depreciation, depletion, amortization and accretion	3,264	718	1,146	874	1,019	—	7,021
Losses (gains) on disposal of assets, net	250	(483)	—	2	(935)	—	(1,166)
Operating (loss) income	(4,870)	(2,372)	(3,710)	(1,629)	549	—	(12,032)
Interest expense and financing charges, net	569	7,099	142	128	199	—	8,137
Other (income) expense, net	—	(10,258)	(1)	—	116	—	(10,143)
(Loss) income before income taxes	$ (5,439)	$ 787	$ (3,851)	$ (1,757)	$ 234	$ —	$ (10,026)

Three Months Ended March 31, 2023	Well Completion	Infrastructure	Sand	Drilling	All Other	Eliminations	Total
Revenue from external customers	$ 67,179	$ 28,280	$ 12,442	$ 1,355	$ 7,064	$ —	$ 116,320
Intersegment revenues	121	—	25	—	450	(596)	—
Total revenue	67,300	28,280	12,467	1,355	7,514	(596)	116,320
Cost of revenue, exclusive of depreciation, depletion, amortization and accretion	52,037	22,476	7,860	1,466	5,154	—	88,993
Intersegment cost of revenues	478	11	—	14	93	(596)	—
Total cost of revenue	52,515	22,487	7,860	1,480	5,247	(596)	88,993
Selling, general and administrative	2,492	4,211	503	146	1,031	—	8,383
Depreciation, depletion, amortization and accretion	4,817	3,374	1,187	1,229	2,349	—	12,956
Gains on disposal of assets, net	—	(127)	(16)	—	(218)	—	(361)
Operating income (loss)	7,476	(1,665)	2,933	(1,500)	(895)	—	6,349
Interest expense and financing charges, net	929	1,845	156	126	233	—	3,289
Other (income) expense, net	—	(8,808)	(2)	—	186	—	(8,624)
Income (loss) before income taxes	$ 6,547	$ 5,298	$ 2,779	$ (1,626)	$ (1,314)	$ —	$ 11,684

	Well Completion	Infrastructure	Sand	Drilling	All Other	Eliminations	Total
As of March 31, 2024:							
Total assets	$ 49,068	$ 408,603	$ 119,196	$ 12,702	$ 65,943	$ (27,442)	$ 628,070
As of December 31, 2023:							
Total assets	$ 50,965	$ 462,429	$ 121,162	$ 13,492	$ 69,005	$ (18,574)	$ 698,479

21. Subsequent Events

Subsequent to March 31, 2024, the Company issued a bid bond totaling $5.0 million and additional performance and payment bonds totaling $1.4 million related to its infrastructure segment.

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

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

Overview

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

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

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

Overview of Our Industries

Oil and Natural Gas Industry

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

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

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

Natural Sand Proppant Industry

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

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

Energy Infrastructure Industry

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

Our average crew count declined slightly from approximately 78 crews throughout the fourth quarter of 2023 to approximately 75 crews throughout the first quarter of 2024. A reduction in storm restoration activity in the first quarter of 2024 compared to the fourth quarter of 2023 reduced operating results. With the Infrastructure Investment and Jobs Act funds being released for infrastructure projects, we remain encouraged about the potential for growth in this sector. We are currently seeing an uptick in bidding opportunities related to engineering, fiber, and transmission and distribution, all of which are areas we believe we have differentiated and specialized capabilities. We continue to focus on operational execution and pursue opportunities within this sector as we strategically structure our service offerings for growth, intending to increase our infrastructure services activity and expand both our geographic footprint and depth of projects, especially in fiber maintenance and installation projects.

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

As of March 31, 2024, PREPA owed us approximately $140.8 million for services performed excluding approximately $208.0 million of interest charged on these delinquent balances. See Note 2. Basis of Presentation and Significant Accounting Policies—Accounts Receivable of our unaudited condensed consolidated financial statements. PREPA is currently subject to bankruptcy proceedings, which were filed in July 2017 and are currently pending in the U.S. District Court for the District of Puerto Rico. As a result, PREPA’s ability to meet its payment obligations under the contracts is largely dependent upon funding from the Federal Emergency Management Agency, or FEMA, or other sources. Since September 30, 2019, we have been pursuing litigation in the U.S. District Court for the District of Puerto Rico and other dispute resolution efforts seeking recovery of the amounts owed to Cobra by PREPA for restoration services in Puerto Rico, which proceedings are discussed in more detail in Note 19—"Commitments and Contingencies—Litigation" included elsewhere in this report. In connection with these efforts, in 2023, an aggregate of $99 million was approved by FEMA for reimbursement to Cobra for services performed by Cobra, of which amount approximately $22.2 million was paid by PREPA to Cobra in 2023. On December 1, 2023, Cobra, as seller, and Mammoth, as guarantor, entered into an assignment agreement (the "Assignment Agreement") with SPCP Group, LLC ("SPCP Group"), pursuant to which Cobra transferred to SPCP Group all of its rights, title and interest in $54.4 million of outstanding accounts receivable with PREPA and received net proceeds of $46.1 million. See "—Liquidity and Capital Resources—Cobra Assignment Agreement" for additional information. On February 26, 2024, PREPA paid $50.6 million, of which $9.6 million was paid to Cobra and $41.0 million was paid to SPCP Group, as Cobra's assignee under the Assignment Agreement, which fully extinguished Cobra's and Mammoth's obligations to SPCP Group under the Assignment Agreement, and the Assignment Agreement was terminated. On March 27, 2024, the parties in the PREPA proceedings filed a joint status report in which, among other things, PREPA informed the Court that it was withholding the release of FEMA approved funds for reimbursement to Cobra totaling approximately $18.2 million due to municipal and construction excise tax claims against Cobra. Cobra believes it is exempt from the construction excise taxes and strongly disagrees with PREPA's decision to withhold funds. On March 29, 2024, the Court extended the previously ordered stay in the proceedings through May 24, 2024, and directed the parties to file a joint status report by May 8, 2024. Cobra remains in mediation with PREPA on all open disputes. See Note 19—"Commitments and Contingencies—Litigation" included elsewhere in this report for additional information.

