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

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2019
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________ to __________

Commission File Number: 001-38035

ProPetro Holding Corp.
(Exact name of registrant as specified in its charter)

Delaware	**26-3685382**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1706 South Midkiff,
Midland, Texas 79701
(Address of principal executive offices)
Registrant's telephone number, including area code: (432) 688-0012

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock ($0.001 par value)	PUMP	New York Stock Exchange
Preferred Stock Purchase Rights	N/A	New York Stock Exchange

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☒

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐(Do not check if a smaller reporting company)	Smaller reporting company	☐
		Emerging growth company	☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of the Company's Common Stock held by nonaffiliates on June 30, 2019, determined using the per share closing price on the New York Stock Exchange Composite tape of $20.70 on that date, was approximately $1,492.4 million.

The number of the registrant's common shares, par value $0.001 per share, outstanding at June 9, 2020, was 100,849,840.

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EXPLANATORY NOTE

Audit Committee Internal Review

In May 2019, the Audit Committee (the "Committee") of ProPetro Holding Corp.'s (the "Company") board of directors (the "Board"), with assistance of independent outside counsel and accounting advisors, began conducting an internal review initially focused on the Company's disclosure of agreements previously entered into with AFGlobal Corporation for the purchase of *Durastim®* hydraulic fracturing fleets and effective communications related thereto. The review was later expanded (collectively, the "Expanded Audit Committee Review") to, among other items, review expense reimbursements, certain transactions involving related parties or potential conflicts of interest, and certain transactions entered into by our former chief executive officer.

Findings of the Expanded Audit Committee

Based on the information collected and reviewed by the Committee's independent outside counsel and accounting advisors, the Expanded Audit Committee Review resulted in numerous factual findings, including but not limited to, the following significant findings:

- approximately $370,000 of expenses reimbursed to members of senior management, including the former chief executive officer (approximately $346,000) and former chief financial officer (approximately $18,000), were incorrectly recorded as expenses of the Company and should have been the responsibility of the officers individually; each of these officers has reimbursed the Company in full for the identified amounts. These improper reimbursements were attributable to inadequate documentation stemming from the lack of a more robust employee expense review and approval procedure;

- the Company's former chief accounting officer entered into a related party transaction that was not properly disclosed in the Company's filings with the Securities and Exchange Commission (the "SEC");

- a number of internal and disclosure control deficiencies and material weaknesses were identified, as described in more detail in Part II - Item 9A. "Controls and Procedures," including, but not limited to, the following:

    - the Company's former executive management team did not establish and promote a control environment with an appropriate tone of compliance and control consciousness throughout the entire Company;

    - the Company did not appropriately identify and monitor conflicts of interest;

    - certain whistleblower allegations were not properly investigated and elevated to the Committee;

    - instances were identified of non-compliance with the Company's internal policies, including its Insider Trading Compliance Policy and Code of Conduct and Ethics; and

    - management did not appropriately communicate information internally and externally, including communication between management and the Board.

The Expanded Audit Committee Review did not identify any material accounting errors in the Company's consolidated financial statements, and no restatement or revision was required of the Company's consolidated financial statements previously reported in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 (the "2018 Annual Report") and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 (the "2019 First Quarter 10-Q").

Following completion of the Expanded Audit Committee Review and in connection with performing additional procedures to position the Company's current principal executive and principal financial officers to be in a position to certify the Company's future filings with the SEC, the Company determined that its former chief executive officer entered into a pledge agreement covering all of the Company's common stock owned by him at that time as collateral for a personal loan in January 2017, in violation of the shareholders agreement then in place through the pledging of shares. The Company formally adopted its Insider Trading Compliance Policy in March 2017 (in connection with its initial public offering), which prohibits pledging the Company's securities as collateral to secure loans. The Company also believes that, in 2018 in connection with another personal loan, its former chief executive officer executed a share pledge agreement that was subsequently replaced with a negative pledge with respect to all of the Company's common stock owned by him at that time or acquired thereafter and engaged in other inappropriate conduct in connection with these personal loans. The Company did not appropriately disclose such pledges in the Company's prior SEC filings that included management share ownership. Also in connection with performing additional procedures, the Company determined that it had previously failed to appropriately disclose in its annual proxy statements certain perquisites as compensation paid to some of the Company's named executive officers in 2017 and 2018, including, among other later reimbursed perquisites, ticket purchases, charitable donations, and costs associated with pilots provided by the Company for its former chief executive officer's personal use of his plane. See "Executive Compensation—Summary Compensation Table" and "Executive Compensation—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Perquisites" for more information regarding these perquisites.

Internal Control over Financial Reporting and Disclosure Controls and Procedures

As a result of the material weaknesses in the Company's internal control over financial reporting described above and as further described in Part II - Item 9A. "Controls and Procedures," the Company concluded that (i) its disclosure controls and procedures were not effective as of December 31, 2019 and 2018 and March 31, June 30 and September 30, 2019 and (ii) its internal control over financial reporting was not effective as of December 31, 2019 and 2018. Due to the existence of such material weaknesses, the Company's internal control over financial reporting remained ineffective as of March 31, June 30 and September 30, 2019. The Company previously announced on November 13, 2019 that investors should no longer rely on management's report on internal control over financial reporting or the internal control over financial reporting opinion of the Company's independent registered public accounting firm included in the 2018 Annual Report. The conclusions regarding effectiveness previously expressed by the Company's former management in Part II, Item 9A, "Controls and Procedures" in the 2018 Annual Report and Part I, Item 4, "Controls and Procedures" in the 2019 First Quarter 10-Q are hereby amended by the conclusions expressed in Part II - Item 9A. "Controls and Procedures" of this Annual Report on Form 10-K. In light of the disclosures herein, the Company does not intend to file amendments to the 2018 Annual Report or the 2019 First Quarter 10-Q to reflect these conclusions.

Remediation Plan

The Company's remediation efforts are ongoing, and it will continue its initiatives to implement and document policies, procedures, and internal controls. The Board and management have implemented a number of measures to address the material weaknesses identified, including appointing new executive officers with extensive public company experience; enhancing certain of the Company's policies and monitoring compliance with such policies; designing and implementing control activities related to the identification and approval of related party transactions and potential conflicts of interest, as well as the evaluation of whistleblower allegations; forming a disclosure committee and appointing a chief disclosure officer. The Company's remediation efforts are described in more detail in Part II - Item 9A. "Controls and Procedures."

