Risk Factors Comparison 2024-02-09 to 2023-02-10 Form: 10-K

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Described below are certain risks that we believe apply to our business and the industry in which we operate. You should carefully consider each of the risks described below in conjunction with other information including the financial statements and related notes provided in this Annual Report and in our other public disclosures. The risks described below highlight potential events, trends or other circumstances that could adversely affect our business, financial condition, results of operations, cash flows, liquidity or access to sources of financing, and consequently, the market value of our Class A **common stock, par value $ 0. 01 per share (" Class A** Common Stock **")** . These risks could cause our future results to differ materially from historical results and from guidance we may provide regarding our expectations of future financial performance. The risks described below are those that we have identified as material and is not an exhaustive list of all the risks we face. There may be other risks and uncertainties not currently known to us or that we currently deem to be immaterial which may also materially and adversely affect our business operations in the future. Please refer to the explanation of the qualifications and limitation on forward-looking statements set forth on page ii hereof. Risks Related to the Oil and Natural Gas Industry Federal, state, local and other applicable legislative and regulatory initiatives relating to hydraulic fracturing may serve to limit future oil and natural gas E & P activities and could have a material adverse effect on our results of operations and business. Various federal, state, local and other applicable legislative and regulatory initiatives have been, or could be undertaken which could result in additional requirements or restrictions being imposed on hydraulic fracturing operations. Currently, hydraulic fracturing is generally exempt from federal regulation under the Safe Drinking Water Act Underground Injection Control (the " SDWA UIC ") program and is typically regulated by state oil and gas commissions or similar agencies but increased scrutiny and regulation by federal agencies does occur. For example, in late 2016, the EPA released a final report on the potential impacts of hydraulic fracturing on drinking water resources, concluding that " water cycle " activities associated with hydraulic fracturing may impact drinking water resources. Additionally, the EPA has asserted regulatory authority pursuant to the SDWA UIC program over hydraulic fracturing activities involving the use of diesel fuel in the fracturing fluid and issued guidance regarding the permitting of such activities. Furthermore, the U. S. Bureau of Land Management has previously published rules that established stringent standards relating to hydraulic fracturing on federal and Native American lands. Similarly, the EPA has adopted rules on the capture of methane and other emissions released during hydraulic fracturing. These rules have been the subject of ongoing legal challenges. ~~In January~~ **Most recently, in December** ~~2021~~ **2022** , **the EPA finalized additional methane** ~~President Biden issued an executive order that called for issuance of proposed rules by no later than September 2021 that would restore~~ rules for ~~methane standards applicable to~~ new ~~, modified,~~ and ~~reconstructed sources and establish new methane and volatile organic compound standards applicable to~~ existing **petroleum** ~~oil and gas~~ operations ~~, including the production, transmission, processing and storage segments~~ . **The** ~~On November 2021, the~~ EPA ~~proposed such a rule~~ **rules** ~~and in November 2022, EPA issued a proposal that updates and expands on the November 2021 proposal. If adopted, such a rule~~ could make it ~~significantly~~ more difficult and / or costly to drill and operate oil and gas wells. **These** ~~As a result, such rule~~ **rules may** ~~, if adopted, could~~ result in a decline in the completion of new oil and gas wells or the recompletion of existing wells, which could negatively impact the drilling programs of our customers and, consequently, delay, limit or reduce the demand for our services. In addition to federal regulatory actions, legislation has been introduced, but not enacted, in Congress to provide for further federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the hydraulic fracturing process. Moreover, many states and local governments have adopted **, or are considering,** regulations that impose **new or** more stringent permitting, disclosure, disposal and well- construction requirements on hydraulic fracturing operations, including states where we or our customers operate, such as Texas, Colorado and North Dakota. States could also elect to place prohibitions on hydraulic fracturing, as several states have already done. In addition, some states have adopted broader sets of requirements related to oil and gas development more generally that could impact hydraulic fracturing activities. For example, in 2019 the Colorado legislature adopted SB 19- 181, which gave greater regulatory authority to local jurisdictions and reoriented the mandate of the Colorado Oil and Gas Conservation Commission to place more emphasis on the protection of human health and the environment. In response, a reconstituted Colorado Oil and Gas Conservation Commission modified its rules to address the requirements of the legislation, adopting increased setback requirements, provisions for assessing alternative sites for well pads to minimize environmental impacts, and consideration to cumulative impacts, among other provisions. **The Colorado Department of Public Health and the Environment also finalized rules related to the control of emissions from certain pre- production activities. In Texas, there has been increased pressure on the Railroad Commission (" RRC ") to impose more stringent limitations on the flaring of gas from wells to prevent waste and because of increased concerns related to the environmental effects of flaring. The RRC continues to approve flaring permits, but at least one lawsuit has been filed by a pipeline operator challenging the RRC' s flaring approval practices.** Environmental groups, local citizens groups and others continue to seek to use a variety of means to force action on additional restrictions on hydraulic fracturing and oil and gas development generally. Additionally, **some states have enacted legislation limiting PFAS usage** in ~~July 2021~~ **certain products or limiting PFAS usage generally. For example** , **Colorado has banned the** ~~a non- governmental organization issued a report that raised concerns that chemicals used~~ - **use of PFAS** in **oil and gas products including** hydraulic fracturing **fluids, drilling fluids** ~~could be within the class of chemicals known as per-~~ and **proppants** ~~polyfluoroalkylated substances (" PFAS ") or precursors to such substances. PFAS is the subject of intense federal and state regulatory scrutiny~~ . Should PFAS be in hydraulic fracturing chemicals, this could open up a new front for the regulation of hydraulic fracturing **and result in**

additional exposure to liability for contamination resulting from the use or release of hydraulic fracturing chemicals . Some states in which we operate require the disclosure of some or all of the chemicals used in our hydraulic fracturing operations. Certain aspects of one or more of these chemicals may be considered proprietary by us or our chemical suppliers. Disclosure of our proprietary chemical information to third parties or to the public, even if inadvertent, could diminish the value of our trade secrets or those of the chemicals suppliers and could result in competitive harm to us, which could have an adverse impact on our business, financial condition, prospects and results of operations. In recent years, there have been allegations that hydraulic fracturing may result in seismic activities. Although the extent of any correlation between hydraulic fracturing and seismic activity has been and remains the subject of studies and debate, some parties believe that there is a causal relationship. As a result, federal and state legislatures and agencies may seek to further regulate, restrict or prohibit hydraulic fracturing. Such actions could result in a decline in the completion of new oil and gas wells, which could negatively impact the drilling programs of our customers and, consequently, delay, limit or reduce the demand for our services. Increased regulation and attention given to the hydraulic fracturing process could lead to greater opposition to, and litigation concerning, oil and natural gas production activities using hydraulic fracturing techniques. Additional legislation or regulation could also lead to operational delays for our customers or increased operating costs in the production of oil and natural gas, including from the developing shale plays, or could make it more difficult for (or could result in a prohibition for) us and our customers to perform hydraulic fracturing. The adoption of any additional laws or regulations regarding hydraulic fracturing or limitation in hydraulic fracturing could potentially cause a decrease in the completion of new oil and natural gas wells and an associated decrease in demand for our services and increased compliance costs and time. Such events could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition. Additional legislation, executive actions, regulations or other regulatory initiatives to limit, delay or prohibit hydraulic fracturing or other aspects of oil and gas development may be pursued. In the event that these or other new federal restrictions, delays or prohibitions relating to the hydraulic fracturing process are adopted in areas where we or our customers conduct business, we or our customers may incur additional costs or permitting requirements to comply with such federal requirements that may be significant and, in the case of our customers, also could result in added restrictions or delays in the pursuit of exploration, development, or production activities, which would in turn reduce the demand for our services and have a material adverse effect on our results of operations. Federal legislation and regulatory initiatives relating to drilling on federal lands could harm our business and negatively impact the oil and natural gas industry. Businesses and operations of our customers may be carried out on federal lands. The Biden administration has announced that it is considering more stringent regulations for operations on such lands, and in January 2021, the U. S. Department of the Interior issued an order that effectively suspends new oil and gas leases and drilling permits on non- Indian federal lands and waters for a period of 60 days. However, the suspension does not limit existing operations under valid leases. President Biden followed with an executive order directing the Secretary of the Interior to pause the issuance of new oil and gas leases on federal public lands and offshore waters pending completion of a comprehensive review of federal oil and gas permitting and leasing practices that take into consideration potential climate and other impacts associated with oil and gas activities. The leasing suspension has been the subject of several lawsuits, resulting in conflicting decisions on the legality of the lease