Risk Factors Comparison 2024-02-28 to 2023-02-27 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Risks Related to our Business. Demand for our equipment and services is affected by the volatility of oil and natural gas prices. Oil and natural gas prices affect demand throughout the oil and gas industry, including the demand for our equipment and services. Our business depends in large part on the conditions of the oil and gas industry, and specifically on the capital investments of our customers related to the exploration and production of oil and natural gas. When these capital investments decline, our customers' demand for our services declines. The price of oil, a world- wide commodity, is affected by, among other things, the potential of armed conflict in politically unstable areas such as the Middle East as well as the actions of OPEC, an oil cartel which controls approximately 40 ~~percent~~ **%** of global oil production. OPEC' s actions have historically been unpredictable and can contribute to the volatility of the price of oil on the world market. Although the production sector of the oil and gas industry is less immediately affected by changing prices, and, as a result, less volatile than the exploration sector, producers react to declining oil and gas prices by curtailing capital spending, which would adversely affect our business. A prolonged low level of customer activity in the oil and gas industry adversely affects the demand for our equipment and services and our financial condition and results of operations. Reliance upon a large customer may adversely affect our revenues and operating results. At times our business has had a concentration of one or more major customers. ~~One of our customers, a private exploration and production company, accounted for approximately 11 percent of the Company' s revenues in 2022 with no other customers exceeding 10 percent of revenues in 2022.~~ There was no customer that accounted for 10 ~~percent~~ **% of revenues in 2023. One of** ~~or~~ **our** ~~more~~ **customers, a private exploration and production company, accounted for approximately 11 %** of the Company' s revenues in **2022, with no other customers in 2022 and no customers in** 2021 ~~or 2020~~ **exceeding 10 % of revenues** . In addition, there was ~~no~~ **one** customer **that accounted for approximately 10 % of accounts receivable** as of December 31, **2023. There were no other customers as of December 31, 2023, and no customers as of December 31,** 2022 **,** ~~or 2021~~ that accounted for 10 ~~percent~~ **%** or more of accounts receivable. The reliance on a large customer for a significant portion of our total revenues exposes us to the risk that the loss or reduction in revenues from this customer, which could occur unexpectedly, could have a material and disproportionate adverse impact upon our revenues and operating results. Our concentration of customers in one industry and periodic downturns may impact our overall exposure to credit risk and cause us to experience increased credit loss allowance for accounts receivable. Substantially all of our customers operate in the energy industry. This concentration of customers in one industry may impact our overall exposure to credit risk, either positively or negatively, in that customers may be similarly affected by changes in economic and industry conditions. We perform ongoing credit evaluations of our customers and do not generally require collateral in support of our trade receivables. The periodic downturns that our industry experiences may adversely affect our customers' operations **,** which could cause us to experience increased credit losses for accounts receivable. Our business depends on capital spending by our customers, many of whom rely on outside financing to fund their operations. Many of our customers rely on their ability to raise equity capital and debt financing from capital markets to fund their operations. Their ability to raise outside capital depends upon, among other things, the availability of capital, near- term operating prospects of oil and gas companies, current and projected prices of oil and natural gas, and relative attractiveness of competing investments for available investment capital. These factors are outside of our control, and in the event our customers cannot continue to raise outside capital to fund their operations, RPC' s financial results would be negatively impacted. RPC' s success will depend on its key personnel, and the loss of any key personnel may affect its revenues. RPC' s success will depend to a significant extent on the continued service of key management personnel. The loss or interruption of the services of any senior management personnel or the inability to attract and retain other qualified management, sales, marketing and technical employees could disrupt RPC' s operations and cause a decrease in its revenues and profit margins. We may be unable to compete in the highly competitive oil and gas industry in the future. We operate in highly competitive areas of the oilfield services industry. The equipment and services in our industry segments are sold in highly competitive markets, and our revenues and earnings have in the past been affected by changes in competitive prices, fluctuations in the level of activity in major markets and general economic conditions. We compete with the oil and gas industry' s many large and small industry competitors, including the largest integrated oilfield service providers. We believe that the principal competitive factors in the market areas that we serve are product and service quality and availability, reputation for safety, technical proficiency and price. Although we believe that our reputation for safety and quality service is good, we cannot assure you that we will be able to maintain our competitive