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (the "Annual Report") contains forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include the words "may," "could," "plan," "project," "budget," "predict," "pursue," "target," "seek," "objective," "believe," "expect," "anticipate," "intend," "estimate," and other expressions that are predictions of, or indicate, future events and trends and that do not relate to historical matters identify forward-looking statements. Our forward-looking statements include, among other matters, statements about our business strategy, industry, future profitability, expected capital expenditures and the impact of such expenditures on our performance and capital programs.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. You are cautioned not to place undue reliance on any forward-looking statements. You should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- the severity and duration of world health events, including the recent outbreak of the novel coronavirus ("COVID-19") pandemic, related economic repercussions and the resulting severe disruption in the oil and gas industry and negative impact on demand for oil and gas, which is negatively impacting our business;
- the current significant surplus in the supply of oil and actions by the members of the Organization of the Petroleum Exporting Countries ("OPEC") and Russia (together with OPEC and other allied producing countries, "OPEC+") with respect to oil production levels and announcements of potential changes in such levels, including the ability of the OPEC+ countries to agree on and comply with supply limitations;
- uncertainty regarding the timing, pace and extent of an economic recovery in the United States and elsewhere, which in turn will likely affect demand for crude oil and natural gas and therefore the demand for our services;
- the level of production and resulting market prices for crude oil, natural gas and other hydrocarbons;
- changes in general economic and geopolitical conditions;
- competitive conditions in our industry;
- changes in the long-term supply of, and demand for, oil and natural gas;
- actions taken by our customers, suppliers, competitors and third-party operators;
- changes in the availability and cost of capital;
- our ability to successfully implement our business plan;
- large or multiple customer defaults, including defaults resulting from actual or potential insolvencies;
- the price and availability of debt and equity financing (including changes in interest rates);
- our ability to complete growth projects on time and on budget;
- operational challenges relating to the COVID-19 pandemic and efforts to mitigate the spread of the virus, including logistical challenges, protecting the health and well-being of our employees, remote work arrangements, performance of contracts and supply chain disruptions;
- changes in our tax status;
- technological changes;
- our ability to successfully implement technological developments and enhancements, including the new *DuraStim*® fleets and associated power solutions;
- operating hazards, natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- acts of terrorism, war or political or civil unrest in the United States or elsewhere;

- the effects of existing and future laws and governmental regulations (or the interpretation thereof);
- the effects of current and future litigation, including the Logan Lawsuit, the Boca Raton Lawsuit and the Chang Lawsuit (each defined herein);
- the timing and outcome of, including potential expense associated with, the SEC pending investigation;
- the potential impact on our business and stock price of any announcements regarding the SEC's pending investigation, the Logan Lawsuit, the Boca Raton Lawsuit or the Chang Lawsuit;
- the material weaknesses in our internal controls over financial reporting and disclosure controls and procedures described under Part I, Item 9, “Controls and Procedures” in this Annual Report;
- matters related to the Expanded Audit Committee Review and related findings, as well as the implementation and effectiveness of the Company's remediation plan; and
- our ability to successfully execute on our plans and objectives.

You should not place undue reliance on our forward-looking statements. Although forward-looking statements reflect our good faith beliefs at the time they are made, forward-looking statements involve known and unknown risks, uncertainties and other factors, including the factors described under “Item 1A. Risk Factors” of this Annual Report, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, unless required by law.

Unless the context indicates otherwise, all references to “ProPetro Holding Corp.,” “the Company,” “we,” “our” or “us” or like terms refer to ProPetro Holding Corp. and its consolidated subsidiary, ProPetro Services, Inc.

PART I

Item 1. Business.

Our Company

We are a growth-oriented, Midland, Texas-based oilfield services company providing hydraulic fracturing and other complementary services to leading upstream oil and gas companies engaged in the exploration and production ("E&P") of North American unconventional oil and natural gas resources. Our operations are primarily focused in the Permian Basin, where we have cultivated longstanding customer relationships with some of the region's most active and well-capitalized E&P companies. The Permian Basin is widely regarded as one of the most prolific oil-producing areas in the United States, and we believe we are one of the leading providers of hydraulic fracturing services in the region by hydraulic horsepower ("HHP").

Changes to our customers' well design, shale formations, operating conditions and new technology have resulted in continuous changes to the number of pumps that constitute a fleet. As a result of the asymmetric nature of the number of pumps that constitute a fleet across our customer base, which we believe will continue to evolve, we view HHP to also be an appropriate metric to measure our available hydraulic fracturing capacity. At the beginning of the year, our fleet size was 28 conventional hydraulic fracturing fleets. During 2019, we reconfigured our existing fleet size to 24 conventional fleets with the objective of increasing our HHP per fleet, and we subsequently purchased 54,000 HHP of new *DuraStim®* hydraulic pumps, bringing our total HHP atDecember 31, 2019 to 1,469,000 HHP. Our total HHP as ofDecember 31, 2019 was comprised of 1,415,000 HHP of conventional HHP and 54,000 HHP of our newly purchased *DuraStim®* hydraulic fracturing technology. With the continuous evaluation and changes to the number of pumps or HHP that constitute a fleet, we believe that our available fleet capacity could decline as we reconfigure our fleets to increase active HHP and back up HHP based on our customers' operational needs.

In 2019, we entered into a purchase commitment for 108,000 HHP*DuraStim®* hydraulic fracturing pumps. We believe that one*DuraStim®* fleet could require between 6 to 9 frac pumps or 36,000 to 54,000 HHP per fleet, depending on the shale formation in which it operates and the customer's well design. The first *DuraStim®* hydraulic fracturing pumps were delivered in December 2019 and the remaining *DuraStim®* hydraulic fracturing pumps are expected to be delivered in 2020. We also have an option to purchase up to three additional *DuraStim®* fleets in the future through April 2021. We believe the*DuraStim®* hydraulic fracturing pump technology could represent the future of our industry and is designed to drive down well costs for our customers while improving safety and the useful life of the equipment and reducing environmental impact. The *DuraStim®* technology is powered by electricity. We purchased two gas turbines to provide electrical power for our*DuraStim®* fleets. The electrical power sources for future *DuraStim®* fleets are still being evaluated and could either be supplied by the Company, customers or a third-party supplier.