We believe all amounts charged to PREPA were in accordance with the terms of the contracts. Further, we believe these receivables are collectible. However, in the event PREPA (i) does not have or does not obtain the funds necessary to satisfy its obligations to Cobra under the contracts, (ii) obtains the necessary funds but refuses to pay the amounts owed to us or (iii) otherwise does not pay amounts owed to us for services performed, the receivable may not be collected and our financial condition, results of operations and cash flows would be materially and adversely affected. In addition, government contracts are subject to various uncertainties, restrictions and regulations, including oversight audits and compliance reviews by government agencies and representatives. In this regard, on September 10, 2019, the U.S. District Court for the District of Puerto Rico unsealed an indictment that charged the former president of Cobra with conspiracy, wire fraud, false statements and disaster fraud. Two other individuals were also charged in the indictment. The indictment was focused on the interactions between a former FEMA official and the former President of Cobra. Neither we nor any of our subsidiaries were charged in the indictment. On May 18, 2022, the former FEMA official and the former president of Cobra each pled guilty to one-count information charging gratuities related to a project that Cobra never bid upon and was never awarded or received any monies for. On December 13, 2022, the Court sentenced the former Cobra president to custody of the Bureau of Prisons for six months and one day, a term of supervised release of six months and a fine of $25,000. The Court sentenced the FEMA official to custody of the Bureau of Prisons for six months and one day, a term of supervised release of six months and a fine of $15,000. The Court also dismissed the indictment against the two defendants. We do not expect any additional activity in the criminal proceeding. Given the uncertainty inherent in the criminal litigation, however, it is not possible at this time to determine the potential impacts that the sentencings could have on us. PREPA has stated in Court filings that it may contend the alleged criminal activity affects Cobra's entitlement to payment under its contracts with PREPA. It is unclear what PREPA's position will be going forward. See Note 19. Commitments and Contingencies to our consolidated financial statements included elsewhere in this report for additional information regarding these investigations and proceedings. Further, as noted above, our contracts with PREPA have concluded and we have not obtained, and there can be no assurance that we will be able to obtain, one or more contracts with other customers to replace the level of services that we provided to PREPA.

First Quarter 2024 Financial Overview

- Revenue for the first quarter of 2024 decreased by $73.1 million, or 63%, to $43.2 million from $116.3 million for the first quarter of 2023. The decrease in total revenue is primarily attributable to a decline in well completions services revenues.
- Net loss for the first quarter of 2024 was $11.8 million, or $0.25 loss per diluted share, as compared to net income of $8.4 million, or $0.17 earnings per diluted share, for the first quarter of 2023. The decrease in net income is primarily attributable to a decline in utilization for our well completion services as well as a $5.5 million financing charge incurred in relation to the Assignment Agreement with SPCP Group.
- Adjusted EBITDA (as defined and reconciled below) for the first quarter of 2024 decreased to $4.5 million from $30.7 million for the first quarter of 2023. See "Non-GAAP Financial Measures" below for a reconciliation of net income to Adjusted EBITDA.
- Net cash flow provided by operating activities increased to $47.3 million for the first quarter of 2024 as compared to $3.2 million for the first quarter of 2023.

