

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

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

FORM 10-K

- ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the fiscal year ended December 31, 2013
- TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the transition period from _____ to _____

Commission file number: 000-9494



ENSERVCO CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

501 South Cherry St., Ste. 320
Denver, CO
(Address of principal executive offices)

84-0811316
(IRS Employer
Identification No.)

80246
(Zip Code)

Registrant's telephone number: **(303) 333-3678**

Securities registered pursuant to Section 12(b) of the Securities Exchange Act

Title of each class	Name of each exchange on which registered
Common stock, \$0.005 par value	NYSE MKT

Securities registered pursuant to Section 12(g) of the Securities Exchange Act None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act: o Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act: o Yes No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

Large accelerated filer o
Non-accelerated filer o
(Do not check if a smaller reporting company)

Accelerated filer o
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934).

Yes No

The aggregate market value of the common stock held by non-affiliates of the Registrant was approximately \$8,970,647 based upon the closing sale price of the Registrant's Common Stock of \$0.90 as of June 28, 2013, the last trading day of the registrant's most recently completed second fiscal quarter. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of March 20, 2014, there were 36,204,671 shares of the Enservco Corporation's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's definitive information statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the registrant's fiscal year ended December 31, 2013, in connection with the registrant's 2014 Annual Meeting of Shareholders, are incorporated herein by reference into Part III of this Annual Report on Form 10-K.

PART I

ITEM 1. BUSINESS

The Company was incorporated as Aspen Exploration Corporation under the laws of the State of Delaware on February 28, 1980 for the primary purpose of acquiring, exploring and developing oil and natural gas and other mineral properties. During the first half of 2009, Aspen disposed of its oil and natural gas producing assets and as a result was no longer engaged in active business operations. On June 24, 2010, Aspen entered into an Agreement and Plan of Merger and Reorganization with Dillco Fluid Service, Inc. ("Dillco") which set forth the terms by which Dillco became a wholly owned subsidiary of Aspen on July 27, 2010 (the "Merger Transaction").

On December 30, 2010, Aspen changed its name to "Enservco Corporation." As such, throughout this report the terms the "Company" and/or "Enservco" are intended to refer to the Company on a post Merger Transaction basis and as a whole, with respect to both historical and forward looking contexts. As a result of the Merger Transaction, the Company's fiscal year was modified to be the calendar year.

The Company's executive (or corporate) offices are located at 501 South Cherry St., Ste. 320, Denver, CO 80246. Our telephone number is (303) 333-3678, and our facsimile number is (720) 974-3417. Our website is www.enservco.com.

Cautionary Note Regarding Forward-Looking Statements

The information discussed in this annual report on Form 10-K includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). All statements, other than statements of historical facts, included herein concerning, among other things, planned capital expenditures, future cash flows and borrowings, pursuit of potential acquisition opportunities, our financial position, business strategy and other plans and objectives for future operations, are forward-looking statements. These forward-looking statements are identified by their use of terms and phrases such as "may," "expect," "estimate," "project," "plan," "believe," "intend," "achievable," "anticipate," "will," "continue," "potential," "should," "could," and similar terms and phrases. Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve certain assumptions, risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, among others:

- capital requirements and uncertainty of obtaining additional funding on terms acceptable to us;
- price volatility of oil and natural gas prices, and the effect that lower prices may have on our customers' demand for our services, the result of which may adversely impact our revenues and stockholders' equity;
- a decline in oil or natural gas production, and the impact of general economic conditions on the demand for oil and natural gas and the availability of capital which may impact our ability to perform services for our customers;
- the broad geographical diversity of our operations which, while expected to diversify the risks related to a slow-down in one area of operations, also adds to our costs of doing business;
- constraints on us as a result of our substantial indebtedness, including restrictions imposed on us under the terms of our credit facility agreement and our ability to generate sufficient cash flows to repay our debt obligations;
- our history of losses and working capital deficits which, at times, were significant;

- adverse weather and environmental conditions;
- reliance on a limited number of customers;
- our ability to retain key members of our senior management and key technical employees;
- impact of environmental, health and safety, and other governmental regulations, and of current or pending legislation with which we and our customers must comply;
- developments in the global economy;
- changes in tax laws;
- the effects of competition;
- the effect of seasonal factors;
- further sales or issuances of our common stock and the price and volume volatility of our common stock; and
- our common stock's limited trading history.

Finally, our future results will depend upon various other risks and uncertainties, including, but not limited to, those detailed in the section entitled "Risk Factors" included elsewhere in this annual report. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements in this section and elsewhere in this annual report. Other than as required under securities laws, we do not assume a duty to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, changes in expectations or otherwise.

Corporate Structure

Immediately prior to closing the Merger Transaction and as a result of an internal reorganization that commenced in 2009, Dillco's assets and the ownership interests of its subsidiaries were held and controlled primarily through a holding company, Enservco LLC ("LLC").

On July 26, 2010, Dillco merged into LLC, with Dillco being the surviving entity in that transaction. Prior to that transaction, the LLC served as a holding company for Dillco, Heat Waves Hot Oil Service LLC ("Heat Waves"), and other entities that owned assets utilized by the Company in its business operations.

Immediately prior to the completion of the Merger Transaction, Dillco had two owners, Michael D. Herman (90%) and Rick D. Kasch (10%). Mr. Herman has been a Manager, Chairman, Chief Executive Officer, and control person of the LLC, Dillco, Heat Waves and the other Dillco subsidiaries since the time of their formation and/or acquisition by the LLC. Mr. Kasch served as the Chief Financial Officer and a Manager for these same entities since the time of their formation and/or acquisition. Messrs. Herman and Kasch became significant shareholders of the Company as a result of the Merger Transaction.

On May 29, 2013, three of the Company's former subsidiaries, being Trinidad Housing, LLC, Aspen Gold Mining Company, and Heat Waves, LLC, were dissolved and Enservco Frac Services, LLC is being dissolved by operation of law. None of these dissolved subsidiaries was engaged in active business operations prior to its dissolution. As part of a corporate reorganization in May 2013, Dillco transferred its ownership in Heat Waves to Enservco through a tax free exchange.

The Company's business operations are conducted primarily through Heat Waves and Dillco. The below table provides an overview of the Company's current subsidiaries and their activities.

<u>Name</u>	<u>State of Formation</u>	<u>Ownership</u>	<u>Business</u>
Heat Waves Hot Oil Service LLC ("Heat Waves")	Colorado	100% by Enservco	Oil and natural gas well services, including logistics and stimulation.
Dillco Fluid Service, Inc. ("Dillco")	Kansas	100% by Enservco	Oil and natural gas field fluid logistic services primarily in the Hugoton Basin in western Kansas and northwestern Oklahoma.
HE Services, LLC ("HES")	Nevada	100% by Heat Waves	No active business operations. Owns construction equipment used by Heat Waves.
Real GC, LLC ("Real GC")	Colorado	100% by Heat Waves	No active business operations. Owns real property in Garden City, Kansas that is used by Heat Waves.

Overview of Business Operations

As described above, the Company primarily conducts its business operations through two subsidiaries, Dillco and Heat Waves, which provide oil field services to the domestic onshore oil and natural gas industry. These services include pressure testing, hot oiling, acidizing, frac water heating, freshwater and saltwater hauling, fluid disposal, frac tank rental, well site construction and other general oil field services. As described in the table above, certain assets utilized by Heat Waves and Dillco in their business operations are owned by other subsidiary entities. The Company currently operates in the following geographic regions:

- Eastern USA Region, including the southern region of the Marcellus Shale formation (southwestern Pennsylvania and northern West Virginia) and the Utica Shale formation in eastern Ohio. The Eastern USA Region operations are deployed from Heat Waves' operations center in Carmichaels, Pennsylvania which opened in the first quarter of 2011.
- Rocky Mountain Region, including western Colorado and southern Wyoming (D-J Basin and Niobrara formations), and western North Dakota and eastern Montana (Bakken formation). The Rocky Mountain Region operations are deployed from Heat Waves' operations centers in Killdeer, North Dakota and Rock Springs, Wyoming; and Platteville, Colorado.
- Central USA Region, including southwestern Kansas, Texas panhandle, northwestern Oklahoma, and northern New Mexico. The Central USA Region operations are deployed from operations centers in Garden City and Hugoton, Kansas.

During 2012, the Company terminated its operations in the Uintah basin in northeastern Utah and sold the real property that it owned in Roosevelt, Utah. The Company redeployed its equipment to its more stable and active operating centers.

Management believes that the Company is strategically positioned with its ability to provide its services to a large customer base in key oil and natural gas basins in the United States. Management is optimistic that as a result of the significant expenditures the Company has made in new equipment in combination with expanding into new basins and geographical locations, the Company will be able to further grow and develop its business operations.

Historically, the Company focused its growth strategy on strategic acquisitions of operating companies and then expanding operations through additional capital investment consisting of the acquisition and fabrication of property and equipment. That strategy also included expanding the Company's geographical footprint as well as expanding the services it provides. These strategies are exemplified by the acquisitions of operating entities (described in the *Operating Entities* section below) and:

- (1) In 2011, 2012 and 2013, Dillco and Heat Waves spent approximately \$5.3 million, \$3.8 million, and \$5.8 million, respectively, for the acquisition and fabrication of property and equipment; and
- (2) To expand its footprint, in early 2010 Heat Waves began providing services in the Marcellus Shale natural gas field in southwestern Pennsylvania and West Virginia, and in September 2011 Heat Waves extended its services into the D-J Basin / Niobrara formation and the Bakken formation through opening new operation centers in southern Wyoming and western North Dakota, respectively. Also, in late 2012 the Company expanded its operations, through its Pennsylvania operation center, into the Utica Shale formation in eastern Ohio.

Going forward, and subject to the availability of adequate financing, the Company expects to continue to pursue its growth strategies of exploring additional acquisitions, potentially expanding the geographic areas in which it operates, and diversifying the products and services it provides to customers, as well as making further investments in its assets and equipment.

Operating Entities

As noted above, the Company conducts its business operations and holds assets primarily through its subsidiary entities. The following describes the operations and assets of the Company's subsidiaries through which the Company conducts its business operations.

Dillco. From its inception in 1974, Dillco has focused primarily on providing water hauling/disposal/storage services, well site construction services and frac tank rental to energy companies working in the Hugoton gas field in western Kansas and northwestern Oklahoma. Water hauling and disposal services have been the primary sources of Dillco's revenue. Dillco currently owns and operates a fleet of water hauling trucks and related assets, including specialized tank trucks, frac tanks, water disposal wells, construction and other related equipment. These assets transport, store and dispose of both fresh and salt water, as well as provide well site construction and maintenance services.

Heat Waves. Heat Waves provides a range of well stimulation/maintenance services to a diverse group of independent and major oil and natural gas companies. The primary services provided are intended to:

- (1) Assist in the fracturing of formations for newly drilled oil and natural gas wells; and
- (2) Help maintain and enhance the production of existing wells throughout their productive life.

These services consist of frac water heating, hot oiling and acidizing. Heat Waves also provides some water hauling and well site construction services (though limited during 2012, as described within the *Construction and Roustabout Services* section below). Heat Waves' operations are currently in southwestern Kansas, Texas panhandle, northwestern Oklahoma, southern and central Wyoming (Niobrara formation), Colorado (D-J Basin), southwest Pennsylvania/ northwestern West Virginia (Marcellus Shale) region, eastern Ohio (Utica Shale), and western North Dakota and eastern Montana (Bakken formation).

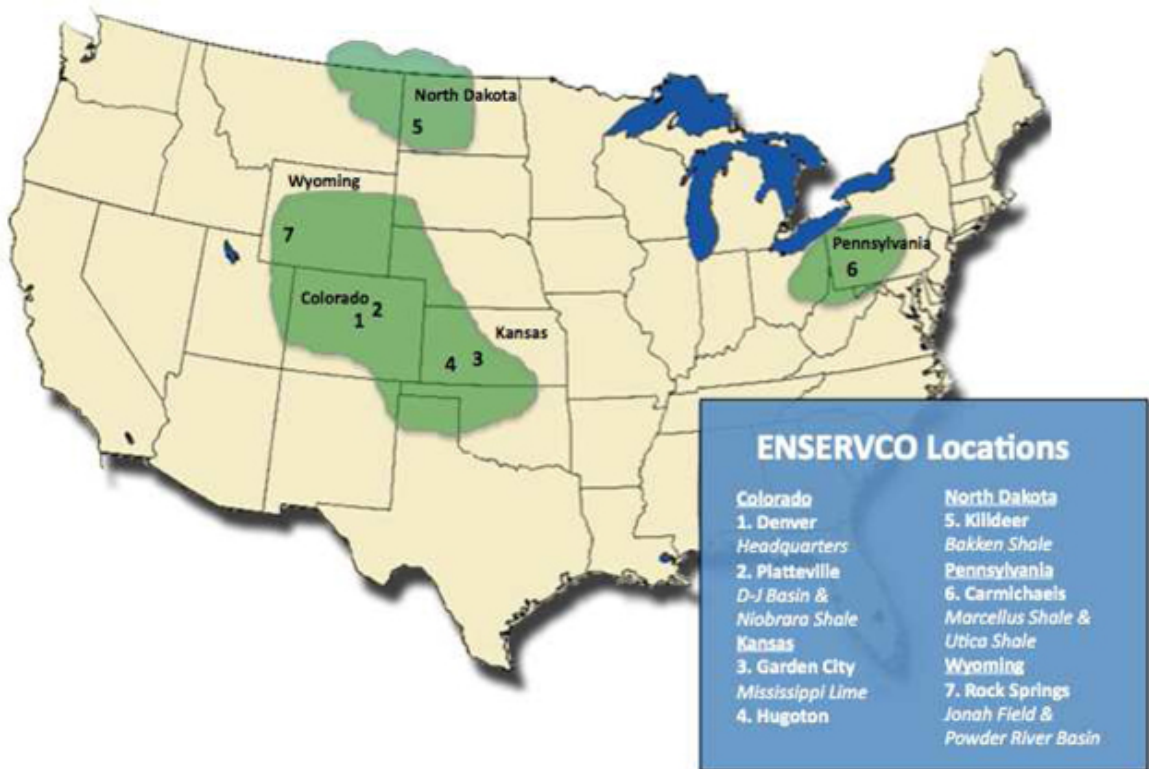
HES. HES owns construction and related equipment that Heat Waves used in its well site construction and maintenance services. However, HES does not currently engage in any business activities itself. HES also owns a disposal well near Garden City, Kansas that Dillco uses for salt water disposal.

Products and Services

The Company provides a range of services to owners and operators of oil and natural gas wells. Such services can generally be grouped into the three following categories:

- (1) Well enhancement services, i.e., hot oiling, acidizing, frac water heating, and pressuretesting;
- (2) Fluid management services, i.e., water/fluid hauling, frac tank rental, and disposal services; and
- (3) Well site construction and roustabout services.

The following map shows the primary areas in which Heat Waves and Dillco currently have active business operations.



The following is a more complete description of the services provided by The Company through its subsidiaries.

Well Enhancement Services

Well enhancement services consist of frac water heating, acidizing, hot oiling services, and pressure testing. These services are provided primarily by Heat Waves which currently utilizes a fleet of approximately 132 custom designed trucks and other related equipment. Heat Waves' operations are currently in southwestern Kansas, northwestern Oklahoma, Texas panhandle, southern Wyoming (Niobrara), Colorado (D-J Basin), southwestern Pennsylvania/northwestern West Virginia (Marcellus Shale) region, eastern Ohio (Utica Shale), and western North Dakota and eastern Montana (Bakken formation). Well enhancement services accounted for approximately 80% of the Company's total revenues for its 2013 fiscal year on a consolidated basis as compared to 65% for the 2012 fiscal year.

Frac Water Heating - Fracturing services are intended to enhance the production from oil and natural gas wells where the natural flow has been restricted by underground formations through the creation of conductive flowpaths to enable the hydrocarbons to reach the wellbore. The fracturing process consists of pumping a fluid slurry, which largely consists of fresh water and a "proppant" (explained below), into a cased well at sufficient pressure to fracture (i.e. create conductive flowpaths) the producing formation. Sand, bauxite or synthetic proppants are suspended in the fracturing fluid slurry and are pumped into the well under great pressure to fracture the formation. To ensure these solutions are properly mixed (gel frac) or that plain water (used in slick water fracs) can flow freely, the water frequently needs to be heated to a sufficient temperature as determined by the well owner/operator. Heat Waves currently owns and operates approximately 34 frac heaters (24 single burner units and 10 double burner units) designed to heat large amounts of water stored in reservoirs or frac tanks. The Company has leased three additional frac heaters for the current heating season.

Acidizing - Acidizing entails pumping large volumes of specially formulated acids and/or chemicals into a well to dissolve materials blocking the flow of the oil or natural gas. The acid is pumped into the well under pressure and allowed time to react. The spent fluids are then flowed or swabbed out of the well, after which the well is put back into production.

Acidizing is most often used to increase permeability throughout the formation, clean up formation damage near the wellbore caused by drilling, and to remove buildup of materials restricting the flow of oil and gas in the formation or through perforations in the well casing.

Heat Waves provides acidizing services by utilizing its fleet of three mobile acid transport and pumping trucks. For most customers, Heat Waves supplies the acid solution and also pumps that solution into a given well. There are customers who provide their own solutions and hire Heat Waves to pump the solution.

Hot Oil Services – Hot oil services involve the circulation of a heated fluid, typically oil, to dissolve, melt, or dislodge paraffin or other hydrocarbon deposits from the tubing of a producing oil or natural gas well. These deposits build up over a period of time from normal production operations, although the rate at which these products build up depends on the chemical character of the oil and natural gas being produced. This is performed by circulating the hot oil down the casing and back up the tubing to remove the deposits from the well bore.

Hot oil servicing also includes the heating of oil storage tanks. The heating of storage tanks is done:

- (1) To eliminate water and other soluble waste in the tank for which the operator's revenue is reduced at the refinery;
and
- (2) Because heated oil flows more efficiently from the tanks to transports taking oil to the refineries in colder weather.

Heat Waves currently owns and operates approximately 30 hot oil trucks in its fleet - 27 are actively working and 3 are used for standby work. The Company currently has four hot oil trucks in fabrication and expects delivery near the start of the second quarter of 2014.

Pressure Testing – Pressure testing consists of pumping fluids into new or existing wells or other components of the well system such as flow lines to detect leaks. Hot oil trucks and pressure trucks are used to perform this service.

Fluid Services.

Water Hauling – Water hauling accounted for approximately 19% of the Company's revenues on a consolidated basis during 2013 as compared to 30% during our 2012 fiscal year. The Company currently owns or leases, and operates approximately 65 water hauling trucks and trailers equipped with pumps to move water from or into wells, tanks and other storage facilities in order to assist customers in managing their water-cost needs. Each truck has a hauling capacity of up to 130 barrels (each barrel being equal to 42 U.S. gallons). The trucks are used to:

- (1) Transport water to fill frac tanks on well locations,
- (2) Transport contaminated water produced as a by-product of producing wells to disposal wells, including disposal wells that we own and operate, and
- (3) Transport drilling and completion fluids to and from well locations; following completion of fracturing operations, the trucks are used to transport the flow-back produced as a result of the fracturing process from the well site to disposal wells.

Most wells produce residual salt or fresh water in conjunction with the extraction of the oil or natural gas. The Company's trucks pick up water at the well site and transport it to a disposal well for injection or to other environmentally sound surface recycling facilities. This is regular maintenance work that is done on a periodic basis depending on the volume of water a well produces. Water-cost management is an ongoing need for oil and natural gas well operators throughout the life of a well.

The Company's ability to outperform competitors in this segment is primarily dependent on logistical factors such as the proximity between areas where water is produced or used and the strategic placement and/or access to both disposal wells and recycling facilities. The Company owns four water disposal wells in Kansas and Oklahoma. It is management's intent to maintain the Company's disposal well holdings and access to recycling facilities, but also to use disposal wells and other facilities owned by third parties where appropriate.

Typically the Company and a customer enter into a contract for services after that customer has completed a competitive bidding process. Requirements for minor or incidental water hauling services are usually purchased on a "call out" basis and charged according to a published schedule of rates. The Company competes for services both on a call out and contractual basis.

Workover, completion, and remedial activities also provide the opportunity for higher operating margins from tank rentals and water hauling services. Drilling and workover jobs typically require water for multiple purposes. Completion and workover procedures often also require large volumes of water for fracturing operations, a process of stimulating a well hydraulically to increase production. All fluids are required to be transported from the well site to an approved disposal facility.

Competitors in the water hauling business, where the Company provides this service, are mostly small, regionally focused companies. The level of water hauling activity is comprised of a relatively stable demand for services related to the maintenance of producing wells and a highly variable demand for services used in the drilling and completion of new wells. As a result, the level of domestic onshore drilling activity significantly affects the level of the Company's activity in this service area, and may vary from region to region and from season to season.

Disposal Well Services –The Company owns four disposal wells in Kansas and Oklahoma that allow for the injection of salt water and incidental non-hazardous oil and natural gas wastes.

Our trucks frequently transport fluids to be disposed of into these disposal wells. The Company's disposal wells are located in southwestern Kansas and northwestern Oklahoma in areas in proximity to our customers' producing wells in those areas. Most oil and natural gas wells produce varying amounts of water throughout their productive lives. In the states in which we operate, oil and natural gas wastes and water produced from oil and natural gas wells are required by law to be disposed of in authorized facilities, including permitted water disposal wells. These disposal wells are licensed by state authorities pursuant to guidelines and regulations imposed by the Environmental Protection Agency and the Safe Drinking Water Act and are completed in an environmentally sound manner in permeable formations below the fresh water table.

Frac Tank Rental –The Company also generates a small amount of revenues from the rental of frac tanks. The Company currently owns approximately 20 frac tanks, which can store up to 500 barrels of water and are used by oilfield operators to store fluids at the well site, including fresh water, salt water, and acid for frac jobs, flowback, temporary production and mud storage. Frac tanks are used during all phases of the life of a producing well. The Company generally rents frac tanks at daily rates and charges hourly rates for the transportation of the tanks to and from the well site.

Construction and Roustabout Services

Well-site construction and roustabout services accounted for less than 1% of the Company's revenues on a consolidated basis during 2013 and, similarly, accounted for an immaterial portion of the Company's consolidated revenues during the 2012 fiscal year. In December 2012, the Company made the decision to discontinue its Heat Waves' well-site construction and roustabout line of service and initiated efforts to close the operations and sell related equipment. During the first half of 2013, the Company sold a majority of these assets and redeployed the few remaining assets back into operations. The results of operations from the Heat Waves well-site construction and roustabout line of service have been reported under *Loss from discontinued operations, net of tax* in the consolidated statements of operations for the years ended December 31, 2013 and 2012. For further discussion, please see Note 3, Discontinued Operations, within the Notes to the Consolidated Financial Statements within this report.

Ownership of Company Assets

As described above, the Company owns and uses a fleet of trucks, frac tanks, disposal wells and other assets to provide its services and products. Substantially all of the equipment and personal property assets owned by Dillco and Heat Waves are subject to a security interest to secure loans made to the Company and its wholly-owned subsidiaries.

Historically, during portions of our fiscal year as supply and demand requires, the Company has leased additional trucks and equipment. These leases are treated as operating leases for accounting purposes, and the rent expense associated with these leases is reported ratably over the term of the lease.

Competitive Business Conditions

The markets in which the Company currently operates are highly competitive. Competition is influenced by such factors as price, capacity, the quality, safety record and availability of equipment, availability of work crews, and reputation and experience of the service provider. The Company believes that an important competitive factor in establishing and maintaining long-term customer relationships is having an experienced, skilled, and well-trained work force that is responsive to our customers' needs. Although we believe customers consider all of these factors, price is often a primary factor in determining which service provider is awarded the work.

The demand for our services fluctuates primarily in relation to the worldwide commodity price (or anticipated price) of oil and natural gas which, in turn, is largely driven by the worldwide supply of, and demand for, oil and natural gas, political events, as well as speculation within the financial markets. Demand and prices are often volatile and difficult to predict and depends on events that are not within our control. Generally, as supply of those commodities decreases and demand increases, service and maintenance requirements increase as oil and natural gas producers drill new wells and attempt to maximize the productivity of their existing wells to take advantage of the higher priced environment.

The Company's competition primarily consists of small regional or local contractors. The Company attempts to differentiate itself from its competition in large part through its superior equipment and the range and quality of services it has the capability to provide. The Company invests a significant amount of capital into purchasing, developing, and maintaining a fleet of trucks and other equipment that are critical to the services it provides. Further, the Company concentrates on providing services to a diverse group of large and small independent oil and natural gas companies. We believe we have been successful using this business model and believe it will enable us to continue to grow our business.

Dependence on One or a Few Major Customers

The Company serves numerous major and independent oil and natural gas companies that are active in its core areas of operations.

During the fiscal year ended December 31, 2013, one of the Company's customers accounted for approximately 17% of consolidated revenues. No other customer exceeded 10% of consolidated revenues. The Company's top five customers in 2013 accounted for approximately 44% of its total revenues. The loss of any one of these customers or a sustained decrease in demand by any of such customers could result in a substantial loss of revenues and could have a material adverse effect on the Company's results of operations.

During the fiscal year ended December 31, 2012, two of the Company's customers each accounted for approximately 11% of consolidated revenues. No other customer exceeded 7% of revenues. The Company's top five customers in 2012 accounted for approximately 40% of its total revenues.

While the Company believes its equipment could be redeployed in the current market environment if it lost any material customers, such loss could have an adverse effect on the Company's business until the equipment is redeployed. We believe that the market for the Company's services is sufficiently diversified that it is not dependent on any single customer or a few major customers.

Seasonality

Portions of the Company's operations are impacted by seasonal factors, particularly with regards to its frac water heating and hot oiling services. In regards to frac water heating, because customers rely on Heat Waves to heat large amounts of water for use in fracturing formations, demand for this service is much greater in the colder months. Similarly, hot oiling services are in higher demand during the colder months when they are needed for maintenance of existing wells and to heat oil storage tanks.

Acidizing and pressure testing are done all year long with higher revenues during non-winter months.

The hauling of water from producing wells is not as seasonal as our other services since wells produce water whenever they are pumping regardless of weather conditions. Hauling of water for the drilling or fracturing of wells is also not seasonal but dependent on when customers decide to drill or complete wells.

Raw Materials

The Company purchases a wide variety of raw materials, parts, and components that are made by other manufacturers and suppliers for our use. The Company is not dependent on any single source of supply for those parts, supplies or materials. However, there are a limited number of vendors for propane and certain acids and chemicals. The Company utilizes a limited number of suppliers and service providers available to fabricate and/or construct the trucks and equipment used in its hot oiling, frac water heating, and acid related services.

Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreements or Labor Contracts

The Company enters into agreements with local property owners where its disposal wells are located by which the Company generally agrees to pay those property owners a fixed amount per month plus a percentage of revenues derived from utilizing those wells. The terms of these agreements are separately negotiated with the given property owner, and during its 2013 and 2012 fiscal years the total amount paid under these various agreements by the Company was immaterial to the Company and its business operations.

As is the situation with all companies in the frac water heating service business, we rely on certain procedures and practices in performing our services. We have a patent pending regarding certain of these used in our process of heating frac water. We are aware that one unrelated company (the "Patent Owner") has been awarded a patent related to the process they use for heating of frac water. The Patent Owner is currently in litigation with a group of energy companies that are seeking to invalidate its patent. After consultation with our patent attorneys, we do not currently believe we infringe on any valid claims of the Patent Owner's patent.

Government Regulation

The Company and its subsidiaries are subject to a variety of government regulations ranging from environmental to OSHA to the Department of Transportation. Our operations are also subject to stringent federal, state and local laws regulating the discharge of materials into the environment or otherwise relating to health and safety or the protection of the environment. These federal, state, and local laws and regulations relating to protection of the environment, wildlife protection, historic preservation, and health and safety are extensive and changing. The recent trend in environmental legislation and regulation is generally toward stricter standards, and we expect that this trend will continue as the governmental agencies issue and amend existing regulations. Failure to comply with these laws and regulations as they currently exist or may be amended in the future may result in the assessment of substantial administrative, civil and criminal penalties, as well as the issuance of injunctions limiting or prohibiting activities. Strict adherence with these regulatory requirements increases our cost of doing business and consequently affects our profitability. The Company does not believe that it is in material violation of any regulations that would have a significant negative impact on the Company's operations.

Through the routine course of providing services, the Company handles and stores bulk quantities of hazardous materials. If leaks or spills of hazardous materials handled, transported or stored by us occur, the Company may be responsible under applicable environmental laws for costs of remediating any damage to the surface or sub-surface (including aquifers).

The Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), also known as “Superfund,” and comparable state statutes impose strict, joint and several liability on owners and operators of sites and on persons who disposed of or arranged for the disposal of “hazardous substances” found at such sites. It is not uncommon for the government to file claims requiring cleanup actions, demands for reimbursement for government-incurred cleanup costs, or natural resource damages, or for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by hazardous substances released into the environment. The Federal Resource Conservation and Recovery Act, or RCRA, and comparable state statutes govern the disposal of “solid waste” and “hazardous waste” and authorize the imposition of substantial fines and penalties for noncompliance, as well as requirements for corrective actions. Although CERCLA currently excludes petroleum from its definition of “hazardous substance,” state laws affecting our operations may impose clean-up liability relating to petroleum and petroleum-related products. In addition, although RCRA classifies certain oil field wastes as “non-hazardous,” such exploration and production wastes could be reclassified as hazardous wastes thereby making such wastes subject to more stringent handling and disposal requirements. CERCLA, RCRA and comparable state statutes can impose liability for clean-up of sites and disposal of substances found on drilling and production sites long after operations on such sites have been completed. Other statutes relating to the storage and handling of pollutants include the Oil Pollution Act of 1990, or OPA, which requires certain owners and operators of facilities that store or otherwise handle oil to prepare and implement spill response plans relating to the potential discharge of oil into surface waters. The OPA contains numerous requirements relating to prevention of, reporting of, and response to oil spills into waters of the United States. State laws mandate oil cleanup programs with respect to contaminated soil. A failure to comply with OPA’s requirements or inadequate cooperation during a spill response action may subject a responsible party to civil or criminal enforcement actions.

In the course of the Company’s operations, it does not typically generate materials that are considered “hazardous substances.” One exception, however, would be spills that occur prior to well treatment materials being circulated down hole. For example, if the Company spills acid on a roadway as a result of a vehicle accident in the course of providing well enhancement/stimulation services, or if a tank with acid leaks prior to down hole circulation, the spilled material may be considered a “hazardous substance.” In this respect, the Company may occasionally be considered to “generate” materials that are regulated as hazardous substances and, as a result, may incur CERCLA liability for cleanup costs. Also, claims may be filed for personal injury and property damage allegedly caused by the release of hazardous substances or other pollutants.