All of our hydraulic fracturing fleets have been designed to handle the most challenging Permian Basin operating conditions and the region's increasingly high-intensity well completions, which are characterized by longer horizontal wellbores, more frac stages per lateral and increasing amounts of proppant per well.

In addition to our core pressure pumping segment operations, which includes our cementing operations, we also offer a suite of complementary well completion and production services, including coiled tubing and other services. We believe these complementary services create operational efficiencies for our customers and could allow us to capture a greater portion of their capital spending across the lifecycle of a well.

Commodity Price and Other Economic Conditions

The global public health crisis associated with the COVID-19 pandemic has and is anticipated to continue to have an adverse effect on global economic activity for the immediate future and has resulted in travel restrictions, business closures and the institution of quarantining and other restrictions on movement in many communities. The slowdown in global economic activity attributable to COVID-19 has resulted in a dramatic decline in the demand for energy which directly impacts our industry and the Company. In addition, global crude oil prices experienced a collapse starting in early March 2020 as a direct result of failed negotiations between OPEC and Russia. In response to the global economic slowdown, OPEC had recommended a decrease in production levels in order to accommodate reduced demand. Russia rejected the recommendation of OPEC as a concession to U.S. producers. After the failure to reach an agreement, Saudi Arabia, a dominant member of OPEC, and other Persian Gulf OPEC members announced intentions to increase production and offer price discounts to buyers in certain geographic regions.

As the breadth of the COVID-19 health crisis expanded throughout the month of March 2020 and governmental authorities implemented more restrictive measures to limit person-to-person contact, global economic activity continued to decline commensurately. The associated impact on the energy industry has been adverse and continued to be exacerbated by the unresolved conflict regarding production. In the second week of April 2020, OPEC+ reconvened to discuss the matter of production cuts in light of unprecedented disruption and supply and demand imbalances that expanded since the failed negotiations in early March 2020. Tentative agreements were reached to cut production by up to 10 million barrels of oil per day, or BOPD, with allocations to be made among the OPEC+ participants. Some of these production cuts went into effect in the first half of May 2020, however, commodity prices remain depressed as a result of an increasingly utilized global storage network and near-term demand loss attributable to the COVID-19 health crisis and related economic slowdown.

The combined effect of COVID-19 and the energy industry disruptions led to a decline in WTI crude oil prices of approximately 67 percent from the beginning of January 2020, when prices were approximately $62 per barrel, through the end of March 2020, when they were just above $20 per barrel. Overall crude oil price volatility has continued despite apparent agreement among OPEC+ regarding production cuts and as of June 17, 2020, the WTI price for a barrel of crude oil was approximately $38.

Despite a significant decline in drilling and completion activity by U.S. producers starting in mid-March 2020, domestic supply continues to exceed demand which has led to significant operational stress with respect to capacity limitations associated with storage, pipeline and refining infrastructure, particularly within the Gulf Coast region. The combined effect of the aforementioned factors is anticipated to have a continuing adverse impact on the industry in general and our operations specifically.

In order to mitigate the impact of COVID-19 and the economic effects of the unprecedented decline in economic activity and global energy markets, we undertook several actions since March 2020 in support of the efficient continuity of our operations. These actions are described in greater detail in Part 2, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Our Services

We have historically conducted our business through five operating segments: hydraulic fracturing, cementing, coiled tubing, flowback and drilling. For reporting purposes, the hydraulic fracturing and cementing operating segments are aggregated into our one reportable segment: pressure pumping. Our coiled tubing, flowback, and drilling operating segments and corporate administrative expense are aggregated into our “All Other” reportable segment. For additional financial information on our reportable segment, please see reportable segment information in Part II - Item 8. “Financial Statements and Supplementary Data.”

Pressure Pumping

Hydraulic Fracturing

We primarily provide hydraulic fracturing services to E&P companies in the Permian Basin. These services are intended to optimize hydrocarbon flow paths during the completion phase of horizontal shale wellbores. We have significant expertise in multi-stage fracturing of horizontal oil-producing wells in unconventional geological formations. We took delivery of 54,000 HHP of new *DuraStim®* hydraulic fracturing pumps in December 2019, bringing our total fleet capacity to 1,469,000 HHP as of December 31, 2019.

The fracturing process consists of pumping a fracturing fluid into a well at sufficient pressure to fracture the formation. Materials known as proppants, which in our business are comprised primarily of sand, are suspended in the fracturing fluid and are pumped into the fracture to prop it open. The fracturing fluid is designed to “break,” or loosen viscosity, and be forced out of the formation by its pressure, leaving the proppants suspended in the fractures created, thereby increasing the mobility of the hydrocarbons. As a result of the fracturing process, production rates are usually enhanced substantially, thus increasing the rate of return of hydrocarbons for the operator.

We own and operate a fleet of mobile hydraulic fracturing units and other auxiliary equipment to perform fracturing services. We also refer to all of our fracturing units, other equipment and vehicles necessary to perform a fracturing job as a “fleet” and the personnel assigned to each fleet as a “crew.” Our conventional hydraulic fracturing units consist primarily of a high pressure hydraulic pump, diesel engine, transmission and various hoses, valves, tanks and other supporting equipment like blenders, irons and data vans. The new *DuraStim®* hydraulic fracturing fleet is powered by electricity and the electrical power equipment could either be provided by us or our customers.

We provide dedicated equipment, personnel and services that are tailored to meet each of our customer’s needs. Each fleet has a designated team of personnel, which allows us to provide responsive and customized services, such as project design, proppant and other consumables procurement, real-time data provision and post-completion analysis for each of our jobs. Many of our hydraulic fracturing fleets and associated personnel have continuously worked with the same customer for the past several years promoting deep relationships and a high degree of coordination and visibility into future customer activity levels. Furthermore, in light of our substantial market presence and historically high fleet utilization levels, we have established a variety of entrenched relationships with key equipment, sand and other downhole consumable suppliers. These strategic relationships ensure ready access to equipment, parts and materials on a timely and economic basis and allow our dedicated procurement logistics team to ensure consistently safe and reliable operations.