suspension. For example, in August 2022, the U. S. District Court for the Western District of Louisiana blocked the Biden administration' s ability to unilaterally pause oil and gas leasing in 13 states, holding that the U. S. Department of the Interior violated federal law when it canceled onshore and offshore leasing on federal lands. While the various lawsuits were pending, in August 2022, Congress passed the **IRA** 2022 ~~IRA~~ which, among other things, makes changes to the federal oil and gas leasing program (including increasing royalty rates and implementing policies to discourage venting and flaring) and requires the Biden administration to hold several oil and gas lease auctions, including many that had been suspended or cancelled. Additionally, in November 2021, the U. S. Department of the Interior released a report on the federal oil and gas leasing program, which found that the current program fails to serve the public interest. The report makes several recommendations, including increasing royalty rates and adding new restrictions on what lands are made available for oil and gas development to minimize leasing of lands with low potential for development. The U. S. Department of the Interior is expected to propose rules based on these recommendations. In April 2022, the U. S. Department of the Interior also announced that the U. S. Bureau of Land Management would post notices for significantly reformed onshore lease sales that would promote the public interest in public lands while addressing deficiencies in the current federal oil and gas leasing program. The new lease sales will incorporate many of the recommendations in the U. S. Department of the Interior report on the federal leasing program. Such scheduled sales began in June 2022. Furthermore, a group of oil and gas related interests has also sued alleging that lease sales are not occurring as required under the Mineral Leasing Act. In addition, where lease sales have occurred, environmental groups have sued to block the sales. On June 1, 2022, the U. S. District Court for the District of Columbia granted a motion to voluntarily dismiss three cases after the U. S. Bureau of Land Management and other defendants agreed to conduct more robust environmental reviews of certain oil and gas leases and reconsider the cumulative climate effects of these leases. The settlement agreements apply to nearly four million acres of land in Colorado, Wyoming, Utah, Montana, and New Mexico. If the U. S. Bureau of Land Management fails to complete its obligations under the settlement agreements, the plaintiffs can reinstate the litigation. To the extent our customers operate on leased federal land, these and other regulatory actions could have a material adverse effect on the Company and our industry. Our business depends on domestic capital spending by the oil and natural gas industry, and reductions in capital spending could have a material adverse effect on our liquidity, results of operations and financial condition. Our business is directly affected by our customers' capital spending to explore for, develop and produce oil and natural gas in the United States and Canada. In addition, certain of our customers could become unable to pay their vendors and service providers, including us, as a result of a decline in commodity prices. Reduced discovery rates of new oil and natural gas reserves in our areas of operation as a result of decreased capital spending may also have a negative long- term impact on our business, even in an environment of stronger oil and natural gas prices. Any of these conditions or events could adversely affect our operating results. If current activity levels decrease or our customers further reduce their capital spending, it could have a material adverse effect on our liquidity, results of operations and financial condition. Industry conditions are influenced by numerous factors over which we have no control, including: • expected economic returns to E & P companies of new well completions; • domestic and foreign economic conditions and supply of and demand for oil and natural gas; • the level of prices, and expectations about future prices, of oil and natural gas; • the level of global oil and natural gas exploration and production; • the level of domestic and global oil and natural gas inventories; • the supply of and demand for hydraulic fracturing services and equipment in the United States and Canada; • federal, tribal, state and local laws, regulations and taxes, including the policies of governments regarding hydraulic fracturing, oil and natural gas exploration, development and production activities and the transportation of oil and gas by pipeline, as well as non- U. S. governmental regulations and taxes; • governmental regulations, including the policies of governments regarding the exploration for and production and development of their oil and natural gas reserves; • political and economic conditions in oil and natural gas producing countries; • actions by the members of the Organization of Petroleum Exporting Countries and other oil exporting nations **(" OPEC ")** with respect to oil production levels and potential changes in such levels; • global weather conditions and natural disasters; • worldwide political, military **and armed conflict,** and economic conditions; • the cost of producing and delivering oil and natural gas; • lead times associated with acquiring equipment and products and availability of qualified personnel; • the discovery rates of new oil and natural gas reserves; • the production decline rate of existing oil and gas wells; • stockholder activism or activities by non- governmental organizations to limit certain sources of funding for the energy sector or to restrict the exploration, development, production and transportation of oil and natural gas; • the availability of water resources, suitable proppant and chemical additives in sufficient quantities for use in hydraulic fracturing fluids; • advances in exploration, development and production technologies or in technologies affecting energy consumption; • the availability, proximity and capacity of oil and natural gas pipelines and other transportation facilities; • merger and divestiture activity among oil and natural gas producers; • the price and availability of alternative fuels and energy sources; and • uncertainty in capital and commodities markets and the ability of oil and natural gas companies to raise equity capital and debt financing. The volatility of oil and natural gas prices may adversely affect the demand for our hydraulic fracturing services and negatively impact our results of operations. The demand for our hydraulic fracturing services is primarily determined by current and anticipated oil and natural gas prices and the related levels of capital spending and drilling activity in the areas in which we have operations. Volatility or weakness in oil prices or natural gas prices (or the perception that oil prices or natural gas prices will decrease) affects the spending patterns of our customers and may result in the drilling of fewer new wells. This, in turn, could lead to lower demand for our services and may cause lower utilization of our assets. We have experienced, and may in the future experience significant fluctuations in operating results as a result of the reactions of our customers to changes in oil and natural gas prices. Prices for oil and natural gas historically have been extremely volatile and are expected to continue to be volatile. During the year ~~2022~~ **2023**, the posted WTI price traded at an average of $ ~~94~~ **77**. ~~90~~ **58** per barrel (" Bbl "), as compared to the **2022 average of $ 94. 90 per Bbl and the** 2021 average of $ 68. 13 per Bbl ~~and~~ **. During this** ~~the~~ **three** ~~2020 average~~ **- year period, the WTI price fluctuated between a high** of $ ~~39~~ **123**. ~~16~~ **64** per Bbl **and a low** ~~. During the fourth quarter~~ of ~~2022, WTI oil prices averaged~~ $ ~~82~~ **47**. **47 per Bbl** ~~79 compared to $ 93. 06 in the third quarter of 2022 and $ 77. 33 in the fourth quarter of 2021~~. If the prices of oil and natural gas remain or become more volatile, our operations, financial condition, cash flows and level of expenditures may be materially and adversely affected. Delays or restrictions in obtaining permits by us for our operations or by our customers for their operations could impair our business. In most states, our **hydraulic fracturing services, our natural gas compression and CNG delivery** operations **,** and the operations of our oil and natural gas producing customers require permits from one or more governmental agencies in order to perform drilling and completion activities, secure water rights, or other regulated activities. Such permits are typically issued by state agencies, but federal and local governmental permits may also be required. The requirements for such permits vary depending on the location where such regulated activities will be conducted. As with all governmental permitting processes, there is a degree of uncertainty as to whether a permit will be granted, the time it will take for a permit to be issued, and the conditions that may be imposed in connection with the granting of the permit. In addition, some of our customers' drilling and completion activities may take place on federal land or Native American lands, requiring leases and other approvals from the federal government or Native American tribes to conduct such drilling and completion activities or other regulated activities. Under certain circumstances, federal agencies may cancel proposed leases for federal lands and refuse to grant or delay required approvals. Therefore, our customers' operations in certain areas may be interrupted or suspended for varying lengths of time, causing a loss of revenue to us and adversely affecting our results of operations in support of those customers. As described above, in January 2021, the U. S. Department of the Interior issued an order that effectively suspends new oil and gas leases and drilling permits on non- Indian federal lands and waters for a period of 60 days, but the suspension does not limit existing operations under valid leases. President Biden followed with an executive order that ordered the Secretary of the Interior to pause the issuance of new oil and gas leases on federal public lands and offshore waters pending completion of a comprehensive review of federal oil and gas permitting and leasing practices that take into consideration potential climate and other impacts associated with oil and gas activities. This order further directs agencies to identify fossil fuel subsidies provided by such agencies and take measures to ensure that federal funding is not directly subsidizing fossil fuels, with an objective of eliminating fossil fuel subsidies from federal budget requests beginning in 2022. This order is currently being challenged by industry groups. While the various lawsuits were pending, in August 2022, Congress passed the **IRA** 2022 ~~IRA~~ which, among other things, makes changes to the federal oil and gas leasing program (including increasing royalty rates and implementing policies to discourage venting and flaring) and requires the Biden administration to hold several oil and gas lease auctions, including many that had been suspended or cancelled. For additional information, see the risk factor titled " Federal legislation and regulatory initiatives relating to drilling on federal lands could harm