The Clean Water Act (the “CWA”), and comparable state statutes, impose restrictions and controls on the discharge of pollutants, including spills and leaks of oil and other substances, into waters of the United States. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the Environmental Protection Agency (the “EPA”) or an analogous state agency. The CWA regulates storm water run-off from oil and natural gas facilities and requires a storm water discharge permit for certain activities. Such a permit requires the regulated facility to monitor and sample storm water run-off from its operations. The CWA and regulations implemented thereunder also prohibit discharges of dredged and fill material in wetlands and other waters of the United States unless authorized by an appropriately issued permit. The CWA and comparable state statutes provide for civil, criminal and administrative penalties for unauthorized discharges of oil and other pollutants and impose liability on parties responsible for those discharges for the costs of cleaning up any environmental damage caused by the release and for natural resource damages resulting from the release.

The Safe Drinking Water Act (the “SDWA”), and the Underground Injection Control (“UIC”) program promulgated thereunder, regulate the drilling and operation of subsurface injection wells, such as the disposal wells owned and operated by the Company. EPA directly administers the UIC program in some states and in others the responsibility for the program has been delegated to the state. The program requires that a permit be obtained before drilling a disposal well. Violation of these regulations and/or contamination of groundwater by oil and natural gas drilling, production, and related operations may result in fines, penalties, and remediation costs, among other sanctions and liabilities under the SDWA and state laws. In addition, third party claims may be filed by landowners and other parties claiming damages for alternative water supplies, property damages, and bodily injury.

Regulations in the states in which the Company owns and operates wells (Kansas and Oklahoma) require us to obtain a permit to operate each of our disposal wells. The applicable regulatory agency may suspend or modify one of our permits if the Company's well operations are likely to result in pollution of freshwater, substantial violation of permit conditions or applicable rules, or if the well leaks into the environment.

The federal Energy Policy Act of 2005 amended the SDWA to exclude hydraulic fracturing from the definition of "underground injection" under certain circumstances. However, the repeal of this exclusion has been advocated by certain advocacy organizations and others in the public. The EPA at the request of Congress is currently conducting a national study examining the potential impacts of hydraulic fracturing on drinking water resources, with a draft of the final report expected to be released in 2014.

If new federal or state laws or regulations that significantly restrict hydraulic fracturing are adopted, such legal requirements could result in delays, eliminate certain drilling and injection activities, make it more difficult or costly for our customers to perform fracturing and increase their and our costs of compliance and doing business. It is also possible that drilling and injection operations utilizing our services could adversely affect the environment, which could result in a requirement to perform investigations or clean-ups or in the incurrence of other unexpected material costs or liabilities.

Significant studies and research have been devoted to climate change and global warming, and climate change has developed into a major political issue in the United States and globally. Certain research suggests that greenhouse gas emissions contribute to climate change and pose a threat to the environment. Recent scientific research and political debate has focused in part on carbon dioxide and methane incidental to oil and natural gas exploration and production. Many state governments have enacted legislation directed at controlling greenhouse gas emissions, and future state and federal legislation and regulation could impose additional restrictions or requirements in connection with our operations and favor use of alternative energy sources, which could increase operating costs and decrease demand for oil products. As such, our business could be materially adversely affected by domestic and international legislation targeted at controlling climate change.

We are also subject to a number of federal and state laws and regulations, including the federal Occupational Safety and Health Act, or OSHA, and comparable state laws, whose purpose is to protect the health and safety of workers. In addition, the OSHA hazard communication standard, the EPA community right-to-know regulations under Title III of the federal Superfund Amendment and Reauthorization Act and comparable state statutes require that information be maintained concerning hazardous materials used or produced in our operations and that this information be provided to employees, state and local government authorities and citizens.

Because our trucks travel over public highways to get to customer's wells, the Company is subject to the regulations of the Department of Transportation. These regulations are very comprehensive and cover a wide variety of subjects from the maintenance and operation of vehicles to driver qualifications to safety. Violations of these regulations can result in penalties ranging from monetary fines to a restriction on the use of the vehicles. Under regulations effective July 1, 2010, the continued violation of regulations could result in a shutdown of all of the vehicles of either Dillco or Heat Waves. The Company does not believe it is in violation of Department of Transportation regulations at this time that would result in a shutdown of vehicles.

Employees

As of March 14, 2014, the Company employed approximately 193 full time employees. Of these employees, approximately 126 are employed by Heat Waves, approximately 55 by Dillco and 12 are employed by Enservco.

Available Information

We maintain a website at <http://www.enservco.com>. The information contained on, or accessible through, our website is not part of this Annual Report on Form 10-K. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Exchange Act, are available on our website, free of charge, as soon as reasonably practicable after we electronically file such reports with, or furnish those reports to, the SEC.

We maintain a Code of Business Conduct and Ethics for Directors, Officers and Employees ("Code of Conduct"). A copy of our Code of Conduct may be found on our website in the Corporate Governance section under the main title "Investors". Our Code of Conduct contains information regarding whistleblower procedures. We also maintain our Insider Trading Policy on our website.

ITEM 1A. RISK FACTORS

The Company's securities are highly speculative and involve a high degree of risk, including among other items the risk factors described below. The below risk factors are intended to generally describe certain risks that could materially affect the Company and its current business operations and activities.

You should carefully consider the risks described below and elsewhere herein in connection with any decision whether to acquire, hold or sell the Company's securities. If any of the contingencies discussed in the following paragraphs or other materially adverse events actually occur, the business, financial condition and results of operations could be materially and adversely affected. In such case, the trading price of our common stock could decline, and you could lose all or a significant part of your investment.

Operations Related Risks

Prior to 2012, we had losses and working capital deficits, which were at times significant and we cannot assure that we will continue to operate profitably in the future.

Although we have achieved income from operations in 2012 and 2013, we recognized a \$(85,070) net loss in 2012 as compared to a \$4.3 million net income in 2013. Our ability to be profitable in the future will depend on continuing to successfully implement our business diversification and acquisition activities, all of which are subject to many risks beyond our control. Because of the risks set forth herein, we cannot assure you that we will be able maintain our profitability. See, among other things, the Cautionary Note Regarding Forward-Looking Statements in addition to the other disclosures contained in this annual report.

Our success depends on key members of our management, the loss of any executive or key personnel could disrupt our business operations.

We depend to a large extent on the services of certain of our executive officers. The loss of the services of Michael D. Herman, Rick D. Kasch, Austin Peitz, or other key personnel, could disrupt our operations. Although we have entered into employment agreements with Messrs. Herman, Kasch and Peitz, that contain, among other things non-compete and confidentiality provisions, we may not be able to enforce the non-compete and/or confidentiality provisions in the employment agreements.

We depend on several significant customers, and a loss of one or more significant customers could adversely affect our results of operations.

The Company's customers consist primarily of major and independent oil and natural gas companies. During fiscal year 2013, one of the Company's customers accounted for more than 10% of consolidated revenues, at approximately 17% of consolidated revenues; no other customer exceeded 10% of revenues during 2013. During fiscal year 2012, two of the Company's customers accounted for more than 10% of consolidated revenues, both at approximately 11%; no other customer exceeded 7% of revenues during 2012.

The Company notes that although there was only one customer in 2013 and two customers in 2012 that accounted for more than 10% of revenues within these fiscal years, the Company's top five customers accounted for approximately 44% and 40% of its total annual revenues, respectively. The loss of any one of these customers or a sustained decrease in demand by any of such customers could result in a substantial loss of revenues and could have a material adverse effect on the Company's results of operations.

While the Company believes our equipment could be redeployed in the current market environment if we lost any material customers, such loss could have an adverse effect on the Company's business until the equipment is redeployed. We believe that the market for the Company's services is sufficiently diversified that it is not dependent on any single customer or a few major customers.

Our business depends on domestic spending by the oil and natural gas industry, and our business has been, and may in the future be, adversely affected by industry and financial market conditions that are beyond our control.

We depend on our customers' willingness to make operating and capital expenditures to explore, develop and produce oil and natural gas in the United States. Customers' expectations for lower market prices for oil and natural gas, as well as the availability of capital for operating and capital expenditures, may cause them to curtail spending, thereby reducing demand for our services and equipment. The increased activity in the oil and gas industry in drilling new wells since late 2010 has benefitted the Company. We can make no assurances that the current level of drilling will continue or increase.

Industry conditions are influenced by numerous domestic and global factors over which the Company has no control, such as the supply of and demand for oil and natural gas, domestic and worldwide economic conditions, weather conditions, political instability in oil and natural gas producing countries, and merger and divestiture activity among oil and natural gas producers. The volatility of the oil and natural gas industry and the consequent impact on commodity prices as well as exploration and production activity could adversely impact the level of drilling and activity by some of our customers. This reduction may cause a decline in the demand for the Company's services or adversely affect the price of its services. In addition, reduced discovery rates of new oil and natural gas reserves in the Company's market areas also may have a negative long-term impact on its business, even in an environment of stronger oil and natural gas prices, to the extent existing production is not replaced and the number of producing wells for the Company to service declines.

Ongoing volatility and uncertainty in the global economic environment has caused the oilfield services industry to experience volatility in terms of demand, and the rate at which demand may slow, or return to former levels, is uncertain. At times the recent volatility in prices for oil and natural gas has led many oil and natural gas producers to announce reductions in their capital budgets for certain periods. Limitations on the availability of capital, or higher costs of capital, for financing expenditures may cause these and other oil and natural gas producers to make on-going or additional reductions to capital budgets in the future even if commodity prices increase from current levels. These cuts in spending will curtail drilling programs as well as discretionary spending on well services, which may result in a reduction in the demand for the Company's services, the rates we can charge and our utilization. In addition, certain of the Company's customers could become unable to pay their suppliers, including the Company. Any of these conditions or events could adversely affect our operating results.

If oil and natural gas prices remain volatile, it could have an adverse effect on the demand for our services.

The demand for many of our services is primarily determined by current and anticipated oil and natural gas prices, and the related general production spending and level of drilling activity in the areas in which we have operations.

Though we feel the domestic oil and gas industry rebounded in 2011 and has continued to push forward in a positive movement in 2012 and 2013 as compared to prior years, prices for oil and natural gas historically have been extremely volatile and likely will continue to be volatile. Volatility or weakness in oil and natural gas prices (or the perception that oil and natural gas prices will decrease) affects the spending patterns of our customers and may result in the drilling of fewer new wells or lower production spending on existing wells. This, in turn, could result in lower demand for our services and may cause lower rates and lower utilization of the Company's well service equipment.

Higher oil and gas prices do not necessarily result in increased drilling activity because our customers' expectation of future prices also drives demand for drilling services. Oil and gas prices, as well as demand for the Company's services, also depend upon other factors that are beyond the Company's control, including the following:

- demand for oil and natural gas;
- cost of exploring for, producing, and delivering oil and natural gas;
- expectations regarding future energy prices;
- advancements in exploration and development technology;
- adoption or repeal of laws regulating oil and gas production in the U.S.;
- imposition or lifting of economic sanctions against foreign companies;
- weather conditions;
- rate of discovery of new oil and natural gas reserves;
- tax policy regarding the oil and gas industry; and
- development and use of alternative energy sources.

Demand for the majority of our services is substantially dependent on the levels of expenditures by the domestic oil and natural gas industry. The Company has no influence over its customers' capital expenditures. On-going economic volatility could have a material adverse effect on our financial condition, results of operations and cash flows.

Demand for the majority of our services depends substantially on the level of expenditures by participants in the domestic (United States) oil and natural gas industry for the exploration, development and production of oil and natural gas reserves. These expenditures are sensitive to the industry's view of future economic growth in the United States and elsewhere, and the resulting impact on demand for oil and natural gas. The worldwide deterioration in the financial and credit markets, which began in the second half of 2008, resulted in diminished demand for oil and natural gas and significantly lower oil and natural gas prices during 2009 and at least the first half of 2010. This caused many of our customers to reduce or delay their oil and natural gas exploration and production spending in 2009 and the first half of 2010, which consequently reduced their demand for our services, and exerted downward pressure on the prices that we charged for our services and products. Though we feel the domestic oil and gas industry rebounded in 2011, and has continued to push forward in a positive movement in 2012 and 2013 as compared to 2009 and 2010, other worldwide political events may result in higher or lower prices for oil and natural gas and impact the demand for our services.

Furthermore, increasing oil and natural gas prices can lead to increasing costs of exploring for and producing oil and natural gas. Though the addition of frac stimulation into the domestic oil and gas industry has somewhat reduced the overall costs of producing oil and natural gas, the price of drill rigs, pipe, other equipment, fluids, and oil field services and the cost to companies like the Company of providing those services, has generally increased with significant increases in oil and natural gas prices. The resulting reduction in cash flows being experienced by our customers during the past years due to the general deterioration of the financial and credit markets and the increase of the costs of exploring for and producing oil and natural gas as noted above, together with the reduced availability of credit and increased costs of borrowing funds, could have significant adverse effects on the financial condition of some of our customers. This could result in project modifications, delays or cancellations, general business disruptions, and delay in, or nonpayment of, amounts that are owed to the Company, which could have a material adverse effect on our financial condition, results of operations and cash flows.

Environmental compliance costs and liabilities could reduce our earnings and cash available for operations.

We are subject to increasingly stringent laws and regulations relating to environmental protection and the importation and use of hazardous materials, including laws and regulations governing air emissions, water discharges and waste management. We incur, and expect to continue to incur, capital and operating costs to comply with environmental laws and regulations. The technical requirements of these laws and regulations are becoming increasingly complex, stringent and expensive to implement. These laws may provide for "strict liability" for damages to natural resources or threats to public health and safety. Strict liability can render a party liable for damages without regard to negligence or fault on the part of the party. Some environmental laws provide for joint and several strict liability for remediation of spills and releases of hazardous substances.

The Company uses hazardous substances and transports hazardous wastes in its operations. Accordingly, we could become subject to potentially material liabilities relating to the investigation and cleanup of contaminated properties, and to claims alleging personal injury or property damage as the result of exposures to, or releases of, hazardous substances. In addition, stricter enforcement of existing laws and regulations, new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require the Company to incur costs or become the basis of new or increased liabilities that could reduce its earnings and cash available for operations. The Company believes it is currently in substantial compliance with environmental laws and regulations.

Competition within the well services industry may adversely affect our ability to market our services.

Although the well services industry is highly fragmented, it is highly competitive. The well services industry includes numerous small companies capable of competing effectively in our markets on a local basis, as well as several large companies that possess substantially greater financial and other resources than the Company. The Company's larger competitors have greater resources that could allow those competitors to compete more effectively than the Company. The Company's small competitors may be able to react to market conditions more quickly. The amount of equipment available may exceed demand at some point in time, which could result in active price competition.

The Company could be impacted by unfavorable results of legal proceedings, such as being found to have infringed on intellectual property rights.

As is the situation with all companies in the frac water heating service business, we rely on certain procedures and practices in performing our services. We have a patent pending regarding certain of these used in our process of heating frac water. We are aware that one unrelated company (the "Patent Owner") has been awarded a patent related to the process they use for heating of frac water. The Patent Owner is currently in litigation with a group of energy companies that are seeking to invalidate its patent. After consultation with our patent attorneys, we do not currently believe we infringe on any valid claims of the Patent Owner's patent.

Should the Patent Owner (or some other unknown third company) bring suit against us claiming we are infringing on their intellectual rights, we could be engaged in lengthy and costly litigation. If found to be infringing, it could result in the payment of substantial damages or royalties or temporary or permanent injunction prohibiting us from heating frac water. We believe that, in the event we were to lose such litigation, the probable resolution would be for us to enter into a license arrangement requiring payment of a royalty that would not have a material negative impact on our operating results and financial condition. However, there is no assurance that such a resolution could be achieved.

Our operations are subject to inherent risks, some of which are beyond our control. These risks may be self-insured, or may not be fully covered under our insurance policies, but to the extent not covered, are self-insured by the Company.

Our operations are subject to hazards inherent in the oil and natural gas industry, such as, but not limited to, accidents, blowouts, explosions, fires and oil spills. These conditions can cause:

- § Personal injury or loss of life,
- § Damage to or destruction of property, equipment and the environment, and
- § Suspension of operations by our customers.

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 financial condition and results of operations. In addition, 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 may result in our being named as a defendant in lawsuits asserting large claims.

The Company maintains insurance coverage that we believe to be customary in the industry against these hazards. However, 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 reasonable rates. 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. It is likely that, in our insurance renewals, our premiums and deductibles will be higher, and certain insurance coverage either will be unavailable or considerably more expensive than it has been in the recent past. In addition, our insurance is subject to coverage limits, and some policies exclude coverage for damages resulting from environmental contamination.

We may not be successful in identifying, making and integrating business acquisitions, if any, in the future.

We anticipate that a component of our growth strategy may be to make geographically focused acquisitions aimed to strengthen our presence and expand services offered in selected regional markets. Pursuit of this strategy may be restricted by the on-going volatility and uncertainty within the credit markets which may significantly limit the availability of funds for such acquisitions. In addition to restricted funding availability, the success of this strategy will depend on our ability to identify suitable acquisition candidates and to negotiate acceptable financial and other terms. There is no assurance that we will be able to do so. The success of an acquisition depends on our ability to perform adequate due diligence before the acquisition and on our ability to integrate the acquisition after it is completed. While the Company intends to commit significant resources to ensure that it conducts comprehensive due diligence, there can be no assurance that all potential risks and liabilities will be identified in connection with an acquisition. Similarly, while we expect to commit substantial resources, including management time and effort, to integrating acquired businesses into ours, there is no assurance that we will be successful integrating these businesses. In particular, it is important that the Company be able to retain both key personnel of the acquired business and its customer base. A loss of either key personnel or customers could negatively impact the future operating results of any acquired business.

Compliance with climate change legislation or initiatives could negatively impact our business.

The U.S. Congress has considered legislation to mandate reductions of greenhouse gas emissions and certain states have already implemented, or may be in the process of implementing, similar legislation. Additionally, the U.S. Supreme Court has held in its decisions that carbon dioxide can be regulated as an "air pollutant" under the Clean Air Act, which could result in future regulations even if the U.S. Congress does not adopt new legislation regarding emissions. At this time, it is not possible to predict how legislation or new federal or state government mandates regarding the emission of greenhouse gases could impact our business; however, any such future laws or regulations could require us or our customers to devote potentially material amounts of capital or other resources in order to comply with such regulations. These expenditures could have a material adverse impact on our financial condition, results of operations, or cash flows.

Debt Related Risks

Our indebtedness, which is currently collateralized by substantially all of our assets, could restrict our operations and make us more vulnerable to adverse economic conditions.

We currently have a significant amount of indebtedness. As of December 31, 2013, the Company owed approximately \$13.8 million to banks and financial institutions under various collateralized debt facilities.

Our current and future indebtedness could have important consequences. For example, it could:

- § Impair our ability to make investments and obtain additional financing for working capital, capital expenditures, acquisitions or other general corporate purposes,
- § Limit our ability to use operating cash flow in other areas of our business because we must dedicate a substantial portion of these funds to make principal and interest payments on our indebtedness,
- § Limit our ability to pay dividends to our stockholders,
- § Make us more vulnerable to a downturn in our business, our industry or the economy in general as a substantial portion of our operating cash flow will be required to make principal and interest payments on our indebtedness, making it more difficult to react to changes in our business and in industry and market conditions,
- § Put us at a competitive disadvantage to competitors that have less debt, or

§ Increase our vulnerability to interest rate increases to the extent that we incur variable rate indebtedness.

If we are unable to generate sufficient cash flow or are otherwise unable to obtain the funds required to make principal and interest payments on our indebtedness, or if we otherwise fail to comply with the various debt service covenants and/or reporting covenants in the business loan agreements or other instruments governing our current or any future indebtedness, we could be in default under the terms of our credit facilities or such other instruments.

The availability of borrowings under our credit facility is based on a borrowing base which is subject to redetermination by our lender based on a number of factors and the lender's internal credit criteria. In the event the amount outstanding under our credit facility at any time exceeds the borrowing base at such time, we may be required to repay a portion of our outstanding borrowings on an accelerated basis.

In the event of a default, the holders of our indebtedness could elect to declare all the funds borrowed under those instruments to be due and payable together with accrued and unpaid interest, the lenders under our credit facility could elect to terminate their commitments there under and we or one or more of our subsidiaries could be forced into bankruptcy or liquidation. Any of the foregoing consequences could restrict our ability to grow our business and cause the value of our common stock to decline.

We may be unable to meet the obligations of various financial covenants that are contained in the terms of our loan agreements with our principal lender, PNC Bank, National Association.

The Company's agreements with PNC impose various obligations and financial covenants on the Company. The outstanding amount under the Revolving Credit, Term Loan, and Security Agreement, entered into with PNC in November 2012, is due in full in November 2015. The term loan and revolving letter of credit with PNC have a variable interest rate, of which \$3.5 million is guaranteed by the Company's Chairman and CEO, and are collateralized by substantially all of the assets of the Company and its subsidiaries.

Further, the related agreements with PNC impose various financial covenants on the Company including maintaining a prescribed fixed charge coverage ratio, minimum tangible net worth, and limit the Company's ability to incur additional debt or operating lease obligations. If the Company is unable to comply with its obligations and covenants under the loan agreements and it declares an event of default, all of its obligations to PNC could be immediately due.

Although the Company has obtained waivers of financial covenants or modifications to our credit agreements in the past, there can be no assurance that we will be able to obtain these waivers or modifications in the future.

The variable rate indebtedness with PNC subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

The Company's borrowings through PNC bear interest at variable rates, exposing the Company to interest rate risk. The Company entered into an Interest Rate Swap Agreement with a notional balance of \$11 million in conjunction with the November 2012 Revolving Credit, Term Loan, and Security Agreement entered into with PNC, effectively hedging a portion of our risk at a fixed interest rate of 4.25% plus 0.64% for the duration of the PNC Term Loan. However, the Company decided not to hedge against the interest rate risk associated with the revolving line of credit (with a maximum available balance of \$5 million). We may increase, decrease or terminate some or all of these hedging arrangements in the future. Depending on our overall hedging level, our debt service obligations could increase significantly in the event of large increases in interest rates.

Our debt obligations, which may increase in the future, may reduce our financial and operating flexibility.

As of December 31, 2013, we had approximately \$13.8 million of secured indebtedness. As of March 7, 2014, we have borrowed approximately \$1.9 million under our credit facility, and have approximately \$2.9 million of borrowing capacity available under our credit facility. In addition, we may incur substantial additional indebtedness in the future. If new debt or other liabilities are added to our current debt levels, the related risks that we now face would increase.

A high level of indebtedness subjects us to a number of adverse risks. In particular, a high level of indebtedness may make it more likely that a reduction in the borrowing base of our credit facility following a periodic redetermination could require us to repay a portion of outstanding borrowings, may impair our ability to obtain additional financing in the future, and increases the risk that we may default on our debt obligations. In addition, we must devote a significant portion of our cash flows to servicing our debt, and we are subject to interest rate risk under our credit facility, which bears interest at a variable rate. Any increase in our interest rates could have an adverse impact on our financial condition, results of operations and growth prospects.

Our ability to meet our debt obligations and to reduce our level of indebtedness depends on our future performance. General economic conditions, oil and natural gas prices and financial, business and other factors affect our operations and our future performance. Many of these factors are beyond our control. If we do not have sufficient funds on hand to pay our debt when due, we may be required to seek a waiver or amendment from our lenders, refinance our indebtedness, incur additional indebtedness, sell assets or sell additional shares of securities. We may not be able to complete such transactions on terms acceptable to us, or at all. Our failure to generate sufficient funds to pay our debts or to undertake any of these actions successfully could result in a default on our debt obligations, which would materially adversely affect our business, results of operations and financial condition.

Risks Attendant with Principal Shareholder's Guarantee of the Company's Indebtedness to PNC.

Michael D. Herman is beneficial owner of 39.3% of the Company's outstanding common stock and the chairman of its board of directors. Our prior principal lender had required Mr. Herman to guarantee substantially all of the Company's indebtedness to that lender. As a condition of making the November 2012 loan to the Company, PNC required Mr. Herman to guarantee \$3,500,000 of the amount borrowed from PNC. Although the guarantee is not collateralized by any of Mr. Herman's assets, should the Company default on its obligations to PNC and the guarantor not meet his contractual obligations, it is possible that PNC may obtain possession and ownership of a controlling number of shares of the Company's common stock. The fact of the guarantee and his potential liability thereunder is a potential conflict between Mr. Herman's personal interests and those of the Company.

Risks Related to Our Common Stock

Our existing shareholders could experience further dilution if we elect to raise equity capital to meet our liquidity needs or finance a strategic transaction.

As part of our growth strategy we may desire to raise capital and or utilize our common stock to effect strategic business transactions. Either such action will likely require that we issue equity (or debt) securities which would result in dilution to our existing stockholders. Although we will attempt to minimize the dilutive impact of any future capital-raising activities or business transactions, we cannot offer any assurance that we will be able to do so. If we are successful in raising additional working capital, we may have to issue additional shares of our common stock at prices at a discount from the then-current market price of our common stock.

A significant portion of our common stock is currently considered restricted stock pursuant to Rule 144 and is subject to the rules applicable to “former shell companies”.

A significant portion of our outstanding common stock has been issued as “restricted securities” under Rule 144 under the Securities Act, including the shares issued to our President and Chairman in July 2010 and in an equity placement completed in November 2012. As a former shell company, to the extent that any person holds restricted securities of the Company or otherwise must rely on Rule 144 for resale, Rule 144(i) imposes additional restrictions on the ability of any holder to utilize the exemption from registration for sales contained in Rule 144.

Because we have no plans to pay dividends on our common stock, investors must look solely to stock appreciation for a return on their investment in us.

We do not anticipate paying any cash dividends on our common stock in the foreseeable future. We currently intend to retain all future earnings to fund the development and growth of our business. Any payment of future dividends will be at the discretion of our board of directors and will depend on, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that the board of directors deems relevant.

Investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize a return on their investment. Investors seeking cash dividends should not purchase our common stock.

General Corporate Risks

Concentration of ownership in Mr. Herman makes it unlikely that any stockholder will be able to influence the election of directors or engage in a change of control transaction.

Because Mr. Herman directly and indirectly owns approximately 39.3% of the Company’s outstanding common stock, he has the ability to heavily influence the election of our directors when they again stand for reelection. Furthermore, it is likely that no person seeking control of the Company through stock ownership will be able to succeed in doing so without negotiating an arrangement to do so with Mr. Herman. For so long as Mr. Herman continues to own a significant percentage of the outstanding shares of the Company common stock, he will retain such influence over the election of the board of directors and the negotiation of any change of control transaction.

Provisions in our charter documents could prevent or delay a change in control or a takeover.

Provisions in our bylaws provide certain requirements for the nomination of directors which preclude a stockholder from nominating a candidate to stand for election at any annual meeting. As described in Section 2.12 of the Company’s bylaws, nominations must be presented to the Company well in advance of a scheduled annual meeting, and the notification must include specific information as set forth in that section. The Company believes that such a provision provides reasonable notice of the nominees to the board of directors, but it may preclude stockholder nomination at a meeting where the stockholder is not familiar with nomination procedures and, therefore, may prevent or delay a change of control or takeover.

Although the Delaware General Corporation Law includes §112 which provides that bylaws of Delaware corporations may require the corporation to include in its proxy materials one or more nominees submitted by stockholders in addition to individuals nominated by the board of directors, the bylaws of the Company do not so provide. As a result, if any stockholder desires to nominate persons for election to the board of directors, the proponent will have to incur all of the costs normally associated with a proxy contest.

Indemnification of officers and directors may result in unanticipated expenses.

The Delaware General Corporation Law and our Amended and Restated Certificate of Incorporation and bylaws provide for the indemnification of our directors, officers, employees, and agents, under certain circumstances, against attorney's fees and other expenses incurred by them in any litigation to which they become a party arising from their association with us or activities on our behalf. We also will bear the expenses of such litigation for any of our directors, officers, employees, or agents, upon such person's promise to repay them if it is ultimately determined that any such person shall not have been entitled to indemnification. This indemnification policy could result in substantial expenditures by us that we may be unable to recoup and could direct funds away from our business and products (if any).

We have significant obligations under the 1934 Act and the NYSE MKT.

Because we are a public company filing reports under the Securities Exchange Act of 1934, we are subject to increased regulatory scrutiny and extensive and complex regulation. The Securities and Exchange Commission has the right to review the accuracy and completeness of our reports, press releases, and other public documents. In addition, we are subject to extensive requirements to institute and maintain financial accounting controls and for the accuracy and completeness of our books and records.

Forward-looking statements may prove to be inaccurate.

In our effort to make the information in this report more meaningful, this report contains both historical and forward-looking statements. All statements other than statements of historical fact are forward-looking statements within the meanings of Section 27A of the Securities Act of 1933 and Section 21E of the 1934 Act. Forward-looking statements in this report are not based on historical facts, but rather reflect the current expectations of our management concerning future results and events. It should be noted that because we are a "penny stock," the protections provided by Section 27A of the Securities Act of 1933, and Section 21E of the 1934 Act do not apply to us. We have attempted to qualify our forward-looking statements with appropriate cautionary language to take advantage of the judicially-created doctrine of "bespeaks caution" and other protections.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance and achievements to be different from any future results, performance and achievements expressed or implied by these statements. These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the forward-looking statements in this annual report. Other unknown or unpredictable factors also could have material adverse effects on our future results.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. DESCRIPTION OF PROPERTIES

The following table sets forth real property owned and leased by the Company and its subsidiaries. Unless otherwise indicated, the properties are used in Heat Waves' operations.

Owned Properties:

<u>Location/Description</u>	<u>Approximate Size</u>
Killdeer, ND(1)	
· Shop	10,000 sq. ft.
· Land – shop	8 acres
· Housing	5,000 sq. ft.
· Land – housing	2 acres
Garden City, KS	
· Shop(1)	11,700 sq. ft.
· Land – shop(1)	1 acre
· Land – acid dock, truck storage, etc.	10 acres
Trinidad, CO (1) (2)	
· Shop	9,200 sq. ft.
· Land – shop	5 acres
Hugoton, KS (Dillco)	
· Shop/Office/Storage	9,367 sq. ft.
· Land – shop/office/storage	3.3 acres
· Land – office	10 acres

(1) Property is collateral for mortgage debt obligation.

(2) Company is receiving \$2,300 monthly under a short-term sublease agreement.

Leased Properties:

<u>Location/Description</u>	<u>Approximate Size</u>	<u>Monthly Rental</u>	<u>Lease Expiration</u>
Platteville, CO			
· Shop	3,200 sq. ft.	\$ 3,000	Month-to-month
· Land	1.5 acres		
La Salle, CO (3)			
· Shop	6,000 sq. ft.	\$ 8,000	January 2021
· Land	3.0 acres		
Rock Springs, WY			
· Shop	10,200 sq. ft.	\$ 6,500	August 2017
· Land	3 acres		
Carmichaels, PA			
· Shop	5,000 sq. ft.	\$ 9,000	April 2015
· Land	12.1 acres		
Denver, CO			
· Corporate offices	3,497 sq. ft.	\$ 6,120	December 2016

(3) Lease commenced on February 1, 2014

Note - All leases have renewal clauses

ITEM 3. LEGAL PROCEEDINGS

As of March 10, 2014, we are not a party to any legal proceedings that could have a material adverse effect on the Company's business, financial condition or operating results. Further, to the Company's knowledge no such proceedings have been threatened against the Company.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

As of March 10, 2014, our common stock is traded on the NYSE MKT under the symbol "ENSV". Prior to March 10, 2014, our common stock was quoted on the Over-the-Counter Bulletin Board ("OTCBB") and the OTCQX under the symbol "ENSV." Prior to January 4, 2011 our common stock was quoted under symbol "ASPN".