Cementing

We provide cementing services for completion of new wells and remedial work on existing wells. Cementing services use pressure pumping equipment to deliver a slurry of liquid cement that is pumped down a well between the casing and the borehole. Cementing provides isolation between fluid zones behind the casing to minimize potential damage to hydrocarbon bearing formations or the integrity of freshwater aquifers, and provides structural integrity for the casing by securing it to the earth. Cementing is also done when recompleting wells, where one zone is plugged and another is opened.

As of December 31, 2019, we had a total of 25 cementing units. We believe that our cementing segment provides an organic growth opportunity for us to expand our service offerings within our existing customer base.

Other Services

Coiled Tubing

Coiled tubing services involve injecting coiled tubing into wells to perform various completion well intervention operations. Coiled tubing is a flexible steel pipe with a diameter of typically less than three inches and manufactured in continuous lengths of thousands of feet. It is wound or coiled on a truck-mounted reel for onshore applications. Due to its small diameter, coiled tubing can be inserted into existing production tubing and used to perform a variety of services to enhance the flow of oil or natural gas.

The principal advantages of using coiled tubing include the ability to (i) continue production from the well without interruption, thus reducing the risk of formation damage, (ii) move continuous coiled tubing in and out of a well significantly faster than conventional pipe used with a workover rig, which must be jointed and unjointed, (iii) direct fluids into a wellbore with more precision, allowing for improved stimulation fluid placement, (iv) provide a source of energy to power a downhole motor or manipulate down-hole tools and (v) enhance access to remote fields due to the smaller size and mobility.

As of December 31, 2019, we had a total of 9 coiled tubing units of various sizes.

Flowback Services

Our flowback services consist of production testing, solids control and hydrostatic testing. Flowback involves the process of allowing fluids to flow from the well following a treatment, either in preparation for an impending phase of treatment or to return the well to production. Our flowback equipment consists of manifolds, accumulators, valves, flare stacks and other associated equipment that combine to form up to a total of five well-testing spreads. We provide flowback services in the Permian Basin and mid-continent markets. Our flowback business segment has continued to decline in profitability over the years, and as a result, the Company shut down its flowback operations in 2020 and disposed of the assets.

Drilling

Our vertical drilling assets in our drilling segment have been idled since 2016. The Company is considering strategic alternatives for the use of its drilling rigs including exploring options to dispose of the remaining drilling rigs and ancillary assets. If the market for vertical drilling does not improve and the equipment continues to be idled, the estimated fair value for the drilling rigs may decline, thus resulting in future additional impairment charges.

Competitive Strengths

Our primary business objective is to serve as a strategic long-term partner for our customers. We achieve this objective by providing reliable, high-quality services that are tailored to our customers' needs and synchronized with their well development programs. This alignment assists our customers in optimizing the long-term development of their unconventional resources. We believe that the following competitive strengths differentiate us from our peers and uniquely position us to achieve our primary business objective.

- ***Strong market position in the Permian Basin.*** We believe we are one of the largest hydraulic fracturing providers by HHP in the Permian Basin, which is one of the most prolific oil producing areas in the United States. Our longstanding customer relationships and substantial Permian Basin market presence uniquely position us to maintain our market position and grow as the basin is developed in the future.The Permian Basin is a mature, liquids-rich basin with well-known geology and a large, exploitable resource base that delivers attractive E&P producer economics. As a result of its significant size, coupled with the presence of multiple prospective geologic benches and other favorable characteristics, the Permian Basin has become widely recognized as one of the most attractive and economic oil resources in North America.

  Our operational focus has historically been in the Permian Basin's Midland sub-basin in support of our customers' core operations. More recently, however, many of our customers have made sizeable acquisitions in the Delaware sub-basin, and we have expanded our services into the Delaware sub-basin to help develop their acreage. Further, we believe that we are uniquely positioned to capture a large addressable growth opportunity as the basin develops. For the foreseeable future, we expect both the Midland sub-basin and the Delaware sub-basin to continue to command a disproportionate share of future North American E&P spending.

- ***Deep relationships and operational alignment with high-quality, Permian Basin-focused customers.***Our deep local roots, operational expertise and commitment to safe and reliable service have allowed us to cultivate longstanding customer relationships with the most active and well-capitalized Permian Basin operators. Many of our current customers have worked with us since our inception and have integrated our fleet scheduling with their well development programs. We have a long-term partnership agreement with one customer, an E&P company focused in the Permian Basin, to continue to provide pressure pumping and other complementary services for up to 10 years. This relationship differentiates us from our peers. This high degree of operational alignment and partnership with our customers has allowed us to maintain relatively high utilization rates over time compared to our peers. If our customers increase activity levels, we expect to continue to leverage our strong relationships to keep our fleets utilized.

- ***Proven cross-cycle financial performance.*** Over the past several years, we have maintained high cross-cycle fleet utilization rates. From late 2017 through 2018 our fleets were consistently fully utilized. In 2019, following a decline in certain of our customers' operations in the last quarter of 2019, our fleets utilization decreased slightly, and our utilization has decreased dramatically in 2020 as a result of COVID-19 and related matters.Historically, our consistent track record of steady growth, coupled with our ability to quickly deploy new HHP on a dedicated and fully utilized basis, has resulted in revenue growth across the industry's cycles. We believe that we will be able to continue to operate more efficiently than our competitors while preserving attractive profitability and cash flows as a result of our differentiated service offerings and wellsite efficiencies. Furthermore, we believe that our philosophy of maintaining modest financial leverage and a healthy balance sheet has left us more conservatively capitalized than most of our peers. We expect that improving market fundamentals, our superior execution and our customer-focused approach should continue to result in strong financial performance.

- ***Seasoned management and operating team.*** We have a seasoned executive management team, with our senior members contributing more than 100 years of collective industry and financial experience. We believe their deep roots and relationships throughout the West Texas community, provide a meaningful competitive advantage for our business. In addition, our management team has assembled a loyal group of highly-motivated and talented managers and field personnel, and we have had minimal manager-level turnover in our core service divisions over the past several years. We employ a balanced decision-making structure that empowers managerial and field personnel to work directly with customers to develop solutions while leveraging senior management's oversight. This collaborative approach fosters strong customer links at all levels of the organization and effectively institutionalizes customer relationships beyond the executive suite.