Results of Operations

Three Months Ended March 31, 2024 Compared to Three Months Ended March 31, 2023

	Three Months Ended	
	March 31, 2024	March 31, 2023
	(in thousands)	
Revenue:		
Well completion services	$ 8,273	$ 67,300
Infrastructure services	25,038	28,280
Natural sand proppant services	4,307	12,467
Drilling services	511	1,355
Other services	6,179	7,514
Eliminations	(1,119)	(596)
Total revenue	43,189	116,320
Cost of revenue:		
Well completion services (exclusive of depreciation and amortization of $3,264 and $4,813, respectively, for the three months ended March 31, 2024 and 2023)	8,556	52,515
Infrastructure services (exclusive of depreciation and amortization of $718 and $3,372, respectively, for the three months ended March 31, 2024 and 2023)	21,558	22,487
Natural sand proppant services (exclusive of depreciation, depletion and accretion of $1,146 and $1,186, respectively, for the three months ended March 31, 2024 and 2023)	5,840	7,860
Drilling services (exclusive of depreciation and amortization of $874 and $1,229, respectively, for the three months ended March 31, 2024 and 2023)	1,052	1,480
Other services (exclusive of depreciation and amortization of $1,018 and $2,349, respectively, for the three months ended March 31, 2024 and 2023)	4,697	5,247
Eliminations	(1,119)	(596)
Total cost of revenue	40,584	88,993
Selling, general and administrative expenses	8,782	8,383
Depreciation, depletion, amortization and accretion	7,021	12,956
Gains on disposal of assets, net	(1,166)	(361)
Operating (loss) income	(12,032)	6,349
Interest expense, net	(8,137)	(3,289)
Other income, net	10,143	8,624
(Loss) income before income taxes	(10,026)	11,684
Provision for income taxes	1,785	3,333
Net (loss) income	$ (11,811)	$ 8,351

Revenue. Revenue for the three months ended March 31, 2024 decreased $73.1 million, or 63%, to $43.2 million from $116.3 million for the three months ended March 31, 2023. The decrease in total revenue is primarily attributable to a decrease in utilization in our well completions services division as well as a decline in tons sold in our natural sand proppant services division during the three months ended March 31, 2024. Revenue by operating division was as follows:

Well Completion Services. Well completion services division revenuedecreased $59.0 million, or 88%, to $8.3 million for the three months ended March 31, 2024 from $67.3 million for the three months ended March 31, 2023. The decrease in our well completion services revenue was primarily driven by an 81% decrease in the number of stages completed from 2,018 for the three months ended March 31, 2023 to 380 for the three months ended March 31, 2024 as well as a $20.5 million decrease in sand and chemical materials revenue. An average of 0.6 of our fleets were active for the three months ended March 31, 2024 as compared to an average of 3.6 fleets for the three months ended March 31, 2023.

Infrastructure Services. Infrastructure services division revenue decreased $3.3 million, or 12%, to $25.0 million for the three months ended March 31, 2024 from $28.3 million for the three months ended March 31, 2023. The decrease in revenue was primarily due to a decline in average crew count from 88 crews for the three months ended March 31, 2023 to 75 crews for the three months ended March 31, 2024 coupled with a decrease in storm restoration activity.

Natural Sand Proppant Services. Natural sand proppant services division revenue decreased $8.2 million, or 66%, to $4.3 million for the three months ended March 31, 2024 from $12.5 million for the three months ended March 31, 2023 primarily due to a 63% decrease in tons of sand sold from 391,439 tons for the three months ended March 31, 2023 to 145,662 tons for the three months ended March 31, 2024, coupled with a 21% decline in the average price per ton of sand sold from $31.02 per ton during the three months ended March 31, 2023 to $24.38 per ton during the three months ended March 31, 2024.

Drilling Services. Drilling services division revenue decreased $0.9 million, or $64%, to $0.5 million for the three months ended March 31, 2024 as compared to $1.4 million for the three months ended March 31, 2023. The decrease is primarily due to decreased utilization for our directional drilling business from 30% for the three months ended March 31, 2023 to 13% for the three months ended March 31, 2024.

Other Services. Other services revenue, consisting of revenue derived from our aviation, equipment rental, remote accommodation and equipment manufacturing businesses, decreased approximately $1.3 million, or 17%, to $6.2 million for the three months ended March 31, 2024, from $7.5 million for the three months ended March 31, 2023. Inter-segment revenue, consisting primarily of equipment manufacturing revenue derived from our well completion segment, was $1.0 million and $0.5 million for the three months ended March 31, 2024 and 2023, respectively.

An average of 211 pieces of equipment were rented to customers during the three months ended March 31, 2024, a decrease from an average of 287 pieces of equipment rented to customers during the three months ended March 31, 2023. Additionally, utilization for remote accommodations business declined. On average, 235 rooms were utilized during the three months ended March 31, 2024 as compared to 272 for the three months ended March 31, 2023.