The table below sets forth the high and low closing prices of the Company's Common Stock during the periods indicated as reported by the Internet source Yahoo Finance (<http://finance.yahoo.com>). The quotations reflect inter-dealer prices without retail mark-up, mark-down or commission and may not reflect actual transactions.

	2013		2012	
	Price Range		Price Range	
	High	Low	High	Low
First Quarter	\$ 1.27	\$ 0.63	\$ 1.19	\$ 0.62
Second Quarter	\$ 1.35	\$ 0.90	0.75	0.42
Third Quarter	\$ 1.62	\$ 0.90	0.60	0.32
Fourth Quarter	\$ 1.83	\$ 1.22	0.74	0.32

The closing sales price of the Company's common stock as reported on March 10, 2014, was \$2.68 per share.

Holders

As of March 10, 2014, there were approximately 425 holders of record of Company common stock. This does not include an indeterminate number of persons who hold our Common Stock in brokerage accounts and otherwise in "street name".

Dividends

Holders of common stock are entitled to receive such dividends as may be declared by the Company's Board of Directors. The Company did not declare or pay dividends during its fiscal years ended December 31, 2013 or 2012, and has no plans at present to declare or pay any dividends.

Decisions concerning dividend payments in the future will depend on income and cash requirements. However, in its agreements with PNC, our principal lender, the Company represented that it would not pay any cash dividends on its common stock until its obligations to PNC are satisfied. Furthermore, to the extent the Company has any earnings, it will likely retain earnings to expand corporate operations and not use such earnings to pay dividends.

Securities Authorized for Issuance Under Equity Compensation Plans

The following is provided with respect to compensation plans (including individual compensation arrangements) under which equity securities are authorized for issuance as of December 31, 2013:

Equity Compensation Plan Information			
Plan Category and Description	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans Approved by Security Holders ⁽¹⁾	3,025,000	\$ 0.73	2,198,380 ⁽³⁾
Equity Compensation Plans Not Approved by Security Holders	3,007,714 ⁽²⁾	0.53	-
Total	6,032,714	\$ 0.63	2,198,380

(1) Represents options granted pursuant to the Company's 2010 Stock Incentive Plan.

(2) Consists of: (i) options to acquire 350,000 shares of Company common stock granted pursuant to Aspen's 2008 Equity Plan at \$0.41 per share; (ii) warrants issued in 2010 to acquire 42,500 shares of Company common stock exercisable at \$0.49 per share; (iii) warrants issued in 2011 to acquire 100,000 shares of Company common stock exercisable at \$0.77 per share, (iv) warrants issued October 2012 to the principals of the Company's existing investor relations firm to acquire 225,000 shares of Company common stock exercisable at \$0.55 per share, (v) warrants issued November 2012 in conjunction with stock subscription agreements executed with equity investors to acquire 1,985,214 shares of Company common stock exercisable at \$0.55 per share; (vi) warrants issued November 2012 to various service providers, for services rendered in conjunction with the execution of multiple stock subscription agreements, to acquire 105,000 shares of Company common stock exercisable at \$0.55 per share; and (vii) warrants issued November 2012 to a single service provider, for investor relation services, to acquire 200,000 shares of Company common stock exercisable at \$0.40 per share.

(3) Calculated as 5,223,380 shares of common stock reserved per the 2010 Stock Incentive Plan (being 15% of 34,822,536 shares issued and outstanding at January 1, 2014 per the renewal clause noted within the plan) less the 3,025,000 shares of common stock noted in Column (a).

Description of the 2008 Equity Plan:

On February 27, 2008 Aspen's Board of Directors adopted the 2008 Equity Plan (the "2008 Plan"). One million shares of common stock were initially reserved for the grant of stock options or issuance of stock bonuses under the 2008 Plan. The 2008 Plan was not approved by Aspen's stockholders and therefore none of the options granted under the 2008 Plan qualify as incentive stock options under Section 422 of the Internal Revenue Code. The 2008 Plan provides that an option may be exercised through the payment of cash or remittance of any combination of cash, common shares of the Company, or property, as defined by the 2008 plan. The options may also be exercised in accordance with the Plan's cashless exercise provision. On July 27, 2010, the 2008 Plan was terminated, although persons holding vested options under the 2008 Plan will continue to hold those options in accordance with the terms of their contractual agreement(s).

Description of the 2010 Stock Incentive Plan:

On July 27, 2010 the Company's Board of Directors adopted the 2010 Stock Incentive Plan (the "2010 Plan"). The 2010 Plan permits the granting of equity-based awards to our directors, officers, employees, consultants, independent contractors and affiliates. Equity-based awards are intended to be determined by a compensation committee (or, in the absence of a compensation committee, the Board of Directors and in either case referred to herein as the "Committee") and are granted only in compliance with applicable laws and regulatory policy.

The 2010 Plan was approved by the Company's stockholders in October 2010 and permits the issuance of options that qualify as Incentive Stock Options pursuant to Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). In the absence of a compensation committee, the Board of Directors administers the 2010 Plan. Any employee, officer, consultant, independent contractor or director providing services to the Company or any of its affiliates, who is selected by the Committee, is eligible to receive an award under the 2010 Plan.

When the 2010 Plan was adopted, the aggregate number of shares of our common stock that could be issued was 3,500,000 shares of common stock. Beginning on January 1, 2012 and on January 1 of each subsequent year that the 2010 Plan is in effect, the aggregate number of Shares that may be issued under the 2010 Plan shall be automatically adjusted to equal 15% of the Company's issued and outstanding shares of common stock, calculated as of January 1 of the respective year. As a result of the January 1, 2014 adjustment, the maximum number of shares that are subject to equity awards under the 2010 Plan was increased to 5,223,380. The maximum number of shares of restricted stock, restricted stock units and stock awards that may be granted under the 2010 Plan is 2,000,000 shares.

The 2010 Plan permits the granting of:

- Stock options (including both incentive and non-qualified stock options);
- Stock appreciation rights ("SARs");
- Restricted stock and restricted stock units;
- Performance awards of cash, stock, other securities or property;
- Other stock grants; and
- Other stock-based awards.

Unless sooner discontinued or terminated by the Board, the 2010 Plan will expire on July 27, 2020. No awards may be made after that date. However, unless otherwise expressly provided in an applicable award agreement, any award granted under the 2010 Plan prior to expiration extends beyond the expiration of the 2010 Plan through the award's normal expiration date.

Without the approval of the Company's stockholders, the Committee will not re-price, adjust or amend the exercise price of any options or the grant price of any SAR previously awarded, whether through amendment, cancellation and replacement grant or any other means, except in connection with a stock dividend or other distribution, including a stock split, merger or other similar corporate transaction or event, in order to prevent dilution or enlargement of the benefits, or potential benefits intended to be provided under the 2010 Plan.

Other Compensation Arrangements:

On July 28, 2010, the Company entered into an agreement with an investor relations firm and as part of the compensation paid pursuant to that agreement granted each of the principals of the firm a warrant to purchase 112,500 shares of the Company's common stock (a total of 225,000 shares). The warrants are exercisable at \$0.49 per share for a four year term. Each of the warrants may be exercised on a cashless basis. The warrants also provide that subject to various conditions, the holders have piggy-back registration rights with respect to the shares of common stock that may be acquired upon the exercise of the warrants. A total of 182,500 of these warrants were exercised in 2013.

On May 9, 2011, the Company entered into an agreement with a financial advisor and as part of the compensation paid pursuant to that agreement granted the advisor a warrant to purchase 100,000 shares of the Company's common stock. The warrants are exercisable at \$0.77 per share for a five year term. The warrants may be exercised on a cashless basis. The warrants also provide that subject to various conditions, the holders have piggy-back registration rights with respect to the shares of common stock that may be acquired upon the exercise of the warrants.

In October 2012, the Company granted each of the principals of its existing investor relations firm a warrant to purchase 112,500 shares of the Company's common stock (a total of 225,000 shares) for the firm's part in creating awareness for the Company's private equity placement, in November 2012, as discussed herein. The warrants are exercisable at \$0.55 per share for a five year term. Each of the warrants may be exercised on a cashless basis. The warrants also provide that subject to various conditions, the holders have piggy-back registration rights with respect to the shares of common stock that may be acquired upon the exercise of the warrants.

In connection with the Company's private placement in November 2012, the Company granted warrants to purchase 449,456 shares of the Company's common stock to numerous unaffiliated consultants, for services rendered for the finding and execution of multiple stock subscriptions agreements with several equity investors. These warrants are exercisable at \$0.55 for a five year term and have the same terms and conditions as the warrants issued in the private placement. As of December 31, 2013, 105,000 of these warrants remain outstanding.

On November 29, 2012, the Company entered into an investor relations services agreement with an unaffiliated consulting firm. Pursuant to this services agreement, the Company issued the consulting firm 125,000 shares of common stock, at \$0.40 per share, in lieu of cash fees. The Company also granted the consulting firm a warrant to purchase 200,000 shares of the Company's common stock. The warrants became exercisable on May 31, 2013, based on certain conditions as set forth in the warrant agreement, at \$0.40 per share for a five year term. Each of the warrants may be exercised on a cashless basis. The warrants also provide that subject to various conditions, the holders have piggy-back registration rights with respect to the shares of common stock that may be acquired upon the exercise of the warrants.

Recent Sales of Unregistered Securities

During the period from November 13, 2013 through March 14, 2014, a number of holders of common stock purchase warrants exercised those warrants and received shares of common stock as a result of such exercise. The warrants had originally been issued to accredited investors and underwriters in connection with an equity financing that the Company completed in November 2012. In total, warrants to acquire 1,973,569 shares of common stock at an exercise price of \$0.55 per share were exercised by ten accredited investors. Of those:

- Warrants to acquire 262,962 common shares were exercised resulting in cash proceeds to the Company of \$144,629; and
- Warrants to acquire 1,710,607 common shares were exercised on a cashless basis resulting in the issuance of 1,278,760 shares of common stock.

The following sets forth the information regarding those issuances required by Item 701 of SEC Regulation S-K.

(a) Securities Sold: Common Stock, \$0.005 par value, of the Company. The dates of the sales are outlined above.

(b) Underwriters and Other Purchasers. The persons who exercised the warrants were all accredited investors as that term is defined in the federal securities laws. There were no underwriters involved in any of the exercise transactions.

(c) Consideration. Warrants to acquire 262,962 common shares were exercised resulting in cash proceeds to the Company of \$144,629. Warrants to acquire 1,710,607 common shares were exercised on a cashless basis resulting in the issuance of 1,278,760 shares of common stock. In each case where the warrants are entitled to a cashless exercise, the Company has interpreted the term "fair market value" of the underlying shares to equal the ten day volume weighted average price ("VWAP") for the Company's common stock, ending on the day before notice of exercise is received by the Company.

(d) Exemption from Registration Claimed. The shares were issued upon exercise of the warrants to accredited investors and to underwriters pursuant to the exemptions from registration under the Securities Act of 1933 found in Section 4(a)(2) thereof and Rule 506 thereunder, as well as in Section 4(a)(5) thereof in that each of the purchasers was an accredited investor, and Section 3(a)(9) inasmuch as each of the warrant holders was an existing security holder of the Company. The offer was made without any form of advertising or general solicitation, and each of the accredited investors represented to the Company that they acquired the shares and the underlying securities for investment purposes only and without a view toward further distribution.

(e) Terms of Conversion or Exercise. Not applicable.

(f) Use of Proceeds. Not applicable.

ITEM 6. SELECTED FINANCIAL DATA

Smaller reporting companies are not required to provide the information required by this Item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion provides information regarding the results of operations for the years ended December 31, 2013 and 2012, and our financial condition, liquidity and capital resources as of December 31, 2013 and 2012. The financial statements and the notes thereto contain detailed information that should be referred to in conjunction with this discussion.

The following discussion and analysis should be read in conjunction with and our historical consolidated financial statements and the accompanying notes included elsewhere in this Annual Report on Form 10-K, as well as the Risk Factors and the *Cautionary Note Regarding Forward-Looking Statements included above*.

OVERVIEW

The Company provides fluid management and well enhancement services to the domestic onshore oil and natural gas industry. These services include frac water heating, hot oiling and acidizing (well enhancement services), and water hauling, fluid disposal, frac tank rental (fluid management services) and other general oilfield services. The Company owns and operates a fleet of more than 230 specialized trucks, trailers, frac tanks and other well-site related equipment and serves customers in several major domestic oil and gas fields including the DJ Basin/Niobrara field in Colorado, the Bakken field in North Dakota, the Marcellus and Utica Shale fields in Pennsylvania and Ohio, the Green River and Powder River Basins in Wyoming and the Mississippi Lime and Hugoton Fields in Kansas and Oklahoma.

The Company expects to continue to pursue its growth strategies of exploring additional acquisitions, potentially expanding the geographic areas in which it operates, and diversifying the products and services it provides to customers, as well as making further investments in its assets and equipment. The Company may require additional debt or equity financing to fund the costs necessary to expand the services it offers. There can be no assurance that the Company will be able to raise outside capital or have access to outside funding on reasonable terms, if at all.

RESULTS OF OPERATIONS

The following table shows selected financial data for the periods noted. Please see information following the table for management's discussion of significant changes.

	Years Ended December 31,			
	2013	% of Revenue	2012	% of Revenue
FINANCIAL RESULTS:				
Revenues	\$ 46,473,902	100 %	\$ 31,497,787	100 %
Cost of Revenue	31,944,279	69 %	23,545,101	75 %
Gross Profit	14,529,623	31 %	7,952,686	25 %
Operating Expenses				
General and administrative expenses	4,070,884	9 %	3,291,898	11 %
Depreciation and amortization	2,088,767	4 %	2,960,153	9 %
Total operating expenses	6,159,651	13 %	6,252,051	20 %
Income from Operations	8,369,972	18 %	1,700,635	5 %
Interest Expense and Other	(867,335)	(2)%	(872,368)	(3)%
Income From Continuing Operations Before Tax	7,502,637	16 %	828,267	2 %
Income Tax Expense	(3,126,937)	(7)%	(426,779)	(1)%
Income From Continuing Operations	\$ 4,375,700	9 %	\$ 401,488	1 %
Net Income (Loss)	\$ 4,301,237	9 %	\$ (85,070)	- %
Net Income (Loss) per Common Share – Diluted	\$ 0.12		\$ (0.00)	
Diluted weighted average number of common shares outstanding	37,113,017		24,316,869	
OTHER:				
Adjusted EBITDA ^(a) From Continuing Operations	\$ 10,931,095		\$ 4,940,150	
Adjusted EBITDA ^(a) Margin	24 %		16 %	

- (a) Management believes that, for the reasons set forth below, adjusted EBITDA and adjusted EBITDA margin (even though a non-GAAP measure) is a valuable measurement of the Company's liquidity and performance and is consistent with the measurements offered by other companies in our industry. See further discussion of our use of EBITDA, the risks of non-GAAP measures, and the reconciliation to Net Income, in item 7.

Although the Company does not have segmented business operations, which would require segment reporting within the notes of its financial statements per accounting standards, we believe that revenue by service offering may be useful to readers of our financial statements. The following tables set forth revenue from continuing operations for the Company's three service offerings and geographic areas during the years ending December 31, 2013 and 2012 (for discussion around revenue from discontinued operations, see the *Discontinued Operations* section below as well as Note 3 to our consolidated financial statements within the Form 10K accompanying this report):

	Years Ended December 31,	
	2013	2012
BY SERVICE OFFERING:		
Well Enhancement Services ⁽¹⁾	\$ 37,160,625	\$ 21,601,870
Fluid Management ⁽²⁾	9,014,182	9,503,952
Well Site Construction and Roustabout Services ⁽³⁾	299,095	391,965
Total Revenues	\$ 46,473,902	\$ 31,497,787

The Company has also determined that an understanding of the diversity of its operations by geography is important to an understanding of its business operations. The Company only does business in the United States, in what it believes are three geographically diverse regions. The following table sets forth revenue from continuing operations for the Company's three geographic regions during the years ending December 31, 2013 and 2012 (again, for discussion around revenue from discontinued operations, see the *Discontinued Operations* section below as well as Note 3 to our consolidated financial statements within the Form 10K accompanying this report):

	Years Ended December 31,	
	2013	2012
BY GEOGRAPHIC AREA:		
Rocky Mountain Region ⁽⁴⁾	\$ 26,059,306	\$ 16,299,862
Central USA Region ⁽⁵⁾	11,997,544	11,631,843
Eastern USA Region ⁽⁶⁾	8,417,052	3,566,082
Total Revenues	\$ 46,473,902	\$ 31,497,787

Notes to tables:

- (1) Frac water heating, acidizing, hot oil services, and pressure testing.
- (2) Water hauling/disposal and frac tank rental.
- (3) Amounts herein represent our Dillco construction and roustabout services. During 2012, the Heat Waves' construction and roustabout service line was discontinued. See Note 3 to our consolidated financial statements accompanying the Form 10K within this report for more details.
- (4) Consists of western Colorado, southeastern Wyoming, western North Dakota, and eastern Montana. Heat Waves is the only Company subsidiary operating in this region.

- (5) Consists of southwestern Kansas, northwestern Oklahoma, Texas panhandle, and northern New Mexico. Both Dillco and Heat Waves engage in business operations in this region.
- (6) Consists of the southern region of the Marcellus Shale formation (southwestern Pennsylvania and northern West Virginia) and the Utica Shale formation (eastern Ohio). Heat Waves is the only Company subsidiary operating in this region.

Revenues:

Revenues from continuing operations increased \$15.0 million or 48% to \$46.5 million for the year ended December 31, 2013. The record revenue growth for 2013 was primarily attributable to revenues from our flagship well enhancement services, which increased \$15.6 million or 72% from 2012 and overcame a reduction of about \$490,000 in revenues in our fluid management services.

Well Enhancement Services

Well enhancement service revenues, which includes frac water heating, hot oiling, and acidizing services continued to show record growth in 2013 increasing \$15.6 million or 72% to \$37.2 million for the year ended December 31, 2013. Increased customer demand particularly in the Rocky Mountain Region and Eastern USA Region combined with increased heating capacity from the addition of new frac water heating and hot oil equipment were the primary reason for our growth in 2013.

The following factors contributed to the increase in well enhancement revenues during 2013:

- (1) During 2012 and 2013, the Company expanded its heating capacity by investing in additional trucks and equipment to meet the growing demand for our frac water heating and hot oiling services. As part of this expansion, the Company purchased and fabricated two new hot oil units and five double-burner frac water heating units which were deployed near the beginning of 2013. In addition, as part of our 2013 CAPEX program, four additional hot oil trucks were fabricated and deployed near the start of the fourth quarter of 2013 and three additional bobtail frac heaters and a double-burner frac heater deployed in December 2013;
- (2) Increased horizontal drilling and completion activity in the Niobrara Shale/DJ Basin by several customers resulted in higher frac water heating service during 2013 as compared to the same period last year;
- (3) Well Enhancement Service revenues during the first part of 2012 were affected by higher-than-average temperatures which reduced customer demand for heating services. Temperature and weather patterns during 2013 were more in line with historical averages, thus increasing demand for our frac water heating and hot oiling services; and
- (4) Well Enhancement Service Revenues in the Eastern USA region increased by approximately \$4.9 million from 2012 to 2013 due to continued expansion into the Utica Shale market where exploration and production activity and demand for our services increased over 2012.

Fluid Management Services

Fluid management service revenues, which represent about 19% of our consolidated revenues for 2013, declined \$490,000 or 5% from 2012 to 2013. This decline was primarily attributable to the lost revenue from a low margin water hauling customer in the Central USA region which services had been declining since early 2013. The Company had been working to replace this business with higher margin business and finalized a service agreement with a new customer in September 2013 which replaced most of the monthly revenue lost from the previous customer. Fluid management revenues during the fourth quarter returned back to 2012 levels. The Company will continue to try to maintain its pricing in this competitive market and prevent further dilution to its existing gross margins.

Well Site Construction and Roustabout Services

Well site construction and roustabout services, which represent less than 1% of 2013 revenues declined \$93,000 or 24% from 2012. These services are not a significant part of our business and are provided as ancillary services with our other services.

Geographic Areas

Revenues in the Rocky Mountain Region, which primarily consist of well enhancement services, continued to show strong growth increasing \$9.8 million or 60% to \$26.1 million for the year ended December 31, 2013. Increased drilling and completion activity by several customers in the Niobrara Shale/DJ Basin combined with recent expansion of our service into Rock Springs contributed to this increase.

Revenues in the Central USA region increased \$366,000 or 3% from 2012 to 2013 primarily due to increased well enhancement revenues from our Garden City yard, which more than offset the decline in water hauling services in this region.

Revenues in the Eastern USA region increased \$4.9 million or 136% primarily due to the continued expansion of our services into the Utica Shale market where exploration and production activity and demand for our services increased over 2012. During 2013, the Company added two sizable customers in addition to experiencing revenue growth with its two largest customers.

Historical Seasonality of Revenues

Because of the seasonality of our frac water heating and hot oiling business, revenues generated during the first and fourth quarters of our fiscal year, covering the months during what is known as our "heating season", are significantly higher than revenues earned during the second and third quarters of our fiscal year. In addition, the revenue mix of our service offerings also changes among quarters as our Well Enhancement services (which includes frac water heating and hot oiling) decrease as a percentage of total revenues and Fluid Management services and other services increase. Thus, the revenues recognized in our quarterly financials in any given period are not indicative of the annual or quarterly revenues through the remainder of that fiscal year.

As an indication of this quarter-to-quarter seasonality, the Company generated revenues of \$33.7 million (73%) during the first and fourth quarters of 2013 compared to \$12.7 million (27%) during the second and third quarters of 2013. In 2012, the Company earned revenues of \$20.8 million (66%) during the first and fourth quarters of 2012, compared to \$10.7 million (34%) during the second and third quarters of 2012. While the Company is pursuing various strategies to lessen these quarterly fluctuations by increasing non-seasonal business opportunities, there can be no assurance that we will be successful in doing so.

Costs of Revenues and Gross Profit:

Cost of revenues for the year ended December 31, 2013 increased \$8.4 million or 36% from the comparable period last year. As a percentage of revenues, cost of revenues for 2013 decreased to 69% of revenues as compared to 75% of revenues for 2012. Gross profit for the year ended December 31, 2013 increased to \$14.5 million or 31% of revenues as compared to \$8.0 million or 25% of revenues during 2012. Increased revenues from higher margin well enhancement services combined with improved labor efficiencies were the primary reasons for the corresponding increase in gross profits and gross margins. These increases were slightly tempered by a spike in propane prices in December 2013.

Below is a more detailed discussion of the factors that impacted gross margins:

- (1) Well enhancement service revenues, which typically generate a higher gross profit margin than other services, increased to 80% of consolidated revenues for the year ended December 31, 2013 as compared to 68% during 2012. The increase in revenue from the higher margin well enhancement services increased the overall gross margin of the business;
- (2) Labor costs as a percentage of revenue were higher during 2012 due to the unseasonably warm weather during the first half of the 2012, which resulted in lower utilization of field personnel;
- (3) The Company's cost of revenues include certain fixed cost components which do not fluctuate in relationship to changes in revenues. Items such as field office costs, employee housing, and other site overhead costs remained relatively flat during 2013. Accordingly, the increase in revenues during 2013 resulted in a higher gross margin as compared to 2012; and
- (4) In December 2013, a sudden spike in propane prices significantly impacted the gross margins our frac water heating business. At the time, approximately half of our frac water heating revenues were contractually priced on a fixed per barrel basis that included propane costs. As a result, gross margins significantly dropped on these contracts. Fortunately, these per barrel contracts contained a price adjustment clause that was triggered January 2014 and allowed us to move to a pricing schedule that allows us to bill propane on a cost plus basis. The increase in propane prices reduced gross margins for the fourth quarter of 2013 to 26% as compared to 32% in the fourth quarter of 2012. The Company anticipates that the revised pricing schedule will return margins to normal levels.

General and Administrative Expenses:

For the year ended December 31, 2013, general and administrative expenses increased \$779,000 or 24% from 2012. Higher stock based compensation associated with stock option grants, higher investor relations costs, and higher professional fees all contributed to this increase. Bad debt expense, which is included in general and administrative expense, also contributed \$192,000 to this increase as the Company increased its allowance for doubtful accounts due to the corresponding increase in receivables.

As a percentage of revenues, general and administrative expenses decreased from 11% of revenues in 2012 to 9% of revenues for the year ended December 31, 2013 as compared to last year.

Depreciation and Amortization:

Depreciation and amortization expense for the year ended December 31, 2013 decreased \$871,000, or 29% from 2012 primarily due to the change in useful lives of trucks, equipment and disposal wells in March 2012. The Company reassessed the estimated useful lives of this equipment and increased the useful lives of its trucks and equipment from 5-7 years to 10 years, and increased the useful lives of its disposal wells from 7-10 years to 15 years. This change in accounting estimate reduced depreciation and amortization expense by approximately \$800,000 for the year ended December 31, 2013 as compared to 2012. This decrease was partially offset by additional depreciation expense on new property and equipment added during 2012 and 2013. Lower amortization expense related to non-compete agreements also contributed to the overall decrease for 2013. The non-compete agreements were fully amortized in February 2013.

Income from Continuing Operations:

For the year ended December 31, 2013, the Company recognized income from continuing operations of approximately \$8.4 million as compared to \$1.7 million for the comparative period last year. As discussed above, increased revenue from well enhancement services contributed to a \$15.6 million increase in revenues and a six percentage point improvement in gross margins (25% to 31%) as compared to the same period last year. Lower depreciation and amortization expense due to the change in useful lives also contributed to the improvement in income from continuing operations. These increases were partially offset by a \$779,000 increase in general and administrative expenses.

Management believes that this improvement in our results of operations reflects the beneficial effect of our expanded and increased operations (as discussed throughout this report), a focus on obtaining profitability, and the benefit of the colder weather in the first and last quarters of the year. We believe that as long as we are able to control our costs and increase our revenues as a result of our expanding geographical regions and service areas, our financial performance will continue to improve over the long run, although on a quarter-to-quarter basis, there may still be periods of loss due to the seasonality of our operations, as discussed several times herein.

Income Taxes:

For 2013, the Company recognized income tax expense of \$3.1 million on pre-tax net income from continuing operations before taxes of approximately \$7.5 million as compared to income tax expense of \$427,000 on pre-tax income of \$828,000. The effective tax rate on income from continuing operations for 2013 was approximately 42%. This rate is higher than the federal statutory corporate tax rate of 34% primarily due to state and local income taxes. During 2013, the company fully utilized the \$2.4 million of prior year NOL carry forwards in 2013. See Note 11 *Taxes on Income from Continuing Operations* in the notes to the accompanying audited consolidated financial statements for further details.

Loss from Discontinued Operations, Net of Tax:

In December 2012, the Company made the decision to discontinue its Heat Waves well-site construction and roustabout line of service and immediately initiated efforts to close the North Dakota construction operations. The Company reclassified its construction assets to fixed assets held for sale and initiated efforts to terminate its construction equipment leases. Accordingly, the loss from discontinued operations, net of tax for the year ended December 31, 2013 was significantly lower at \$74,000 as compared to \$487,000 for 2012. Since operations ceased in early 2013, the loss from discontinued operations in 2013 primarily consisted remaining contractual lease obligations from construction equipment leases.

Adjusted EBITDA*:

Management believes that, for the reasons set forth below, adjusted EBITDA (even though a non-GAAP measure) is a valuable measurement of the Company's liquidity and performance and is consistent with the measurements offered by other companies in the Company's industry. The following table presents a reconciliation of net income to Adjusted EBITDA for each of the periods indicated:

	Years Ended December 31,	
	2013	2012
EBITDA* From Continuing Operations:		
Income From Continuing Operations	\$ 4,375,700	\$ 401,488
Add (Deduct):		
Interest expense	1,072,912	902,152
Income tax expense	3,126,937	426,779
Depreciation and amortization	2,088,767	2,960,153
EBITDA* From Continuing Operations	10,664,316	4,690,572
Add (Deduct):		
Stock-based compensation	472,356	279,362
(Gain) loss on disposal of equipment	(169,194)	5,739
Gain on sale of investments	-	(24,653)
Other income	(36,383)	(10,870)
Adjusted EBITDA* From Continuing Operations	\$ 10,931,095	\$ 4,940,150
EBITDA* From Discontinued Operations:		
Loss From Discontinued Operations	\$ (74,463)	\$ (486,558)
Add (Deduct):		
Interest expense	963	1,770
Income tax benefit	(47,607)	(311,078)
Depreciation and amortization	-	128,935
EBITDA* And Adjusted EBITDA* From Discontinued Operations	\$ (121,107)	\$ (666,931)

*Note: See discussion to follow below for use of non-GAAP financial measurements.

Use of Non-GAAP Financial Measures: Non-GAAP results are presented only as a supplement to the financial statements and for use within management's discussion and analysis based on U.S. generally accepted accounting principles (GAAP). The non-GAAP financial information is provided to enhance the reader's understanding of the Company's financial performance, but no non-GAAP measure should be considered in isolation or as a substitute for financial measures calculated in accordance with GAAP. Reconciliations of the most directly comparable GAAP measures to non-GAAP measures are provided within the schedules attached herein.

EBITDA is defined as net income plus interest expense, income taxes, and depreciation and amortization. Adjusted EBITDA excludes from EBITDA stock-based compensation and, when appropriate, other items that management does not utilize in assessing the Company's operating performance (see list of these items to follow below). None of these non-GAAP financial measures are recognized terms under GAAP and do not purport to be an alternative to net income as an indicator of operating performance or any other GAAP measure. Management uses these non-GAAP measures in its operational and financial decision-making, believing that it is useful to eliminate certain items in order to focus on what it deems to be a more reliable indicator of ongoing operating performance and the company's ability to generate cash flow from operations. Management also believes that investors may find non-GAAP financial measures useful for the same reasons, although investors are cautioned that non-GAAP financial measures are not a substitute for GAAP disclosures.

All of the items included in the reconciliation from Net Income to EBITDA and from EBITDA to Adjusted EBITDA are either (i) non-cash items (e.g., depreciation, amortization of purchased intangibles, stock-based compensation, warrants issued, etc.) or (ii) items that management does not consider to be useful in assessing the Company's operating performance (e.g., income taxes, gain on sale of investments, loss on disposal of assets, etc.). In the case of the non-cash items, management believes that investors can better assess the company's operating performance if the measures are presented without such items because, unlike cash expenses, these adjustments do not affect the Company's ability to generate free cash flow or invest in its business.