Strategy

Our strategy is to:

- ***Capture an increasing share of demand for hydraulic fracturing services in the Permian Basin.*** We intend to continue to position ourselves as a Permian Basin-focused hydraulic fracturing business, as we believe the Permian Basin hydraulic fracturing market offers supportive long-term growth fundamentals. These fundamentals are characterized by increased demand for our HHP and well completion intensity levels. We have historically operated at a high utilization relative to our peers, and we believe we are strategically positioned to deploy our idle horse-power if overall market condition and demand for pressure pumping services increases.

- ***Capitalize on improving efficiency gains.*** We intend to continue to work with our customers and vendors to improve our operational efficiencies and enhance our profitability. We believe that improving our efficiencies will result in greater revenue and enhanced profitability as fixed costs are spread over a broader revenue base.

- ***Cross-sell our complementary services.*** In addition to our hydraulic fracturing services, we offer a broad range of complementary services in support of our customers' development activities, including cementing and coiled tubing. These complementary services create operational efficiencies for our customers, and allow us to capture a greater percentage of their capital spending across the lifecycle of an unconventional well. We believe that, if our customers increase spending levels, we are well positioned to continue cross-selling and growing our complementary service offerings.

- ***Maintain financial stability and flexibility to pursue growth opportunities.*** Consistent with our historical practices, we plan to continue to maintain a conservative balance sheet, which will allow us to better react to potential changes in industry and market conditions and opportunistically grow our business. In the near term, we intend to continue our past practice of aligning our growth capital expenditures with visible customer demand by strategically deploying new equipment on a dedicated basis in response to inbound customer requests. We will also selectively evaluate potential strategic acquisitions that increase our scale and capabilities or diversify our operations.

Our Customers

Our customers consist primarily of oil and natural gas producers in North America. Our top five customers accounted for approximately77.1%, 68.7% and 66.0% of our revenue, for the years ended December 31, 2019, 2018 and 2017, respectively. For the year ended December 31, 2019, Pioneer Natural Resources USA Inc. ("Pioneer"), XTO Energy Inc., CrownQuest Operating, LLC, accounted for 25.5%, 20.9%, and 13.2%, respectively, of total revenue. No other customer accounted for more than 10% of our total revenue for the year ended December 31, 2019.

Competition

The markets in which we operate are highly competitive. To be successful, an oilfield services company must provide services that meet the specific needs of oil and natural gas E&P companies at competitive prices. Competitive factors impacting sales of our services are price, reputation, technical expertise, service and equipment quality, and health and safety standards. Although we believe our customers consider all of these factors, we believe price is a key factor in E&P companies' criteria in choosing a service provider. While we seek to price our services competitively, we believe many of our customers elect to work with us based on our deep local roots, operational expertise, equipment quality, ability to handle the most complex Permian Basin well completions and commitment to safety and reliability.

We provide our services primarily in the Permian Basin, and we compete against different companies in each service and product line we offer. Our competition includes many large and small oilfield service companies, including the largest integrated oilfield services companies. Our major competitors for hydraulic fracturing services include Nextier Oilfield Solutions Inc., Halliburton Company, Patterson-UTI Energy Inc., RPC, Inc., Schlumberger Limited, Liberty Oilfield Services, FTS International, Inc., Superior Energy Services and a number of locally oriented businesses.

Seasonality

Our results of operations have historically reflected seasonal tendencies, generally in the fourth quarter, relating to the conclusion of our customers' annual capital expenditure budgets, the holidays and inclement winter weather during which we may experience declines in our operating results.

Operating Risks and Insurance

Our operations are subject to hazards inherent in the oilfield services industry, such as accidents, blowouts, explosions, fires and spills and releases that can cause personal injury or loss of life, damage or destruction of property, equipment, natural resources and the environment and suspension of operations.

In addition, claims for loss of oil and natural gas production and damage to formations can occur in the oilfield services industry. If a serious accident were to occur at a location where our equipment and services are being used, it could result in us being named as a defendant in lawsuits asserting large claims.

Our business involves the transportation of heavy equipment and materials, and as a result, we may also experience traffic accidents which may result in spills, property damage and personal injury.

Despite our efforts to maintain safety standards, we have suffered accidents from time to time in the past and anticipate that we could experience accidents in the future. In addition to the property damage, personal injury and other losses from these accidents, the frequency and severity of these incidents affect our operating costs and insurability and our relationships with customers, employees, regulatory agencies and other parties. Any significant increase in the frequency or severity of these incidents, or the general level of compensation awards, could adversely affect the cost of, or our ability to obtain, workers' compensation and other forms of insurance, and could have other material adverse effects on our financial condition and results of operations.

We maintain commercial general liability, workers' compensation, business auto, commercial property, umbrella liability, excess liability, and directors and officers insurance policies providing coverages of risks and amounts that we believe to be customary in our industry. Further, we have pollution legal liability coverage for our business entities, which would cover, among other things, third party liability and costs of clean up relating to environmental contamination on our premises while our equipment is in transit and on our customers' job site. With respect to our hydraulic fracturing operations, coverage would be available under our pollution legal liability policy for any surface or subsurface environmental clean-up and liability to third parties arising from any surface or subsurface contamination. We also have certain specific coverages for some of our businesses, including our hydraulic fracturing services.

Although we maintain insurance coverage of types and amounts that we believe to be customary in the industry, we are not fully insured against all risks, either because insurance is not available or because of the high premium costs relative to perceived risk. Further, insurance rates have in the past been subject to wide fluctuation and changes in coverage could result in less coverage, increases in cost or higher deductibles and retentions. Liabilities for which we are not insured, or which exceed the policy limits of our applicable insurance, could have a material adverse effect on us. See "Risk Factors" for a description of certain risks associated with our insurance policies.