Cost of Revenue (exclusive of depreciation, depletion, amortization and accretion expense). Cost of revenue, exclusive of depreciation, depletion, amortization and accretion expense, decreased $48.4 million from $89.0 million, or 77% of total revenue, for the three months ended March 31, 2023 to $40.6 million, or 94% of total revenue, for the three months ended March 31, 2024. The decrease is primarily due to a decline in activity in our well completions division. Cost of revenue by operating division was as follows:

Well Completion Services. Well completion services division cost of revenue, exclusive of depreciation and amortization expense, decreased $43.9 million, or 84%, to $8.6 million for the three months ended March 31, 2024 from $52.5 million for the three months ended March 31, 2023, primarily due to a decrease in utilization of our fleets. As a percentage of revenue, our well completion services division cost of revenue, exclusive of depreciation and amortization expense of $3.3 million and $4.8 million for the three months ended March 31, 2024 and 2023, respectively, was 104% and 78% for the three months ended March 31, 2024 and 2023, respectively. The increase as a percentage of revenue is primarily due to a decrease in utilization of our pressure pumping services, resulting in a higher ratio of fixed costs to variable costs.

Infrastructure Services. Infrastructure services division cost of revenue, exclusive of depreciation and amortization expense, decreased $0.9 million, or 4%, to $21.6 million for the three months ended March 31, 2024 from $22.5 million for the three months ended March 31, 2023, primarily due to a decline in crew count combined with a reduction in storm restoration activity. As a percentage of revenue, cost of revenue, exclusive of depreciation and amortization expense of $0.7 million and $3.4 million for the three months ended March 31, 2024 and 2023, respectively, was 86% and 80% for the three months ended March 31, 2024 and 2023, respectively. The increase as a percentage of revenue is primarily due to an increase in labor and rental costs as a percentage of revenue.

Natural Sand Proppant Services. Natural sand proppant services division cost of revenue, exclusive of depreciation, depletion and accretion expense, decreased $2.1 million to $5.8 million for the three months ended March 31, 2024 from $7.9 million for the three months ended March 31, 2023. As a percentage of revenue, cost of revenue, exclusive of depreciation, depletion and accretion expense of $1.1 million and $1.2 million for the three months ended March 31, 2024 and 2023, respectively, was 135% and 63% for the three months ended March 31, 2024 and 2023, respectively. The increase as a percentage of revenue is primarily due to a decrease in tons sold, resulting in a higher ratio of fixed costs to variable costs.

Drilling Services. Drilling services division cost of revenue, exclusive of depreciation and amortization expense, decreased $0.4 million, or 27%, to $1.1 million for the three months ended March 31, 2024 from $1.5 million for the three months ended March 31, 2023. As a percentage of revenue, our drilling services division cost of revenue, exclusive of depreciation and amortization expense of $0.9 million and $1.2 million for the three months ended March 31, 2024 and 2023, respectively, was 220% and 107% for the three months ended March 31, 2024 and 2023, respectively. The increase is primarily due to a decline in utilization of our directional drilling services, resulting in a higher ratio of fixed costs to variable costs.

Other Services. Other services division cost of revenue, exclusive of depreciation and amortization expense, decreased $0.5 million, or 10%, to $4.7 million for the three months ended March 31, 2024 from $5.2 million for the three months ended March 31, 2023 primarily due to decreased activity. As a percentage of revenue, cost of revenue, exclusive of depreciation and amortization expense of $1.0 million and $2.3 million for the three months ended March 31, 2024 and 2023, respectively, was 76% and 69% for the three months ended March 31, 2024 and 2023, respectively. The increase is primarily due to a decrease in utilization, resulting in a higher ratio of fixed costs to variable costs.

Selling, General and Administrative Expenses. Selling, general and administrative, or SG&A, expenses represent the costs associated with managing and supporting our operations. SG&A expense increased $0.4 million, or 5%, to $8.8 million for the three months ended March 31, 2024 from $8.4 million for the three months ended March 31, 2023 primarily due to an increase in professional fees. The table below presents a breakdown of SG&A expenses for the periods indicated (in thousands):

	Three Months Ended	
	March 31, 2024	**March 31, 2023**
Cash expenses:		
Compensation and benefits	$ 4,104	$ 4,277
Professional services	2,457	1,929
Other[(a)]	1,773	1,911
Total cash SG&A expense	8,334	8,117
Non-cash expenses:		
Change in provision for expected credit losses	229	(381)
Stock based compensation	219	647
Total non-cash SG&A expense	448	266
Total SG&A expense	$ 8,782	$ 8,383

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

Depreciation, Depletion, Amortization and Accretion. Depreciation, depletion, amortization and accretion decreased $6.0 million, or 46%, to $7.0 million for the three months ended March 31, 2024 from $13.0 million for the three months ended March 31, 2023. The decrease is primarily attributable to a decline in property and equipment depreciation expense as a result of existing assets being fully depreciated.

Gains on Disposal of Assets, Net. Gains on the disposal of assets were $1.2 million and $0.4 million for the three months ended March 31, 2024 and 2023, respectively.

Operating (Loss) Income. We reported operating loss of $12.0 million for the three months ended March 31, 2024 compared to operating income of $6.3 million for the three months ended March 31, 2023. The increase in operating loss is primarily due to a decline in utilization in our well completions division.