Because not all companies use identical calculations, the Company's presentation of non-GAAP financial measures may not be comparable to other similarly titled measures of other companies. However, these measures can still be useful in evaluating the company's performance against its peer companies because management believes the measures provide users with valuable insight into key components of GAAP financial disclosures.

Changes in Adjusted EBITDA*

Adjusted EBITDA from Continuing Operations increased \$6.0 million or 121% to \$10.9 million for the year ended December 31, 2013 as compared to \$4.9 million for 2012. This increase was primarily due to an increase in revenues from our well enhancement services within our Rocky Mountain and Eastern USA regions. The increased revenue was generated from both new and existing frac water heating and hot oiling customers in those regions. In addition, well enhancement revenues also generate higher gross margins, which also contributed to the increase in EBITDA from Continuing Operations.

Adjusted EBITDA from Discontinued Operations for the year ended December 31, 2013 was a negative \$121,000 as compared to a negative \$667,000 in 2012. The improved EBITDA from discontinued operations was primarily due to a decline in loss from operations as operations were ramped down in early 2013. As noted above, most of the loss from operations and resulting negative EBITDA during 2013 was due to remaining equipment lease commitments paid in January and February 2013.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes our statements of cash flows for the years ended December 31, 2013 and 2012 and (combined with the working capital table and discussion below) is important for understanding our liquidity:

	<u>Years Ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
Net cash provided from operating activities	\$ 5,324,900	\$ 1,155,572
Net cash used in investing activities	(3,783,558)	(2,480,043)
Net cash used in (provided by) financing activities	(206,779)	1,441,093
Net Increase in Cash and Cash Equivalents	1,334,563	116,622
Cash and Cash Equivalents, Beginning of Period	533,627	417,005
Cash and Cash Equivalents, End of Period	<u>\$ 1,868,190</u>	<u>\$ 533,627</u>

Note: As discussed within Note 1 – *Basis of Presentation* within the Notes to the Consolidated Financial Statements, the Company has elected to not separately disclose cash flows pertaining to discontinued operations within the accompanying statements of cash flows for the years ending December 31, 2013 and 2012.

The following table sets forth a summary of certain aspects of our balance sheets at December 31, 2013 and 2012:

	Years Ended December 31,	
	2013	2012
Current Assets	\$ 15,129,379	\$ 9,553,558
Total Assets (including assets of discontinued operations)	33,422,248	25,857,026
Current Liabilities	6,955,618	8,018,088
Total Liabilities	20,577,132	19,040,678
Working Capital (Current Assets net of Current Liabilities)	8,173,761	1,535,470
Stockholders' equity	12,845,116	6,816,348

Note: As discussed within Note 1 – *Basis of Presentation* within the Notes to the Consolidated Financial Statements, the Company has classified fixed assets associated with discontinued operations as *Fixed assets held for sale* in our consolidated balance sheet as of December 31, 2012. The Company elected to present and disclose all other major classifications of assets and liabilities associated with these discontinued operations, other than the Fixed assets held for sale, within the notes to the financial statements; see Note 3 within the Notes to the Consolidated Financial Statements for further details.

Overview:

We have relied on cash flow from operations, borrowings under our credit facility and an equity raise in November 2012 to satisfy our liquidity needs. Our ability to fund operating cash flow shortfalls, fund capital expenditures, and make acquisitions will depend upon our future operating performance and on the availability of equity and debt financing, of which there can be no assurance and which will be affected by prevailing economic conditions in our industry and financial, business and other factors, some of which are beyond our control. At December 31, 2013, we had approximately \$1.9 million of cash and cash equivalents and approximately \$4.8 million available under our asset based, revolving line of credit facility. As reflected in the above table, cash generated from operations of \$5.3 million for the year ended significantly improved our working capital situation.

On November 2, 2012, the Company and PNC Bank, National Association (“PNC”) entered into a credit facility under which the Company refinanced a majority of its existing indebtedness. This refinancing positively bolstered our working capital position, as well as provided for a larger revolving credit facility. Based on our existing operating performance, coupled with the recent refinancing, we believe we will have adequate funds to meet our projected operational needs for 2014. However, if our estimates about our future operating performance turn out to be inaccurate, or if we are unable to raise additional capital in the absence of positive future operating performance, the Company will adjust its capital expenditures accordingly.

The PNC credit facility includes a \$5.0 million revolving line of credit facility and an \$11.0 million term loan facility (amended in November 2013 to \$12,428,576). Advances under both the revolving and term loans will incur interest based upon an effective Eurodollar rate or alternate base rate for domestic loans.

The revolving line of credit has a variable interest rate that is based, at the Company’s discretion, of LIBOR plus 3.25% for Eurodollar Loans or PNC bank rate plus 1.25% for domestic loans. The revolving line of credit is secured with inventory and accounts of the company and has a facility fee of .375% per annum, which is applied to any undrawn portion of the maximum revolving advance amount. As of December 31, 2013, the Company did not have any loan advances outstanding under the revolving line of credit.

Subsequent to the amendment to the credit agreement in November 2013, the term note had a principal amount of \$12,428,576 and is payable in twenty-three fixed monthly principal payments of \$172,620 beginning November 30, 2013 with the remaining principal balance due on November 2, 2015. The term loan has a variable interest rate that is based, at the Company's discretion of LIBOR plus 4.25% for Eurodollar Rate Loans or PNC Base Rate plus 2.25% for Domestic Rate Loans. As discussed in Note 8 to the consolidated financial statements, the Company has entered into an interest rate swap to hedge the interest rate of the original term loan at an effective rate of 4.89% through the term of the loan. As of December 31, 2013, the Company had \$12,066,672 of Eurodollar Rate Loans and \$16,664 Domestic Rate Loans under the term note.

The PNC credit facility has certain customary financial covenants that include, among others:

- (i) an annual limit on capital expenditures (\$10,150,000 for 2013 with ability to carryover unused portion to 2014 and \$2,500,000 annually thereafter);
- (ii) a minimum fixed charge coverage ratio (as defined, not less than 1.1:1, measured as of the last day of each fiscal quarter, and must be determined based on trailing twelve month information); and
- (iii) a minimum tangible net worth test (set annually by the lender based upon financial projections of the Company and is measured on a quarterly basis. For 2013 the covenant requirement ranged from \$4,244,000 to \$5,114,000. The tangible net worth limit for 2014 was based upon projections and ranges from \$13,065,000 to \$15,313,000).

These financial covenants could restrict our ability to secure additional debt financing or access funds under our revolving credit facility. At December 31, 2013 the Company met all of the covenants imposed by the loan agreements with PNC

In current and prior periods, we have relied on cash generated from operations and borrowings under our credit facility to satisfy our liquidity needs. Our ability to fund operating cash flow shortfalls, fund capital expenditures, and make acquisitions will depend upon our future operating performance, and more broadly, on the availability of equity and debt financing, of which there can be no assurance and which will be affected by prevailing economic conditions in our industry and financial, business and other factors, some of which are beyond our control. At December 31, 2013, we had approximately \$4.8 million available under our asset based, revolving credit facility.

Working Capital:

As of December 31, 2013 we had working capital of approximately \$8.2 million, an increase of \$6.6 million from December 31, 2012. This significant increase in working capital was attributable to the more than \$5.3 million of cash flow from operations generated in 2013 and the use of this cash flow to pay down the Company's revolving line of credit by \$2.2 million. Accounts receivable also increased \$3.9 million or 50% from the comparable period last year due to higher monthly revenues during the fourth quarter of 2013.

Cash flow from Operating Activities:

Cash flow from operating activities for the year ended December 31, 2013 increased \$4.2 million or 361% from 2012 primarily due to increased cash flows related to higher revenues and profitability in 2013. This increase in cash flow from operations during 2013 was partially offset by approximately \$3.7 million of net cash outflows for changes in working capital with a majority of this change related to an increase in accounts receivable.

Cash flow used in Investing Activities:

Cash flow used in investing activities for the year ended December 31, 2013 increased \$1.3 million or 52% from 2012. Higher capital expenditures related to the purchase and fabrication of new hot oil trucks and frac water heaters during 2013 was the primary reason for the increase and was partially offset by slightly higher proceeds on sale of equipment..

Cash flow used in Financing Activities:

Cash used by financing activities for the year ended December 31, 2013 was \$207,000 as compared to \$1.4 million of cash provided by financing activities for 2012. During 2013, cash proceeds from additional borrowings under the term loan of \$3.7 million and proceeds from warrant exercises of \$1.2 million were offset by \$2.2 million of principal payments on the line of credit and \$3.0 million of principal payments on the term loan. During 2012, cash flow provided by financing activities was primarily due to \$2.0 in proceeds from the private placement transaction.

Outlook:

The Company plans to continue to expand its business operations by acquiring and fabricating additional equipment and increasing the volume and scope of services offered to our existing customers. As announced in a press release dated May 16, 2013, the Company announced a \$6.0 million capital expenditure program with approximately \$4.7 million allocated to expanding frac water heating and hot oiling capacity by 40% and 15%, respectively.

On November 14, 2013, PNC Bank approved an additional \$4.0 million increase in capital expenditures, with approximately \$3.3 million allocated toward acquiring and fabricating additional equipment. The \$4.0 million of additional capital expenditures was funded through a \$3.0 million extension of the term loan facility with PNC and the remaining \$1.0 million coming from proceeds of warrant exercises. This additional \$4.0 million of capital expenditures increased the expenditure limit to \$10.1 million. As of December 31, 2013, the Company has spent approximately \$5.8 million of capital expenditures and plans to spend the majority of the remaining \$4.3 million dollars during the first half of 2014.

The Company believes that its cash on hand and expected level of operating cash flows will be sufficient to fund the Company's operations and capital spending programs for 2014. The Company's cash on hand will most likely be supplemented with available borrowing capacity under its \$5 million revolving line of credit facility to fund operations during the remainder of the heating season (January to April 2014).

The Company also evaluates other geographical expansion opportunities and strategic transactions that could add services that are similar or complementary to those that the Company offers. To fully implement certain of these activities the Company may need to raise additional capital or borrow funds from its existing lender(s) or from other third parties. There can be no assurance that financing will be available to the Company on reasonable terms, if at all.

Capital Commitments and Obligations:

As of December 31, 2013 we had executed commitments for approximately \$1.7 million of additional heating equipment.

The Company's capital commitments and obligations as of December 31, 2013 consisted of the PNC Term Loan, the PNC Revolving Line of Credit, an Academy Bank Real Estate Loan entered into to fund the new operation center in North Dakota, as well as other bank debt and certain capital and operating leases. General terms and conditions for, and amounts due under, these commitments and obligations are summarized in the notes to the financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

Other than the guarantees made by Mr. Herman on various loan agreements, the Company had no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to our stockholders.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make a variety of estimates and assumptions that affect (i) the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and (ii) the reported amounts of revenues and expenses during the reporting periods covered by the financial statements.

Our management routinely makes judgments and estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the future resolution of the uncertainties increase, these judgments become even more subjective and complex. Although we believe that our estimates and assumptions are reasonable, actual results may differ significantly from these estimates. Changes in estimates and assumptions based upon actual results may have a material impact on our results of operation and/or financial condition. Our significant accounting policies are disclosed in Note 2 to the Financial Statements included in this Form 10-K.

While all of the significant accounting policies are important to the Company's financial statements, the following accounting policies and the estimates derived there from have been identified as being critical.

Accounts Receivable:

Accounts receivable are stated at the amount billed to customers. The Company provides a reserve for doubtful accounts based on a review of outstanding receivables, historical collection information and existing economic conditions. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Company on an ongoing basis. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance.

Revenue Recognition:

The Company recognizes revenue when evidence of an arrangement exists, the fee is determinable, and services are provided and collection is reasonably assured.

Property and Equipment:

Property and equipment consists of (1) trucks, trailers and pickups; (2) trucks that are in various stages of fabrication; (3) real property which includes land and buildings used for office and shop facilities and wells used for the disposal of water; and (4) other equipment such as tools used for maintaining and repairing vehicles, office furniture and fixtures, and computer equipment. Property and equipment is stated at cost less accumulated depreciation. The Company charges repairs and maintenance against income when incurred and capitalizes renewals and betterments, which extend the remaining useful life, expand the capacity or increase the efficiency of the assets. Depreciation is recorded on a straight-line basis over estimated useful lives of 5 to 30 years.

In April 2012, the Company reassessed the estimated useful lives of its trucks and equipment (including its well servicing units and equipment, fluid services equipment, construction equipment, and other vehicles) as well as the estimated useful lives of its disposal wells. Through this assessment, the Company increased the useful lives of its trucks and equipment from 5-7 years to 10 years, and increased the useful lives of its disposal wells from 7-10 years to 15 years. The Company has determined that this adjustment to its useful lives is a change in accounting estimate and has accounted for the change prospectively; i.e. the accounting change impacts interim reporting periods within fiscal year 2012 and future periods. The Company determined that this adjustment to its useful lives was a change in accounting estimate and has accounted for the change prospectively; i.e. the accounting change impacts interim reporting periods within fiscal year 2012 and future periods. For the years ended December 31, 2013 and 2012, the change in accounting estimate decreased depreciation for the period by approximately \$3.4 million and \$2.6 million (pre-tax difference), respectively. The impact of this change in accounting estimated increased Income from Operations and Net Income (Loss) by these amounts, or by approximately \$0.10 per basic \$0.09 per diluted common share, respectively, for 2013, and \$0.11 earnings per basic and diluted common share for 2012.

Long-Lived Assets:

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company looks primarily to the discounted future cash flows in its assessment of whether or not long-lived assets have been impaired. No impairments were recorded during the years ended December 31, 2013 or 2012.

Intangible Assets:

Non-Competition Agreements. The non-competition agreements with the sellers of Heat Waves and Dillco have finite lives and were being amortized over the five-year contractual periods. Amortization expense was fully recognized by February 2013.

Goodwill. Goodwill represents the excess of the cost over the fair value of net assets acquired, including identified intangible assets, recorded in connection with the acquisition of Heat Waves. Goodwill is not amortized but is assessed for impairment at least annually.

Impairment. The Company assesses goodwill and intangible assets with indefinite lives for impairment at the reporting unit level on an annual basis and between annual tests if events occur or circumstances change that would more likely than not reduce the fair value below its carrying amount. Guidance allows a qualitative assessment of impairment to determine whether it is more-likely-than-not that the intangible asset is impaired. If it is determined that it is more-likely-than-not that and impairment exists, accounting guidance requires that the impairment test be performed through the application of a two-step fair value test. The Company utilizes this method and recognizes a goodwill impairment loss in the event that the fair value of the reporting unit does not exceed its carrying value. During fiscal years ending December 31, 2013 and 2012, the Company performed the annual impairment test as of the date ending at each of these fiscal years and determined in both fiscal years that no impairment existed.

Income Taxes:

The Company recognizes deferred tax liabilities and assets based on the differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities will be recognized in income in the period that includes the enactment date. Deferred income taxes are classified as a net current or non-current asset or liability based on the classification of the related asset or liability for financial reporting purposes. A deferred tax asset or liability that is not related to an asset or liability for financial reporting is classified according to the expected reversal date. The Company records a valuation allowance to reduce deferred tax assets to an amount that it believes is more likely than not expected to be realized.

The Company accounts for any uncertainty in income taxes by recognizing the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Company measures the tax benefits recognized in the financial statements from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The application of income tax law is inherently complex. Laws and regulations in this area are voluminous and are often ambiguous. As such, the Company is required to make many subjective assumptions and judgments regarding income tax exposures. Interpretations of and guidance surrounding income tax law and regulations change over time and may result in changes to the Company's subjective assumptions and judgments which can materially affect amounts recognized in the consolidated balance sheets and consolidated statements of income. The result of the reassessment of the Company's tax positions did not have an impact on the consolidated financial statements.

Interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses. No interest or penalties have been assessed as of December 31, 2013 or 2012. The Company files tax returns in the United States, in the states of Colorado, Kansas, North Dakota, and Pennsylvania. The tax years 2010 through 2013 remain open to examination in the taxing jurisdictions to which the Company is subject.

Stock-based Compensation:

The Company uses the Black-Scholes pricing model as a method for determining the estimated fair value for all stock options awarded to employees, officers, and directors. The expected term of the options is based upon evaluation of historical and expected further exercise behavior. The risk-free interest rate is based upon U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected life of the grant. Volatility is determined upon historical volatility of our stock and adjusted if future volatility is expected to vary from historical experience. The dividend yield is assumed to be none as we have not paid dividends nor do we anticipate paying any dividends in the foreseeable future.

We also use the Black-Scholes valuation model to determine the fair value of warrants. Expected volatility is based upon the weighted average of historical volatility over the contractual term of the warrant and implied volatility. The risk-free interest rate is based upon implied yield on a U.S. Treasury zero-coupon issue with a remaining term equal to the contractual term of the warrants. The dividend yield is assumed to be none.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required.

ITEM 8. FINANCIAL STATEMENTS

The information required by this Item begins on page 50 of Part III of this report on Form 10-K and is incorporated into this part by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the 1934 Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the 1934 Act is accumulated and communicated to management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, under the direction of our Chief Executive Officer (who is our principal executive officer), and Chief Financial Officer (who is our principal accounting officer) has evaluated the effectiveness of our disclosure controls and procedures as required by 1934 Act Rule 13a-15(b) as of December 31, 2013 (the end of the period covered by this report). Based on that evaluation, our principal executive officer and our principal accounting officer concluded that these disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the 1934 Act is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms.

The Company, including its Chief Executive Officer and Chief Financial Officer, does not expect that its internal controls and procedures will prevent or detect all error and all fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Management's Annual Report on Internal Control Over Financial Reporting

In accordance with Item 308 of SEC Regulation S-K, management is required to provide an annual report regarding internal controls over our financial reporting. This report, which includes management's assessment of the effectiveness of our internal controls over financial reporting, is found below. Inasmuch as the Company is neither an accelerated filer nor a large accelerated filer, the Company is not obligated to provide an attestation report on the Company's internal control over financial reporting by the Company's registered public accounting firm.

Internal Control Over Financial Reporting

Our management is also responsible for establishing internal control over financial reporting ("ICFR") as defined in Rules 13a-15(f) and 15d-15(f) under the 1934 Act. Our ICFR are intended to be designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Our ICFR are expected to include those policies and procedures that management believes are necessary that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and our directors; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Management recognizes that there are inherent limitations in the effectiveness of any system of internal control, and accordingly, even effective internal control can provide only reasonable assurance with respect of financial statement preparation and may not prevent or detect misstatements. In addition, effective internal control at a point in time may become ineffective in future periods because of changes in conditions or due to deterioration in the degree of compliance with our established policies and procedures.

As of December 31, 2013, management (with the participation of the Chief Executive Officer and the Chief Financial Officer) conducted an evaluation of the effectiveness of the Company's ICFR based on the framework set forth in *Internal Control—Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and SEC guidance on conducting such assessments by smaller reporting companies and non-accelerated filers. Based on that assessment, management (with the participation of the Chief Executive Officer and the Chief Financial Officer) concluded that, during the period covered by this report, such internal controls and procedures were effective as of December 31, 2013.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information responsive to Items 401, 405, 406 and 407 of Regulation S-K to be included in our definitive Information Statement for our 2014 Annual Meeting of Shareholders, to be filed within 120 days of December 31, 2013, pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Information Statement"), is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information responsive to Items 402 and 407 of Regulation S-K to be included in our Information Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information responsive to Items 201(d) and 403 of Regulation S-K to be included in our Information Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information responsive to Items 404 and 407 of Regulation S-K to be included in our Information Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information responsive to Item 9(e) of Schedule 14A to be included in our Information Statement is incorporated herein by reference.

PART IV.

ITEM 15. EXHIBITS

<u>Exhibit No.</u>	<u>Title</u>
3.01	Second Amended and Restated Certificate of Incorporation ⁽²⁾
3.02	Amended and Restated Bylaws. ⁽³⁾
10.01	2008 Equity Plan. ⁽⁴⁾
10.02	2010 Stock Incentive Plan. ⁽³⁾
10.03	Employment Agreement between the Company and Michael D. Herman. ⁽³⁾⁽⁶⁾⁽¹²⁾
10.04	Employment Agreement between the Company and Rick Kasch. ⁽³⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽¹²⁾
10.05	Employment Agreement between the Company and Austin Peitz ⁽¹¹⁾
10.06	Employment Agreement between the Company and Robert Devers ⁽¹⁰⁾
10.07	Form of Indemnification Agreement: Filed herewith
10.08	Business Loan Agreement with PNC Bank, National Association. ⁽⁸⁾
10.09	First Amendment to Business Loan Agreement with PNC Bank, National Association. Filed herewith
10.10	Second Amendment to Business Loan Agreement with PNC Bank, National Association. Filed herewith
10.11	Third Amendment to Business Loan Agreement with PNC Bank, National Association. Filed herewith
11.1	Statement of Computation of per share earnings Filed herewith. (contained in Note 2 to the Consolidated Financial Statements).
14.1	Code of Business Conduct and Ethics Whistleblower Policy. ⁽¹²⁾
14.2	Related Party Transaction Policy ⁽¹²⁾
14.3	Audit Committee Charter ⁽¹²⁾
21.1	Subsidiaries of Enservco Corporation, Filed herewith
23.2	Consent from EKS&H LLLP regarding Form S-8 Filed herewith
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, (Principal Executive Officer). Filed herewith.
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Principal Financial Officer). Filed herewith.

32.1 Certification pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002
(Chief Executive Officer). Filed herewith.

32.2 Certification pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the SarbanesOxley Act of 2002
(Chief Financial Officer). Filed herewith.

101.INS XBRL Instance Document
101.SCH XBRL Schema Document
101.CAL XBRL Calculation Linkbase Document
101.LAB XBRL Label Linkbase Document
101.PRE XBRL Presentation Linkbase Document
101.DEF XBRL Definition Linkbase Document

- (1) Intentionally omitted.
- (2) Incorporated by reference from the Company's Current Report on Form 8-K dated December 30, 2010, and filed on January 4, 2011.
- (3) Incorporated by reference from the Company's Current Report on Form 8-K dated July 27, 2010, and filed on July 28, 2010.
- (4) Incorporated by reference from the Company's Current Report on Form 8-K dated February 27, 2008, and filed on March 10, 2008.
- (5) Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011, and filed on August 15, 2011.
- (6) Incorporated by reference from the Company's Current Report on Form 8-K dated February 10, 2012, and filed on February 13, 2012.
- (7) Incorporated by reference from the Company's Current Report on Form 8-K dated June 6, 2012, and filed on June 11, 2012.
- (8) Incorporated by reference from the Company's Current Report on Form 8-K dated November 2, 2012, and filed on November 8, 2012.
- (9) Intentionally omitted.
- (10) Incorporated by reference from Exhibit 10.01 to the Company's Current Report on Form 8-K dated April 29, 2013 and filed on May 2, 2013.
- (11) Incorporated by reference from Exhibit 10.03 to the Company's Form 10-K/A for the year ended December 31, 2012 and filed on October 8, 2013.
- (12) Incorporated by reference from the Company's Current Report on Form 8-K dated May 29, 2013, and filed on May 31, 2013.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

March 20, 2014

ENSERVCO CORPORATION,
a Delaware Corporation

/s/ Michael D. Herman
Principal Executive Officer

/s/ Robert Devers
Principal Financial Officer & Principal Accounting Officer

Pursuant to the requirement of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

<u>Date</u>	<u>Name and Title</u>	<u>Signature</u>
March 20, 2014	Michael D. Herman Chief Executive Officer (principal executive officer), and Chairman of the Board	<u>/s/ Michael D. Herman</u>
March 20, 2014	Rick D. Kasch President and Director	<u>/s/ Rick D. Kasch</u>
March 20, 2014	Robert Devers Treasurer and Chief Financial Officer (principal financial officer and principal accounting officer)	<u>/s/ Robert Devers</u>
March 20, 2014	Steven P. Oppenheim Director	<u>/s/ Steven P. Oppenheim</u>
March 20, 2014	Gerard Laheney Director	<u>/s/ Gerard Laheney</u>

**ENSERVCO CORPORATION AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Enservco Corporation
Denver, Colorado

We have audited the accompanying consolidated balance sheets of Enservco Corporation and subsidiaries (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of operations and comprehensive income (loss), stockholders' equity, and cash flows for each of the years ended December 31, 2013 and 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Enservco Corporation and subsidiaries as of December 31, 2013 and 2012, and the consolidated results of their operations and their cash flows for each of the years ended December 31, 2013 and 2012, in conformity with accounting principles generally accepted in the United States of America.

/s/ EKS&H LLLP

March 20, 2014
Denver, Colorado

ENSERVCO CORPORATION
Consolidated Balance Sheets

	<u>December 31,</u> 2013	<u>December 31,</u> 2012
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,868,190	\$ 533,627
Accounts receivable, net	11,685,866	7,791,342
Prepaid expenses and other current assets	923,758	802,020
Inventories	315,004	273,103
Deferred tax assets	336,561	153,466
Total current assets	<u>15,129,379</u>	<u>9,553,558</u>
Property and equipment, net	17,425,828	15,020,890
Fixed assets held for sale, net	-	304,429
Non-competition agreements, net	-	30,000
Goodwill	301,087	301,087
Long-term portion of interest rate swap	18,616	16,171
Other assets	547,338	630,891
TOTAL ASSETS	<u>\$ 33,422,248</u>	<u>\$ 25,857,026</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,102,912	\$ 3,606,645
Line of credit borrowings	-	2,151,052
Income taxes payable	1,278,599	-
Current portion of long-term debt	2,562,141	2,236,343
Current portion of interest rate swap	11,966	24,048
Total current liabilities	<u>6,955,618</u>	<u>8,018,088</u>
Long-Term Liabilities		
Long-term debt, less current portion	11,200,048	10,570,928
Deferred income taxes, net	2,421,466	451,662
Total long-term liabilities	<u>13,621,514</u>	<u>11,022,590</u>
Total liabilities	<u>20,577,132</u>	<u>19,040,678</u>
Commitments and Contingencies (Note 6)		
Stockholders' Equity		
Preferred stock, \$.005 par value, 10,000,000 shares authorized, no shares issued or outstanding	-	-
Common stock, 100,000,000 common shares authorized, 34,926,126 and 31,928,894 shares issued, respectively; 103,600 shares of treasury stock; and 34,822,536 and 31,825,294 shares outstanding, respectively	174,113	159,127
Additional paid-in-capital	11,568,033	9,864,363
Accumulated earnings (deficit)	1,098,900	(3,202,337)
Accumulated other comprehensive income (loss)	4,070	(4,805)
Total stockholders' equity	<u>12,845,116</u>	<u>6,816,348</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 33,422,248</u>	<u>\$ 25,857,026</u>

See accompanying notes to consolidated financial statements.

ENSERVCO CORPORATION
Consolidated Statements of Operations and Comprehensive Income (Loss)

	For the Years Ended December 31,	
	2013	2012
Revenues	\$ 46,473,902	\$ 31,497,787
Cost of Revenue	31,944,279	23,545,101
Gross Profit	14,529,623	7,952,686
Operating Expenses		
General and administrative expenses	4,070,884	3,291,898
Depreciation and amortization	2,088,767	2,960,153
Total operating expenses	6,159,651	6,252,051
Income from Operations	8,369,972	1,700,635
Other Income (Expense)		
Interest expense	(1,072,912)	(902,152)
Gain (loss) on sale and disposal of equipment	169,194	(5,739)
Other income	36,383	35,523
Total other expense	(867,335)	(872,368)
Income From Continuing Operations Before Tax Expense	7,502,637	828,267
Income Tax Expense	(3,126,937)	(426,779)
Income From Continuing Operations, net of tax	\$ 4,375,700	\$ 401,488
Discontinued Operations		
Loss from discontinued operations, before tax	(122,070)	(797,636)
Income tax benefit	47,607	311,078
Loss on discontinued operations, net of tax	\$ (74,463)	\$ (486,558)
Net Income (loss)	\$ 4,301,237	\$ (85,070)
Other Comprehensive Income (Loss)		
Unrealized gain (loss) on interest rate swap, net of tax	8,875	(4,805)
Settlements – interest rate swap	27,331	-
Reclassification into earnings	(27,331)	(40,579)
Unrealized gain on available-for-sale securities, net of tax	-	17,506
Total other comprehensive income (loss)	8,875	(27,878)
Comprehensive income (loss)	\$ 4,310,112	\$ (112,948)
Earnings (Loss) per Common Share – Basic		
Income from Continuing Operations	\$ 0.13	\$ 0.02
Loss from Discontinued Operations	(0.00)	(0.02)
Net Income (Loss)	\$ 0.13	\$ (0.00)
Earnings (Loss) per Common Share – Diluted		
Income from Continuing Operations	\$ 0.12	\$ 0.02
Loss from Discontinued Operations	(0.00)	(0.02)
Net Income (Loss)	\$ 0.12	\$ (0.00)
Basic weighted average number of common shares outstanding	32,454,965	23,389,151
Add: Dilutive shares assuming exercise of options and warrants	4,658,052	927,718
Diluted weighted average number of common shares outstanding	37,113,017	24,316,869

See accompanying notes to consolidated financial statements.

ENSERVCO CORPORATION
Consolidated Statement of Stockholders' Equity

	Common Shares	Common Stock	Additional Paid-in Capital	Accumulated Earnings (Deficit)	Accumulated Other Comprehensive Income	Total Stockholder's Equity
Balance at January 1, 2012	21,778,866	\$ 108,894	\$ 6,112,674	\$ (3,117,267)	\$ 23,073	\$ 3,127,374
Common stock issued in private equity transaction	5,699,428	28,497	1,966,303	-	-	1,994,800
Common stock issued for services	125,000	625	49,375	-	-	50,000
Conversion of subordinated debt	4,222,000	21,111	1,456,649	-	-	1,477,760
Stock-based compensation	-	-	279,362	-	-	279,362
Net loss	-	-	-	(85,070)	-	(85,070)
Other comprehensive loss	-	-	-	-	(27,878)	(27,878)
Balance at December 31, 2012	31,825,294	\$ 159,127	\$ 9,864,363	\$ (3,202,337)	\$ (4,805)	\$ 6,816,348
Exercise of warrants	2,266,000	11,330	1,234,970	-	-	1,246,300
Cashless exercise of warrants	716,028	3,580	(3,580)	-	-	-
Cashless exercise of stock options	15,214	76	(76)	-	-	-
Stock-based compensation	-	-	472,356	-	-	472,356
Net income	-	-	-	4,301,237	-	4,301,237
Other comprehensive income	-	-	-	-	8,875	8,875
Balance at December 31, 2013	34,822,536	\$ 174,113	\$ 11,568,033	\$ 1,098,900	\$ 4,070	\$ 12,845,116

See accompanying notes to consolidated financial statements.