position. We may be unable to identify or complete acquisitions **, and the completion of significant acquisitions involves integration and other risks** . Acquisitions have been and may continue to be a key element of our business strategy. We cannot assure you that we will be able to identify and acquire acceptable acquisition candidates on terms favorable to us in the future. We may be required to incur substantial indebtedness to finance future acquisitions and also may issue equity securities in connection with such acquisitions. The issuance of additional equity securities could result in significant dilution to our stockholders. We cannot assure you that we will be able to **successfully** integrate ~~successfully~~ the operations and assets of any acquired business with our own business. Any inability on our part to integrate and manage the growth ~~from~~ **of** acquired businesses could have a material adverse effect on our results of operations and financial condition **. We completed the acquisition of Spinnaker Oilwell Services in 2023 and may have difficulty and incur anticipated expenses related to integrating information systems, financial reporting activities, employee retention and integrating and retaining management and personnel. Additionally, we may not be able to achieve the anticipated expansion of our cementing business from its presence in South Texas to basins in which we provide other services** . Our operations are affected by adverse weather conditions. Our operations are directly affected by the weather conditions in several domestic regions, including the Gulf of Mexico, the Gulf Coast, the mid- continent **,** and the Appalachian region. Hurricanes and other storms prevalent in the Gulf of Mexico and along the Gulf Coast during certain times of the year may also affect our operations, and severe hurricanes may affect our customers' activities for a period of several years. While the impact of these storms may increase the need for certain of our services over a longer period of time, such storms can also decrease our customers' activities immediately after they occur. Such hurricanes may also affect the prices of oil and natural gas by disrupting supplies in the short term, which may increase demand for our services in geographic areas not damaged by the storms. Prolonged rain, snow or ice in many of our locations may temporarily prevent our crews and equipment from reaching customer work sites. Due to seasonal differences in weather patterns, our crews may operate more days in some periods than others. Accordingly, our operating results may vary from quarter to quarter, depending on the impact of these weather conditions. Our ability to attract and retain skilled workers may impact growth potential and profitability. Our ability to be productive and profitable will depend substantially on our ability to attract and retain skilled workers. Our ability to expand our operations is, in part, impacted by our ability to increase our labor force. A significant increase in the wages paid by competing employers could result in a reduction in our skilled labor force, increases in the wage rates paid by us, or both. The Company and our industry ~~is~~ **are** being affected by shortages of skilled labor. If labor shortages continue or a significant increase in wages ~~occur~~ **occurs** , our capacity and profitability could be diminished, and our growth potential could be impaired. Some of our equipment and several types of materials used in providing our services are available from a limited number of suppliers. We purchase equipment provided by a limited number of manufacturers who specialize in oilfield service equipment. During periods of high demand, these manufacturers may not be able to meet our requests for timely delivery, resulting in delayed deliveries of equipment and higher prices for equipment. There are a limited number of suppliers for certain materials used in pressure pumping services, our largest service line. While these materials are generally available, supply disruptions can occur due to factors beyond our control. Such disruptions, delayed deliveries, and higher prices may limit our ability to provide services, or increase the costs of providing services, which could reduce our revenues and profits. We have used outside financing in prior years to accomplish our growth strategy, and outside financing may become unavailable or may be unfavorable to us. Our business requires a great deal of capital to maintain our equipment and increase our fleet of equipment to expand our operations, and we **currently** have access to our credit facility to fund our necessary working capital and other capital requirements. Our credit facility ~~, as amended June 22, 2022,~~ provides a borrowing base of $ 100 million less the amount of any outstanding letters of credit, and bears interest at a floating rate, which exposes us to market risks as interest rates rise. If our existing capital resources become unavailable, inadequate **,** or unfavorable for purposes of funding our capital requirements, we would need to raise additional funds through alternative debt or equity financings to maintain our equipment and continue our growth. Such additional financing sources may not be available when we need them ~~,~~ or may not be available on favorable terms. If we fund our growth through the issuance of public equity, the holdings of stockholders will be diluted. If capital generated either by cash provided by operating activities or outside financing is not available or sufficient for our needs, we may be unable to maintain our equipment, expand our fleet of equipment, or take advantage of other potentially profitable business opportunities, which could reduce our future revenues and profits. Our international operations could have a material