Interest Expense and financing charges, Net Interest expense and financing charges, net increased $4.8 million, or 145%, to $8.1 million for the three months ended March 31, 2024 from $3.3 million for the three months ended March 31, 2023. The increase is primarily due to a $5.5 million financing charge incurred in relation to the Assignment Agreement with SPCP Group. See "—Liquidity and Capital Resources—Cobra Assignment Agreement" for additional information.

Other Income, Net. Other income increased $1.5 million to $10.1 million for the three months ended March 31, 2024 compared to $8.6 million for the three months ended March 31, 2023. During the three months ended March 31, 2023 we recognized Puerto Rico related legal charges totaling approximately $2.0 million.

Income Taxes. We recorded income tax expense of $1.8 million on pre-tax loss of $10.0 million for the three months ended March 31, 2024 compared to $3.3 million on pre-tax income of $11.7 million for the three months ended March 31, 2023. Our effective tax rates were 18% and 29% for the three months ended March 31, 2024 and 2023, respectively. The effective tax rates for the three months ended March 31, 2024 and 2023 differed from the statutory rate of 21% primarily due to the mix of earnings between the United States and Puerto Rico, changes in the valuation allowance and goodwill impairment.

Non-GAAP Financial Measures

Adjusted EBITDA

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

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

Consolidated

	Three Months Ended March 31,	
Reconciliation of net (loss) income to Adjusted EBITDA:	**2024**	**2023**
Net (loss) income	$ (11,811)	$ 8,351
Depreciation, depletion, amortization and accretion expense	7,021	12,956
Gains on disposal of assets, net	(1,166)	(361)
Stock based compensation	219	647
Interest expense and financing charges, net	8,137	3,289
Other income, net	(10,143)	(8,624)
Provision for income taxes	1,785	3,333
Interest on trade accounts receivable	10,485	11,112
Adjusted EBITDA	$ 4,527	$ 30,703

Well Completion Services

Reconciliation of net (loss) income to Adjusted EBITDA:	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net (loss) income	$ (5,439)	$ 6,547
Depreciation and amortization expense	3,264	4,817
Losses on disposal of assets, net	250	—
Stock based compensation	44	291
Interest expense and financing charges, net	569	929
Adjusted EBITDA	$ (1,312)	$ 12,584

Infrastructure Services

Reconciliation of net income to Adjusted EBITDA:	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net income	$ (405)	$ 2,452
Depreciation and amortization expense	718	3,374
Gains on disposal of assets	(483)	(127)
Stock based compensation	117	230
Interest expense and financing charges, net	7,099	1,845
Other income, net	(10,258)	(8,808)
Provision for income taxes	1,192	2,847
Interest on trade accounts receivable	10,485	11,112
Adjusted EBITDA	$ 8,465	$ 12,925

Natural Sand Proppant Services

Reconciliation of net (loss) income to Adjusted EBITDA:	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net (loss) income	$ (3,851)	$ 2,779
Depreciation, depletion, amortization and accretion expense	1,146	1,187
Gains on disposal of assets	—	(16)
Stock based compensation	38	77
Interest expense and financing charges, net	142	156
Other income, net	(1)	(2)
Adjusted EBITDA	$ (2,526)	$ 4,181

Drilling Services

Reconciliation of net loss to Adjusted EBITDA:	Three Months Ended March 31, 2024	2023
Net loss	$ (1,757)	$ (1,626)
Depreciation expense	874	1,229
Losses on disposal of assets	2	—
Stock based compensation	5	8
Interest expense and financing charges, net	128	126
Adjusted EBITDA	$ (748)	$ (263)

Other Services[(a)]

Reconciliation of net income (loss) to Adjusted EBITDA:	Three Months Ended March 31, 2024	2023
Net income (loss)	$ (359)	$ (1,801)
Depreciation, amortization and accretion expense	1,019	2,349
Gains on disposal of assets, net	(935)	(218)
Stock based compensation	15	41
Interest expense and financing charges, net	199	233
Other expense, net	116	186
Provision for income taxes	593	486
Adjusted EBITDA	$ 648	$ 1,276

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

Liquidity and Capital Resources

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

Liquidity

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

	March 31, 2024	December 31, 2023
Cash and cash equivalents	$ 22,021	$ 16,556
Revolving credit facility borrowing base	27,310	27,016
Less current and long-term debt - related parties	(47,741)	(45,000)
Less letter of credit facilities (environmental remediation)	(3,782)	(3,782)
Less letter of credit facilities (insurance programs)	(2,500)	(2,500)
Net working capital (less cash and current portion of long-term debt)[(a)]	288,560	297,816
Total	$ 283,868	$ 290,106

a. Net working capital (less cash) is a non-GAAP measure and, as of March 31, 2024, is calculated by subtracting total current liabilities of $123.3 million and cash and cash equivalents of $22.0 million from total current assets of $433.9 million. As of December 31, 2023, net working capital (less cash and current portion of long-term debt) is calculated by subtracting total current liabilities of $182.6 million and cash and cash equivalents of $16.6 million from total current assets of $496.9 million. Amounts include receivables due from PREPA of $348.8 million at March 31, 2024 and $402.3 million at December 31, 2023 and corresponding liabilities of $61.2 million at March 31, 2024 and $60.6 million at December 31, 2023. See "Capital Requirements and Sources of Liquidity" section below.