our business and negatively impact the oil and natural gas industry. " Oil and natural gas companies' operations using hydraulic fracturing are substantially dependent on the availability of water. Restrictions on the ability to obtain water for E & P activities and the disposal of flowback and produced water may impact their operations and have a corresponding adverse effect on our business, results of operations and financial condition. Water is an essential component of shale oil and natural gas production during both the drilling and hydraulic fracturing processes. Our oil and natural gas producing customers' access to water to be used in these processes may be adversely affected due to reasons such as periods of extended drought, privatization, third party competition for water in localized areas or the implementation of local or state governmental programs to monitor or restrict the beneficial use of water subject to their jurisdiction for hydraulic fracturing to assure adequate local water supplies. The occurrence of these or similar developments may result in limitations being placed on allocations of water due to needs by third party businesses with more senior contractual or permitting rights to the water. Our customers' inability to locate or contractually acquire and sustain the receipt of sufficient amounts of water could adversely impact their E & P operations and have a corresponding adverse effect on our business, results of operations and financial condition. Moreover, the imposition of new environmental regulations and other regulatory initiatives could include increased restrictions on our producing customers' ability to dispose of flowback and produced water generated in hydraulic fracturing or other fluids resulting from E & P activities. Applicable laws impose restrictions and strict controls regarding the discharge of pollutants into waters of the United States and require that permits or other approvals be obtained to discharge pollutants to such waters. Additionally, in 2016 **, the** EPA adopted a pretreatment standard that prohibits the discharge of wastewater pollutants from onshore unconventional oil and gas extraction facilities to publicly owned treatment works. Further, regulations implemented under both federal and state laws prohibit the discharge of produced water and sand, drilling fluids, drill cuttings and certain other substances related to the natural gas and oil industry into coastal waters. These laws provide for civil, criminal and administrative penalties for any unauthorized discharges of pollutants and unauthorized discharges of reportable quantities of oil and hazardous substances. Compliance with current and future environmental regulations and permit requirements governing the withdrawal, storage and use of surface water or groundwater necessary for hydraulic fracturing of wells and any inability to secure transportation and access to disposal wells with sufficient capacity to accept all of our flowback and produced water on economic terms may increase our customers' operating costs and could result in restrictions, delays, or cancellations of our customers' operations, the extent of which cannot be predicted. Our operations are subject to risks associated with climate change and potential regulatory programs meant to address climate change; these programs may impact or limit our business plans, result in significant expenditures or reduce demand for our services and reduce our revenues. Climate change continues to be the focus of political and societal attention. Numerous proposals have been made and are likely to be forthcoming on the international, national, regional, state and local levels to reduce GHG emissions. These efforts have included or may include cap- and- trade programs, carbon taxes, GHG reporting obligations and other regulatory programs that limit or require control of GHG' s from certain sources. Upon taking office, President Biden issued several Executive Orders relating climate change, envisioning a " government- wide approach " to climate policy. At the 26th Conference of the Parties of the United Nations Framework Convention on Climate Change held in October and November 2021, President Biden announced a commitment to significantly reduce GHG' s and transition the U. S. economy to net- zero carbon by 2050. At the 27th Conference of the Parties in 2022, President Biden reinforced these commitments and emphasized efforts to reduce methane emissions from the oil and gas sector. **At the 28th Conference of the Parties (the " COP28 ") in 2023, the United States announced a new rule on requiring reductions in methane and other air pollutants from oil and natural gas industry.** Programs addressing climate change may limit the ability to produce crude oil and natural gas, require stricter limits on the release of methane or other GHGs, increase reporting and / or other compliance obligations associated with GHG emissions, limit the ability to explore in new areas, limit the construction of pipelines and related equipment or may make it more expensive to produce, any of which may decrease the demand for our services and our revenues. Incentives to conserve energy or use alternative energy sources, which can be part of climate change programs, may increase the competitiveness of alternative energy sources (such as wind, solar, geothermal, tidal and biofuels) or increase the focus on reducing the use of combustion engines in transportation (such as governmental mandates that ban the sale of new gasoline- powered automobiles). **At COP28, the parties adopted a statement calling for " transitioning away from fossil fuels " and an increased focus on renewable energy capacity and energy efficiency.** These actions could, in turn, reduce demand for hydrocarbons and therefore for our services, which would lead to a reduction in our revenues **. Additionally, on January 26, 2024, the Biden Administration announced a temporary pause on pending decisions regarding exports of liquified natural gas until the U. S. Department of Energy can update the underlying analyses for authorization** . An increased societal and governmental focus on ESG and climate change issues may adversely impact our business, impact our access to investors and financing, and decrease demand for our services. An increased expectation that companies address ESG matters (including climate change) may have a myriad of impacts on our business. Some investors and lenders are factoring these issues into investment and financing decisions. They may rely upon companies that assign ratings to a company' s ESG performance. Unfavorable ESG ratings, as well as recent activism around fossil fuels, may dissuade investors or lenders from us and toward other industries, which could negatively impact our stock price or our access to capital. Additionally, some potential sources of investment or financing have announced an intention to avoid or limit investment in companies that engage in hydraulic fracturing. While a substantial number of major banks and financing sources remain active in investments related to hydraulic fracturing, it is possible that the investment avoidance or limitation theme could expand in the future and restrict access to capital for companies like us. Moreover, while we have and may continue to create and publish voluntary disclosures regarding ESG matters from time to time, many of the statements in those voluntary disclosures are based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many ESG matters. Additionally, to the extent that we report GHG emissions data, the methodologies that we use to calculate our emissions may change over time based upon changing industry standards. We note that standards and expectations regarding the processes for measuring and counting GHG emissions and GHG emission reductions are evolving, and it is possible that our approach to measuring our emissions maybe considered inconsistent with common or best practices with respect to measuring and accounting for such matters. If our approaches to such matters fall out of step with common or best practice, we may be subject to additional scrutiny, criticism, regulatory and investor engagement or litigation, any of which may adversely impact our business, financial condition or results of operation. Furthermore, the SEC has announced proposed rules that, among other matters, will establish a framework for reporting climate related risks. To the extent that any proposed rules impose additional reporting obligations, we could face increased costs. Separately, the SEC has also announced that it is scrutinizing existing climate change related disclosure in public filings, increasing the potential for enforcement if the SEC were to allege our existing climate disclosures are misleading or deficient. Furthermore, in November 2022, the U. S. Department of Labor adopted final rules that allow plan fiduciaries to consider climate change and other ESG factors when they select retirement investments and exercise shareholder rights, such as proxy voting. Should plan investors decide to not invest in us based on ESG factors, our business and access to capital may be negatively impacted. In **2023, the State of California enacted legislation that will require large U. S. companies doing business in California to make broad- based climate- related disclosures starting as early as 2026, and other jurisdictions, domestically and internationally, are also considering various climate change disclosure requirements. In** addition, ESG and climate change issues may cause consumer preference to shift toward other alternative sources of energy, lowering demand for oil and natural gas and consequently lowering demand for our services. In some areas these concerns have caused governments to adopt or consider adopting regulations to transition to a lower- carbon economy. These measures may include adoption of cap- and- trade programs, carbon taxes, increased efficiency standards, prohibitions on the manufacture of certain types of equipment (such as new automobiles with internal combustion engines), and requirements for the use of alternate energy sources such as wind or solar. These types of programs may reduce the demand for oil and natural gas and consequently the demand for our services. Approaches to climate change and a transition to a lower- carbon economy, including government regulation, company policies, and consumer behavior, are continuously evolving. At this time, we cannot predict how such approaches may develop or otherwise reasonably or reliably estimate their impact on our financial condition, results of operations and ability to compete. However, any long- term material adverse effect on the oil and gas industry may adversely affect our financial condition, results of operations and cash flows. Our operations are subject to significant risks, some of which are beyond our control. These risks may be self- insured, or may not be fully covered under our insurance policies. Our operations are subject to significant hazards often found in the oil and natural gas industry, such as, but not limited to, accidents, including accidents related to trucking operations provided in connection with our services, blowouts, explosions, craterings, fires, natural gas leaks, oil and produced water spills and releases of hydraulic fracturing fluids or other well fluids into the environment. These conditions can cause: • disruption in operations; • substantial repair or remediation costs; • personal injury or