adverse effect on our business. Our operations in various international markets including, but not limited to, Africa, Canada, Argentina, China, Mexico, Latin America and the Middle East are subject to risks. These risks include, but are not limited to, political changes, expropriation, currency restrictions and changes in currency exchange rates, taxes, boycotts and other civil disturbances. The occurrence of any one of these events could have a material adverse effect on our operations. ~~Our financial results could continue to be negatively impacted by the COVID- 19 pandemic. The oil and gas industry experienced an unprecedented disruption during 2020 due to the substantial decline in global oil demand caused partly by the COVID- 19 pandemic. Although global demand began to rebound in 2021, and has remained strong throughout 2022 and in early 2023, a worsening of the pandemic or a new global pandemic could further impact the economic conditions in the United States, as federal, state and local governments react to the public health crisis, creating uncertainties in the United States, as well as the global economy. RPC instituted strict procedures to assess employee health and safety while in its facilities or on operational locations and attempted to hire redundant crews in order to continue to provide services to its customers. These measures increased the Company' s operating expenses, and such higher operating expenses could continue if the COVID- 19 pandemic continues during 2023 or a new global pandemic arises.~~ Increasing expectations from **governments,** customers, investors and other stakeholders regarding our environmental, social and governance (ESG) practices may affect our business, may create additional costs for us, or expose us to related risks. Many companies are receiving greater attention from stakeholders regarding their ESG practices, as well as their oversight of relevant ESG issues. The various stakeholders are placing growing importance on our potential environmental and social issue risk exposure and the impact of our choices. ~~This trend appears likely to continue.~~ Increased focus on ESG and related decision- making may negatively impact us as customers, investors and other stakeholders may choose to not work with us or reallocate capital or decline to make an investment as a result of their assessment of our ESG practices. Companies that do not comport with, or do not adapt to, these evolving investor and stakeholder ESG- related expectations and standards, or that are assessed as not having responded appropriately to the growing focus on ESG matters, may have their brand and reputation harmed, and ~~we~~ **the Company** or our stock price may be adversely affected even though we may be in full compliance with all relevant laws and regulations. **We are planning to create and publish voluntary disclosures regarding ESG matters from time to time. To the extent that we report Green House Gas (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 disclosures 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. Risk Management Risks. Our business has potential liability for litigation, personal injury and property damage claims assessments. Our operations involve the use of heavy equipment and exposure to inherent risks, including blowouts, explosions **,** and fires. If any of these events were to occur, it could result in liability for personal injury and property damage, pollution or other environmental hazards or loss of production. Litigation may arise from a catastrophic occurrence at a location where our equipment and services are used. This litigation could result in large claims for damages. The frequency and severity of such incidents will affect our operating costs, insurability and relationships with customers, employees **,** and regulators. These occurrences could have a material adverse effect on us. We maintain what we believe is prudent insurance protection. We cannot assure you that we will be able to maintain adequate insurance in the future at rates we consider reasonable or that our insurance coverage will be adequate to cover future claims and assessments that may arise. **Regulatory Risks.** Our operations may be adversely affected if we are unable to comply with regulations and environmental laws. Our business is significantly affected by stringent environmental laws and other regulations relating to the oil and gas industry and by changes in such laws and the level of enforcement of such laws. We are unable to predict the level of enforcement of existing laws and regulations, how such laws and regulations may be interpreted by enforcement agencies or court rulings, or whether additional laws and regulations will be adopted. The adoption of laws and regulations curtailing exploration and development of oil and gas fields in our areas of operations for economic, environmental **,** or other policy reasons would adversely affect our operations by limiting demand for our services. We also have potential environmental liabilities with respect to our offshore and onshore operations, and could be liable for cleanup costs, or environmental and natural resource damage due to conduct that was lawful at the time it occurred ~~,~~ but is later ruled to be unlawful. We also may be subject to claims for personal injury and property damage due to the generation or disposal of hazardous substances in connection with our operations. We believe that our present operations substantially comply with applicable federal and state pollution control and environmental protection laws and regulations. We also believe that compliance with such laws has had no material adverse effect on our operations to date. However, such environmental laws are changed frequently. We are unable to predict whether environmental laws will, in the