ENSERVO CORPORATION
Consolidated Statements of Cash Flows

	For the Years Ended December 31,	
	2013	2012
OPERATING ACTIVITIES		
Net income (loss)	\$ 4,301,237	\$ (85,070)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization (includes \$-0- and \$128,935 from discontinued operations, respectively)	2,088,767	3,089,088
(Gain) loss on disposal of equipment	(169,194)	5,739
Deferred income taxes	1,781,057	73,116
Stock-based compensation	472,356	279,362
Amortization of debt issuance costs	309,236	50,652
Bad debt expense	249,809	57,957
Realized gain on sale of marketable securities	-	(24,653)
Common stock issued to consultant for services	-	50,000
Changes in operating assets and liabilities		
Accounts receivable	(4,144,333)	(3,344,045)
Inventories	(41,901)	276,329
Prepaid expense and other current assets	(121,738)	77,324
Other non-current assets	(175,262)	19,859
Accounts payable and accrued expenses	(503,733)	629,914
Income taxes payable	1,278,599	-
Net cash provided by operating activities	5,324,900	1,155,572
INVESTING ACTIVITIES		
Purchases of property and equipment	(5,837,126)	(3,814,431)
Proceeds from sale and disposal of equipment	2,053,568	1,154,180
Sales of available-for-sale securities	-	180,208
Net cash used in investing activities	(3,783,558)	(2,480,043)
FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	3,720,000	11,968,882
Repayment of long-term debt	(2,971,605)	(11,487,729)
Net line of credit payments	(2,151,052)	(112,175)
Payment of debt issuance costs	(50,422)	(922,685)
Proceeds from exercise of warrants	1,246,300	-
Proceeds from issuance of common stock	-	1,994,800
Net cash (used in) provided by financing activities	(206,779)	1,441,093
Net Increase in Cash and Cash Equivalents	1,334,563	116,622
Cash and Cash Equivalents, Beginning of Period	533,627	417,005
Cash and Cash Equivalents, End of Period	\$ 1,868,190	\$ 533,627

See accompanying notes to consolidated financial statements.

ENSERVCO CORPORATION
Consolidated Statements of Cash Flows (continued)

For the Years Ended
December 31,

	2013	2012
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Supplemental cash flow information:

Cash paid for interest	\$ 764,667	\$ 857,330
Cash paid for taxes	\$ 19,672	\$ -

Supplemental Disclosure of Non-cash Investing and Financing Activities:

Equipment purchased through installment loans	\$ 206,523	\$ 438,025
Par value of common stock issued for cashless exercise of options and warrants	\$ 3,656	\$ -
Increase in fair value of available-for-sale securities	\$ -	\$ 29,415
Non-cash conversion of related party subordinated debt into shares of common stock	\$ -	\$ 1,477,760

See accompanying notes to consolidated financial statements.

ENSERVCO CORPORATION
Notes to Consolidated Financial Statements

Note 1 – Basis of Presentation

The accompanying consolidated financial statements have been derived from the accounting records of Enservco Corporation (formerly Aspen Exploration Corporation), Heat Waves Hot Oil Service LLC (“Heat Waves”), Dillco Fluid Service, Inc. (“Dillco”), Trinidad Housing LLC, HE Services LLC, Aspen Gold Mining Company, and Real GC LLC (collectively, the “Company”) as of December 31, 2013 and 2012 and the results of operations for the years then ended.

The below table provides an overview of the Company’s current ownership hierarchy:

Name	State of Formation	Ownership	Business
Dillco Fluid Service, Inc. (“Dillco”)	Kansas	100% by Enservco	Oil and natural gas field fluid logistic services.
Heat Waves Hot Oil Service LLC (“Heat Waves”)	Colorado	100% by Enservco	Oil and natural gas well services, including logistics and stimulation.
HE Services, LLC (“HES”)	Nevada	100% by Heat Waves	No active business operations. Owns construction equipment used by Heat Waves.
Real GC, LLC (“Real GC”)	Colorado	100% by Heat Waves	No active business operations. Owns real property in Garden City, Kansas that is utilized by Heat Waves.

On May 29, 2013, three of the Company’s former subsidiaries, being Trinidad Housing, LLC, Aspen Gold Mining Company, and Heat Waves, LLC, were dissolved and Enservco Frac Services, LLC is being dissolved by operation of law. None of these dissolved subsidiaries was engaged in active business operations prior to dissolution. As part of a corporate reorganization in May 2013, Dillco transferred its ownership in Heat Waves to Enservco through a tax free exchange.

The accompanying consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Inter-company balances and transactions have been eliminated in the accompanying consolidated financial statements.

During the fourth quarter of 2012, the Company made the decision to discontinue its Heat Waves' well-site construction and roustabout line of service. As part of this decision, the Company had the intent and made plans during 2012 to sell off the trucks and equipment used in this line of service. The Company classified these fixed assets as *Fixed assets held for sale* in our consolidated balance sheet as of December 31, 2012. During the six months ended June 30, 2013, the Company sold a majority of its assets held for sale and at June 30, 2013, decided to redeploy the remaining assets held for sale back into operations. Accordingly there are no *Fixed assets held for sale* in the consolidated balance sheets as of December 31, 2013. The Company has disclosed all other major classifications of assets and liabilities associated with these discontinued operations, other than the *Fixed assets held for sale*, within the notes to the financial statements; see Note 3 for further details. The Company has also delineated all results of operations as continuing operations or discontinued operations, from the well-site construction and roustabout line of service, for the years ended December 31, 2013 and 2012. As such, the operating results of this line of service are reported as *Loss from discontinued operations, net of tax* in the consolidated statements of operations for all periods presented; see Note 3 for further details. The Company has not separately disclosed cash flows pertaining to discontinued operations within the accompanying statements of cash flows for the years ended December 31, 2013 and 2012.

Note 2 - Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company continually monitors its positions with, and the credit quality of, the financial institutions with which it invests.

Accounts Receivable

Accounts receivable are stated at the amount billed to customers. The Company provides a reserve for doubtful accounts based on a review of outstanding receivables, historical collection information and existing economic conditions. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible amounts and is determined based on historical collection experience related to accounts receivable coupled with a review of the current status of existing receivables. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance. As of December 31, 2013 and December 31, 2012, the Company had an allowance for doubtful accounts of \$245,000 and \$70,000, respectively. For the years ended December 31, 2013 and 2012 the Company has recorded bad debt expense (net of recoveries) of \$49,809 and \$57,957, respectively.

Concentrations

As of December 31, 2013, two customers each comprised more than 10% of the Company's accounts receivable balance; at approximately 13% and 12%, respectively. Revenues from these two customers represented 17% and 9% of total revenues, respectively, for the year ended December 31, 2013. No other customer exceeded 10% of total revenues for the year ended December 31, 2013.

As of December 31, 2012, three customers each comprised more than 10% of the Company's accounts receivable balance; at approximately 19%, 15%, and 12%, respectively. Revenues from these three customers represented 11%, 4%, and 11% of total revenues, respectively, for the year ended December 31, 2012. No other customer exceeded 7% of total revenues for the year ended December 31, 2012.

Inventories

Inventory consists primarily of propane, diesel fuel and chemicals that are used in the servicing of oil wells and is carried at the lower of cost or market in accordance with the first in, first out method. The company periodically reviews the value of items in inventory and provides write-downs or write-offs of inventory based on its assessment of market conditions. Write-downs and write-offs are charged to cost of goods sold. There were no write-downs or write-offs during the years ended December 31, 2013 or 2012.

Property and Equipment

Property and equipment consists of (1) trucks, trailers and pickups; (2) trucks that are in various stages of fabrication; (3) real property which includes land and buildings used for office and shop facilities and wells used for the disposal of water; and (4) other equipment such as tools used for maintaining and repairing vehicles, office furniture and fixtures, and computer equipment. Property and equipment is stated at cost less accumulated depreciation. The Company charges repairs and maintenance against income when incurred and capitalizes renewals and betterments, which extend the remaining useful life, expand the capacity or efficiency of the assets. Depreciation is recorded on a straight-line basis over estimated useful lives of 5 to 30 years.

In April, 2012, the Company reassessed the estimated useful lives of its trucks and equipment (including its well servicing units and equipment, fluid services equipment, construction equipment, and other vehicles) as well as the estimated useful lives of its disposal wells. Through this assessment, the Company increased the useful lives of its trucks and equipment from 5-7 years to 10 years, and increased the useful lives of its disposal wells from 7-10 years to 15 years. The Company determined that this adjustment to its useful lives was a change in accounting estimate and has accounted for the change prospectively; i.e. the accounting change impacts interim reporting periods within fiscal year 2012 and future periods. For the years ended December 31, 2013 and 2012, the change in accounting estimate decreased depreciation for the period by approximately \$3.4 million and \$2.6 million (pre-tax difference), respectively. The impact of this change in accounting estimate increased Income from Operations and Net Income (Loss) by these amounts, or by approximately \$0.10 per basic \$0.09 per diluted common share, respectively, for 2013, and \$0.11 earnings per basic and diluted common share for 2012.

Leases

The Company conducts a major part of its operations from leased facilities. Each of these leases is accounted for as operating leases. Normally, the Company records rental expense on its operating leases over the lease term as it becomes payable. If rental payments are not made on a straight-line basis, per terms of the agreement, the Company records a deferred rent expense and recognizes the rental expense on a straight-line basis throughout the lease term. The majority of the Company's facility leases contain renewal clauses and expire through August 2017. In most cases, management expects that in the normal course of business, leases will be renewed or replaced by other leases.

The Company is leasing a number of trucks and equipment in the normal course of business, which is recorded as an operating lease. The Company records rental expense on its equipment operating lease over the lease term as it becomes payable; there are no rent escalation terms associated with these equipment leases. On the equipment lease, a purchase options exist allowing the Company to purchase the leased equipment at the end of the lease term, based on the market price of the equipment at the time of the lease termination and exercised purchase option. The equipment lease contains a renewal clause and expires on February 2017.

The Company enters into capital leases in order to acquire trucks and equipment. Each of these leases allow the Company to obtain title of the equipment leased through the lease agreements upon final payment of all principal and interest due. The Company records the assets and liabilities associated with these leases at the present value of the minimum lease payments per the lease agreement. The assets and associated liabilities are classified as Property and Equipment and the liabilities are classified as current and long-term liabilities based on the contractual terms of the agreements and their associated maturities. There are no outstanding capital leases as of December 31, 2013.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired. No impairments were recorded during the years ended December 31, 2013 or 2012.

Earnings Per Share

Earnings per share is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted earnings per share is calculated by dividing net income by the diluted weighted average number of common shares. The diluted weighted average number of common shares is computed using the treasury stock method for common stock that may be issued for outstanding stock options and warrants.

As of December 31, 2013 and 2012, the Company had outstanding stock options and warrants to acquire an aggregate of 6,032,714 and 8,245,170 shares of Company common stock, respectively, which have a potentially dilutive impact on earnings per share. Due to the presentation of discontinued operations (see Note 3) throughout this report, in accordance with accounting guidance the Company presented earnings (loss) per common share from continuing and discontinued operations within its financial statements for the years ended December 31, 2013 and 2012. The incremental shares of the options and warrants to be included in the calculation of diluted earnings per share for *Income from Continuing Operations* during 2013 and 2012 had a dilutive impact on the Company's earnings per share of 4,658,052 and 927,718 shares, respectively. Dilution is not permitted if there are net losses during the period. As such, the Company does not show dilutive earnings per share for all other earnings (loss) per common share data presented within its financial statements for the year ended December 31, 2012.

Intangible Assets

Non-Competition Agreements

The non-competition agreements with the sellers of Heat Waves and Dillco have finite lives and are being amortized over the five-year contractual periods (Note 4). All non-competition agreements are fully amortized as of December 31, 2013. Amortization expense for the years ended December 31, 2013 and 2012 totaled \$30,000 and \$150,000, respectively.

Goodwill

Goodwill represents the excess of the cost over the fair value of net assets acquired, including identified intangible assets, recorded in connection with the acquisitions of Heat Waves. Goodwill is not amortized but is assessed for impairment at least annually.

Impairment

The Company assesses goodwill and intangible assets with indefinite lives for impairment at the reporting unit level on an annual basis and between annual tests if events occur or circumstances change that would more likely than not reduce the fair value below its carrying amount. Guidance allows a qualitative assessment of impairment to determine whether it is more-likely-than-not that the intangible asset is impaired. If it is determined that it is more-likely-than-not that and impairment exists, accounting guidance requires that the impairment test be performed through the application of a two-step fair value test. The Company utilizes this method and recognizes a goodwill impairment loss in the event that the fair value of the reporting unit does not exceed its carrying value. During fiscal years ending December 31, 2013 and 2012, the Company performed the annual impairment test as of the date ending at each of these fiscal years and determined in both fiscal years that no impairment existed.

Derivative Instruments

The Company has swap agreements in place to hedge against changes in interest rates. The fair value of the Company's derivative instruments is reflected as assets or liabilities on the balance sheets. The effective portion of changes in the fair value of the derivative instruments are deferred in *Accumulated other comprehensive loss* and are reclassified to income when the hedged transaction affects earnings. The ineffective portion of the change in fair value of the derivative instrument is recorded in earnings. The Company has not experienced any ineffectiveness in its hedging instruments. Transactions related to the Company's derivative instruments accounted for as hedges are classified in the same category as the item hedged in the statement of cash flows. The Company does not hold derivative instruments for trading purposes.

The Company assesses the retrospective and prospective effectiveness of its derivative instruments on a quarterly basis to determine whether the hedging instruments have been highly effective in offsetting changes in fair value of the hedged items. The Company also assesses on a quarterly basis whether the hedging instruments are expected to be highly effective in the future. If a hedging instrument is not expected to be highly effective, the Company will stop hedge accounting prospectively. In those instances, the gains or losses remain in *Accumulated other comprehensive loss* until the hedged item affects earnings.

Income Taxes

Enservco LLC (which served as the holding company for the Company's various operating entities until the time of the Merger Transaction in July 2010) and its subsidiaries, with the exception of Dillco (which is a C Corporation subject to federal and state income taxes), are limited liability companies and prior to January 1, 2010 were not subject to federal or state income taxes. On January 1, 2010 Enservco LLC elected to be taxed as a corporation. Therefore, prior to January 1, 2010 no provision or liability for income taxes has been included in the accompanying financial statements, except for income taxes relating to the financial statements of Dillco and Enservco (the current parent company for the Company's operations and assets).

The Company recognizes deferred tax liabilities and assets (Note 11) based on the differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities will be recognized in income in the period that includes the enactment date. Deferred income taxes are classified as a net current or non-current asset or liability based on the classification of the related asset or liability for financial reporting purposes. A deferred tax asset or liability that is not related to an asset or liability for financial reporting is classified according to the expected reversal date. The Company records a valuation allowance to reduce deferred tax assets to an amount that it believes is more likely than not expected to be realized.

The Company accounts for any uncertainty in income taxes by recognizing the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Company measures the tax benefits recognized in the financial statements from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The application of income tax law is inherently complex. Laws and regulations in this area are voluminous and are often ambiguous. As such, the Company is required to make many subjective assumptions and judgments regarding income tax exposures. Interpretations of and guidance surrounding income tax law and regulations change over time and may result in changes to the Company's subjective assumptions and judgments which can materially affect amounts recognized in the consolidated balance sheets and consolidated statements of income. The result of the reassessment of the Company's tax positions did not have an impact on the consolidated financial statements.

Interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses. No interest or penalties have been assessed as of December 31, 2013 or 2012. The Company files income tax returns in the United States and in the states in which it conducts its business operations. The tax years 2010 through 2013 remain open to examination in the taxing jurisdictions to which the Company is subject.

Fair Value

The Company follows authoritative guidance that applies to all financial assets and liabilities required to be measured and reported on a fair value basis. The Company also applies the guidance to non-financial assets and liabilities measured at fair value on a nonrecurring basis, including non-competition agreements and goodwill. The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. During the year ended December 31, 2013, the Company did not change any of its valuation techniques; however, based upon review of the valuation criteria at December 31, 2013, the company determined that the fair value of the derivative instrument for interest rate swaps should be categorized under Level 2 as opposed to Level 3 and transferred \$6,650 from level 3 hierarchy to Level 2 hierarchy. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability based on the best information available in the circumstances. The financial and nonfinancial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement.

The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

- Level 1: Quoted prices are available in active markets for identical assets or liabilities;
- Level 2: Quoted prices in active markets for similar assets and liabilities that are observable for the asset or liability; or
- Level 3: Unobservable pricing inputs that are generally less observable from objective sources, such as discounted cash flow models or valuations.

Stock-based Compensation

The Company uses the Black-Scholes pricing model as a method for determining the estimated fair value for all stock options awarded to employees, officers, and directors. The expected term of the options is based upon evaluation of historical and expected further exercise behavior. The risk-free interest rate is based upon U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected life of the grant. Volatility is determined upon historical volatility of our stock and adjusted if future volatility is expected to vary from historical experience. The dividend yield is assumed to be none as we have not paid dividends nor do we anticipate paying any dividends in the foreseeable future.

The Company also uses the Black-Scholes valuation model to determine the fair value of warrants. Expected volatility is based upon the weighted average of historical volatility over the contractual term of the warrant and implied volatility. The risk-free interest rate is based upon implied yield on a U.S. Treasury zero-coupon issue with a remaining term equal to the contractual term of the warrants. The dividend yield is assumed to be none.

Loan Fees and Other Deferred Costs

In the normal course of business, the Company often enters into loan agreements with its primary lending institutions. The majority of these lending agreements require origination fees and other fees in the course of executing the agreements. For all costs associated with the execution of the lending agreements, the Company defers these costs and amortizes them as interest expense over the term of the loan agreement using the effective interest method. These deferred costs are classified on the balance sheet as current or long-term assets based on the contractual terms of the loan agreements. All other costs not associated with the execution of the loan agreements are expensed as incurred. See Note 7 for loan fees recorded in the current period.

Revenue Recognition

The Company recognizes revenue when evidence of an arrangement exists, the fee is determinable, and services are provided and collection is reasonably assured.

Reclassifications

Certain reclassifications have been made to the prior period financial statements to conform to the current period presentation. The Company reclassified \$258,540 of site personnel costs from general and administrative expenses to cost of revenues on the consolidated statement of operations and comprehensive income (loss) for the year ended December 31, 2012 to conform to 2013 presentation.

Management Estimates

The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the realization of accounts receivable, stock based compensation expense, income tax provision, the valuation of deferred taxes, and the valuation of the Company's interest rate swap. Actual results could differ from those estimates.

Accounting Pronouncements

Recently Adopted

In February 2013, FASB issued ASU No. 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income." ASU 2013-02 improves the reporting of reclassifications out of accumulated other comprehensive income by requiring an entity to report their corresponding effect(s) on net income. This pronouncement was effective for fiscal years, and interim periods within those years, beginning after December 15, 2012. The adoption of this guidance did not impact the Company's consolidated financial position, results of operations, or cash flows

Recently Issued

In July 2013 the FASB issued ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" to provide guidance on the presentation of unrecognized tax benefits. This ASU requires that companies net their unrecognized tax benefits against all same-jurisdiction net operating losses or tax credit carryforwards that would be used to settle the position with a tax authority. This pronouncement is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of this guidance is not expected to impact the Company's consolidated financial position, results of operations, or cash flows.

Note 3 – Discontinued Operations

During the fourth quarter of 2012, the Company made the decision to discontinue its Heat Waves' well-site construction and roustabout line of service. Discontinued operations for 2012 consisted of revenues and cost of goods sold (COGS) associated with the well-site construction and roustabout line of service, trade accounts receivable balances, trade accounts payable balances, a prior year tax provision adjustment, among other items.

Discontinued operations for 2013 consist primarily of remaining rental commitments paid for equipment that could not be redeployed.

The following table provides the components of discontinued operations, net of tax:

	For the Years Ended December 31,	
	2013	2012
Revenues	\$ (1,225)	\$ 617,406
Cost of Revenue	119,882	1,284,337
Gross Profit	(121,107)	(666,931)
Operating Expenses		
Depreciation and amortization	-	128,935
Loss from Operations	(121,107)	(795,866)
Other Expense		
Interest expense	963	1,770
Loss from discontinued operations	(122,070)	(797,636)
Income tax benefit	47,607	311,078
Loss on discontinued operations, net of tax	\$ (74,463)	\$ (486,558)

The following table provides the major classes of assets and liabilities components of discontinued operations, as of:

	December 31,	
	2013	2012
Accounts Receivable	\$ -	\$ 153,754
Fixed Assets Held for Sale	-	304,429
Total Discontinued Assets	\$ -	\$ 458,183
Accounts payable and accrued liabilities	\$ -	\$ 219,882
Total Discontinued Liabilities	\$ -	\$ 219,882

On March 14, 2013, the Company sold several trucks and equipment used in its construction division, which were classified as fixed assets held for sale as of December 31, 2012, for cash proceeds of \$534,000. The book value at time of sale of these assets was approximately \$233,000 and commissions of \$10,000 were paid upon sale of the trucks and equipment. As such, for the year ended December 31, 2013, the Company recorded a gain of approximately \$291,000 on the sale of these fixed assets held for sale. At June 30, 2013, the Company determined that the remaining few assets held for sale could be redeployed back into operations of the business and transferred assets held for sale with a net book value of \$71,342 back into property and equipment.

Note 4 - Non-Compete Agreements

Non-competes agreements consist of the following as of December 31, 2013 and 2012:

Non-competes agreements, net as of January 1, 2012	\$ 180,000
Amortization expense during 2012	(150,000)
Non-competes agreements, net at December 31, 2012	\$ 30,000
Amortization expense during 2013	(30,000)
Non-competes agreements, net at December 31, 2013	\$ -

Note 5 - Property and Equipment

Property and equipment consists of the following at:

	December 31,	
	2013	2012
Trucks and vehicles	\$ 27,240,551	\$ 24,388,762
Other equipment	2,820,674	2,781,903
Buildings and improvements	2,364,353	2,403,477
Trucks in process	1,205,936	1,110,356
Land	596,420	601,420
Disposal wells	367,330	667,330
Total property and equipment	34,595,264	31,953,248
Accumulated depreciation	(17,169,436)	(16,932,358)
Property and equipment – net	\$ 17,425,828	\$ 15,020,890

Depreciation expense on property and equipment for the year ended December 31, 2013 and 2012 totaled \$2,058,767 and \$2,810,153, respectively.

Note 6 – Commitments and Contingencies

Operating Leases

As of December 31, 2013, the Company leases facilities and certain trucks and equipment under lease commitments that expire through August 2017. All of these facility leases are accounted for as operating leases. Future minimum lease commitments for these facilities and other operating leases are as follows:

<u>Year Ended December 31,</u>	
2014	\$ 850,865
2015	597,312
2016	206,655
2017	52,000
2018	-
Total	<u>\$ 1,706,832</u>

Rent expense under operating leases for the year ended December 31, 2013 and 2012 was \$94,940 and \$358,480, respectively.

At December 31, 2013, the Company had outstanding purchase orders and commitments of approximately \$.7 million for additional frac water heating and hot oil equipment.

Note 7 – PNC Credit Facility

On November 2, 2012, the Company entered into a Revolving Line of Credit, Term Loan and Security Agreement (the "Credit Agreement") with PNC Bank, National Association ("PNC") which refinanced a majority of its existing indebtedness. The PNC credit facility included a \$5.0 million revolving line of credit and a \$11.0 million term loan note.

Revolving Line of Credit

As part of the Credit Agreement, the Company entered into a three year revolving credit note which provides for borrowings up to maximum of \$5,000,000 based upon 85% of defined eligible accounts receivable. The revolving line of credit has a variable interest rate that is based, at the Company's discretion, on a) LIBOR plus 3.25% or b) PNC bank rate plus 1.25%. The revolving line of credit is secured with inventory and accounts of the company and has a maturity date of November 2, 2015. The revolving line of credit also has a facility fee of .375% per annum, which is applied to any undrawn portion of the maximum revolving advance amount. The Company's borrowing base availability as of December 31, 2013 was \$4.8 million. As of December 31, 2013 and 2012, the outstanding balance on this revolving line of credit was \$0 and \$2,151,052, respectively.

Term Loan

On November 2, 2012, the Company entered into an \$1,000,000 term note with PNC, payable in thirty five fixed monthly principal installments of \$130,952 beginning in November 2012 with the remaining principal balance due November 2, 2015. The term loan has a variable interest rate that is based, at the Company's discretion of LIBOR plus 4.25% for Eurodollar Rate Loans or PNC Base Rate plus 2.25% for Domestic Rate Loans. The term loan is collateralized by equipment, inventory, and accounts of the Company and subject to financial covenants. As discussed in Note 8, the Company has entered into an interest rate swap to hedge the interest rate of the original term loan at an effective rate of 4.89% through the term of the loan.

In November 2013, the Borrowers and PNC entered into an amendment to the Credit Agreement increasing the then-current principal balance of the term loan by \$3,000,000 to \$12,428,576. The amended term loan is payable in twenty-three fixed monthly principal payments of \$172,620 beginning November 30, 2013 with the remaining principal balance due on November 2, 2015. As of December 31, 2013, the principal balance of the term note was \$12,083,336 and consisted of \$12,066,672 of Eurodollar Rate Loans with an effective interest rate of 4.419% (before hedge) and \$16,664 Domestic Rate Loans with an effective interest rate of 5.5%.

The PNC credit facility contains certain customary financial covenants that include, among others an annual limit on capital expenditures, a minimum fixed charge coverage ratio, and a minimum tangible net worth requirement. As of December 31, 2013, the Company was in compliance with all financial covenants under the Credit Agreement. As discussed in Note 14, the Company's Chairman and Chief Executive Officer, Michael Herman, has guaranteed \$3,500,000 of the loan by PNC.

Debt Issuance Costs

In November 2012, the Company incurred \$22,685 of debt issuance costs related to the PNC credit facility and these costs are being amortized to interest expense over the term of the credit facility using the effective interest method. An additional \$50,422 of debt issuance costs was incurred in connection with the PNC term loan amendment in November 2013. As of December 31, 2013 and 2012, \$324,012 and \$307,776, respectively of unamortized debt issuance costs were included in *Prepaid expenses and other current assets* in the accompanying consolidated balance sheet. The remaining long-term portion of debt issuance costs of \$270,019 and \$564,256 is included in *Other Assets* in the accompanying consolidated balance sheet for December 31, 2013 and 2012, respectively. During the year ended December 31, 2013 and 2012, the Company amortized \$309,236 and \$50,652 of these costs to *Interest Expense*.

Note 8 – Interest Rate Swap

On November 13, 2012 the Company entered into an Interest Rate Swap Agreement ("swap") with PNC with a nominal value of \$11,000,000 in order to hedge the cash flow requirements for the variable interest rate associated with the PNC Term Loan. The floating variable interest rate associated with the Term Loan debt of 4.25% plus LIBOR was swapped for a fixed rate of 4.25% plus 0.64% for the duration of the PNC Term Loan.

At December 31, 2013 and 2012, updated valuations were performed and the Company recorded current liabilities of \$11,966 and \$24,048 (classified as *Accounts payable and accrued liabilities*), and long-term assets of \$18,616 and \$16,171 (classified as *Other Assets*), respectively, associated with the swap.

The Company determined that there was no ineffectiveness to the cash flow hedge, and recorded the change in valuation of \$8,875 and \$(4,805) (net of taxes of \$5,652 and \$3,072) as an unrealized loss within *Accumulated other comprehensive income* for the years ended December 31, 2013 and 2012, respectively.

Note 9 – Long-Term Debt

Long-term debt consists of the following at December 31, 2013 and 2012:

	December 31,	
	2013	2012
PNC Term Loan, original principal balance of \$11,000,000 at issuance, amended to \$12,428,576 in November 2013, payable in twenty-three fixed monthly principal installments of \$172,620 beginning November 2013, with the remaining principal due November 2, 2015. Variable interest rate based of 4.25% plus 1 month LIBOR for Eurodollar Rate Loans and interest at PNC Base Rate plus 2.25% for Domestic Rate Loans, collateralized by equipment, inventory, and accounts of the Company and subject to financial covenants. (See Note 7.)	\$ 12,083,336	\$ 10,738,096
Real Estate Loan for facility in North Dakota, interest at 3.75%, monthly principal and interest payment of \$5,255 ending October 3, 2028. Collateralized by land and property purchased with the loan. \$100,000 of loan guaranteed by the Company's Chairman and Chief Executive Officer.	713,756	-
Real Estate Loan for facility in North Dakota, interest at prime plus 3.5% with a 4.75% floor (Refinanced in October 2013- see above)	-	738,097
Note payable to the seller of Heat Waves. The note was garnished by the Internal Revenue Service ("IRS") in 2009 and is due on demand; payable in monthly installments of \$3,000 per agreement with the IRS.	281,000	314,000
Mortgage payable to a bank; interest at 7.25%, due in monthly payments through February 2015 with a balloon payment of \$111,875 on March 15, 2015, secured by land, guaranteed by the Company's Chairman and Chief Executive Officer.	153,018	204,941
Note payable entered with a lending institution to purchase field pickup trucks, interest at a fixed rate of 8.05%. Term of 60 months, due in monthly installments of \$4,688 through September 2016, secured by equipment purchased with the note.	138,269	181,413
Mortgage payable to a bank, interest at 5.9%, payable monthly through January 2017 with a balloon payment of \$88,118 on February 1, 2017; secured by land.	126,750	137,507
Notes payable to a vehicle finance company, interest at fixed rates from 4.89% to 7.8%, due in monthly installments through August 2015, secured by vehicles, guaranteed by one of the stockholders.	42,961	68,476
Note payable entered into with a lending institution in order to purchase equipment, interest at a fixed rate of 8.2%. Term of 60 months, due in monthly installments through January 2017, secured by equipment purchased with the note.	27,875	35,469
Note payable to vehicle finance companies, interest rates from 4.74% to 4.99%, terms from 49 to 60 months, due in monthly installments through November 2018, secured by equipment purchased with the note.	195,224	-
Note payable with a lending institution to purchase field equipment, interest at a fixed rate of 6.50%. Paid in full during 2013.	-	326,964
Capital leases to purchase trucks and trailers, interest at a fixed rate of 5%. Paid in full in 2013.	-	62,308
Total	13,762,189	12,807,271
Total current portion	(2,562,141)	(2,236,343)
Long term debt, net of current portion	11,200,048	10,570,928

Aggregate maturities of debt are as follows:

Year Ended December 31.

2014	\$	2,562,141
2015		10,290,655
2016		149,119
2017		177,762
2018		66,068
Thereafter		516,444
Total	\$	<u>13,762,189</u>

Note 10 - Fair Value Measurements

The following tables present the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis by level within the fair value hierarchy:

	Fair Value Measurement Using			Fair Value Measurement
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
December 31, 2013				
Derivative Instrument				
Interest rate swap, net asset*	\$ -	\$ 6,650	\$ -	\$ 6,650
December 31, 2012				
Derivative Instrument				
Interest rate swap, net liability*	\$ -	\$ -	\$ (7,877)	\$ (7,877)

*Note: The interest rate swap as of December 31, 2013 consists of long-term assets of \$18,616 (classified as *Long-term portion of interest rate swap*), and current liabilities of \$11,966 (classified as *Current portion of interest rate swap*). The interest rate swap as of December 31, 2012 consists of current liabilities of \$24,048 (classified as *Current portion of interest rate swap*), and long-term assets of \$16,171 (classified as *Long-term portion of interest rate swap*).