loss of human life; • significant damage to or destruction of property, and equipment; • environmental pollution, including groundwater contamination; • unusual or unexpected geological formations or pressures and industrial accidents; • impairment or suspension of operations; and • substantial revenue loss. In addition, our operations are subject to, and exposed to, employee / employer liabilities and risks such as wrongful termination, discrimination, labor organizing, retaliation claims and general human resource related matters. The occurrence of a significant event or adverse claim in excess of the insurance coverage that we maintain or that is not covered by insurance could have a material adverse effect on our liquidity, consolidated results of operations and financial condition. Claims for loss of oil and natural gas production and damage to formations can occur in the well services industry. Litigation arising from a catastrophic occurrence at a location where our equipment and services are being used or trucking services provided in connection therewith may result in our being named as a defendant in lawsuits asserting large claims. We do not have insurance against all foreseeable risks, either because insurance is not available or because of the high premium costs. The occurrence of an event not fully insured against or the failure of an insurer to meet its insurance obligations could result in substantial losses. In addition, we may not be able to maintain adequate insurance in the future at rates we consider reasonable. Insurance may not be available to cover any or all of the risks to which we are subject, or, even if available, it may be inadequate, or insurance premiums or other costs could rise significantly in the future so as to make such insurance prohibitively expensive. We could experience continued or increased severity of trucking related issues or trucking accidents, which could materially affect our results of operations. Trucking services can be adversely impacted by traffic congestion, shortage of drivers and weather delays which could hinder our service levels. During 2021 and into 2022 there **was** ~~has been~~ a shortage of available trucking services in the United States due to the industry not having enough qualified drivers, which ~~has~~ impacted our field operations at times. In addition, our field employees are generally required to have a commercial driver' s license (" CDL ") so they can drive trucks and move our frac pumps and other equipment from location to location. Obtaining employees with CDLs can be challenging during times when the trucking industry has driver shortages, as competition for qualified employees is often more intense. If we are unable to obtain trucking services on a timely basis or the services of a sufficient number of field employees with CDLs, it could have a material adverse impact on our financial condition, results of operations and cash flows. In addition, potential liability and unfavorable publicity associated with accidents in the trucking industry can be severe and occurrences are unpredictable. The number and severity of litigation claims may be worsened by distracted driving by both truck drivers and other motorists. Our transportation operations often involve traveling on unpaved roads located in rural areas, increasing the risk of accidents. If we are involved in an accident involving hazardous substances, if there are releases of hazardous substances we transport, if soil or groundwater contamination is found at our facilities or results from our operations, or if we are found to be in violation of applicable environmental laws or regulations, we could owe cleanup costs and incur related liabilities, including substantial fines or penalties or civil and criminal liability. A material increase in the frequency or severity of accidents or workers' compensation claims or the unfavorable development of existing claims could materially adversely affect our results of operations. In the event that accidents occur, we may be unable to obtain desired contractual indemnities, and our insurance may be inadequate in certain cases which could result in substantial losses. Any such lawsuits in the future may result in the payment of substantial settlements or damages and increases to our insurance costs. We may be subject to claims for personal injury and property damage, which could materially adversely affect our financial condition, prospects and results of operations. Our services are subject to inherent risks that can cause personal injury or loss of life, damage to or destruction of property, equipment or the environment or the suspension of our operations. Litigation arising from operations where our services are provided, may cause us to be named as a defendant in lawsuits asserting potentially large claims including claims for exemplary damages. We maintain what we believe is customary and reasonable insurance to protect our business against these potential losses, but such insurance may not be adequate to cover our liabilities, and we are not fully insured against all risks. In addition, our customers usually assume responsibility for, including control and removal of, all other pollution or contamination which may occur during operations, including that which may result from seepage or any other uncontrolled flow of drilling and completion fluids. We may have liability in such cases if we are grossly negligent or commit willful acts. Our customers generally agree to indemnify us against claims arising from their employees' personal injury or death to the extent that, in the case of our hydraulic fracturing operations, their employees are injured by such operations, unless resulting from our gross negligence or willful misconduct. Our customers also generally agree to indemnify us for loss or destruction of customer- owned property or equipment. In turn, we agree to indemnify our customers for loss or destruction of property or equipment we own and for liabilities arising from personal injury to or death of any of our employees, unless resulting from gross negligence or willful misconduct of the customer. However, we might not succeed in enforcing such contractual liability allocation or might incur an unforeseen liability falling outside the scope of such allocation. As a result, we may incur substantial losses which could materially and adversely affect our financial condition and results of operation. We are subject to environmental and occupational health and safety laws and regulations that may expose us to significant costs and liabilities. Our operations and the operations of our customers are subject to numerous federal, tribal, regional, state and local laws and regulations relating to protection of the environment including natural resources, health and safety aspects of our operations and waste management, including the transportation and disposal of waste and other materials. These laws and regulations may impose numerous obligations on our operations and the operations of our customers, including the acquisition of permits or other approvals to conduct regulated activities, the imposition of restrictions on the types, quantities and concentrations of various substances that may be released into the environment or injected in non- productive formations below ground in connection with oil and natural gas drilling and production activities, the incurrence of capital expenditures to mitigate or prevent releases of materials from our equipment, facilities or from customer locations where we are providing services, the imposition of substantial liabilities for pollution resulting from our operations, and the application of specific health and safety criteria addressing worker protection. Any failure on our part or the part of our customers to comply with these laws and regulations could result in assessment of sanctions including administrative, civil and criminal penalties; imposition of investigatory, remedial or corrective action obligations or the incurrence of capital expenditures; the occurrence of restrictions, delays or cancellations in the permitting, performance or development of projects or operations; and the issuance of orders enjoining performance of some or all of our operations in a particular area. In addition to civil and other penalties associated with enforcement activities regarding compliance with occupational health and safety laws, our operations may be subject to abatement obligations that could require significant modifications to existing operations to achieve compliance. Our business activities present risks of incurring significant environmental costs and liabilities, including costs and liabilities resulting from our handling of oilfield and other wastes, because of air emissions and wastewater discharges related to our operations, and due to historical oilfield industry operations and waste disposal practices. Moreover, accidental releases or spills may occur in the course of our operations or at facilities where our wastes are taken for reclamation or disposal, and we cannot assure you that we will not incur significant costs and liabilities as a result of such releases or spills, including any third- party claims for injuries to persons or damages to properties or natural resources. Some environmental laws and regulations may impose strict liability, which means that in some situations we could be exposed to liability as a result of our conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, prior operators or other third parties. Remedial and abatement costs and other damages arising as a result of environmental and occupational health and safety laws and costs associated with changes in these laws and regulations could be significant and have a material adverse effect on our liquidity, consolidated results of operations and financial condition. Laws and regulations protecting the environment generally have become more stringent in recent years and are expected to continue to do so, which could lead to material increases in costs for future environmental compliance and remediation. In particular, the ESA restricts activities that may result in a " take " of endangered or threatened species and provides for substantial penalties in cases where listed species are taken by being harmed. The dunes sagebrush lizard is one example of a species that, if listed as endangered or threatened under the ESA, could impact our operations and the operations of our customers. The dunes sagebrush lizard is found in the active and semi- stable shinnery oak dunes of southeastern New Mexico and adjacent portions of Texas, including areas where our customers operate and our frac sand facilities are located. The FWS is currently conducting a review to determine whether listing the dunes sagebrush lizard as endangered or threatened under the ESA is warranted. In July 2020, the FWS published a 90- day finding that a 2018 petition seeking that the dunes sagebrush lizard be listed as endangered or threatened presented substantial evidence indicating that listing may be warranted. In May 2022, an environmental group filed suit against the U. S. Department of the Interior and the FWS alleging that they have unlawfully delayed protection of the dunes sagebrush. **In July 2023, the FWS proposed to list the dunes sagebrush lizard as endangered.