future, materially adversely affect our operations and financial condition. Penalties for noncompliance with these laws may include cancellation of permits, fines, and other corrective actions, which would negatively affect our future financial results. Compliance with federal and state regulations relating to **pressure pumping services, including** hydraulic fracturing **,** could increase our operating costs, cause operational delays, and could reduce or eliminate the demand for our pressure pumping services. RPC' s pressure pumping services are the subject of continuing federal, state and local regulatory oversight. This scrutiny is prompted in part by public concern regarding the potential impact on drinking and ground water and other environmental issues arising from the growing use of hydraulic fracturing. Among these regulatory entities is the White House Council on Environmental Quality, which coordinated a review of hydraulic fracturing practices. In addition, a committee of the United States House of Representatives investigated hydraulic fracturing practices and publicized information regarding the materials used in hydraulic fracturing **. Compliance with federal and state regulations relating to pressure pumping services could increase our operating costs, cause operational delays, and could reduce or eliminate the demand for our pressure pumping services** . The U. S. Environmental Protection Agency (EPA) also conducted a study of the environmental impact of hydraulic fracturing practices, and in 2015, issued a report which concluded that hydraulic fracturing had not caused a measurable impact on drinking water sources in the U. S. This and similar conclusions from similar investigations carry positive implications for our industry **; however** ~~. In spite of these favorable empirical data~~ , ~~the current administration~~ **more stringent regulations could be** imposed ~~a temporary suspension of new oil and gas leasing permits on federal oil and gas drilling areas. This suspension has been challenged~~ in ~~court and was blocked in~~ the **future, which could have** ~~fourth quarter of 2021. Early in~~

~~2023~~ a **material adverse** ~~final decision was still pending. This legislation has had a minimal~~ impact on ~~RPC' s Technical Services Segment' s revenues. Furthermore, we do not believe that this ban, or~~ **our costs and** ~~any similar future ban, would impact RPC' s Technical Services Segment' s revenues because this or~~ **our business** ~~similar bans would only apply to drilling and completion on Federal lands, which account for less than 10 percent of U. S. oilfield activity. General Risks. Our common stock price has been volatile. Historically, the market price of common stock of companies engaged in the oil and gas services industry has been highly volatile. Likewise, the market price of our common stock has varied significantly in the past~~ . Risks Related to our Capital and Ownership Structure. Our management and directors have a substantial ownership interest, and public stockholders may have no effective voice in the management of the Company. The Company has elected the ~~"~~Controlled Corporation ~~"~~exemption under Section 303A of the New York Stock Exchange (~~"~~NYSE ~~"~~) Listed Company Manual. The Company is a ~~"~~Controlled Corporation ~~"~~because a group that includes Gary W. Rollins, Pamela R. Rollins, Amy Rollins Kreisler and Timothy C. Rollins, each of whom is a director of the Company, and certain companies under their control **(the Controlling Group)** , controls in excess of ~~fifty percent~~ **50 %** of the Company' s voting power. As a ~~"~~Controlled Corporation, ~~"~~the Company need not comply with certain NYSE rules including those requiring a majority of independent directors, and independent compensation and nominating committees. RPC' s executive officers, directors and their affiliates hold directly or through indirect beneficial ownership, in the aggregate, ~~61 percent~~ **approximately 60 %** of RPC' s outstanding shares of common stock. As a result, these stockholders effectively control the operations of RPC, including the election of directors and approval of significant corporate transactions such as acquisitions and other matters requiring stockholder approval. This concentration of ownership could also have the effect of delaying or preventing a third party from acquiring control over the Company at a premium. The Controlling Group could take actions that could negatively impact our results of operations, financial condition or stock price. The Controlling Group may from time to time and at any time, in their sole discretion, acquire or cause to be acquired, additional equity or other instruments of the Company, its subsidiaries or affiliates, or derivative instruments the value of which is linked to Company securities, or dispose or cause to be disposed, such equity or other securities or instruments, in any amount that the ~~Controlling Group may determine in their sole discretion, through open market transactions, privately negotiated transactions or otherwise. In addition, depending upon a variety of factors, the Controlling Group may at any time engage in discussions with the Company and its affiliates, and other persons, including retained outside advisers, concerning the Company' s business, management, strategic alternatives and direction, and in their sole discretion, consider, formulate and implement various plans or proposals intended to enhance the value of their investment in the Company. In the event the Controlling Group were to engage in any of these actions, our common stock price could be negatively impacted, such actions could cause volatility in the market for our common stock or could have a material adverse effect on our results of operations and our financial condition. 14~~