The Company's derivative instrument (e.g. interest rate swap, or "swap") is valued using models which require a variety of inputs, including contractual terms, market prices, yield curves, credit spreads, and correlations of such inputs. Some of the model inputs used in valuing the derivative instruments trade in liquid markets. However, there are certain variables used which are not observable, due to the complexity of discounted cash flows for the cash flow hedge, etc. As such, since these unobservable variables require more objectivity and involve significant management judgment, the derivative instruments are classified within Level 3 of the fair value hierarchy and are included in other assets, non-current, and other liabilities, current. The fair value of derivative instruments reflected in the table above and on the Consolidated Balance Sheets has been adjusted for non-performance risk. For applicable financial assets carried at fair value, the credit standing of the counterparties is analyzed and factored into the fair value measurement of those assets. Using prevailing interest rates on similar investments and foreign currency forward rates, the estimated fair value of the swap was \$6,650 and (\$7,877) at the years ended December 31, 2013 and 2012, respectively. The fair value estimate of the swap does not reflect its actual trading value.

Note 11 – Income Taxes

The sources of income from continuing operations before income taxes are as follows:

	December 31,	
	2013	2012
United States	\$ 7,502,637	\$ 828,267
Foreign	-	-
Income before income taxes	<u>7,502,637</u>	<u>828,267</u>

The income tax provision from continuing operations consists of the following:

	December 31,	
	2013	2012
Current		
Federal	\$ 1,130,009	\$ -
State	220,900	-
	<u>1,350,909</u>	<u>-</u>
Deferred		
Federal	1,548,332	372,064
State	227,696	54,715
	<u>1,776,028</u>	<u>426,779</u>
Total Income Tax Provision	\$ 3,126,937	\$ 426,779

A reconciliation of computed income taxes by applying the statutory federal income tax rate of 34% to income from continuing operations before taxes to the provision for income taxes for the years ended December 31, 2013 and 2012 is as follows:

	December 31,	
	2013	2012
Computed income taxes at 34%	\$ 2,550,897	\$ 281,610
Increase in income taxes resulting from:		
State and local income taxes, net of federal impact	475,132	41,413
Stock-based compensation	74,943	87,877
Other	25,965	15,879
	<u>576,040</u>	<u>145,169</u>
Provision for income taxes	\$ 3,126,937	\$ 426,779

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

We have a requirement of reporting of taxes based on tax positions which meet a more likely than not standard and which are measured at the amount that is more likely than not to be realized. Differences between financial and tax reporting which do not meet this threshold are required to be recorded as unrecognized tax benefits. This standard also provides guidance on the presentation of tax matters and the recognition of potential IRS interest and penalties. As of December 31, 2013 and 2012, the Company does not have an unrecognized tax liability.

The components of deferred income taxes for the years ended December 31, 2013 and 2012 are as follows:

	December 31, 2013		December 31, 2012	
	Current	Long-Term	Current	Long-Term
Deferred tax assets				
Reserves and accruals	\$ 336,561	\$ -	\$ 166,766	\$ -
Amortization	-	222,117	-	249,446
Capital losses	-	(1,982)	-	11,396
Non-qualified stock option expense	-	514,659	-	405,386
Loss Carryforwards	-	26,700	-	1,008,850
	<u>336,561</u>	<u>761,494</u>	<u>166,766</u>	<u>1,675,078</u>
Less: Valuation Allowance	-	-	-	-
Total deferred tax assets	<u>336,561</u>	<u>761,494</u>	<u>166,766</u>	<u>1,675,078</u>
Deferred tax liabilities				
Depreciation	-	(3,182,960)	-	(2,126,740)
Acquired intangible assets	-	-	(13,300)	-
Total deferred tax liabilities	<u>-</u>	<u>(3,182,960)</u>	<u>(13,300)</u>	<u>(2,126,740)</u>
Net deferred tax assets (liabilities)	<u>\$ 336,561</u>	<u>\$ (2,421,466)</u>	<u>\$ 153,466</u>	<u>\$ (451,662)</u>

As of December 31, 2013 and 2012, the Company did not record any valuation allowances.

The Company classifies penalty and interest expense related to income tax liabilities as an income tax expense. There are no interest and penalties recognized in the statement of operations or accrued on the balance sheet.

The Company files tax returns in the United States, in the states of Colorado, Kansas, Nebraska, North Dakota, and Pennsylvania. The tax years 2010 through 2013 remain open to examination in the taxing jurisdictions to which the Company is subject.

Note 12 – Stockholders Equity

Private Placement.

In November 2012, the Company completed a Private Placement transaction of 5,699 Units to accredited investors at a price of \$350 per Unit for total proceeds of \$1,994,800. Each Unit was comprised of 1,000 shares of the Company's common stock and warrants to purchase 500 shares of the Company's common stock at \$0.55 per share for up to 5 years from the date of closing. This resulted in the issuance of 5,699,428 shares of common stock and warrants to purchase 2,849,714 shares of common stock. In connection with this transaction, the Company issued 449,456 warrants as compensation to third parties for services performed for the Company in connection with the Private Placement on the same terms as the other warrants issued in the Private Placement.

Conversion of Subordinated Debt

On November 2, 2012, pursuant to conditions within the PNC Revolving Credit, Term Loan, and Security Agreement, Mr. Michael D. Herman (the Company's Chairman and CEO) converted his \$1,477,760 of outstanding subordinated debt into 4,222,000 shares of the Company's common stock and warrants to purchase 2,111,000 additional shares of common stock on the same terms and conditions as those of the Private Placement transaction above. In November 2013, Mr. Herman exercised all of his warrants for cash proceeds of \$1,161,050.

In conjunction with the stock subscription agreements executed by the Private Placement investors, the Company and each investor also entered into a registration rights agreement; which agreement requires the payment of penalty fees to the equity investor in the event the Company is unable to timely register the shares of common stock acquired by the equity investor pursuant to the stock subscription agreement. The Company filed a registration statement for these shares which was declared effective June 21, 2013. If the Company fails to maintain the effectiveness of this registration statement, it may be subject to a penalty in cash or shares equal to 1.0% per month (prorated for any partial months), for the period(s) of time that the Company fails to maintain effectiveness of the registration statement underlying these shares. Liquidated Damages shall not exceed 8% of the original purchase price of such shares. The Company has not recorded an obligation for liquidated damages as the possibility of failing to maintain effectiveness is remote.

Proposed Stock Split

At the Company's annual shareholder meeting held on July 25, 2013, in order to facilitate a possible listing on a national exchange, the shareholders of the Company adopted a proposal giving the board of directors discretion to implement a reverse stock split in a ratio between one-for-two (1:2) up to one-for-three (1:3), or anywhere in between, while maintaining or reducing the number of authorized shares of common stock and preferred stock at any proportion which the Board of Directors may deem appropriate in its discretion. The Company has met all listing requirements for the NYSE MKT and was approved for listing on March 5, 2014 and accordingly there is no need to implement a stock split.

Warrants

In conjunction with the Private Placement and subordinated debt conversion in November 2012, the Company granted a one-half share warrant for every full share of common stock acquired by the equity investors or converted by Mr. Herman. As such, the Company granted warrants to purchase 4,960,714 shares of the Company's common stock, exercisable at \$0.55 per share for a five year term. Each of the warrants may be exercised on a cashless basis. The warrants also provide that subject to various conditions, the holders have piggy-back registration rights with respect to the shares of common stock that may be acquired upon the exercise of the warrants.

In November 2012, the Company granted each of the principals of an existing investor relations firm warrants to acquire 112,500 shares of the Company's common stock (a total of 225,000 shares) for the firm's assistance in creating awareness for the Company's Private Placement. The warrants are exercisable at \$0.55 per share and expire 5 years from date of grant.

On November 29, 2012, the Company entered into an investor relations agreement with an unaffiliated firm. Pursuant to this agreement and in lieu of cash fees, the Company issued the firm 125,000 shares of common stock at \$0.40 per share and granted the firm a warrant to purchase 200,000 shares of common stock at \$0.40 per share through June 1, 2016. The warrants vest based on performance criteria and may be exercised on a cashless basis. The warrants also provide that subject to various conditions, the holders have piggy-back registration rights with respect to the shares of common stock that may be acquired upon the exercise of the warrants.

During the year ended December 31, 2013, the Company recognized stock-based compensation (through operating expense as general and administrative expense) of \$60,046 attributable to warrants issued on November 29, 2012.

A summary of warrant activity for the years ended December 31, 2013 and 2012 is as follows:

Warrants	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2012	325,000	\$ 0.58	3.1	\$ 144,150
Issued for services	874,456	0.55		
Issued for private placement	4,960,714	0.55		
Exercised	-	-		
Forfeited/cancelled	-	-		
Outstanding at December 31, 2012	6,160,170	\$ 0.55	4.7	\$ 1,194,932
Issued	-	-		
Exercised	(3,502,456)	0.55		
Forfeited/Cancelled	-	-		
Outstanding at December 31, 2013	2,657,714	\$ 0.55	3.7	\$ 3,359,170
Exercisable at December 31, 2013	2,657,714	\$ 0.55	3.7	\$ 3,359,170

During the year ended December 31, 2013 warrants to acquire 1,236,456 shares of common stock were exercised by way of cashless exercise whereby the warrant holders elected to receive 716,028 shares without payment of the exercise price and the remaining warrants for 520,428 shares were cancelled. In addition, warrants to acquire 2,266,000 shares were exercised for cash payments totaling \$1,246,300. The warrants exercised had a total intrinsic value of \$2,662,347 at the time of exercise.

Note 13 – Stock Options

On July 27, 2010 the Company's board of directors adopted the 2010 Stock Incentive Plan (the "2010 Plan"). The aggregate number of shares of common stock that may be granted under the 2010 Plan is reset at the beginning of each year based on 15% of the number of shares of common stock then outstanding. As such, on January 1, 2013 the number of shares of common stock available under the 2010 Plan was reset to 4,773,794 shares based upon 31,825,294 shares outstanding on that date and on January 1, 2014, the 2010 plan was reset to 5,223,380. Options are typically granted with an exercise price equal to the estimated fair value of the Company's common stock at the date of grant with a vesting schedule of one to three years and a contractual term of 5 years. As of December 31, 2013, there were 3,025,000 options outstanding under the 2010 Plan.

The "2008 Equity Plan" was established by Aspen Exploration in February 2008 and was retained by the Company after the Acquisition. An aggregate of 1,000,000 common shares were reserved for issuance under the 2008 Equity Plan. On July 27, 2010, the Company terminated the 2008 Equity Plan, although such termination did not terminate or otherwise affect the contractual rights of persons who hold options to acquire common stock under the 2008 Equity Plan. As of December 31, 2013, there were 350,000 options outstanding under the 2008 Plan.

A summary of the range of assumptions used to value stock options granted for the years ended December, 2013 and 2012 are as follows:

	For the Years Ended December 31,	
	2013	2012
Expected volatility	125% - 139%	118% - 120%
Risk-free interest rate	0.32% - 0.66%	0.32% - 0.37%
Dividend yield	-	-
Expected term (in years)	2.5 – 3.5	3.0 – 3.5

During the year ended December 31, 2013, the Company granted options to acquire 658,000 shares of common stock with a weighted-average grant-date fair value of \$0.84 per share. During the year ended December 31, 2013, options to acquire 38,332 shares of common stock were exercised by way of a cashless exercise whereby the option holders elected to receive 15,214 shares of common stock without payment of the exercise price and the remaining options for 23,118 shares were cancelled. The options had an intrinsic value of \$13,383 at the time of exercise.

During the year ended December 31, 2012, the Company granted options to acquire 1,270,000 shares of common stock with a weighted-average grant-date fair value of \$0.46 per share. No options were exercised during the year ended December 31, 2012.

The following is a summary of stock option activity for all equity plans for the years ended December 31, 2013 and 2012:

	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term (Years)</u>	<u>Aggregate Intrinsic Value</u>
Outstanding at January 1, 2012	3,305,431	\$ 0.70	2.5	\$ <u>1,064,876</u>
Granted	1,270,000	0.65		
Exercised	-	-		
Forfeited or Expired	<u>(1,500,000)</u>	<u>0.67</u>		
Outstanding at December 31, 2012	3,075,431	\$ 0.71	2.3	\$ <u>106,051</u>
Granted	658,000	1.10		
Exercised	(38,332)	0.72		
Forfeited or Expired	<u>(320,099)</u>	<u>1.42</u>		
Outstanding at December 31, 2013	<u>3,375,000</u>	\$ 0.70	2.6	\$ <u>3,760,325</u>
Vested or Expected to Vest at December 31, 2013	<u>3,375,000</u>	\$ 0.70	2.6	\$ <u>3,760,325</u>
Exercisable at December 31, 2013	<u>2,708,332</u>	\$ 0.69	1.5	\$ <u>3,020,823</u>

The aggregate intrinsic value in the table above represents the total intrinsic value (the difference between the estimated fair value of the Company's common stock and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had they exercised their options on December 31, 2013.

During the year ended December 31, 2013 and 2012, the Company recognized stock-based compensation costs for stock options of \$412,310 and \$279,362, respectively in general and administrative expenses. The Company currently expects all outstanding options to vest. Compensation cost is revised if subsequent information indicates that the actual number of options vested is likely to differ from previous estimates.

A summary of the status of non-vested shares underlying the options are presented below:

	<u>Number of Shares</u>	<u>Weighted- Average Grant- Date Fair Value</u>
Non-vested at January 1, 2012	1,123,334	\$ 0.48
Granted	1,270,000	0.33
Vested	(770,000)	0.54
Forfeited	<u>(813,334)</u>	<u>0.59</u>
Non-vested at December 31, 2012	810,000	\$ 0.37
Granted	658,000	0.84
Vested	(638,330)	0.60
Forfeited	<u>(163,002)</u>	<u>0.67</u>
Non-vested at December 31, 2013	<u>666,668</u>	\$ 0.54

As of December 31, 2013 there was \$248,793 of total unrecognized compensation costs related to non-vested shares under the qualified stock option plans which will be recognized over the remaining weighted-average period of 1.50 years.

Note 14 – Related Party Transactions

The following sets forth information regarding transactions between the Company (and its subsidiaries) and its officers, directors and significant stockholders.

Related Party Loan Transactions:

During 2009 and 2010, Michael D. Herman (the Company's Chairman and Chief Executive Officer), loaned \$1,700,000 to Heat Waves pursuant to the terms of two promissory notes. Both notes accrued interest at 3% per annum and were due in full by December 31, 2018. In connection with a debt financing in June 2010, Mr. Herman agreed to subordinate the debt represented by both notes to all obligations to the then current lender. Interest was to be paid annually in arrears on both notes, but due to the subordination interest was being accrued to the loan balances.

In July 2011, a principal payment in the amount of \$222,240 was approved by the board of directors and applied to the promissory note. On October 4, 2011 and again on October 29, 2012, upon board approval, Mr. Herman received an interest payment in the amount of \$77,000 and \$7,000, respectively, on this loan.

Conversion of Subordinated Debt:

In connection with the PNC financing in November 2012, Mr. Herman agreed to convert the outstanding principal balance of \$1,477,760 under both notes into common stock and warrants on the same terms as the private placement being offered to investors (i.e. Units at \$350 per Unit, each Unit consisting of 1,000 shares of Enservco common stock and warrants to purchase 500 shares at \$0.55 per share). As a result, Mr. Herman was issued 4,222,000 shares of common stock and warrants to acquire 2,111,000 shares of common stock at \$0.55 per share. The \$45,018 of accrued interest owed to Mr. Herman from the subordinated debt was paid in cash from funds received through the PNC agreement and Private Placement.

Also as a condition of the refinancing with PNC, PNC required that Mr. Herman enter into a guarantee agreement for \$3,500,000 and pledge 250,000 shares of an unaffiliated publicly traded company, owned by Mr. Herman. Accordingly, the Board of Directors agreed to continue the \$12,500 per month guarantee fee that was previously being paid under the previous debt facility. In connection with the PNC amendment in November 2013, PNC agreed to release the 250,000 shares of stock pledged under the agreement.

Loan Guaranty:

On October 3, 2013, the Company refinanced its real estate loan for its facility in North Dakota as described in Note 9. Under the terms of the agreement, \$100,000 of the loan is guaranteed by Mike Herman, the Company's Chief Executive Officer. However, in the event the Company makes a principal payment equal to or greater than \$100,000, the guaranty is released in full.

Related Party Purchase in Equity Offering:

In connection with the Private Placement completed in November 2012, the Company's President, Rick Kasch, purchased 75 units for total consideration of \$26,250. Similar to unaffiliated investors, each Unit cost \$350 and consisted of 1,000 shares of Enservco common stock and warrants to purchase 500 shares at \$0.55 per share). As such, Mr. Kasch acquired 75,000 shares of common stock of the Company, and was granted warrants to purchase 37,500 shares of common stock of the Company at \$0.55 per share.

Note 15 – Subsequent Events

Warrant and option exercises

From January 1, 2014 to March 20, 2014, warrants to acquire 1,469,357 shares of common stock were exercised by way of cashless exercise whereby the warrant holders elected to receive 1,119,173 shares without payment of the exercise price and the remaining warrants for 350,184 shares were cancelled. In addition, warrants to acquire 162,962 shares were exercised for cash payments totaling \$89,629, and options to acquire 100,000 shares were exercised for cash payments totaling \$41,250. The warrants and options exercised had a total intrinsic value of \$2,899,925 at the time of exercise.

Sale of Equipment to Related Party

On February 3, 2014, the Board of Directors approved the sale of two trucks and a trailer to an entity owned 50% by the Company's Chairman and Chief Executive Officer for \$50,000. The equipment had not been in service for over two years and was not economically feasible to repair and return to service. The Company was holding this equipment primarily for salvage purposes. At the time of the sale, the equipment had a net book value of \$38,000 which resulted in a gain of \$12,000. The Company believes the price paid was at least equal to the fair market value of the units had they been sold through auction or in the open market.

NYSE MKT Listing

On March 5, 2014, the Company was approved for listing on the NYSE MKT national exchange and began trading on March 10, 2014.

INDEMNIFICATION AGREEMENT

This AGREEMENT is made and entered into as of this ____ day of February 2014, by and between Enservco Corporation, a Delaware corporation (the "Company"), and the person named below as "Indemnitee".

WHEREAS, Indemnitee has agreed to serve or continue to serve, as the case may be, as a director, officer, or in a similar capacity of one or more of the entities set forth on Exhibit A hereto (each, a "Covered Entity"), in reliance on the protections and benefits afforded to Indemnitee under and in accordance with this Agreement;

WHEREAS, in recognition of Indemnitee's need for substantial protection against personal liability and to encourage Indemnitee's service to the Company and the applicable Covered Entity, and in view of the increasing difficulty in obtaining and maintaining satisfactory insurance coverage and Indemnitee's reasonable reliance on assurance of indemnification, the Company wishes to provide in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent permitted by law (whether partial or complete) and as set forth in this Agreement, and, to the extent insurance is maintained by the Company or the applicable Covered Entity, for the coverage of Indemnitee under such directors' and officers' liability insurance policies; and

WHEREAS, it is reasonable, prudent and appropriate for the Company contractually to obligate itself to indemnify and to advance expenses on behalf of Indemnitee to the fullest extent permitted by applicable law so that he will serve or continue to serve the Company and the applicable Covered Entity free from undue concern that he will not be so indemnified.

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Certain Definitions. For purposes of this Agreement, the following definitions shall apply:

(a) "Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person. For purposes of this definition, the term "control" (including its correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

(b) "Claim" shall be broadly construed and shall include without limitation any threatened, pending or completed action, suit or proceeding (including any mediation, arbitration or other alternative dispute resolution proceeding), whether instituted by or in the right of the Company, a Covered Entity or by any other Person, or any inquiry or investigation that Indemnitee reasonably believes might lead to the institution of any such action, suit or proceeding, whether civil (including intentional and unintentional tort claims), criminal, administrative, investigative or other.

(c) "Expenses" shall be broadly construed and shall include without limitation reasonable attorneys' fees and all other reasonable costs, expenses and obligations paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Claim relating to any Indemnifiable Event.

(d) "Indemnifiable Event" shall be broadly construed and shall include without limitation any event or occurrence related to the fact that Indemnitee is or was a director, manager, member, officer, managing member or serves or served in a similar capacity of a Covered Entity.

(e) "Independent Legal Counsel" means an attorney or firm of attorneys, selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld), who shall not have otherwise performed services for Indemnitee or the Company or current or former Affiliates of the Company within the last five years (other than with respect to matters concerning the rights of Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements or under the Company's bylaws).

(f) "Person" means any individual, corporation, company, limited liability company, partnership, joint venture, governmental authority, business association or other entity.

(g) "Reviewing Party" means any appropriate Person or body consisting of a member or members of the Company's Board of Directors or any other Person or body appointed by the Company's Board of Directors who is neither a party to nor associated with the Claim for which Indemnitee is seeking indemnification.

2. Basic Indemnification Arrangement.

(a) In the event Indemnitee was, is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Claim by reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee to the fullest extent permitted by law as soon as practicable but in any event no later than 10 days after written demand is presented to the Company, against any and all Expenses, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties or amounts paid in settlement) of such Claim; provided that Indemnitee makes a written demand for payment of such Expense, judgment, fine, penalty or other amount on or prior to the end of the calendar year following the calendar year in which Indemnitee incurs such Expense, judgment, fine, penalty or other amount. If so requested by Indemnitee, the Company shall advance (within 10 days of such request) any and all Expenses to Indemnitee (an "Expense Advance"). In the event the Company is also a defendant, Indemnitee hereby agrees to seek to engage the same counsel that represents the Company with regard to such Claim so long as in Indemnitee's reasonable judgment such counsel will be able to provide Indemnitee an adequate and separate defense against such Claim.

(b) Notwithstanding the foregoing, (i) the obligations of the Company under Section 2(a) shall be subject to the condition that the Reviewing Party shall not have determined that Indemnitee would not be permitted to be indemnified under applicable law, which determination shall be evidenced by a notice promptly delivered to Indemnitee, and (ii) the obligation of the Company to make an Expense Advance pursuant to Section 2(a) shall be subject to the condition that, if, when and to the extent that the Reviewing Party determines that Indemnitee would not be permitted to be so indemnified under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid; provided, however, that (x) in the event the Reviewing Party makes such a determination under clause (i) or (ii) of this Section 2(b), the Company will be obligated to provide indemnification and an Expense Advance to Indemnitee pursuant to Section 2(a) notwithstanding such determination by the Reviewing Party in the event that Independent Legal Counsel provides to the Company within 45 days of such determination a written opinion to the effect that indemnification of Indemnitee would be permitted under applicable law with respect to the Claims in question and (y) if Indemnitee has commenced or thereafter commences legal proceeding in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, any determination made by the Reviewing Party or Independent Legal Counsel, as applicable, that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all right of appeal therefrom have been exhausted or lapsed). If the Reviewing Party and Independent Legal Counsel determine that Indemnitee substantively would not be permitted to be indemnified in whole or in part under application law, Indemnitee shall have the right to commence litigation in any federal or state court located in the City and County of Denver in the State of Colorado having subject matter jurisdiction thereof and in which venue is proper seeking an initial determination by the court or challenging any such determination by the Reviewing Party and Independent Legal Counsel, or any aspect thereof, including the legal or factual bases therefor, and the Company hereby consents to service of process and agrees to appear in any such proceeding. Notwithstanding the foregoing, the Company shall not be obligated under Section 2(a) to provide indemnification or make an Expense Advance if a court makes a final determination (as to which all rights of appeal therefrom have been exhausted or lapsed) that such indemnification and Expense Advance is not permitted under applicable law. If Independent Legal Counsel determines that indemnification of Indemnitee would be permitted in whole or in part under applicable law with respect to the Claim in question, the Company shall have the right to commence litigation in any federal or state court located in City and County of Denver in the State of Colorado having subject matter jurisdiction thereof and in which venue is proper, seeking a determination by the court that such indemnification is not permitted under applicable law or challenging any such determination by Independent Legal Counsel, or any aspect thereof, including the legal or factual basis therefor, and Indemnitee hereby consents to service of process and agrees to appear in any such proceeding. Any determination by the Reviewing Party or Independent Legal Counsel, as applicable, otherwise shall be conclusive and binding on the Company and Indemnitee.

3. Independent Legal Counsel. In the event Indemnitee's right to indemnification and advancement of Expenses is referred to Independent Legal Counsel pursuant to Section 2(b) of this Agreement, such Independent Legal Counsel shall among other things, render its written opinion to the Company and Indemnitee as to whether and to what extent Indemnitee would be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of the Independent Legal Counsel and to fully indemnify such counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

4. Indemnification for Additional Expenses. Provided that Indemnitee makes such request promptly, but in no event later than 90 days following the date Indemnitee incurred the applicable expense, the Company (a) shall (within 10 days of Indemnitee's request for indemnification hereunder) indemnify Indemnitee against any and all reasonable expenses (including reasonable attorneys' fees), and, (b) if requested by Indemnitee, shall (within 10 days of such request) advance such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee (whether pursuant to Section 17 of this Agreement or otherwise) for (i) indemnification or advance payment of Expenses by the Company under this Agreement or any other agreement, bylaw, limited liability company agreement or other similar organizational document of the Company or a Covered Entity, as the case may be, now or hereafter in effect relating to Claims for Indemnifiable Events or (ii) recovery under any directors' and officers' liability insurance policies maintained by the Company or a Covered Entity, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advance expense payment or insurance recovery, as the case may be.

5. Partial Indemnity. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses, judgments, fines, penalties and amounts paid in settlement of a Claim but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Moreover, notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any or all Claims relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

6. Burden of Proof. In connection with any determination by the Reviewing Party or Independent Legal Counsel, as applicable, or otherwise, as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proof shall be on the Company to establish that Indemnitee is not so entitled.

7. No Presumptions. For purposes of this Agreement, the termination of any claim, action, suit or proceeding, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law. In addition, neither the failure of the Reviewing Party or Independent Legal Counsel, as applicable, to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Reviewing Party or Independent Legal Counsel, as applicable, that Indemnitee has not met such standard of conduct or did not have such belief, prior to the commencement of legal proceedings by Indemnitee to secure a judicial determination that Indemnitee should be indemnified under applicable law, shall be a defense to Indemnitee's claim or create a presumption that Indemnitee has not met any particular standard of conduct or did not have any particular belief.

8. Nonexclusivity: Subsequent Change in Law. The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the Company's bylaws, under a Covered Entity's bylaws, limited liability company agreement or other similar organizational document, under Delaware or other applicable law, or otherwise. To the extent that a change in Delaware or other applicable law (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Company's bylaws, a Covered Entity's bylaws, limited liability company agreement or other similar organizational document or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change.

9. Liability Insurance: To the extent the Company or a Covered Entity maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer in his (or her) then capacity as such; provided, however, this Agreement shall not impose any obligation on the Company or a Covered Entity to obtain or maintain any such insurance policy or policies.

10. Amendments: Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

11. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

12. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any Claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (under any insurance policy, bylaw, limited liability company agreement or other similar organizational document of the Company or a Covered Entity, or otherwise) of the amounts otherwise indemnifiable hereunder.

13. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as a director, manager, member, officer, managing member or in a similar capacity of a Covered Entity.

14. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) is held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable in any respect, and the validity and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired and shall remain enforceable to the fullest extent permitted by law. If a court determines that any portion of this Agreement is invalid, void or otherwise unenforceable, the court shall rewrite such provisions to most closely effect the intention of the parties as reflected by such provision determined to be invalid, void or otherwise unenforceable.

15. Effective Date. This Agreement shall be effective as of the date hereof and shall apply to any Claim for indemnification by Indemnitee on or after such date.

16. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such state without giving effect to the principles of conflicts of laws.

17. Equitable Relief. The parties hereto agree that Indemnitee may enforce this Agreement by seeking specific performance hereof or other injunctive or equitable relief, without any necessity of showing irreparable harm or posting a bond, which requirements are hereby waived, and that by seeking such specific performance or relief Indemnitee shall not be precluded from seeking or obtaining any other relief to which Indemnitee may be entitled.

18. Further Assurance. If following the date hereof a Triggering Event (as defined below) occurs and as a result, in the good faith reasonable determination of a majority of the Covered Indemnitee Group (as defined below), the ability of the Company to satisfy its financial obligations to Indemnitee and the other members of the Covered Indemnitee Group in respect of providing indemnification and advancement of Expenses under this Agreement and the other Indemnity Agreements (as defined below) entered into with the other members of the Covered Indemnitee Group, is impaired such that it is reasonably likely that the Company will not be capable of meeting such financial obligations, then the Company's Board of Directors will enter into good faith negotiations with the Designated Officer (as defined below) with respect to the Company's obtaining alternative financial support for such indemnity and advancement of Expenses obligations (such as through obtaining director and officer liability insurance and similar actions). The "Designated Officer" will be a member of the Covered Indemnitee Group selected by a majority of the Covered Indemnitee Group to serve as the negotiator. A "Triggering Event" means, (x) a merger, consolidation or other business combination involving the Company, (y) a sale of all or a substantial portion of the assets and businesses of the Company or (z) the incurrence by the Company of significant indebtedness (excluding indebtedness incurred to refinance then-existing indebtedness, but including indebtedness incurred in connection with transactions referred to in clauses (x) or (y) above or in connection with acquisitions made outside the ordinary course of business of substantial assets and businesses by the Company). "Covered Indemnitee Group" means the group consisting of Indemnitee and the other persons who have entered into Indemnity Agreements. "Indemnity Agreements" means this Agreement and any other indemnification agreements substantially identical to this Agreement entered into substantially concurrently with this Agreement (or after the date hereof) by the Company with other persons serving as a director, manager, member, officer, managing member or in a similar capacity with one or more Covered Entities. The current members of the Covered Indemnity Group are set forth on Exhibit B. If the composition of the Covered Indemnity Group changes after the date hereof the Company will promptly provide Indemnitee with a revised Exhibit B reflecting such changes. The provisions of this paragraph shall terminate and be of no further force or effect on the tenth anniversary of the date upon which Indemnitee no longer serves as a director, manager, member, officer, managing member or in a similar capacity with any Covered Entity, provided, however, that if a Claim is pending on the tenth anniversary of such date, the provisions of this paragraph shall not terminate on such date but shall continue in full force and effect until such time as the pending Claim is resolved.

19. Form and Delivery of Communications. Any notice, request or other communication required or permitted to be given to the parties under this Agreement shall be in writing and either delivered in person or sent by facsimile, overnight mail or courier service, or certified or registered mail, return receipt requested, postage prepaid, to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice):

If to the Company:

Enservco Corporation
501 S. Cherry Street, Suite 320
Denver, CO 80246
Facsimile: (720) 974-3417

If to Indemnitee, to the address set forth beneath Indemnitee's signature line on the signature page to this Agreement.