** If the dunes sagebrush lizard is listed as an endangered or threatened species, our operations and the operations of our customers in any area that is designated as the dunes sagebrush lizard' s habitat may be limited, delayed or, in some circumstances, prohibited, and we and our customers could be required to comply with expensive mitigation measures intended to protect the dunes sagebrush lizard and its habitat. Furthermore, new laws and regulations, amendment of existing laws and regulations, reinterpretation of legal requirements or increased governmental enforcement with respect to environmental matters could restrict, delay or curtail exploratory or developmental drilling for oil and natural gas by our customers and could limit our well servicing opportunities. Oilfield anti- indemnity provisions enacted by many states may restrict or prohibit a party' s indemnification of us. We typically enter into agreements with our customers governing the provision of our services, which usually include certain indemnification provisions for losses resulting from operations. Such agreements may require each party to indemnify the other against certain claims regardless of the negligence or other fault of the indemnified party; however, many states place limitations on contractual indemnity agreements, particularly agreements that indemnify a party against the consequences of its own negligence. Furthermore, certain states, including Texas, New Mexico and Wyoming, have enacted statutes generally referred to as " oilfield anti- indemnity acts " expressly prohibiting certain indemnity agreements contained in or related to oilfield services agreements. Such anti- indemnity acts may restrict or void a party' s indemnification of us, which could have a material adverse effect on our business, financial condition, prospects and results of operations. Technology advancements in well service technologies, including those involving hydraulic fracturing, could have a material adverse effect on our business, financial condition and results of operations. The hydraulic fracturing industry is characterized by rapid and significant technological advancements and introductions of new products and services using new technologies. As competitors and others use or develop new technologies or technologies comparable to ours in the future, we may lose market share or be placed at a competitive disadvantage. Further, we may face competitive pressure to implement or acquire certain new technologies at a substantial cost. Some of our competitors may have greater financial, technical and personnel resources than we do, which may allow them to gain technological advantages or implement new technologies before we can. Additionally, we may be unable to implement new technologies or services at all, on a timely basis or at an acceptable cost. New technology could also make it easier for our customers to vertically integrate their operations, thereby reducing or eliminating the need for our services. Limits on our ability to effectively use or implement new technologies may have a material adverse effect on our business, financial condition and results of operations. The ability or willingness of OPEC and other oil exporting nations to set and maintain production levels and / or the impact of sanctions **and global conflicts** ~~on Russia related to the war in Ukraine~~ may have a significant impact on natural gas commodity prices. ~~The Organization of Petroleum Exporting Countries and their allies (collectively,~~ OPEC ~~),~~ is an intergovernmental organization that seeks to manage the price and supply of oil on the global energy market. Actions taken by OPEC members, including those taken alongside other oil exporting nations, have a significant impact on global oil supply and pricing. For example, OPEC and certain other oil exporting nations have previously agreed to take measures, including production cuts, to support crude oil prices. In ~~March~~ 2020, ~~members~~ **largely as a result** of **the COVID- 19 pandemic, oil prices decreased dramatically, and** OPEC **agreed to historic** ~~considered extending and potentially increasing these oil~~ production cuts **in** ~~, however these negotiations were unsuccessful. As a result, Saudi Arabia announced~~ an **effort** ~~immediate reduction in export prices and Russia announced that all previously agreed oil production cuts expired on April 1, 2020. These actions led~~ to **support** ~~an immediate and steep decrease in oil~~ prices. Conversely, sanctions imposed on Russia ~~in~~ **as a result of** the ~~last few months have~~ **Russia- Ukraine conflict in 2022** increased prices. In October 2022, OPEC again determined to reduce production of oil, by approximately 2 million barrels per day. At its meeting on December 4, 2022, OPEC agreed to keep its current policy unchanged as the oil markets struggle to assess the impact of a slowing Chinese economy on demand, and the Group of Seven Nations agreed on a price cap on Russian oil supply **. In June 2023, OPEC members announced they would extend crude oil production cuts through 2024, limiting global crude oil supplies. In November 2023, OPEC agreed to cut production by an additional 1 million barrels per day beginning in January 2024** . There can be no assurance that OPEC members and other oil exporting nations will agree to future production cuts or other actions to support and stabilize oil prices, nor can there be any assurance that sanctions or other global conflicts **, including the Russia- Ukraine conflict and various conflicts in the broader Middle East,** will not further impact oil prices. Uncertainty regarding future sanctions or actions to be taken by OPEC members or other oil exporting countries could lead to increased volatility in the price of oil and natural gas, which could adversely affect our business, future financial condition and results of operations. Risks Related to the TRAs The Company is required to make payments under the TRAs for certain tax benefits that it may claim, and the amounts of such payments could be significant. In connection with the Company' s initial public offering (the " IPO "), on January 17, 2018, the Company entered into two Tax Receivable Agreements (the " TRAs ") with R / C Energy IV ~~Direction~~ --- **Direct** Partnership, L. P. and the then- existing owners of Liberty Oilfield Services Holdings LLC (" Liberty Holdings ") that continued to own Liberty LLC Units (each such person and any permitted transferee, a " TRA Holder "). The TRAs generally provide for the payment by the Company to each TRA Holder of 85 % of the net cash savings, if any, in U. S. federal, state, and local income tax and franchise tax (computed using simplifying assumptions to address the impact of state and local taxes) that the Company actually recognizes (or is deemed to recognize in certain circumstances) as a result of certain increases in tax basis, net operating losses available to the Company as a result of the corporate reorganization performed in connection with the IPO (the " Corporate Reorganization "), and certain benefits attributable to imputed interest. The Company will retain the benefit of the remaining 15 % of these cash savings. The Company is a holding company and has no material assets other than its direct and indirect equity interests in its subsidiaries. Because the Company has no independent means of generating revenue, its ability to make payments under the TRAs is dependent on the ability of its subsidiaries to make distributions to the Company in an amount sufficient to cover its obligations under the TRAs. To the extent that the Company is unable to make payments under the TRAs for any reason, such payments will be deferred and will accrue interest until paid. The term of each of the TRAs continues until all tax benefits that are subject to such TRAs have been utilized or expired, unless the Company experiences a change of control (as defined in the TRAs, which includes certain mergers, asset sales and other forms of business combinations) or the TRAs are terminated early (at the Company' s election or as a result of its breach), and the Company makes the termination payments specified in such TRAs. In addition, payments the Company makes under the TRAs will be increased by any interest earned from the due date (without extensions) of the corresponding tax return. Payments under the TRAs commenced in 2020 and so long as the tax savings are recognized and the TRAs are not terminated, payments are anticipated to continue for 15 years after the date of the last redemption of the Liberty LLC Units, which occurred on January 31, 2023. Accordingly, if the applicable U. S. federal corporate tax rate is increased, then the amount of TRA payments paid in the future may also increase. In certain cases, if the Company experiences a change of control (as defined under the TRAs, which includes certain mergers, asset sales and other forms of business combinations) or the TRAs terminate early (at the Company' s election or as a result of its breach), the Company would be required to make an immediate lump- sum payment, and such payment may be significantly in advance of, and may materially exceed, the actual realization, if any, of the future tax benefits to which the payment relates. As a result, the Company' s obligations under the TRAs could have a substantial negative impact on its liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, or other forms of business combinations or changes of control. There can be no assurance we will be able to finance our obligations under the TRAs. Furthermore, as a result of this payment obligation, holders of our Class A Common Stock could receive substantially less consideration in connection with a change in control transaction than they would receive in the absence of such obligation. Because our payment obligations under the TRAs will not be conditioned upon the TRA Holders' having continued interest in the Company or Liberty LLC, the TRA Holders' interests may conflict with those of the holders of our Class A Common Stock. Payments under the TRAs are based on the tax reporting positions that we will determine. The TRA Holders will not reimburse us for any payments previously made under the TRAs if any tax benefits that have given rise to payments under the TRAs are subsequently disallowed in an audit, except that excess payments made to any TRA Holder will be netted against payments that would otherwise be made to such TRA Holder, if any, after our determination of such excess. As a result, in such circumstances the Company could make payments that are greater than its actual cash tax savings, if any, and may not be able to recoup those payments, which could adversely affect the Company' s liquidity. Furthermore, the payments under the TRAs will not be conditioned upon a holder of rights under each of the TRAs having a continued ownership interest in the Company or Liberty LLC. For further details of the TRAs, see Note 12 — Income Taxes to the consolidated financial statements included in ~~"~~ **Part II,** Item 8 **of this Annual Report** . ~~Financial Statements and Supplementary Data. "~~ General Risks Related to our Business ~~COVID- 19 has had in the past, and may in the future have, a material adverse effect on the demand for our services, our operations, business and financial results. The COVID- 19 pandemic created significant uncertainty and economic disruption, as well as heightened volatility in the prices of oil and natural gas. Although government response measures to COVID- 19 have generally relaxed, the ultimate impact of this pandemic is uncertain and subject to change. The collapse in the demand for oil during 2020 caused by this unprecedented global health and economic crisis, coupled with an oil oversupply, had a material adverse impact on the demand for our services and on our financial condition, results of operations and cash flows. We are closely monitoring the continuing effects of the pandemic on our customers, operations, and employees. Oil demand and the demand for our services have since recovered from the lows experienced during the onset of the pandemic. The extent to which our operating and financial results will be affected by COVID- 19 in the future will depend on various factors and consequences, such as the ultimate duration and scope of the pandemic, any additional actions by businesses and governments in response to the pandemic, and the speed and effectiveness of responses to combat the virus. COVID- 19, and the volatile regional and global economic conditions stemming from the pandemic, could also aggravate the other risk factors that we identify herein. COVID- 19 may also materially adversely affect our operating and financial results in a manner that is not currently known to us or that we do not currently consider presenting significant risks to us. We cannot predict the ultimate duration or scope of the COVID- 19 pandemic or the response of the overall economy and the financial markets to the COVID- 19 pandemic and response measures. Accordingly, if the pandemic worsens or if actions taken by governments and businesses in response to the pandemic in 2020 are re- enacted, the demand for our services may fall again, which would have a material adverse impact on our financial condition, results of operations and cash flows.