Environmental and Occupational Health and Safety Regulations

Our operations are subject to stringent laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection, and occupational health and safety. Numerous federal, state and local governmental agencies issue regulations that often require difficult and costly compliance measures that could carry substantial administrative, civil and criminal penalties and may result in injunctive obligations for non-compliance. These laws and regulations may, for example, restrict the types, quantities and concentrations of various substances that can be released into the environment, limit or prohibit construction or drilling activities on certain lands lying within wilderness, wetlands, ecologically or seismically sensitive areas and other protected areas, or require action to prevent or remediate pollution from current or former operations. Moreover, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hazardous substances, hydrocarbons or other waste products into the environment. Changes in environmental, health and safety laws and regulations occur frequently, and any changes that result in more stringent and costly requirements could materially adversely affect our operations and financial position. We have not experienced any material adverse effect from compliance with these requirements, however, this trend may not continue in the future.

Below is an overview of some of the more significant environmental, health and safety requirements with which we must comply. Our customers' operations are subject to similar laws and regulations. Any material adverse effect of these laws and regulations on our customers' operations and financial position may also have an indirect material adverse effect on our operations and financial position.

Waste Handling. We handle, transport, store and dispose of wastes that are subject to the Resource Conservation and Recovery Act ("RCRA") and comparable state laws and regulations, which affect our activities by imposing requirements regarding the generation, transportation, treatment, storage, disposal and cleanup of hazardous and non-hazardous wastes. With federal approval, the individual states administer some or all of the provisions of RCRA, sometimes in conjunction with their own, more stringent requirements. Although certain petroleum production wastes are exempt from regulation as hazardous wastes under RCRA, such wastes may constitute "solid wastes" that are subject to the less stringent requirements of non-hazardous waste provisions.

Administrative, civil and criminal penalties can be imposed for failure to comply with waste handling requirements. Moreover, the U.S. Environmental Protection Agency ("EPA") or state or local governments may adopt more stringent requirements for the handling of non-hazardous wastes or recategorize some non-hazardous wastes as hazardous for future regulation. Indeed, legislation has been proposed from time to time in Congress to recategorize certain oil and natural gas exploration, development and production wastes as hazardous wastes. Several environmental organizations have also petitioned the EPA to modify existing regulations to recategorize certain oil and natural gas exploration, development and production wastes as hazardous. Any such changes in these laws and regulations could have a material adverse effect on our capital expenditures and operating expenses. Although we do not believe the current costs of managing our wastes, as presently classified, to be significant, any legislative or regulatory reclassification of oil and natural gas exploration and production wastes could increase our costs to manage and dispose of such wastes.

Remediation of Hazardous Substances. The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or "Superfund") and analogous state laws generally impose liability without regard to fault or legality of the original conduct, on classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. These persons include the current owner or operator of a contaminated facility, a former owner or operator of the facility at the time of contamination and those persons that disposed or arranged for the disposal of the hazardous substance at the facility. Liability for the costs of removing or remediating previously disposed wastes or contamination, damages to natural resources, the costs of conducting certain health studies, amongst other things, is strict and joint and several. In addition, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment. In the course of our operations, we use materials that, if released, would be subject to CERCLA and comparable state laws. Therefore, governmental agencies or third parties may seek to hold us responsible under CERCLA and comparable state statutes for all or part of the costs to clean up sites at which such hazardous substances have been released.

NORM. In the course of our operations, some of our equipment may be exposed to naturally occurring radioactive materials ("NORM") associated with oil and gas deposits and, accordingly, may result in the generation of wastes and other materials containing NORM. NORM exhibiting levels of radiation in excess of established state standards are subject to special handling and disposal requirements, and any storage vessels, piping and work area affected by NORM may be subject to remediation or restoration requirements.

Water Discharges. The Clean Water Act, Safe Drinking Water Act, Oil Pollution Act and analogous state laws and regulations impose restrictions and strict controls regarding the unauthorized discharge of pollutants, including produced waters and other gas and oil wastes, into regulated waters. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the EPA or the state. Also, spill prevention, control and countermeasure plan requirements require appropriate containment berms and similar structures to help prevent the contamination of regulated waters.

Air Emissions. The Clean Air Act ("CAA") and comparable state laws and regulations, regulate emissions of various air pollutants through the issuance of permits and the imposition of other emissions control requirements. The EPA has developed, and continues to develop, stringent regulations governing emissions of air pollutants from specified sources. New facilities may be required to obtain permits before work can begin, and existing facilities may be required to obtain additional permits and incur capital costs in order to remain in compliance. These and other laws and regulations may increase the costs of compliance for some facilities where we operate. Obtaining or renewing permits also has the potential to delay the development of oil and natural gas projects.

Climate Change. In the United States, no comprehensive climate change legislation has been implemented at the federal level. However, following the U.S. Supreme Court finding that greenhouse gases ("GHG") emissions constitute a pollutant under the CAA, the EPA has adopted regulations that, among other things, establish construction and operating permit reviews for GHG emissions from certain large stationary sources, require the monitoring and annual reporting of GHG emissions from certain petroleum and natural gas system sources in the United States, and implement New Source Performance Standards directing the reduction of methane from certain new, modified, or reconstructed facilities in the oil and natural gas sector, and together with the Department of Transportation ("DOT"), implementing GHG emissions limits on vehicles manufactured for operation in the United States. For example, in June 2016, the EPA finalized rules that establish new air emission controls for methane emissions from certain new, modified, or reconstructed equipment and processes in the oil and natural gas source category, including production, processing, transmission, and storage activities, otherwise known as Subpart OOOOa. Following the change in administration, there have been attempts to modify these regulations, and litigation is ongoing.

Additionally, various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas GHG cap and trade programs, carbon taxes, reporting and tracking programs, and restriction of emissions. At the international level, there is an agreement, the United Nations-sponsored "Paris Agreement," for nations to limit their GHG emissions through non-binding, individually determined reduction goals every five years after 2020, although the United States has announced its withdrawal from such agreement, effective November 4, 2020.