20. Entire Agreement. This Agreement and the documents expressly referred to herein constitute the entire agreement between the parties hereto with respect to the indemnification of the Indemnitee by the Company for an Indemnifiable Event, and any other prior or contemporaneous oral or written understandings or agreements with respect to the indemnification of the Indemnitee by the Company for an Indemnifiable Event are expressly superseded by this Agreement.

21. Jurisdiction. The Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the federal and state courts located in the City and County of Denver in the State of Colorado for all purposes in connection with any action or proceeding that arises out of or relates to this Agreement. The Company and Indemnitee each further hereby agree that any action or proceeding that arises out of or relates to this Agreement shall be instituted only in the federal and state courts located in City and County of Denver in the State of Colorado.

22. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument, notwithstanding that both parties are not signatories to the original or same counterpart.

23. Headings. The section and subsection headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above

ENSERVCO CORPORATION

By: _____
Rick D. Kasch,
President

INDEMNITEE

Name:
Address:

Exhibit A

Covered Entities

Name	State of Formation	Ownership
Enservco Corporation	Delaware	Publicly Held
Dillco Fluid Service, Inc. ("Dillco")	Kansas	100% by Enservco
Heat Waves Hot Oil Service LLC ("Heat Waves")	Colorado	100% by Enservco
HE Services, LLC ("HES")	Nevada	100% by Heat Waves
Real GC, LLC ("Real GC")	Colorado	100% by Heat Waves
Trinidad Housing, LLC ("Trinidad Housing")	Colorado	100% by Dillco, but dissolved on May 29, 2013.
Enservco Frac Services, LLC	Delaware	100% by Enservco, allowed to lapse under Delaware law (2013)
Aspen Gold Mining Company	Colorado	100% by Enservco, but dissolved on May 29, 2013
Heat Waves, LLC	Colorado	100% by Dillco, but dissolved on May 29, 2013

Exhibit B

Current Members of the Covered Indemnitee Group

Name	Company	Title
	Enservco Corporation	Chief Executive Officer, Chairman of the Board of Directors
	Dillco Fluid Service, Inc.	Chief Executive Officer, Chairman of the Board of Directors
	HE Services, LLC	Manager
	Real GC, LLC	Manager
Michael D. Herman	Heat Waves Hot Oil Service, LLC	Manager
	Trinidad Housing, LLC	Manager
	Enservco Frac Services, LLC	Manager
		Chief Executive Officer
	Aspen Gold Mining Company	Chairman of the Board of Directors
		Chief Executive Officer
	Heat Waves, LLC	Manager
		Director
		President
	Enservco Corporation	Chief Financial Officer
		Treasurer
Rick D. Kasch		President
	Dillco Fluid Service, Inc.	Chief Financial Officer
		Treasurer
	HE Services, LLC	Manager

	Real GC, LLC	Manager
	Heat Waves Hot Oil Service, LLC	Manager
	Trinidad Housing, LLC	Manager
		Manager
	Enservco Frac Services, LLC	Chief Financial Officer
		Treasurer
		President
		Chief Financial Officer
	Aspen Gold Mining Company	Treasurer
		Secretary
	Heat Waves, LLC	Manager
	Enservco Corporation	Chief Financial Officer
	Dillco Fluid Service, Inc.	Chief Financial Officer
Robert J. Devers	HE Services, LLC	Chief Financial Officer
	Real GC, LLC	Chief Financial Officer
	Heat Waves Hot Oil Service, LLC	Chief Financial Officer
Steven P. Oppenheim	Enservco Corporation	Director
Gerard P. Laheney	Enservco Corporation	Director

Amanda Dalbey	Enservco Corporation	Secretary
	Dillco Fluid Service, Inc.	Secretary
	Enservco Corporation	Vice President of Field Operations
Austin Peitz	Dillco Fluid Service, Inc.	Vice President of Field Operations
	Heat Waves Hot Oil Service, LLC	Vice President of Field Operations

FIRST AMENDMENT TO REVOLVING CREDIT,
TERM LOAN AND SECURITY AGREEMENT

THIS FIRST AMENDMENT TO REVOLVING CREDIT, TERM LOAN AND SECURITY AGREEMENT (this "Amendment"), dated as of February 7, 2013, is entered into by and among ENSERVCO CORPORATION, a Delaware corporation ("Enservco"), DILLCO FLUID SERVICE, INC., a Kansas corporation ("Dillco"), and HEAT WAVES HOT OIL SERVICES LLC, a Colorado limited liability company ("Heat Waves") (Enservco, Dillco and Heat Waves, each, a "Borrower" and collectively, "Borrowers"), PNC BANK, NATIONAL ASSOCIATION, as the Lender on the date hereof, and PNC BANK, NATIONAL ASSOCIATION, as Agent for the Lenders (in such capacity, "Agent"), with reference to the following facts:

RECITALS

A. The parties to this Amendment have entered into a Revolving Credit, Term Loan and Security Agreement, dated as of November 2, 2012 (the "Credit Agreement"), pursuant to which the Lenders provide certain credit facilities to Borrowers.

B. The parties to this Amendment wish to amend the Credit Agreement (i) to add Gulfport Energy Corporation as an Extended Term Customer, (ii) to permit Borrower to use up to \$900,000 of the proceeds from the sale of existing Equipment for the purchase of new Equipment during the 2013 fiscal year and (iii) to confirm the minimum Tangible Net Worth covenant levels for compliance test dates in 2013 as mutually agreed by Agent and Borrowers, all as set forth below.

NOW, THEREFORE, the parties hereby agree as follows:

1 . Defined Terms. Any and all initially capitalized terms used in this Amendment (including, without limitation, in the recitals hereto) without definition shall have the respective meanings specified for such terms in the Credit Agreement.

2 . Addition of Gulfport Energy Corporation as an Extended Term Customer. Section 1.1 of the Credit Agreement is hereby amended such that the definition of "Extended Term Customer" shall read in full as follows:

"Extended Term Customer" means Anadarko, Oxy USA, E.Q.T., Exxon Mobil, Antero Resources, Chesapeake, Brigham-Statoil Company or Gulfport Energy Corporation.

3 . Amendment to Disposition of Collateral Provision. Section 4.3 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"4.3 Disposition of Collateral. Each Borrower will safeguard and protect all Collateral for Agent's general account and make no disposition thereof whether by sale, lease or otherwise except the disposition or transfer of damaged, obsolete or worn-out Equipment in the Ordinary Course of Business during any fiscal year having an aggregate fair market value of not more than \$250,000 and only to the extent that (i) the proceeds of any such disposition are used to acquire replacement Equipment which is subject to Agent's first priority security interest or (ii) the proceeds of which are remitted to Agent to be applied pursuant to Section 2.21. Notwithstanding the foregoing, during the fiscal year 2013, Borrowers may dispose or transfer damaged, obsolete or worn-out Equipment in the Ordinary Course of Business so long as (i) the aggregate fair market value of such Equipment does not exceed \$900,000, and (ii) the proceeds of any such disposition are used to acquire replacement Equipment which is subject to Agent's first priority security interest or the proceeds of which are remitted to Agent to be applied pursuant to Section 2.21."

4 . Confirmation of Minimum Tangible Net Worth Covenant Levels for 2013 Agent and Borrowers hereby confirm they have mutually agreed that the following shall be the Minimum Tangible Net Worth covenant levels for compliance test dates in 2013 for the purpose of Section 6.5(b) of the Credit Agreement:

Compliance Test Date	Minimum Tangible Net Worth	
March 31, 2013	\$	5,073,000
June 30, 2013	\$	4,522,000
September 30, 2013	\$	4,244,000
December 31, 2013	\$	5,114,000

5 . Amendment Fee. In consideration of the agreement of PNC, as Agent and sole Lender on the date hereof, to enter into this Amendment and provide Borrowers the accommodations contemplated hereunder, on the effective date of this Amendment, Borrowers shall pay to Agent, for the benefit of the sole Lender, a one-time amendment fee in the amount of \$5,000 (the "Amendment Fee"). Borrowers acknowledge and agree that the Amendment Fee shall be non-refundable when due and that Agent may effect payment of the Amendment Fee when due by charging the full amount thereof to Borrowers' Revolving Advances loan account.

6 . Condition Precedent. The effectiveness of this Amendment shall be subject to Agent's receipt of (i) this Amendment, duly executed by Borrowers and by PNC, as Agent and as the sole Lender as of the date hereof, (ii) the Reaffirmation of Limited Guaranty, duly executed by each Guarantor, and (iii) receipt of the Amendment Fee and reimbursement of expenses permitted hereunder.

7. Miscellaneous.

A . Survival of Representations and Warranties. All representations and warranties made in the Credit Agreement or in any Other Document shall survive the execution and delivery of this Amendment.

B. References to the Credit Agreement. The Credit Agreement, each of the Other Documents, and any and all other agreements, documents or instruments now or hereafter executed and delivered pursuant to the terms hereof, or pursuant to the terms of the Credit Agreement as amended hereby, are hereby amended so that any reference therein to the Credit Agreement shall mean a reference to the Credit Agreement as amended by this Amendment.

C. Credit Agreement Remains in Effect. The Credit Agreement and the Other Documents remain in full force and effect and Borrowers ratify and confirm their agreements and covenants contained therein. Borrowers hereby confirm that, after giving effect to this Amendment, no Event of Default or Default has occurred and is continuing.

D. Severability. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

E. Counterparts. This Amendment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument. ·

F. Headings. The headings, captions and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

G. Expenses of Agent. Borrowers agree to pay on demand all costs and expenses reasonably incurred by Agent in connection with the preparation, negotiation and execution of this Amendment, including, without limitation, the costs and fees of Agent's legal counsel.

H. NO ORAL AGREEMENTS. THIS AMENDMENT, TOGETHER WITH THE OTHER DOCUMENTS AS WRITTEN, REPRESENTS THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[Remainder of page intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, the parties have entered into this Amendment by their respective duly authorized officers as of the date first above written.

BORROWERS:

ENSERVCO CORPORATION,

a Delaware corporation

Rick D. Kasch

President

DILLCO FLUID SERVICE, INC.,

a Kansas corporation

Rick D. Kasch

Treasurer

HEAT WAVES HOT OIL SERVICES LLC,

a Colorado limited liability company

Rick D. Kasch

Manager

First Amendment to Revolving Credit, Term Loan and Security Agreement

AGENT:

PNC BANK, NATIONAL ASSOCIATION,
as Agent

Mark Tito
Vice President

SOLE LENDER:

PNC BANK, NATIONAL ASSOCIATION,

Mark Tito
Vice President

First Amendment to Revolving Credit, Term Loan and Security Agreement

REAFFIRMATION OF LIMITED GUARANTY

The undersigned has executed a Limited Guaranty and Suretyship Agreement (the "Guaranty") in favor of Agent, for the benefit of the Lenders, with respect to the Borrowers' Obligations. The undersigned acknowledges the terms of the above Amendment and reaffirms and agrees that: (i) the Guaranty remains in full force and effect; (ii) nothing in the Guaranty obligates Agent to notify the undersigned of any changes in the financial accommodations made available to Borrowers or to seek reaffirmations of the Guaranty; and (iii) no requirement to so notify the undersigned or to seek reaffirmations in the future shall be implied by the execution of this reaffirmation.

MICHAEL D. HERMAN, an individual

Reaffirmation of Limited Guaranty
(in connection with First Amendment to Revolving Credit Term Loan and Security Agreement)

WAIVER AND SECOND AMENDMENT TO REVOLVING CREDIT,
TERM LOAN AND SECURITY AGREEMENT

THIS WAIVER AND SECOND AMENDMENT TO REVOLVING CREDIT, TERM LOAN AND SECURITY AGREEMENT (this "Amendment"), dated as of May 3, 2013, is entered into by and among ENSERVCO CORPORATION, a Delaware corporation ("Enservco"), DILLCO FLUID SERVICE, INC., a Kansas corporation ("Dillco"), and HEAT WAVES HOT OIL SERVICES LLC, a Colorado limited liability company ("Heat Waves (Enservco, Dillco and Heat Waves, each, a "Borrower" and collectively, "Borrowers"), PNC BANK, NATIONAL ASSOCIATION, as the sole Lender on the date hereof, and PNC BANK, NATIONAL ASSOCIATION, as Agent for the Lenders (in such capacity, "Agent"), with reference to the following facts:

RECITALS

1. The parties to this Amendment have entered into a Revolving Credit, Term Loan and Security Agreement, dated as of November 2, 2012, as amended by that certain First Amendment to Revolving Credit, Term Loan and Security Agreement dated February 7, 2013 (as further amended, modified and supplemented from time to time, the "Credit Agreement"), pursuant to which the Lenders provide certain credit facilities to Borrowers;
2. Borrowers have informed Agent and the Lenders that certain Events of Default have occurred and are continuing under the Credit Agreement and have requested such Events of Default be waived;
3. Borrowers have also requested that certain provisions of the Credit Agreement be amended, as more fully set forth below; and
4. Agent and the Lenders are willing to make such waivers and amendments to the Credit Agreement, in accordance with, and subject to the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1 . Defined Terms. Any and all initially capitalized terms used in this Amendment (including, without limitation, in the recitals hereto) without definition shall have the respective meanings specified for such terms in the Credit Agreement.

2. Waiver of Known Existing Defaults.

A . Lease Event of Default. Pursuant to Section 7.11 of the Credit Agreement, Borrowers are prohibited from entering into, as lessee, any lease arrangement for real or personal property (unless capitalized and permitted under Section 7.6 of the Credit Agreement) if after giving effect thereto, the aggregate annual rental payments for all leased property would exceed \$250,000 in any one fiscal year. Borrowers informed Agent and the Lenders that for the 2013 fiscal year, Borrowers' aggregate annual rental payment for all leased property exceeds the required limit set forth in Section 7.11 by approximately \$38,000. Pursuant to Section 10.5 of the Credit Agreement, an Event of Default has occurred and is continuing by virtue of the Borrower's failure to comply with the covenant contained in Section 7.11 of the Credit Agreement (the "Lease Event of Default");

B . Payment Event of Default. Pursuant to Section 2.21(a) of the Credit Agreement, Borrowers are required, when any Borrower sells or otherwise disposes of any Collateral other than Inventory in the Ordinary Course of Business, to repay the Advances in an amount equal to the net proceeds of such sale. Borrowers informed Agent and the lenders that during the 2013 fiscal year Borrowers received approximately \$211,000 in net proceeds from the disposition of non-Inventory Collateral which were not remitted to repay the Advances. Pursuant to Sections 10.1 and 10.5 of the Credit Agreement, an Event of Default has occurred and is continuing by virtue of the Borrower's failure to repay outstanding Obligations (the "Payment Event of Default"; and together with the Lease Event of Default, collectively the "Known Existing Defaults");

C . Effectiveness of Waiver. Borrowers acknowledge that there exists those certain Known Existing Defaults. Agent and the Lenders hereby waive enforcement of their respective rights against any Borrower or Guarantor arising from the Known Existing Defaults; provided, however, nothing herein shall be deemed a waiver with respect to any other or future failure of any Borrower or Guarantor to comply fully with the Credit Agreement (as amended hereby) or the terms of any Other Document. The foregoing is not an exhaustive list of the Sections of the Credit Agreement breached by the Known Existing Defaults and the failure to list any other applicable section shall not constitute a waiver of any future failure by any Borrower or Guarantor to comply with all sections of the Credit Agreement. This waiver shall be effective only for the specific defaults comprising the Known Existing Defaults, and in no event shall this waiver be deemed to be a waiver of enforcement of any of Agent's or any Lender's rights with respect to any other Defaults or Events of Default now existing or hereafter arising, whether known or unknown. Nothing contained in this Amendment or any communications between any Borrower or Guarantor, on the one hand, and Agent or any Lender, on the other hand, shall be a waiver of any rights or remedies Agent or any Lender has or may have against any Borrower or Guarantor, except as specifically provided herein. Except as specifically provided herein, each of Agent and each Lender hereby reserves and preserves all of its rights and remedies against the Loan Parties under the Credit Agreement and the Other Documents.

3 . Amendment to Section 4.3 (Disposition of Collateral): Section 4.3 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"4.3 Disposition of Collateral. Each Borrower will safeguard and protect all Collateral for Agent's general account and make no disposition thereof whether by sale, lease or otherwise except the disposition or transfer of damaged, obsolete or worn out Equipment in the Ordinary Course of Business during any fiscal year having an aggregate fair market value of not more than \$250,000 and only to the extent that (i) the proceeds of any such disposition are used to acquire replacement Equipment which is subject to Agent's first priority security interest or (ii) the proceeds of which are remitted to Agent to be applied pursuant to Section 2.21. Notwithstanding the foregoing, during the fiscal year 2013, Borrowers may dispose or transfer damaged, obsolete or worn out Equipment in the Ordinary Course of Business so long as (i) the aggregate proceeds of such dispositions does not exceed \$1,250,000, and (ii) the proceeds of any such disposition are used within 180 days to acquire replacement Equipment which is subject to Agent's first priority security interest or the proceeds of which are remitted to Agent to be applied pursuant to Section 2.21."

4. Amendment to Section 7.6 (Capital Expenditures). Section 7.6 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"7.6 Capital Expenditures. Contract for, purchase or make any expenditure or commitments for Capital Expenditures (i) in the 2013 fiscal year, in an aggregate amount for all Borrowers in excess of \$5,800,000, and (ii) in any fiscal year (other than the 2013 fiscal year), in an aggregate amount for all Borrowers in excess of \$2,500,000."

5. Amendment to Section 7.8 (Indebtedness). Section 7.8 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"7.8 Indebtedness. Create, incur, assume or suffer to exist any Indebtedness (exclusive of trade debt) except in respect of (i) Indebtedness to Lenders; (ii) Indebtedness incurred for Capital Expenditures permitted under Section 7.6 hereof; and (iii) indebtedness secured by Permitted Encumbrances."

6 . Amendment to Section 7.11 (Leases). Section 7.11 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"7.11 Leases. Enter as lessee into any lease arrangement for real or personal property (unless capitalized and permitted under Section 7.6 hereof) if after giving effect thereto, aggregate annual rental payments for all leased property would exceed \$500,000 in any one fiscal year in the aggregate for all Borrowers except to the extent in effect on the Closing Date or which are entered into to replace or renew existing leases."

7 . Amendment Fee. In consideration of the agreement of PNC, as Agent and sole Lender on the date hereof, to enter into this Amendment and provide Borrowers the accommodations contemplated hereunder, on the effective date of this Amendment, Borrowers shall pay to Agent, for the benefit of the sole Lender, a one-time amendment fee in the amount of \$15,000 (the "Amendment Fee"). Borrowers acknowledge and agree that the Amendment Fee shall be non-refundable when due and that Agent may effect payment of the Amendment Fee when due by charging the full amount thereof to Borrowers' Revolving Advances loan account.

8. Condition Precedent. The effectiveness of this Amendment shall be subject to Agent's receipt of (i) this Amendment, duly executed by Borrowers and by PNC, as Agent and as the sole Lender as of the date hereof, (ii) the Reaffirmation of Limited Guaranty, duly executed by each Guarantor, and (iii) receipt of the Amendment Fee and reimbursement of expenses permitted hereunder.

9. Miscellaneous.

A . Survival of Representations and Warranties. All representations and warranties made in the Credit Agreement or in any Other Document and any related agreements to which it is a party, and each of the representations and warranties contained in any certificate, document or financial or other statement furnished at any time under or in connection with the Credit Agreement, the Other Documents or any related agreement are true and correct in all material respects on and as of the date hereof as though made on and as of the date hereof, other than representations and warranties relating to a specific earlier date, and in such case such representations and warranties are true and correct in all material respects as of such earlier date.

B . Authority. Each Borrower has full power, authority and legal right to enter into this Amendment and to perform all its respective Obligations hereunder and under the Other Documents (as amended or modified hereby). This Amendment has been duly executed and delivered such Person, and this Amendment constitutes the legal, valid and binding obligation of such Person enforceable in accordance with its terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally. The execution, delivery and performance of this Amendment (a) are within such Person's corporate, limited liability company or limited partnership powers (as applicable), have been duly authorized by as necessary company or partnership (as applicable) action, are not in contravention of law or the terms of such Person's operating agreement, bylaws, partnership agreement, certificate of formation, articles of incorporation or other applicable documents relating to such Person's formation or to the conduct of such Person's business or of any material agreement or undertaking to which such Person is a party or by which such Person is bound, (b) will not, in any material respect, conflict with or violate any law or regulation, or any judgment, order or decree of any Governmental Body, (c) will not require the Consent of any Governmental Body or any other Person, except those Consents which have been duly obtained, made or compiled prior to the date hereof and which are in full force and effect or except those which the failure to have obtained would not have, or could not reasonably be expected to have a Material Adverse Effect and (d) will not conflict with, nor result in any breach in any of the provisions of or constitute a default under or result in the creation of any Lien except Permitted Encumbrances upon any asset of any Loan Party under the provisions of any material agreement, charter document, operating agreement or other instrument to which any Borrower or Guarantor is a party or by which it or its property is a party or by which it may be bound.

C . No Default. After giving effect to this Amendment, no event has occurred and is continuing that constitutes a Default or an Event of Default.

D . References to the Credit Agreement. The Credit Agreement, each of the Other Documents, and any and all other agreements, documents or instruments now or hereafter executed and delivered pursuant to the terms hereof, or pursuant to the terms of the Credit Agreement as amended hereby, are hereby amended so that any reference therein to the Credit Agreement shall mean a reference to the Credit Agreement as amended by this Amendment.

E . Credit Agreement Remains in Effect. The Credit Agreement and the Other Documents remain in full force and effect and Borrowers ratify and confirm their agreements and covenants contained therein. Borrowers hereby confirm that, after giving effect to this Amendment, no Event of Default or Default has occurred and is continuing. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Agent or the Lenders under any of the Other Documents, nor constitute a waiver of any provision of any of the Other Documents.

F . Submission of Amendment. The submission of this Amendment to the parties or their agents or attorneys for review or signature does not constitute a commitment by Agent or the Lenders to modify any of their respective rights and remedies under the Other Documents, and this Amendment shall have no binding force or effect until all of the conditions to the effectiveness of this Amendment have been satisfied as set forth herein.

G . Severability. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

H . Counterparts. This Amendment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

L Headings. The headings, captions and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

J . Expenses of Agent. Borrowers agree to pay on demand all costs and expenses reasonably incurred by Agent in connection with the preparation, negotiation and execution of this Amendment, including, without limitation, the costs and fees of Agent's legal counsel.

K . NO ORAL AGREEMENTS. THIS AMENDMENT, TOGETHER WITH THE OTHER DOCUMENTS AS WRITTEN, REPRESENTS THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have entered into this Amendment by their respective duly authorized officers as of the date first above written.

BORROWERS:

ENSERVCO CORPORATION,
a Delaware corporation

Rick D. Kasch
President

DILLCO FLUID SERVICE, INC.,
a Kansas corporation

Rick D. Kasch
Treasurer

HEAT WAVES HOT OIL SERVICES LLC,
a Colorado limited liability company

Rick D. Kasch
Manager

AGENT:

PNC BANK, NATIONAL ASSOCIATION,
as Agent

Mark Vito
Vice President

SOLE LENDER;

PNC BANK, NATIONAL ASSOCIATION

Mark Vito
Vice President

**THIRD AMENDMENT TO
REVOLVING CREDIT, TERM LOAN AND SECURITY AGREEMENT**

THIS THIRD AMENDMENT TO REVOLVING CREDIT, TERM LOAN AND SECURITY AGREEMENT (this "Amendment"), dated as of November 22, 2013, is entered into by and among ENSERVCO CORPORATION, a Delaware corporation ("Enservco"), DILLCO FLUID SERVICE, INC., a Kansas corporation ("Dillco"), and HEAT WAVES HOT OIL SERVICES LLC, a Colorado limited liability company ("Heat Waves") (Enservco, Dillco and Heat Waves, each, a "Borrower" and collectively, "Borrowers"), PNC BANK, NATIONAL ASSOCIATION, as the sole Lender on the date hereof, and PNC BANK, NATIONAL ASSOCIATION, as Agent for the Lenders (in such capacity, "Agent"), with reference to the following facts:

RECITALS

I. The parties to this Amendment have entered into a Revolving Credit, Term Loan and Security Agreement, dated as of November 2, 2012, as amended by (i) that certain First Amendment to Revolving Credit, Term Loan and Security Agreement, dated as of February 7, 2013 and (ii) that certain Waiver and Second Amendment to Revolving Credit, Term Loan and Security Agreement, dated as of May 10, 2013 (collectively, and as further amended, modified and supplemented from time to time, the "Credit Agreement"), pursuant to which the Lenders provide certain credit facilities to Borrowers;

II. Borrowers have requested that certain provisions of the Credit Agreement be amended, among other things: (i) to increase the Term Loan by Three Million Dollars, (ii) to increase the limitation on Capital Expenditures for the 2013 fiscal year, (iii) to permit the Borrowers to carryover any unused Capital Expenditures from the 2013 fiscal year to the 2014 fiscal year, (iv) to reduce the Availability Reserve to \$500,000, and (v) to exclude from Collateral the 250,000 common shares of Pyramid Oil Company held by Michael D. Herman, each as more fully set forth below; and

III. Agent and the Lenders are willing to make such amendments to the Credit Agreement, in accordance with, and subject to the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1 . Defined Terms. Any and all initially capitalized terms used in this Amendment (including, without limitation, in the recitals hereto) without definition shall have the respective meanings specified for such terms in the Credit Agreement.

2. Amendments to Section 1.2 of the Credit Agreement.

A . The following defined terms are hereby added to Section 1.2 of the Credit Agreement in their proper alphabetical order:

“CEA” shall mean the Commodity Exchange Act (7 U.S.C.§1 et seq.), as amended from time to time, and any successor statute.

“CFTC” shall mean the Commodity Futures Trading Commission.

“Change in Law” shall mean the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any Applicable Law; (b) any change in any Applicable Law or in the administration, implementation, interpretation or application thereof by any Governmental Body; or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Body; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines, interpretations or directives thereunder or issued in connection therewith (whether or not having the force of Applicable Law) and (y) all requests, rules, regulations, guidelines, interpretations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities (whether or not having the force of law), in each case pursuant to Basel III, shall in each case be deemed to be a Change in Law regardless of the date enacted, adopted, issued, promulgated or implemented.

“Covered Entity” shall mean (a) each Borrower, each of Borrower’s Subsidiaries, all Guarantors and all pledgors of Collateral and (b) each Person that, directly or indirectly, is in control of a Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the direct or indirect (x) ownership of, or power to vote, 25% or more of the issued and outstanding equity interests having ordinary voting power for the election of directors of such Person or other Persons performing similar functions for such Person, or (y) power to direct or cause the direction of the management and policies of such Person whether by ownership of equity interests, contract or otherwise.

“Effective Date” means the date indicated in a document or agreement to be the date on which such document or agreement becomes effective, or, if there is no such indication, the date of execution of such document or agreement.

“Eligible Contract Participant” shall mean an “eligible contract participant” as defined in the CEA and regulations thereunder.

“Eligibility Date” shall mean, with respect to each Borrower and Guarantor and each Swap, the date on which this Agreement or any Other Document becomes effective with respect to such Swap (for the avoidance of doubt, the Eligibility Date shall be the Effective Date of such Swap if this Agreement or any Other Document is then in effect with respect to such Borrower or Guarantor, and otherwise it shall be the Effective Date of this Agreement and/or such Other Document(s) to which such Borrower or Guarantor is a party).

“Excluded Hedge Liability or Liabilities” shall mean, with respect to each Borrower and Guarantor, each of its Swap Obligations if, and only to the extent that, all or any portion of this Agreement or any Other Document that relates to such Swap Obligation is or becomes illegal under the CEA, or any rule, regulation or order of the CFTC, solely by virtue of such Borrower’s and/or Guarantor’s failure to qualify as an Eligible Contract Participant on the Eligibility Date for such Swap. Notwithstanding anything to the contrary contained in the foregoing or in any other provision of this Agreement or any Other Document, the foregoing is subject to the following provisions: (a) if a Swap Obligation arises under a master agreement governing more than one Swap, this definition shall apply only to the portion of such Swap Obligation that is attributable to Swaps for which such guaranty or security interest is or becomes illegal under the CEA, or any rule, regulations or order of the CFTC, solely as a result of the failure by such Borrower or Guarantor for any reason to qualify as an Eligible Contract Participant on the Eligibility Date for such Swap; (b) if a guarantee of a Swap Obligation would cause such obligation to be an Excluded Hedge Liability but the grant of a security interest would not cause such obligation to be an Excluded Hedge Liability, such Swap Obligation shall constitute an Excluded Hedge Liability for purposes of the guaranty but not for purposes of the grant of the security interest; and (c) if there is more than one Borrower or Guarantor executing this Agreement or the Other Documents and a Swap Obligation would be an Excluded Hedge Liability with respect to one or more of such Persons, but not all of them, the definition of Excluded Hedge Liability or Liabilities with respect to each such Person shall only be deemed applicable to (i) the particular Swap Obligations that constitute Excluded Hedge Liabilities with respect to such Person, and (ii) the particular Person with respect to which such Swap Obligations constitute Excluded Hedge Liabilities.

“Flood Laws” shall mean all Applicable Laws relating to policies and procedures that address requirements placed on federally regulated lenders under the National Flood Insurance Reform Act of 1994 and other Applicable Laws related thereto.

“Foreign Currency Hedge” shall mean any foreign exchange transaction, including spot and forward foreign currency purchases and sales, listed or over-the-counter options on foreign currencies, non-deliverable forwards and options, foreign currency swap agreements, currency exchange rate price hedging arrangements, and any other similar transaction providing for the purchase of one currency in exchange for the sale of another currency entered into by any Borrower, Guarantor and/or any of their respective Subsidiaries.

“Foreign Currency Hedge Liabilities” shall have the meaning assigned in the definition of Lender-Provided Foreign Currency Hedge.

“Incremental Term Loan” shall have the meaning set forth in Section 2.4 hereof.

"Non-Qualifying Party" shall mean any Borrower or any Guarantor that on the Eligibility Date fails for any reason to qualify as an Eligible Contract Participant.

"Original Term Loan" shall have the meaning set forth in Section 2.4 hereof.

"Qualified ECP Loan Party" shall mean each Borrower or Guarantor that on the Eligibility Date is (a) a corporation, partnership, proprietorship, organization, trust, or other entity other than a "commodity pool" as defined in Section 1a(10) of the CEA and CFTC regulations thereunder that has total assets exceeding \$10,000,000 or (b) an Eligible Contract Participant that can cause another person to qualify as an Eligible Contract Participant on the Eligibility Date under Section 1a(18)(A)(v)(II) of the CEA by entering into or otherwise providing a "letter of credit or keepwell, support, or other agreement" for purposes of Section 1a(18)(A)(v)(II) of the CEA.