~~ We may be adversely affected by uncertainty in the global financial markets and the deterioration of the financial condition of our customers. Our future results may be impacted by the uncertainty caused by an economic downturn, volatility or deterioration in the debt and equity capital markets, inflation, deflation or other adverse economic conditions that may negatively affect us or parties with whom we do business resulting in a reduction in our customers' spending and their non-payment or inability to perform obligations owed to us, such as the failure of customers to honor their commitments or the failure of major suppliers to complete orders. Additionally, during times when the oil or natural gas markets weaken, our customers are more likely to experience financial difficulties, including being unable to access debt or equity financing, which could result in a reduction in our customers' spending for our services. In addition, in the course of our business we hold accounts receivable from our customers. In the event of the financial distress or bankruptcy of a customer, we could lose all or a portion of such outstanding accounts receivable associated with that customer. Further, if a customer was to enter into bankruptcy, it could also result in the cancellation of all or a portion of our service contracts with such customer at significant expense or loss of expected revenues to us. Our business, financial condition and results of operations may be adversely impacted by the effects of inflation. Inflation has the potential to adversely affect our business, financial condition and results of operations by increasing our overall cost structure, particularly if we are unable to achieve commensurate increases in the prices we charge our customers. Other inflationary pressures could affect wages, the cost and availability of components, materials and other inputs and our ability to meet customer demand. Inflation may further exacerbate other risk factors, including supply chain disruptions, risks related to international operations and the recruitment and retention of qualified employees. Reliance upon a few large customers may adversely affect our revenue and operating results. Our top five customers represented approximately **34 %,** 30 %, **and** 27 ~~%, and 48~~ %, of our consolidated revenue for the years ended December 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ , respectively. It is possible that we will derive a significant portion of our revenue from a concentrated group of customers in the future. If a major customer fails to pay us, revenue would be impacted and our operating results and financial condition could be materially harmed. Additionally, if we were to lose any material customer or our customers were to consolidate or merge with other operators, we may not be able to redeploy our equipment at similar utilization or pricing levels or within a short period of time and such loss could have a material adverse effect on our business until the equipment is redeployed at similar utilization or pricing levels. We are subject to cyber security risks. A cyber incident could occur and result in information theft, data corruption, operational disruption and / or financial loss. The oil and natural gas industry has become increasingly dependent on digital technologies to conduct certain processing activities. For example, we depend on digital technologies to perform many of our services and to process and record financial and operating data. At the same time, cyber incidents, including deliberate attacks, have increased. The U. S. government has issued public warnings that indicate that energy assets might be specific targets of cyber security threats. In early 2020, we experienced a denial of service cyberattack that targeted a portion of our non- financial data. We immediately shutdown critical systems, diagnosed the root cause of the attack and then methodically returned systems online. This cyberattack disrupted certain non- financial aspects of our internal system for a period of less than one day, while limited and non- critical portions of our systems were kept offline for up to one week in order to properly evaluate the breach. We determined that this cyberattack did not materially affect **us or** any of our operations. We engaged in extensive data evaluation for potential damage and concluded that minimal to no data loss had occurred as a result of this cyberattack. Our technologies, systems and networks, and those of our vendors, suppliers and other business partners, may become the target of cyberattacks or information security breaches in the future that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of proprietary and other information, or other disruption of business operations. In addition, certain cyber incidents, such as surveillance, may remain undetected for an extended period. Our systems and insurance coverage for protecting against cyber security risks may not be sufficient. As cyber incidents continue to evolve, we will likely be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerability to cyber incidents. Our insurance coverage for cyberattacks may not be sufficient to cover all the losses we may experience as a result of such cyberattacks. Our assets require significant amounts of capital for maintenance, upgrades and refurbishment and may require significant capital expenditures for new equipment. Our hydraulic fracturing fleets and other completion service- related equipment require significant capital investment in maintenance, upgrades and refurbishment to maintain their competitiveness. The costs of components and labor have increased in the past and may increase in the future with increases in demand, which will require us to incur additional costs for any fleets we may acquire in the future. Our fleets and other equipment typically do not generate revenue while they are undergoing maintenance, upgrades or refurbishment. Any maintenance, upgrade or refurbishment project for our assets could increase our indebtedness or reduce cash available for other opportunities. Furthermore, such projects may require proportionally greater capital investments as a percentage of total asset value, which may make such projects difficult to finance on acceptable terms. To the extent we are unable to fund such projects, we may have less equipment available for service or our equipment may not be attractive to potential or current customers. Additionally, competition or advances in technology within our industry may require us to update or replace existing fleets or build or acquire new fleets. Such demands on our capital or reductions in demand for our hydraulic fracturing fleets and the increase in cost of labor necessary for such maintenance and improvement, in each case, could have a material adverse effect on our business, liquidity position, financial condition, prospects and results of operations and may increase our costs. We rely on certain third parties for materials, and delays in deliveries of such materials, increases in the cost of such materials or our contractual obligations to pay for materials that we ultimately do not require could harm our business, results of operations and financial condition. We have established relationships with certain suppliers of our materials (such as, but not limited to, proppant and chemical additives) and other parts, supplies and items needed for our operations. Delays or shortages in materials can result from a variety of reasons, including those caused by weather and natural disasters. Presently, the United States is undergoing a supply chain disruption due to backlogged ports and trucking shortages, and our business is not immune from these effects. Even once the root cause of the supply chain disruption or any future shortage or delay has passed, it can take time for our supply chain to recover and run in a regular fashion. Should the nationwide supply chain disruption continue, or should any of our current suppliers be unable to provide the necessary materials or otherwise fail to deliver the materials in a timely manner and in the quantities required, any resulting delays in the provision of services could have a material adverse effect on our business, results of operations and financial condition. Additionally, increasing costs of such materials may negatively impact demand for our services or the profitability of our business operations. In the past, our industry faced sporadic proppant shortages associated with hydraulic fracturing operations requiring work stoppages, which are believed to have adversely impacted the operating results of several competitors. We may not be able to mitigate any future shortages of materials, including proppant, or the impact of supply chain disruptions. Furthermore, to the extent our contracts require us to purchase more materials, including proppant, than we ultimately require, we may be forced to pay for the excess amount under “ take or pay ” contract provisions. We currently utilize ~~two preferred assemblers and~~ a limited number of **assemblers and** suppliers for major equipment to both build new fleets and upgrade any fleets we acquire to our preferred specifications, and our reliance on these vendors exposes us to risks including price and timing of delivery. We currently utilize ~~two preferred assemblers and~~ a limited number of **assemblers and** suppliers for major equipment to both build our new fleets and upgrade any fleets we may acquire to our custom design. If demand for hydraulic fracturing fleets or the components necessary to build such fleets increases or these vendors face financial distress or bankruptcy, these vendors may not be able to provide the new or upgraded fleets on schedule or at the current price. If this were to occur, we could be required to seek another