Governmental, scientific, and public concern over the threat of climate change arising from GHG emissions has resulted in increasing political risks in the United States, including climate-change-related pledges made by some candidates seeking the office of the President of the United States in 2020. Some of these pledges have included calls to ban hydraulic fracturing, which could adversely impact our operations. Litigation risks are also increasing as a number of cities and other local governments have sought to bring suit against the largest oil and natural gas exploration and production companies in state or federal court, alleging among other things, that such companies created public nuisances by producing fuels that contributed to global warming effects, such as rising sea levels, and therefore are responsible for roadway and infrastructure damages as a result.

The adoption and implementation of new or more stringent international, federal or state legislation, regulations or other regulatory initiatives that impose more stringent standards for GHG emissions from the oil and natural gas sector or otherwise restrict the areas in which this sector may produce oil and natural gas or generate GHG emissions could result in increased costs of compliance or costs of consuming, and thereby reduce demand for, oil and natural gas, which could reduce demand for our services and products.

Moreover, climate change may cause more extreme weather conditions and increased volatility in seasonal temperatures. Extreme weather conditions can interfere with our operations and increase our costs, and damage resulting from extreme weather may not be fully insured.

Endangered and Threatened Species. Environmental laws such as the Endangered Species Act ("ESA") and analogous state laws may impact exploration, development and production activities in areas where we operate. The ESA provides broad protection for species of fish, wildlife and plants that are listed as threatened or endangered. Similar protections are offered to migratory birds under the Migratory Bird Treaty Act and various state analogs. The U.S. Fish and Wildlife Service ("FWS") may identify previously unidentified endangered or threatened species or may designate critical habitat and suitable habitat areas that it believes are necessary for survival of a threatened or endangered species. For example, the dunes sagebrush lizard, which is found only in the active and semi-stable shinnery oak dunes of southeastern New Mexico and adjacent portions of Texas (including areas where our customers operate), was a candidate species for listing under the ESA by the FWS for many years. As a result of a recent settlement with the environmental groups, the FWS has agreed to act on a petition to list the dunes sagebrush lizard by June 30, 2020, which would result in a formal one-year review to consider listing the species if the petition is accepted. To the extent any protections are implemented for this or any other species, it could cause us or our customers to incur additional costs or become subject to operating restrictions or operating bans in the affected areas.

Regulation of Hydraulic Fracturing and Related Activities. Our hydraulic fracturing operations are a significant component of our business. Hydraulic fracturing is an important and common practice that is used to stimulate production of hydrocarbons, particularly natural gas, from tight formations, including shales. The process, which involves the injection of water, sand and chemicals under pressure into formations to fracture the surrounding rock and stimulate production, is typically regulated by state oil and natural gas commissions. However, federal agencies have asserted regulatory authority over certain aspects of the process. For example, the EPA has previously issued a series of rules under the CAA that establish new emission control requirements for certain oil and natural gas production and natural gas processing operations and associated equipment. There have been several attempts to modify or rescind such regulations and litigation is ongoing. Separately, the Bureau of Land Management ("BLM") previously finalized a rule governing hydraulic fracturing on federal lands, but in June 2016, a federal district court judge in Wyoming struck down the final rule, finding that the BLM lacked congressional authority to promulgate the rule. While this ruling was initially challenged, in December 2017, the BLM published a rulemaking to rescind the final rule and reinstate the regulations that existed immediately before the published effective date of the rule. Further, legislation to amend the Safe Drinking Water Act to repeal the exemption for hydraulic fracturing (except when diesel fuels are used) from the definition of "underground injection" and require federal permitting and regulatory control of hydraulic fracturing, as well as legislative proposals to require disclosure of the chemical constituents of the fluids used in the fracturing process, have previously been proposed in Congress. Several states and local jurisdictions in which we or our customers operate also have adopted or are considering adopting regulations that could restrict or prohibit hydraulic fracturing in certain circumstances, impose more stringent operating standards and/or require the disclosure of the composition of hydraulic fracturing fluids.

Federal and state governments have also investigated whether the disposal of produced water into underground injection wells has caused increased seismic activity in certain areas. For example, the United States Geological Survey identified eight states with the most significant hazards from induced seismicity, including Oklahoma, Kansas, Texas, Colorado, New Mexico, Arkansas, Ohio and Alabama. In response to concerns regarding induced seismicity, regulators in some states have imposed, or are considering imposing, additional requirements in the permitting of produced water disposal wells or otherwise to assess any relationship between seismicity and the use of such wells. For example, Oklahoma has issued rules for wastewater disposal wells that impose permitting and operating restrictions and reporting requirements on disposal wells in proximity to faults and also, from time to time, has implemented plans directing certain wells where seismic incidents have occurred to restrict or suspend disposal well operations. In particular, the Oklahoma Corporation Commission's well completion seismicity guidelines for operators in the SCOOP and STACK require hydraulic fracturing operations to be suspended following earthquakes of certain magnitudes in the vicinity. In addition, the Oklahoma Corporation Commission's Oil and Gas Conservation Division has previously issued an order limiting future increases in the volume of oil and natural gas wastewater injected into the ground in an effort to reduce the number of earthquakes in the state. The Texas Railroad Commission has adopted similar rules. In addition, in December 2016, the EPA released its final report regarding the potential impacts of hydraulic fracturing on drinking water resources, concluding that "water cycle" activities associated with hydraulic fracturing may impact drinking water resources under certain limited circumstances. However, the EPA has imposed no regulatory limits as a result of this study.

Increased regulation of hydraulic fracturing and related activities (whether as a result of the EPA study results or resulting from other factors) could subject us and our customers to additional permitting and financial assurance requirements, more stringent construction specifications, increased monitoring, reporting and record keeping obligations, and plugging and abandonment requirements. New requirements could result in increased operational costs for us and our customers, and reduce the demand for our services.

OSHA Matters. The Occupational Safety and Health Act ("OSHA") and comparable state statutes regulate the protection of the health and safety of workers. In addition, the OSHA hazard communication standard requires that information be maintained about hazardous materials used or produced in operations and that this information be provided to employees, state and local government authorities and the public.

Employees

As of December 31, 2019, we employed approximately 2,200 people. None of our employees are represented by labor unions or subject to collective bargaining agreements.

Primarily as a result of the significant decline in oil prices and our customers' rapid response to reduce their drilling and completion activities, we have implemented significant reductions in our workforce since December 31, 2019. As of June 10, 2020, we had approximately 700 employees.