"Reportable Compliance Event" shall mean that any Covered Entity becomes a Sanctioned Person, or is charged by indictment, criminal complaint or similar charging instrument, arraigned, or custodially detained in connection with any Anti-Terrorism Law or any predicate crime to any Anti-Terrorism Law, or has knowledge of facts or circumstances to the effect that it is reasonably likely that any aspect of its operations is in actual or probable violation of any Anti-Terrorism Law.

"Sanctioned Country" shall mean a country subject to a sanctions program maintained under any Anti-Terrorism Law.

"Sanctioned Person" shall mean any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, sanctioned or debarred person, group, regime, entity or thing, or subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions), under any Anti-Terrorism Law.

"Swap" shall mean any "swap" as defined in Section 1a(47) of the CEA and regulations thereunder, other than (a) a swap entered into, or subject to the rules of, a board of trade designated as a contract market under Section 5 of the CEA, or (b) a commodity option entered into pursuant to CFTC Regulation 32.3(a).

"Swap Obligation" means any obligation to pay or perform under any agreement, contract or transaction that constitutes a Swap which is also a Lender-Provided Interest Rate Hedge, or a Lender-Provided Foreign Currency Hedge.

"Third Amendment Effective Date" means November 22, 2013.

B . The following defined terms in Section 1.2 of the Credit Agreement are hereby amended and restated in their entirety to read as follows:

“Ant i-Terrorism Laws” shall mean any Laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering or bribery, and any regulation, order, or directive promulgated, issued or enforced pursuant to such Laws, all as amended, supplemented or replaced from time to time.

“Availability Reserve” shall mean a reserve of \$500,000 against borrowing availability under the Revolving Advances facility.

“Governmental Body” shall mean any nation or government, any state or other political subdivision thereof or any entity, authority, agency, division or department exercising the executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to a government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

3 . Amendment to Section 2.2(g) (Procedure for Revolving Advances Borrowing). Section 2.2(g) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“(g) Notwithstanding any other provision hereof, if any Applicable Law, treaty, regulation or directive, or any change therein or in the interpretation or application thereof, including without limitation any Change in Law, shall make it unlawful for Lenders or any Lender (for purposes of this subsection (g), the term “Lender” shall include any Lender and the office or branch where any Lender or any Person controlling such Lender makes or maintains any Eurodollar Rate Loans) to make or maintain its Eurodollar Rate Loans, the obligation of Lenders (or such affected Lender) to make Eurodollar Rate Loans hereunder shall forthwith be cancelled and Borrowers shall, if any affected Eurodollar Rate Loans are then outstanding, promptly upon request from Agent, either pay all such affected Eurodollar Rate Loans or convert such affected Eurodollar Rate Loans into loans of another type. If any such payment or conversion of any Eurodollar Rate Loan is made on a day that is not the last day of the Interest Period applicable to such Eurodollar Rate Loan, Borrowers shall pay Agent, upon Agent’s request, such amount or amounts set forth in clause (f) above. A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by Lenders to Borrowing Agent shall be conclusive absent manifest error.”

4 . Amendment to Section 2.4 (Term Loan). Section 2.4 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“Section 2.4 Term Loan. Subject to the terms and conditions of this Agreement, each Lender, severally and not jointly, made a term loan to Borrowers on the Closing Date (collectively, the “Original Term Loan”) in the sum equal to such Lender’s Commitment Percentage of \$11,000,000.00. Immediately preceding the Third Amendment Effective Date, the outstanding principal balance of the Original Term Loan was \$9,428,576.00. Upon the Third Amendment Effective Date, the Lenders have agreed to make an additional term loan in the amount of Three Million Dollars (the “Incremental Term Loan”; and together with the Original Term Loan, the “Term Loan”). Upon the Third Amendment Effective Date, the outstanding principal balance of the Term Loan shall be \$12,428,576. The Incremental Term Loan shall be advanced on the Third Amendment Effective Date. The Term Loan shall be, with respect to principal, payable as follows, subject to acceleration upon the occurrence of an Event of Default under this Agreement or termination of this Agreement: twenty-three (23) equal monthly principal installments of \$172,620 each, beginning on November 30, 2013 and continuing on the last day of each month thereafter through and including September 30, 2015, with any remaining principal due on the last day of the Term. The Term Loan shall be evidenced by one or more secured promissory notes (collectively, the “Term Note”) in substantially the form attached hereto as Exhibit 2.4. The Term Loan may consist of Domestic Rate Loans or Eurodollar Rate Loans, or a combination thereof, as Borrowing Agent may request. In the event that Borrowers desire to obtain or extend a Eurodollar Rate Loan or to convert a Domestic Rate Loan to a Eurodollar Rate Loan, Borrowing Agent shall comply with the notification requirements set forth in Sections 2.2(b) and (d) and the provisions of Sections 2.2(b) through (g) shall apply.”

5. Amendment to Section 3.7 (Increased Costs). The lead-in to Section 3.7 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“Section 3.7 Increased Costs. In the event that any Applicable Law or any Change in Law or compliance by any Lender (for purposes of this Section 3.7, the term “Lender” shall include Agent, any Issuer or Lender and any corporation or bank controlling Agent, any Lender or Issuer and the office or branch where Agent, any Lender or Issuer (as so defined) makes or maintains any Eurodollar Rate Loans) with any request or directive (whether or not having the force of law) from any central bank or other financial, monetary or other authority, shall:”

6 . Amendment to Section 3.9(a) (Capital Adequacy): Section 3.9(a) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“(a) In the event that Agent or any Lender shall have determined that any Applicable Law or guideline regarding capital adequacy, or any Change in Law or any change in the interpretation or administration thereof by any Governmental Body, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by Agent, Issuer or any Lender (for purposes of this Section 3.9, the term “Lender” shall include Agent, Issuer or any Lender and any corporation or bank controlling Agent or any Lender and the office or branch where Agent or any Lender (as so defined) makes or maintains any Eurodollar Rate Loans) with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on Agent or any Lender’s capital as a consequence of its obligations hereunder to a level below that which Agent or such Lender could have achieved but for such adoption, change or compliance (taking into consideration Agent’s and each Lender’s policies with respect to capital adequacy) by an amount deemed by Agent or any Lender to be material, then, from time to time, Borrowers shall pay upon demand to Agent or such Lender such additional amount or amounts as will compensate Agent or such Lender for such reduction. In determining such amount or amounts, Agent or such Lender may use any reasonable averaging or attribution methods. The protection of this Section 3.9 shall be available to Agent and each Lender regardless of any possible contention of invalidity or inapplicability with respect to the Applicable Law, rule, regulation, guideline or condition.

7 . Amendment to 4.11 (Insurance). Section 4.11 of the Credit Agreement is hereby amended by adding the following after the last sentence of the Section:

“Each Borrower shall take all actions required under the Flood Laws and/or requested by Agent to assist in ensuring that each Lender is in compliance with the Flood Laws applicable to the Collateral, including, but not limited to, providing Agent with the address and/or GPS coordinates of each structure on any real property that will be subject to a mortgage in favor of Agent, for the benefit of Lenders, and, to the extent required, obtaining flood insurance for such property, structures and contents prior to such property, structures and contents becoming Collateral, and thereafter maintaining such flood insurance in full force and effect for so long as required by the Flood Laws.”

8 . Amendment to Section 5.7 (O.S.H.A. and Environmental Co mpliance). Section 5.7 of the Credit Agreement is hereby re-titled “O.S.H.A.; Environmental Compliance; Flood Laws” and amended by adding a new subsection (d) as follows:

“(d) All Real Property owned by Borrowers is insured pursuant to policies and other bonds which are valid and in full force and effect and which provide adequate coverage from reputable and financially sound insurers in amounts sufficient to insure the assets and risks of each such Borrower in accordance with prudent business practice in the industry of such Borrower. Each Borrower has taken all actions required under the Flood Laws and/or requested by Agent to assist in ensuring that each Lender is in compliance with the Flood Laws applicable to the Collateral, including, but not limited to, providing Agent with the address and/or GPS coordinates of each structure located upon any Real Property that will be subject to a Mortgage in favor of Agent, for the benefit of Lenders, and, to the extent required, obtaining flood insurance for such property, structures and contents prior to such property, structures and contents becoming Collateral.”

9 . Addition of New Section 6.14 (Keepwell). A new Section 6.14 (entitled “Keepwell”) is hereby added to the Credit Agreement in its proper sequential order and shall read as follows:

“6.15 Keepwell. If it is a Qualified ECP Loan Party, then jointly and severally, together with each other Qualified ECP Loan Party, hereby absolutely unconditionally and irrevocably (a) guarantees the prompt payment and performance of all Swap Obligations owing by each Non-Qualifying Party (it being understood and agreed that this guarantee is a guaranty of payment and not of collection), and (b) undertakes to provide such funds or other support as may be needed from time to time by any Non-Qualifying Party to honor all of such Non Qualifying Party’s obligations under this Agreement or any Other Document in respect of Swap Obligations (provided, however, that each Qualified ECP Loan Party shall only be liable under this Section 6.14 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 6.14, or otherwise under this Agreement or any Other Document, voidable under applicable law, including applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Loan Party under this Section 6.14 shall remain in full force and effect until payment in full of the Obligations and termination of this Agreement and the Other Documents. Each Qualified ECP Loan Party intends that this Section 6.14 constitute, and this Section 6.14 shall be deemed to constitute, a guarantee of the obligations of, and a “keepwell, support, or other agreement” for the benefit of each other Borrower and Guarantor for all purposes of Section 1a(18)(A)(v)(II) of the CEA.”

10. Amendment to Section 7.6 (Capital Expenditures). Section 7.6 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“7.6 Capital Expenditures. Contract for, purchase or make any expenditure or commitments for Capital Expenditures (i) in the 2013 fiscal year, in an aggregate amount for all Borrowers in excess of \$10,150,000, and (ii) in any fiscal year (other than the 2013 fiscal year), in an aggregate amount for all Borrowers in excess of \$2,500,000; provided, however, in the event Capital Expenditures during the 2013 fiscal year is less than the amount permitted for such fiscal year, then the unused amount may be carried over and used in the 2014 fiscal year.”

11. Deletion of Section 8.1(m) (Securities Account Control Agreement) Section 8.1(m) of the Credit Agreement is hereby deleted in its entirety and replaced with “[Reserved].”

12. Amendment to Section 11.5 (Allocation of Payments After Event of Default) Section 11.5 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“11.5 Allocation of Payments After Event of Default. Notwithstanding any other provisions of this Agreement to the contrary, after the occurrence and during the continuance of an Event of Default, all amounts collected or received by the Agent on account of the Obligations or any other amounts outstanding under any of the Other Documents or in respect of the Collateral may, at Agent’s Permitted Discretion, be paid over or delivered as follows:

FIRST, to the payment of all reasonable out-of-pocket costs and expenses (including reasonable attorneys’ fees) of the Agent in connection with enforcing its rights and the rights of the Lenders under this Agreement and the Other Documents and any protective advances made by the Agent with respect to the Collateral under or pursuant to the terms of this Agreement;

1 NTD – Revisions increase the limitation on Capital Expenditures for the 2013 fiscal year and permit the Borrowers to carryover any unused Capital Expenditures from the 2013 fiscal year to the 2014 fiscal year.

SECOND, to payment of any fees owed to the Agent;

THIRD, to the payment of all reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees) of each of the Lenders to the extent owing to such Lender pursuant to the terms of this Agreement;

FOURTH, to the payment of all of the Obligations consisting of accrued fees and interest, including the payment of all Hedge Liabilities;

FIFTH, to the payment of the outstanding principal amount of the Obligations (including the payment or cash collateralization of any outstanding Letters of Credit);

SIXTH, to all other Obligations and other obligations which shall have become due and payable under the Other Documents or otherwise and not repaid pursuant to clauses "FIRST" through "FIFTH" above; and

SEVENTH, to the payment of the surplus, if any, to whomever may be lawfully entitled to receive such surplus.

In carrying out the foregoing, (i) amounts received shall be applied in the numerical order provided until exhausted prior to application to the next succeeding category; (ii) each of the Lenders shall receive (so long as it is not a Defaulting Lender) an amount equal to its pro rata share (based on the proportion that the then outstanding Advances, Cash Management Liabilities and Hedge Liabilities held by such Lender bears to the aggregate then outstanding Advances, Cash Management Liabilities and Hedge Liabilities) of amounts available to be applied pursuant to clauses "FOURTH," "FIFTH" and "SIXTH" above; (iii) notwithstanding anything to the contrary in this Section 11.5, no Swap Obligations of any Non-Qualifying Party shall be paid with amounts received from such Non-Qualifying Party under its Guaranty (including sums received as a result of the exercise of remedies with respect to such Guaranty) or from the proceeds of such Non-Qualifying Party's Collateral if such Swap Obligations would constitute Excluded Hedge Liabilities, provided, however, that to the extent possible appropriate adjustments shall be made with respect to payments and/or the proceeds of Collateral from other Borrowers and/or Guarantors that are Eligible Contract Participants with respect to such Swap Obligations to preserve the allocation to Obligations otherwise set forth above in this Section 11.5; and (iv) to the extent that any amounts available for distribution pursuant to clause "FIFTH" above are attributable to the issued but undrawn amount of outstanding Letters of Credit, such amounts shall be held by the Agent in a cash collateral account for the Letters of Credit pursuant to Section 3.2(b) hereof and applied (A) first, to reimburse the Issuer from time to time for any drawings under such Letters of Credit and (B) then, following the expiration of all Letters of Credit, to all other obligations of the types described in clauses "FIFTH" and "SIXTH" above in the manner provided in this Section 11.5."

13. Amendment to Section 16.17 (Certifications From Banks and Participants; US PATRIOT Act) Section 16.17 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"16.17 Certifications From Banks and Participants; USA PATRIOT.

(a) Each Lender or assignee or participant of a Lender that is not incorporated under the Laws of the United States of America or a state thereof (and is not excepted from the certification requirement contained in Section 313 of the USA PATRIOT Act and the applicable regulations because it is both (i) an affiliate of a depository institution or foreign bank that maintains a physical presence in the United States or foreign country, and (ii) subject to supervision by a banking authority regulating such affiliated depository institution or foreign bank) shall deliver to the Agent the certification, or, if applicable, recertification, certifying that such Lender is not a "shell" and certifying to other matters as required by Section 313 of the USA PATRIOT Act and the applicable regulations: (1) within ten (10) days after the Closing Date, and (2) as such other times as are required under the USA PATRIOT Act.

(b) The USA PATRIOT Act requires all financial institutions to obtain, verify and record certain information that identifies individuals or business entities which open an "account" with such financial institution. Consequently, Lender may from time to time request, and each Borrower shall provide to Lender, such Borrower's name, address, tax identification number and/or such other identifying information as shall be necessary for Lender to comply with the USA PATRIOT Act and any other Anti-Terrorism Law."

14. Addition of New Section 16.18 ("Ant-Terrorism Laws") A new Section 16.18 (entitled "Ant-Terrorism Laws") is hereby added to the Credit Agreement in its proper sequential order and shall read as follows:

"Section 16.18 Anti-Terrorism Laws.

(a) Each Borrower represents and warrants that (i) no Covered Entity is a Sanctioned Person and (ii) no Covered Entity, either in its own right or through any third party, (A) has any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (B) does business in or with, or derives any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; or (C) engages in any dealings or transactions prohibited by any Anti-Terrorism Law.

(b) Each Borrower covenants and agrees that (i) no Covered Entity will become a Sanctioned Person, (ii) no Covered Entity, either in its own right or through any third party, will (A) have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (B) do business in or with, or derive any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; (C) engage in any dealings or transactions prohibited by any Anti-Terrorism Law or (D) use the Advances to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law, (iii) the funds used to repay the Obligations will not be derived from any unlawful activity, (iv) each Covered Entity shall comply with all Anti-Terrorism Laws and (v) the Borrowers shall promptly notify the Agent in writing upon the occurrence of a Reportable Compliance Event."

15. Amendment to Exhibit 2.4 to the Credit Agreement. Exhibit 2.4 to the Credit Agreement is hereby amended and restated in its entirety by replacing Exhibit 2.4 thereto with Exhibit 2.4 to this Amendment.

16. Amendment Fee. In consideration of the agreement of PNC, as Agent and sole Lender on the date hereof, to enter into this Amendment and provide Borrowers the accommodations contemplated hereunder, on the effective date of this Amendment, Borrowers shall pay to Agent, for the benefit of the sole Lender, a one-time amendment fee in the amount of \$25,000 (the "Amendment Fee"). Borrowers acknowledge and agree that the Amendment Fee shall be non-refundable when due and that Agent may effect payment of the Amendment Fee when due by charging the full amount thereof to Borrowers' Revolving Advances loan account.

17. Termination of Herman Pledge Agreement; Release of Pledge of Stock.

A. In order to induce the Lenders and the Agent to enter into the Credit Agreement, Michael D. Herman, an individual (the "Pledgor"), provided to the Agent, for the benefit of the Lenders, that certain Limited Guaranty and Suretyship Agreement, dated as of November 2, 2012 (the "Guaranty") pursuant to which Pledgor, among other things, guarantees the payment and performance of Borrowers' Obligations up to the Maximum Guaranteed Amount (as defined therein). As further inducement to the Agent and the Lenders, Pledgor agreed to secure its obligations under the Guaranty by entering into that certain Pledge Agreement, dated as of November 2, 2012 (the "Herman Pledge Agreement"), pursuant to which Pledgor pledged to Agent, for the benefit of the Lenders, 250,000 shares of common stock of Pyramid Oil Company. Borrowers and Pledgor have requested that Agent terminate the Herman Pledge Agreement and release Pledgor from his obligations to pledge such Pyramid Oil Company stock.

B. Upon the effectiveness of this Agreement, Agent (a) releases and discharges Pledgor from all obligations arising under the Herman Pledge Agreement, (b) terminates and cancels the Herman Pledge Agreement, and (c) acknowledges and agrees that (i) Agent and the Lenders have no further rights, privileges or remedies under the Herman Pledge Agreement, and (ii) that Pledgor has no further duties, obligations or liabilities under the Herman Pledge Agreement. Notwithstanding the foregoing, the Guaranty shall remain in full force and effect as written.

C. Other than the Herman Pledge Agreement, each Borrower and Guarantor hereby ratifies and acknowledges the continuing validity and enforceability of the Loan Documents, including the Guaranty, and the obligations and first liens evidenced thereby. All terms, covenants, conditions and provisions of such Loan Documents, including the Guaranty, shall be and remain in full force and effect as written.

D . In consideration for the foregoing release and termination of the Herman Pledge Agreement, Pledgor and each Borrower hereby remises, releases, acquits, satisfies and forever discharges Agent and the Lenders, their agents, employees, officers, directors, predecessors, attorneys and all others acting or purporting to act on behalf of or at the direction of Agent or the Lenders, of and from any and all manner of actions, causes of action, suit, debts, accounts, covenants, contracts, controversies, agreements, variances, damages, judgments, claims and demands whatsoever, in law or in equity, which any of such parties ever had, now has or, to the extent arising from or in connection with any act, omission or state of facts taken or existing on or prior to the date hereof, against Agent and the Lenders, their agents, employees, officers, directors, attorneys and all persons acting or purporting to act on behalf of or at the direction of Agent or the Lenders ("Releasees"), for, upon or by reason of any matter, cause or thing whatsoever through the date hereof. Without limiting the generality of the foregoing, each of Pledgor and each Loan Party waives and affirmatively agrees not to allege or otherwise pursue any defenses, affirmative defenses, counterclaims, claims, causes of action, setoffs or other rights they do, shall or may have as of the date hereof, including, but not limited to, the rights to contest any conduct of Agent, the Lenders or other Releasees on or prior to the date hereof. Each of the releasing parties hereby waives California Civil Code § 1542, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR." On the date hereof, each of the releasing parties also shall be deemed to waive any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or country in the world, or principle of common law, which is similar, comparable or equivalent to California Civil Code § 1542. Any reference to the California Civil Code is out of an abundance of caution and shall not be construed to imply a choice of law inconsistent with the governing law as selected in Section 16.1 of the Credit Agreement.

18. Condition Precedent. The effectiveness of this Amendment shall be subject to Agent's receipt of:

A . Amendment. This Amendment, duly executed by Borrowers and by PNC, as Agent and as the sole Lender as of the date hereof;

B . Reaffirmation of Limited Guarantor. A Reaffirmation of Limited Guaranty, in form and substance reasonably acceptable to Agent, duly executed by the Guarantor;

C . Note. An Amended and Restated Term Loan Note, in the form of Exhibit 2.4 attached hereto, duly executed by each Borrower;

D . Amendment Fee. The Amendment Fee and reimbursement of expenses permitted under the Credit Agreement; and

E . Representations and Warranties. The representations and warranties set forth herein must be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof).

19. Miscellaneous.

A . Survival of Representations and Warranties. All representations and warranties made in the Credit Agreement or in any Other Document and any related agreements to which it is a party, and each of the representations and warranties contained in any certificate, document or financial or other statement furnished at any time under or in connection with the Credit Agreement, the Other Documents or any related agreement are true and correct in all material respects on and as of the date hereof as though made on and as of the date hereof, other than representations and warranties relating to a specific earlier date, and in such case such representations and warranties are true and correct in all material respects as of such earlier date.

B . Authority. Each Borrower has full power, authority and legal right to enter into this Amendment and to perform all its respective Obligations hereunder and under the Other Documents (as amended or modified hereby). This Amendment has been duly executed and delivered such Person, and this Amendment constitutes the legal, valid and binding obligation of such Person enforceable in accordance with its terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally. The execution, delivery and performance of this Amendment (a) are within such Person's corporate, limited liability company or limited partnership powers (as applicable), have been duly authorized by all necessary company or partnership (as applicable) action, are not in contravention of law or the terms of such Person's operating agreement, bylaws, partnership agreement, certificate of formation, articles of incorporation or other applicable documents relating to such Person's formation or to the conduct of such Person's business or of any material agreement or undertaking to which such Person is a party or by which such Person is bound, (b) will not, in any material respect, conflict with or violate any law or regulation, or any judgment, order or decree of any Governmental Body, (c) will not require the Consent of any Governmental Body or any other Person, except those Consents which have been duly obtained, made or compiled prior to the date hereof and which are in full force and effect or except those which the failure to have obtained would not have, or could not reasonably be expected to have a Material Adverse Effect and (d) will not conflict with, nor result in any breach in any of the provisions of or constitute a default under or result in the creation of any Lien except Permitted Encumbrances upon any asset of any Loan Party under the provisions of any material agreement, charter document, operating agreement or other instrument to which any Borrower or Guarantor is a party or by which it or its property is a party or by which it may be bound.

C. No Default. After giving effect to this Amendment, no event has occurred and is continuing that constitutes a Default or an Event of Default.

D . References to the Credit Agreement. The Credit Agreement, each of the Other Documents, and any and all other agreements, documents or instruments now or hereafter executed and delivered pursuant to the terms hereof, or pursuant to the terms of the Credit Agreement as amended hereby, are hereby amended so that any reference therein to the Credit Agreement shall mean a reference to the Credit Agreement as amended by this Amendment.

E . Credit Agreement Remains in Effect. The Credit Agreement and the Other Documents remain in full force and effect and Borrowers ratify and confirm their agreements and covenants contained therein. Borrowers hereby confirm that, after giving effect to this Amendment, no Event of Default or Default has occurred and is continuing. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Agent or the Lenders under any of the Other Documents, nor constitute a waiver of any provision of any of the Other Documents.

F . Submission of Amendment. The submission of this Amendment to the parties or their agents or attorneys for review or signature does not constitute a commitment by Agent or the Lenders to modify any of their respective rights and remedies under the Other Documents, and this Amendment shall have no binding force or effect until all of the conditions to the effectiveness of this Amendment have been satisfied as set forth herein.

G . Severability. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

H . Counterparts. This Amendment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

I . Headings. The headings, captions and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

J . Expenses of Agent. Borrowers agree to pay on demand all costs and expenses reasonably incurred by Agent in connection with the preparation, negotiation and execution of this Amendment, including, without limitation, the costs and fees of Agent's legal counsel.

K . NO ORAL AGREEMENTS. THIS AMENDMENT, TOGETHER WITH THE OTHER DOCUMENTS AS WRITTEN, REPRESENTS THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have entered into this Amendment by their respective duly authorized officers as of the date first above written.

BORROWERS:

ENSERVCO CORPORATION,
a Delaware corporation

Rick D. Kasch
President

DILLCO FLUID SERVICE, INC.,
a Kansas corporation

Rick D. Kasch
Treasurer

HEAT WAVES HOT OIL SERVICES LLC,
a Colorado limited liability company

By:
Rick D. Kasch
Manager

Third Amendment to Revolving Credit, Term Loan and Security Agreement

AGENT:

PNC BANK, NATIONAL ASSOCIATION,

Vice President

SOLE LENDER:

PNC BANK, NATIONAL ASSOCIATION,

Third Amendment to Revolving Credit, Term Loan and Security Agreement

REAFFIRMATION OF LIMITED GUARANTY

The undersigned has executed a Limited Guaranty and Suretyship Agreement (the "Guaranty") in favor of Agent, for the benefit of the Lenders, with respect to the Borrowing Obligations. The undersigned acknowledges the terms of the above Amendment and reaffirms and agrees that: (i) the Guaranty remains in full force and effect (notwithstanding the termination of the Herman Pledge Agreement); (ii) nothing in the Guaranty obligates Agent to notify the undersigned of any changes in the financial accommodations made available to Borrowers or to seek reaffirmations of the Guaranty; and (iii) no requirement to so notify the undersigned or to seek reaffirmations in the future shall be implied by the execution of this reaffirmation.

MICHAEL D. HERMAN, an individual

Reaffirmation of Limited Guaranty
(in connection with Third Amendment to Revolving Credit, Term Loan and Secured Agreement)

Exhibit 2.4

FORM OF AMENDED AND RESTATED
TERM NOTE

\$12,428,576

November 22, 2013

This Term Note (this "Note") is executed and delivered under and pursuant to the terms of that certain Revolving Credit, Term Loan and Security Agreement dated as of November 2, 2012 among ENSERVCO CORPORATION, a Delaware corporation ("Enservco"), DILLCO FLUID SERVICE, INC., a Kansas corporation ("Dillco"), and HEAT WAVES HOT OIL SERVICE LLC, a Colorado limited liability company ("Heat Waves") (Enservco, Dillco and Heat Waves, each, a "Borrower" and collectively, "Borrowers"), the financial institutions which are now or which hereafter become a party hereto (collectively, "Lenders" and individually, a "Lender") and PNC BANK, NATIONAL ASSOCIATION ("PNC"), as agent for Lenders (PNC, in such capacity, "Agent"), (as amended, restated, supplemented or otherwise modified from time to time the "Credit Agreement"). Capitalized terms not otherwise defined herein shall have the meanings provided in the Credit Agreement.

FOR VALUE RECEIVED, Borrowers hereby, jointly and severally, promise to pay to the order of PNC, at the office of Agent located at PNC Bank Center, Two Tower Center, 8th Floor, East Brunswick, New Jersey 08816, or at such other place as Agent may from time to time designate to Borrowing Agent in writing:

(i) the principal sum of TWELVE MILLION FOUR HUNDRED TWENTY-EIGHT THOUSAND SEVENTY-SIX DOLLARS (\$12,428,576), payable in accordance with the provisions of the Credit Agreement and subject to acceleration upon the occurrence of an Event of Default under the Credit Agreement or earlier termination of the Credit Agreement pursuant to the terms thereof; and

(ii) interest on the principal amount of this Note from time to time outstanding, payable at the Term Loan Rate in accordance with the provisions of the Credit Agreement. In no event, however, shall interest exceed the maximum interest rate permitted by law. Upon and after the occurrence of an Event of Default, and during the continuation thereof, interest shall be payable at the Default Rate.

This Note is one of the Term Notes referred to in the Credit Agreement and is secured, inter alia, by the liens granted pursuant to the Credit Agreement and the Other Documents, is entitled to the benefits of the Credit Agreement and the Other Documents and is subject to all of the agreements, terms and conditions therein contained.

This Note is subject to mandatory prepayment and may be voluntarily prepaid, in whole or in part, on the terms and conditions set forth in the Credit Agreement.

Exhibit 2.4

This Note amends, restates and supersedes (but does not cause a novation of) that certain Term Note dated November 2, 2012, in the original principal sum of Eleven Million Dollars (\$11,000,000) executed and delivered by Borrowers in favor of PNC.

If an Event of Default under Section 10.7 or 10.8 of the Credit Agreement shall occur, then this Note shall immediately become due and payable, without notice, together with reasonable attorneys' fees if the collection hereof is placed in the hands of an attorney to obtain or enforce payment hereof. If any other Event of Default shall occur under the Credit Agreement or any of the Loan Documents, which is not cured within any applicable grace period, then this Note may, as provided in the Credit Agreement, be declared to be immediately due and payable, without notice, together with reasonable attorneys' fees, if the collection hereof is placed in the hands of an attorney to obtain or enforce payment hereof.

This Note shall be construed and enforced in accordance with the laws of the State of New York.

[Signature Page Follows]

Exhibit 2.4

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Each Borrower expressly waives any presentment, demand, protest, notice of protest, or notice of any kind except as expressly provided in the Credit Agreement.

BORROWERS:

ENSERVCO CORPORATION,

a Delaware corporation

By: _____

Name: Rick D Kasch

Title: President

DILLCO FLUID SERVICE, INC.,

a Kansas corporation

By: _____

Name: Rick D Kasch

Title: President

HEAT WAVES HOT OIL SERVICES LLC,

a Colorado limited liability company

By: _____

Name: Rick D Kasch

Title: Manager

Exhibit 2.4

Exhibit 21.1

ENSERVCO CORPORATION
Subsidiaries of the Registrant
December 31, 2013

<u>Name</u>	<u>State of Formation</u>	<u>Ownership</u>
Dillco Fluid Service, Inc.	Kansas	100% by Enservco
Heat Waves Hot Oil Service LLC	Colorado	100% by Enservco
HE Services, LLC	Nevada	100% by Heat Waves
Real GC, LLC	Colorado	100% by Heat Waves

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement (No. 333-188156) on Form S-8 of Enservco Corporation of our report dated March 20, 2014 with respect to the consolidated financial statements of Enservco Corporation included in this Annual Report on Form 10-K for the year ended December 31, 2013.

/s/ EKS&H LLLP
Denver, Colorado
March 20, 2014

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934**

I, Michael D. Herman, certify that:

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

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 20, 2014

/s/ Michael D. Herman
Michael D. Herman
Principal Executive Officer

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934**

I, Robert Devers, certify that:

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

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 20, 2014

/s/ Robert Devers
Robert Devers
Principal Financial Officer

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

In connection with the Annual Report of Enservco Corporation (the "Company") on Form 10-K for the period ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael D. Herman, Chairman and Chief Executive Officer, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: March 20, 2014

/s/ Michael D. Herman
Michael D. Herman
Chief Executive Officer

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

In connection with the Annual Report of Enservco Corporation (the "Company") on Form 10-K for the period ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert Devers, Treasurer and Chief Financial Officer, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: March 20, 2014

/s/ Robert Devers
Robert Devers
Chief Financial Officer