assembler or other suppliers for major equipment to build or upgrade our fleets, which may adversely affect our revenues or increase our costs. Interruptions of service on the rail lines by which we receive proppant could adversely affect our results of operations. We receive a portion of the proppant used in our hydraulic fracturing services by rail. Rail operations are subject to various risks that may result in a delay or lack of service, including lack of available capacity, mechanical problems, extreme weather conditions, work stoppages, labor strikes, terrorist attacks and operating hazards. Additionally, if we increase the amount of proppant we require for delivery of our services, we may face difficulty in securing rail transportation for such additional amount of proppant. Any delay or failure in the rail services on which we rely could have a material adverse effect on our financial condition and results of operations. Changes in transportation regulations may increase our costs and negatively impact our results of operations. We are subject to various transportation regulations including as a motor carrier by the Department of Transportation and by various federal, state, provincial and tribal agencies, whose regulations include certain permit requirements of highway and safety authorities. These regulatory authorities exercise broad powers over our equipment transportation operations, generally governing such matters as the authorization to engage in motor carrier operations, safety, equipment testing, driver requirements and specifications and insurance requirements. The trucking industry is subject to possible regulatory and legislative changes that may impact our operations, such as changes in fuel emissions limits, hours of service regulations that govern the amount of time a driver may drive or work in any specific period and requiring onboard electronic logging devices or limits on vehicle weight and size. As the federal government continues to develop and propose regulations relating to fuel quality, engine efficiency and greenhouse gasses emissions, we may experience an increase in costs related to truck purchases and maintenance, impairment of equipment productivity, a decrease in the residual value of vehicles, unpredictable fluctuations in fuel prices and an increase in operating expenses. Additionally, we rely on third parties to provide trucking services, including hauling proppant to our customer work sites, and these third parties may fail to comply with various transportation regulations, resulting in our inability to use such third party providers. Increased truck traffic may contribute to deteriorating road conditions in some areas where our operations are performed. Our operations, including routing and weight restrictions, could be affected by road construction, road repairs, detours and state and local regulations and ordinances restricting access to certain roads. Proposals to increase federal, state, provincial or local taxes, including taxes on motor fuels, are also made from time to time, and any such increase would increase our operating costs. Also, state and local regulation of permitted routes and times on specific roadways could adversely affect our operations. We cannot predict whether, or in what form, any legislative or regulatory changes or municipal ordinances applicable to our logistics operations will be enacted and to what extent any such legislation or regulations could increase our costs or otherwise adversely affect our business or operations. Our current and future indebtedness could adversely affect our financial condition. Effective January 23, 2023, using proceeds from borrowings on our ABL Facility **(as defined herein)** , we repaid all amounts outstanding under the Term Loan Facility **(as defined herein)** . As of February ~~6~~ **5** , ~~2023~~ **2024** , ~~we~~ **the Company** had $ ~~284~~ **159** . 0 million outstanding under our ABL Facility ~~(defined herein)~~ , **in addition to** ~~as well as a letter~~ **letters** of credit in the amount of $ **7** ~~2. 6 million, with a borrowing base of $ 430~~ . 4 million **, with $ 235. 1 million of remaining availability** . Please see " Management' s Discussion and Analysis of Financial Condition and Results of Operations — ~~Debt Agreements~~ **Liquidity and Capital Resources** . " Moreover, subject to the limits contained in our ABL Facility, we may incur substantial additional debt from time to time. Any borrowings we may incur in the future would have several important consequences for our future operations, including that: • covenants contained in the documents governing such indebtedness may require us to meet or maintain certain financial tests, which may affect our flexibility in planning for, and reacting to, changes in our industry, such as being able to take advantage of acquisition opportunities when they arise; • our ability to obtain additional financing for working capital, capital expenditures, acquisitions, general corporate and other purposes may be limited; • our ability to use operating cash flow in other areas of our business may be limited because we must dedicate a substantial portion of these funds to make principal and interest payments on our indebtedness; • we may be more vulnerable to interest rate increases to the extent that we incur variable rate indebtedness; • we may be competitively disadvantaged to our competitors that are less leveraged or have greater access to capital resources; and • we may be more vulnerable to adverse economic and industry conditions. If we incur indebtedness in the future, we may have significant principal payments due at specified future dates under the documents governing such indebtedness. Our ability to meet such principal obligations will be dependent upon future performance, which in turn will be subject to general economic conditions, industry cycles and financial, business and other factors affecting our operations, many of which are beyond our control. Our business may not continue to generate sufficient cash flow from operations to repay any incurred indebtedness. If we are unable to generate sufficient cash flow from operations, we may be required to sell assets, to refinance all or a portion of such indebtedness or to obtain additional financing. Unsatisfactory safety performance may negatively affect our customer relationships and, to the extent we fail to retain existing customers or attract new customers, adversely impact our revenues. Our ability to retain existing customers and attract new business is dependent on many factors, including our ability to demonstrate that we can reliably and safely operate our business in a manner that is consistent with applicable laws, rules and permits, which legal requirements are subject to change. Existing and potential customers consider the safety record of their third- party service providers to be of high importance in their decision to engage such providers. If one or more accidents were to occur at one of our operating sites, the affected customer may seek to terminate or cancel its use of our equipment or services and may be less likely to continue to use our services, which could cause us to lose substantial revenues. Furthermore, our ability to attract new customers may be impaired if they elect not to engage us because they view our safety record as unacceptable. In addition, it is possible that we will experience multiple or particularly severe accidents in the future, causing our safety record to deteriorate. This may be more likely as we continue to grow, if we experience high employee turnover or labor shortage, or hire inexperienced personnel to bolster our staffing needs. If we are unable to fully protect our intellectual property rights, we may suffer a loss in our competitive advantage or market share. We do not have patents or patent applications relating to many of our key processes and technology. If we are not able to maintain the confidentiality of our trade secrets, or if our competitors are able to replicate our technology or services, our competitive advantage would be diminished. We also cannot ensure that any patents we may obtain in the future would provide us with any significant commercial benefit or would allow us to prevent our competitors from employing comparable technologies or processes. We may be adversely affected by disputes regarding intellectual property rights of third parties. Third parties from time to time may initiate litigation against us by asserting that the conduct of our business infringes, misappropriates or otherwise violates intellectual property rights. We may not prevail in any such legal proceedings related to such claims, and our products and services may be found to infringe, impair, misappropriate, dilute or otherwise violate the intellectual property rights of others. If we are sued for infringement and lose, we could be required to pay substantial damages and / or be enjoined from using or selling the infringing products or technology. Any legal proceeding concerning intellectual property could be protracted and costly regardless of the merits of any claim and is inherently unpredictable and could have a material adverse effect on our financial condition, regardless of its outcome. If we were to discover that our technologies or products infringe valid intellectual property rights of third parties, we may need to obtain licenses from these parties or substantially re- engineer our products in order to avoid infringement. We may not be able to obtain the necessary licenses on acceptable terms, or at all, or be able to re- engineer our products successfully. If our inability to obtain required licenses for our technologies or products prevents us from selling our products, that could adversely impact our financial condition and results of operations. Additionally, we currently license certain third party intellectual property in connection with our business, and the loss of any such license could adversely impact our financial condition and results of operations. Seasonal weather conditions, natural disasters, public health crises, and other catastrophic events outside of our control could severely disrupt normal operations and harm our business. Our operations are located in different regions of the United States and Canada. Some of these areas, including the DJ Basin, Powder River Basin, Williston Basin and our Canadian operations, are adversely affected by seasonal weather conditions, primarily in the winter and spring. However, as evidenced by the severe winter weather experienced in the southern United States and Canada during December 2022, weather- related hazards can exist in almost all the areas where we operate. During periods of heavy snow, ice or rain, we may be unable to move our equipment between locations or obtain adequate supplies of raw material or fuel, thereby reducing our ability to provide services and generate revenues. The exploration activities of our customers may also be affected during such periods of adverse weather conditions. Additionally, extended drought conditions in our operating regions could impact our ability or our customers' ability to source sufficient water or increase the cost for such water. As a result, a natural disaster or inclement weather conditions could severely disrupt the normal operation of our business and adversely impact our financial condition and results of operations. Furthermore, if the area in which we operate or the market demand for oil and natural gas is