As of April 30, 2024, we had cash on hand of $15.5 million and no outstanding borrowings under our new revolving credit facility and a borrowing base of $19.9 million, leaving an aggregate of $13.6 million of available borrowing capacity under this facility, after giving effect to $6.3 million of outstanding letters of credit and the requirement to maintain the reserves specified in the new revolving credit facility out of the available borrowing capacity.

Cash Flows

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

	Three Months Ended March 31,	
	2024	2023
Net cash provided by operating activities	$ 47,349	$ 3,240
Net cash used in investing activities	(1,102)	(5,706)
Net cash used in financing activities	(48,489)	(3,083)
Effect of foreign exchange rate on cash	(35)	(6)
Net change in cash	$ (2,277)	$ (5,555)

Operating Activities

Net cash provided by operating activities was $47.3 million for the three months ended March 31, 2024, compared to $3.2 million for the three months ended March 31, 2023. The increase in operating cash flows was primarily attributable to increased receipts on accounts receivable, including the receipt of $64.0 million from PREPA. This was partially offset by an increase in payments on accounts payable and other liabilities.

Investing Activities

Net cash used in investing activities was $1.1 million for the three months ended March 31, 2024, compared to $5.7 million for the three months ended March 31, 2023. Cash used in investing activities is primarily comprised of purchases of property and equipment and proceeds from the disposal of property and equipment.

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

	Three Months Ended March 31,	
	2024	2023
Well completion services[(a)]	$ 2,663	$ 5,772
Infrastructure services[(b)]	683	203
Other[(c)]	146	—
Eliminations	659	61
Total capital expenditures	$ 4,151	$ 6,036

a. Capital expenditures primarily for upgrades to our pressure pumping fleet to reduce greenhouse gas emissions and maintenance for the three months ended March 31, 2024 and 2023.
b. Capital expenditures primarily for tooling and other equipment for the three months ended March 31, 2024 and 2023.
c. Capital expenditures primarily for equipment for our remote accommodations and equipment rental businesses for the three months ended March 31, 2024.

Financing Activities

Net cash used in financing activities was $48.5 million for the three months ended March 31, 2024, compared to $3.1 million for the three months ended March 31, 2023. Net cash used in financing activities for the three months ended March 31, 2024 was primarily attributable to payments on financing transactions of $46.8 million, payments on sale leaseback transactions of $1.1 million and principal payments on financing leases and equipment financing notes totaling $0.5 million. Net cash used in financing activities for the three months ended March 31, 2023 was primarily attributable to principal payment on financing leases and equipment financing notes of $2.0 million, principal payments on sale leaseback arrangements of $1.2 million and share repurchases used to satisfy tax withholding obligations of $0.9 million in connection with the vesting and settlement of certain executive restricted stock unit awards. These were partially offset by net borrowings under our revolving credit facility of $1.1 million during the three months ended March 31, 2023.

Effect of Foreign Exchange Rate on Cash

The effect of foreign exchange rate on cash was a nominal amount for each of the three months ended March 31, 2024 and 2023. The change was driven primarily by a favorable (unfavorable) shift in the weakness (strength) of the Canadian dollar relative to the U.S. dollar for the cash held in Canadian accounts.

Working Capital

Our working capital totaled $310.6 million and $314.4 million at March 31, 2024 and December 31, 2023, respectively, including receivables due from PREPA of $348.8 million at March 31, 2024 and $402.3 million at December 31, 2023 and corresponding liabilities of $61.2 million at March 31, 2024 and $60.6 million at December 31, 2023. Our unrestricted cash balances were $22.0 million and $16.6 million at March 31, 2024 and December 31, 2023, respectively.

New Revolving Credit Facility and New Term Credit Facility

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

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

2.00% if the Average Excess Availability Percentage is greater than 33 1/3% and less than or equal to 66 2/3%, and (iii) 2.25% if the Average Excess Availability Percentage is less than or equal to 33 1/3%.

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

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

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

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

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

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

As of April 30, 2024, our borrowing base was $19.9 million and we had no outstanding borrowings under our new revolving credit facility, leaving an aggregate of $13.6 million of available borrowing capacity, after giving effect to $6.3 million of outstanding letters of credit and the requirement to maintain the reserves specified in the new revolving credit facility out of the available borrowing capacity.