affected by a public health crisis, such as the ~~coronavirus~~ **COVID- 19 pandemic** , or other similar catastrophic event outside of our control, our business and results of operations could ~~suffer~~ **be adversely impacted** . The sand mining operations are subject to a number of risks relating to the proppant industry. **We operate** ~~In connection with the OneStim Acquisition, we acquired~~ two ~~state- of- the- art~~ sand mines in the Permian Basin. Sand mining operations are subject to risks normally encountered in the proppant industry. These risks include, among others: unanticipated ground, grade or water conditions; inability to acquire or maintain, or public or nongovernmental organization opposition to, necessary permits for mining, access or water rights; our ability to timely obtain necessary authorizations, approvals and permits from regulatory agencies (including environmental agencies, such as the FWS, where our operations in West Texas may be slowed, limited or halted due to conservation efforts targeted at the habitat of the dunes sagebrush lizard); pit wall or pond failures, and sluffing events; costs associated with environmental compliance or as a result of unauthorized releases into the environment; restrictions imposed on our operations related to the protection of natural resources, including plant and animal species; and reduction in the amount of water available for processing. Any of these risks could result in delays, limitations or cancellations in mining or processing activities, losses or possible legal liability. Silica- related legislation, health issues and litigation could have a material adverse effect on our business, reputation or results of operations. We are subject to laws and regulations relating to human exposure to crystalline silica. Historically, our environmental compliance costs with respect to existing crystalline silica requirements have not had a material adverse effect on our results of operations; however, federal regulatory authorities and analogous state agencies may continue to propose changes in their regulations regarding workplace exposure to crystalline silica, such as permissible exposure limits, required controls and personal protective equipment. We may not be able to comply with any new laws and regulations that are adopted, and any new laws and regulations could have a material adverse effect on our operating results by requiring us to modify or cease our operations. In addition, the inhalation of respirable crystalline silica is associated with the lung disease silicosis. There is evidence of an association between crystalline silica exposure or silicosis and lung cancer and a possible association with other diseases, including immune system disorders such as scleroderma. The actual or perceived health risks of handling hydraulic fracture sand could materially and adversely affect hydraulic fracturing service providers, including us, through reduced use of hydraulic fracture sand, the threat of product liability or employee lawsuits, increased scrutiny by federal, state and local regulatory authorities of us and our customers or reduced financing sources available to the industry. Furthermore, we may incur additional costs with respect to purchasing specialized equipment designed to reduce exposure to crystalline silica in connection with our operations or invest capital in new equipment. We are subject to the Federal Mine Safety and Health Act of 1977, which imposes stringent health and safety standards on ~~numerous~~ **certain** aspects of ~~its~~ **our** operations. 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 re- interpretation or more stringent enforcement thereof, could have a material adverse effect on our business and financial condition or otherwise impose significant restrictions on its ability to conduct mineral extraction and processing operations. The occurrence of explosive incidents could disrupt our operations and could adversely affect our business, financial condition and results of operations. The wireline service we provide to oil and natural gas E & P customers involves the storage and handling of explosive materials. Despite the use of specialized facilities to store explosive materials and intensive employee training programs, the handling of explosive materials could result in incidents that temporarily shut down or otherwise disrupt our or E & P customers' operations or could cause restrictions, delays or cancellations in the delivery of services. It is possible that an explosion could result in death or significant injuries to employees and other persons. Material property damage to us, E & P customers and third parties could also occur. Any explosive incident could expose us to adverse publicity or liability for damages or cause production restrictions, delays or cancellations, any of which developments could have a material adverse effect on our ability to compete, business, financial condition and results of operations. The ongoing military action between Russia and Ukraine could adversely affect our business, financial condition and results of operations. In February of 2022, Russian military forces invaded Ukraine, resulting in conflict and disruption in the region. The length, impact and outcome of the ongoing military conflict in Ukraine is highly unpredictable. This conflict has led and may continue to lead to significant market and other disruptions, including significant volatility in commodity prices and supply of energy resources, instability in financial markets, higher inflation, supply chain interruptions, political and social instability, changes in consumer or purchaser preferences as well as increase in cyberattacks and espionage. As a result of the invasion and ongoing military conflict, governments in the European Union, the United States, the United Kingdom, Switzerland and other countries have implemented and may implement additional sanctions, export controls or other measures against Russia, Belarus and other countries, regions, officials, individuals or industries in the respective territories. Such sanctions, and other measures, as well as the existing and potential further responses from Russia or other countries to such sanctions, supply chain disruptions, tensions and military actions, could adversely affect the global economy and financial markets and could adversely affect our business, financial condition and results of operations, and could also aggravate the other risk factors that we identify herein. The choice of forum provisions in our charter and bylaws could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us. Our Amended and Restated Certificate of Incorporation (as amended, the " Charter ") provides that unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, employee or agent of the Company to the Company or the Company' s stockholders, (iii) any action asserting a claim against the Company or any director or officer or other employee of the Company arising pursuant to any provision of the General Corporation Law of the State of Delaware, the Charter or the Company' s bylaws, or (iv) any action asserting a claim against the Company or any director or officer or other employee of the Company governed by the internal affairs doctrine, in each such case subject to Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Our Second Amended and Restated Bylaws (the " Bylaws ") further provide that unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America will be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act ~~of 1933 (the " Securities Act ")~~ . Under the Securities Act, federal and state courts have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act, and stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such a forum selection provision as written in connection with claims arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in shares of common stock of the Company will be deemed to have notice of and have consented to the provisions of our Charter and Bylaws related to choice of forum. The choice of forum provisions in our Charter and Bylaws may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us. Additionally, the enforceability of choice of forum provisions in other companies' governing documents has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in our Charter and Bylaws to be inapplicable or unenforceable in such action. If so, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations, and financial condition. There can be no assurance we will repurchase shares of our Class A Common Stock in any particular amounts. The stock markets in general have experienced substantial price and trading fluctuations, which have resulted in volatility in the market prices of securities that often are unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the trading price of our Class A Common Stock. Price volatility over a given period may also cause the average price at which we repurchase our own Class A Common Stock to exceed the stock' s price at a given point in time. In addition, significant changes in the trading price of our Class A Common Stock and our ability to access capital on terms favorable to us could impact our ability to repurchase shares of our Class A Common Stock. The timing and amount of any repurchases will be determined by the Company' s management based on its evaluation of market conditions, capital allocation alternatives and other factors beyond our control. Our share repurchase program may be modified, suspended, extended or terminated by the Company at any time and without notice. ~~Risks Related to the OneStim Acquisition The Company' s results may suffer if it does not effectively manage its expanded operations following the OneStim Acquisition. Since the OneStim Acquisition, the size of the Company' s business has increased significantly. In addition, we now own and operate two sand mines. While we have retained qualified personnel to operate the mines, we have not undertaken mining operations in the past. The Company' s future success will depend, in part, on the Company' s ability to manage this expanded business, which poses numerous risks and uncertainties. Following the OneStim Acquisition, we expanded our operations to Canada and may be subject to increased business and economic risks. The Company has historically owned and operated its assets exclusively within the United States. In connection with the OneStim Acquisition, we acquired certain Canadian assets and liabilities, which marked our entry into a new geographical territory where we had limited experience in owning and operating assets and providing our services. As a result, we are subject to a variety of risks inherent in doing business internationally, including: risks related to the legal and regulatory environment in foreign jurisdictions; fluctuations in currency exchange rates; complying with multiple tax jurisdictions; difficulties in staffing and managing international operations and the increased travel, infrastructure and compliance costs associated with international locations and employees; regulations that might add difficulties in repatriating cash earned outside the United States and otherwise preventing us from freely moving cash; complying with statutory equity requirements; and complying with the U. S. Foreign Corrupt Practices Act and the Corruption of Foreign Public Officials Act (Canada) and other similar laws in Canada. If we fail to manage our operations in Canada successfully, our business may suffer.~~