Cobra Assignment Agreement

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

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

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

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

Repurchase Program Authorization

On August 10, 2023, our board of directors approved a stock repurchase program pursuant to which we would be authorized to repurchase up to the lesser of $55 million or 10 million shares of its common stock, subject to the factors discussed below. Following the completion of the refinancing transactions discussed in this report, any stock repurchases under this program may be made opportunistically from time to time in open market or privately negotiated transactions in compliance with Rule 10b-18 under the Securities Act of 1934, as amended, including any 10b5-1 plan, and will be subject to market conditions, applicable legal and contractual restrictions, liquidity requirements and other factors. The repurchase program has no time limit, does not require us to repurchase any specific number of shares and may be suspended from time to time, modified or discontinued by our board of directors at any time. Any common stock repurchased as part of such stock repurchase program will be cancelled and retired. We have not repurchased any shares of our common stock under the stock repurchase program as of March 31, 2024 or to date.

Sale Leaseback Transactions

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

Equipment Financing Note

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

Capital Requirements and Sources of Liquidity

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

However, our liquidity and future cash flows are subject to a number of variables, including receipt of payments from our customers, including the remaining amounts outstanding under the PREPA receivable. During the three months ended March 31, 2024, PREPA paid our subsidiary Cobra approximately $64.0 million with respect to the outstanding PREPA receivable. Of the $64.0 million, $54.4 million was paid to SPCP Group, as Cobra’s assignee under the Assignment Agreement, which fully extinguished Cobra’s and Mammoth’s obligations to SPCP Group, and the Assignment Agreement was terminated. The remaining $9.6 million was paid to Cobra. As of March 31, 2024, PREPA owed Cobra approximately $348.8 million for services performed, including $208.0 million of interest charges.

Throughout 2021 and 2022, we released significant data that we obtained through Freedom of Information Act requests along with reviews of both our work and our contracts by the Federal Emergency Management Agency that, we believe, affirm the work performed by Cobra in Puerto Rico. We believe these documents in conjunction with the current Administration’s focus on the recovery of Puerto Rico and our enhanced lobbying efforts will aid in collecting the outstanding amounts owed to us by PREPA. However, in the event PREPA (i) does not have or does not obtain the funds necessary to satisfy its obligations to Cobra under the contracts, (ii) obtains the necessary funds but refuses to pay the amounts owed to Cobra or (iii) otherwise does not pay amounts owed to Cobra, the remaining PREPA receivable may not be collectible, which may adversely impact our liquidity.

We have revised our 2024 capital expenditure estimate down to approximately $9.0 million from the previously planned 2024 capital budget of $15 million primarily due to lower commodity prices and softer demand for oilfield services. During the first quarter of 2024, pricing for natural gas has remained suppressed, which has slowed down completion activities for our customers, in particular, in the Utica and Marcellus Shale natural gas plays, and, as a result, reduced demand for our well completion services. Capital expenditures will ultimately be dependent upon industry conditions and our financial results. These capital expenditures include $7.0 million for our well completions segment, $1.0 million for our infrastructure segment and $1.0 million for our other businesses. During the three months ended March 31, 2024, our capital expenditures totaled $4.2 million.

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

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

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

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

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

Interest Rate Risk

We had a cash and cash equivalents balance of $22.0 million at March 31, 2024. We do not enter into investments for trading or speculative purposes.

Interest under the new revolving credit facility equals the Tranche Rate (as defined in the new revolving credit facility) plus an applicable margin, which can fluctuate based on multiple facts, including rates set by the U.S. Federal Reserve (which increased its benchmark interest rate by an aggregate of 4.75 percentage points throughout 2022 and 2023, and may continue to increase interest rates), the supply and demand for credit and general economic conditions, plus an applicable margin. Interest under our new term credit facility equals the SOFR Interest Rate (as defined in the new term credit facility) plus 7.50%. At March 31, 2024, we had no outstanding borrowings under the new credit facility and $47.7 million outstanding under our term loan with an interest rate of 12.8%. Based on the outstanding borrowings under our term loan as of March 31, 2024, a 1% increase or decrease in the interest rate would have increased or decreased our interest expense by approximately $0.5 million per year. We do not currently hedge our interest rate exposure.

Foreign Currency Risk

Our remote accommodation business, which is included in our other services division, generates revenue and incurs expenses that are denominated in the Canadian dollar. These transactions could be materially affected by currency fluctuations. Changes in currency exchange rates could adversely affect our consolidated results of operations or financial position. We also maintain cash balances denominated in the Canadian dollar. At March 31, 2024, we had $2.9 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 $0.1 million as of March 31, 2024. Conversely, a corresponding decrease in the strength of the Canadian dollar would have resulted in a comparable decrease in pre-tax income. We have not hedged our exposure to changes in foreign currency exchange rates and, as a result, could incur unanticipated translation gains and losses.

Customer Credit Risk

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

Specifically, we had receivables due from PREPA totaling $348.8 million, including $208.0 million of interest charges, as of March 31, 2024. PREPA is currently subject to bankruptcy proceedings pending in the U.S. District Court for the District of Puerto Rico. As a result, PREPA's ability to meet its payment obligations under the contracts is largely dependent upon funding from the FEMA or other sources. See Note 2. Basis of Presentation and Significant Accounting Policies—Accounts Receivable and —Concentrations of Credit Risk and Significant Customers and Note 19. Commitments and Contingencies—Litigation of our unaudited condensed consolidated financial statements.

Seasonality

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

Inflation

Although the impact of inflation has been insignificant on our operations in prior years, inflation in the U.S. has been at some of the highest levels in over 40 years, creating inflationary pressure on the cost of services, equipment and other goods in our industries and other sectors and contributing to labor and materials shortages across the supply-chain. Throughout 2022 and early 2023, the Federal Reserve increased its benchmark interest rates by an aggregate of 4.75 percentage points, and may continue increasing benchmark interest rates in the future. If the efforts to control inflation are not successful and inflationary pressures persist, our business, results of operations and financial condition may be adversely affected.

Item 4. Controls and Procedures

Evaluation of Disclosure Control and Procedures

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

As of March 31, 2024, an evaluation was performed under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Exchange Act. Based upon our evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of March 31, 2024, our disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(d) and 15d-15(d) under the Exchange Act) that occurred during the quarter ended March 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

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

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

Not applicable.

Item 4. Mine Safety Disclosures

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

Item 5. Other Information

None of our directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the first quarter ended March 31, 2024.

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.		
3.1	Amended and Restated Certificate of Incorporation of the Company	8-K	001-37917	11/15/2016	3.1		
3.2	Amended and Restated Bylaws of the Company	8-K	001-37917	11/15/2016	3.2		
3.3	First Amendment to Amended and Restated Bylaws of the Company	8-K	001-37917	6/9/2020	3.1		
4.1	Specimen Certificate for shares of common stock, par value $0.01 per share, of the Company	S-1/A	333-213504	10/3/2016	4.1		
4.2	Registration Rights Agreement, dated October 12, 2016, by and between the Company and Mammoth Energy Holdings, LLC	8-K	001-37917	11/15/2016	4.1		
31.1	Certification of Chief Executive Officer pursuant to Rule 13(a)-14 and 15(d)-14 under the Securities Exchange Act of 1934.					X	
31.2	Certification of Chief Financial Officer pursuant to Rule 13(a)-14 and 15(d)-14 under the Securities Exchange Act of 1934.					X	
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X	
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X	
95.1	Mine Safety Disclosure Exhibit					X	
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X	
101.SCH	XBRL Taxonomy Extension Schema Document.					X	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.					X	
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.					X	
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.					X	
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.					X	
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X	

Signatures

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

			MAMMOTH ENERGY SERVICES, INC.
Date:	May 2, 2024	By:	/s/ Arty Straehla
			Arty Straehla
			Chief Executive Officer
Date:	May 2, 2024	By:	/s/ Mark Layton
			Mark Layton
			Chief Financial Officer

EXHIBIT 31.1

CERTIFICATIONS

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

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

	MAMMOTH ENERGY SERVICES, INC.
By:	/s/ Arty Straehla
	Arty Straehla
	Chief Executive Officer
	May 2, 2024

EXHIBIT 31.2

CERTIFICATIONS

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

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

	MAMMOTH ENERGY SERVICES, INC.
By:	/s/ Mark Layton
	Mark Layton
	Chief Financial Officer
	May 2, 2024

EXHIBIT 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Mammoth Energy Services, Inc. (the “Company”) for the quarter ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Arty Straehla, as Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

MAMMOTH ENERGY SERVICES, INC.

By: /s/ Arty Straehla

Arty Straehla
Chief Executive Officer
May 2, 2024

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

EXHIBIT 32.2

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Mammoth Energy Services, Inc. (the "Company") for the quarter ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark Layton, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

	MAMMOTH ENERGY SERVICES, INC.
By:	/s/ Mark Layton
	Mark Layton
	Chief Financial Officer
	May 2, 2024

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

EXHIBIT 95.1

Mine Safety Disclosure

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

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

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

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

The following table details the violations, citations and orders issued to us by MSHA during the quarter ended March 31, 2024:

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

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

b. Represents the total dollar value of proposed assessments from MSHA under the Mine Act relating to any type of citation or order issued during the quarter ended March 31, 2024.

Pattern or Potential Pattern of Violations. During the quarter ended March 31, 2024, none of the mines operated by us received written notice from MSHA of (a) a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of mine health or safety hazards under section 104(e) of the Mine Act or (b) the potential to have such a pattern.

Pending Legal Actions. There were no legal actions pending before the Federal Mine Safety and Health Review Commission (the Commission) as of March 31, 2024. The Commission is an independent adjudicative agency established by the Mine Act that provides administrative trial and appellate review of legal disputes arising under the Mine Act.