Availability of Filings

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), as amended, are made available free of charge on our internet web site at www.propetroservices.com, as soon as reasonably practicable after we have electronically filed the material with, or furnished it to, the SEC. The SEC maintains an internet site that contains our reports, proxy and information statements and our other SEC filings. The address of that web site is www.sec.gov. Please note that information contained on our website, whether currently posted or posted in the future, is not a part of this Annual Report or the documents incorporated by reference in this Annual Report.

Item 1A. Risk Factors.

The following is a description of significant factors that could cause actual results to differ materially from those contained in forward-looking statement made in this Annual Report and presented elsewhere by management from time to time. Such factors may have a material adverse effect on our business, financial condition and results of operations. It is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete statement of all our potential risks or uncertainties. Due to these, and other factors, past performance should not be considered an indication of future performance.

Our business and financial performance depends on the oil and natural gas industry and particularly on the level of capital spending and exploration and production activity within the United States and in the Permian Basin, and a decline in prices for oil and natural gas has had and may continue to have an adverse effect on our revenue, cash flows, profitability and growth.

Demand for most of our services depends substantially on the level of capital expenditures in the Permian Basin by companies in the oil and natural gas industry. As a result, our operations are dependent on the levels of capital spending and activity in oil and gas exploration, development and production. Prolonged low oil and gas prices would generally depress the level of oil and natural gas exploration, development, production, and well completion activity and would result in a corresponding decline in the demand for the hydraulic fracturing services that we provide. For many years, oil prices and markets have been extremely volatile. Prices are affected by many factors beyond our control. West Texas Intermediate (“WTI”) oil prices declined significantly in 2015 and 2016 to approximately $30 per barrel, but subsequently recovered in 2017 and 2018. However, in 2019, oil and natural gas prices were highly volatile. The average WTI oil prices per barrel was approximately $57, $65 and $51 for the years ended December 31, 2019, 2018 and 2017, respectively. Demand for our services is largely dependent on oil and natural gas prices, and our customers’ completion budgets and rig count. In March 2020, WTI oil prices declined significantly, to a low of approximately $20 per barrel towards the end of March 2020. On June 17, 2020 the WTI oil price was approximately $38 per barrel. The decline in and unpredictable nature of oil and natural gas prices have caused a reduction in our customers’ spending and associated drilling and completion activities, which has had and may continue to have an adverse effect on our revenue and cash flows. We are also experiencing pricing pressure on our services from substantially all of our customers which has decreased margins for us. If prices continue to decline or remain low and are highly unpredictable, additional declines in our customers’ spending would have a further adverse effect on our revenue, margins and cash flows. In addition, a worsening of these conditions may result in a material adverse impact on certain of our customers’ liquidity and financial position resulting in further spending reductions, delays in the collection of amounts owed to us and similar impacts.

Many factors over which we have no control affect the supply of, and demand for our services, and our customers’ willingness to explore, develop and produce oil and natural gas, and therefore, influence prices for our services, including:

- the severity and duration of world health events, including the recent COVID-19 pandemic, related economic repercussions and the resulting severe disruption in the oil and gas industry and negative impact on demand for oil and gas, which is negatively impacting our business;
- the current significant surplus in the supply of oil and actions by the members of OPEC+ with respect to oil production levels and announcements of potential changes in such levels, including the ability of the OPEC+ countries to agree on and comply with supply limitations;
- uncertainty regarding the timing, pace and extent of an economic recovery in the United States and elsewhere, which in turn will likely affect demand for crude oil and natural gas and therefore the demand for our services;
- the domestic and foreign supply of, and demand for, oil and natural gas;
- the level of prices, and expectations about future prices, of oil and natural gas;
- the level of global oil and natural gas exploration and production;
- the cost of exploring for, developing, producing and delivering oil and natural gas;
- the supply of and demand for drilling and hydraulic fracturing equipment;
- the expected decline rates of current production;

- the price and quantity of foreign imports;
- political and economic conditions in oil and natural gas producing countries and regions, including the United States, the Middle East, Africa, South America and Russia;
- operational challenges relating to the COVID-19 pandemic and efforts to mitigate the spread of the virus, including logistical challenges, protecting the health and well-being of our employees, remote work arrangements, performance of contracts and supply chain disruptions;
- speculative trading in crude oil and natural gas derivative contracts;
- the level of consumer product demand;
- the discovery rates of new oil and natural gas reserves;
- contractions in the credit market;
- the strength or weakness of the U.S. dollar;
- available pipeline and other transportation capacity;
- the levels of oil and natural gas storage;
- weather conditions and other natural disasters;
- domestic and foreign tax policy;
- domestic and foreign governmental approvals and regulatory requirements and conditions;
- the continued threat of terrorism and the impact of military and other action, including military action in the Middle East;
- political or civil unrest in the United States or elsewhere;
- technical advances affecting energy consumption;
- the proximity and capacity of oil and natural gas pipelines and other transportation facilities;
- the price and availability of alternative fuels;
- the ability of oil and natural gas producers to raise equity capital and debt financing;
- merger and divestiture activity among oil and natural gas producers; and
- overall domestic and global economic conditions.

These factors and the volatility of the energy markets make it extremely difficult to predict future oil and natural gas price movements with any certainty. For example, in March 2020, Saudi Arabia and Russia failed to agree on a plan to cut production of oil and gas within OPEC and Russia. Subsequently, Saudi Arabia announced plans to increase production and reduce the prices at which they sell oil. These events, combined with the continued outbreak of COVID-19 that has reduced economic activity and disrupted the supply chain of certain of our customers, have contributed to a sharp drop in prices for oil in the first quarter of 2020, continuing into the second quarter. Regulatory action to curtail production has been contemplated; for example, the Texas Railroad Commission, which regulates the production of oil and gas in the state of Texas, held a hearing in April 2020 regarding potential production cuts for producers in Texas in light of the recent decline in oil prices globally. The Railroad Commission ultimately declined to institute mandatory production cuts, but the agency may choose to revisit the issue if market weakness persists, which could further reduce demand for our services. While an agreement to cut production was reached in April 2020, oil prices have remained low, and global oil demand is expected to remain challenged at least until the COVID-19 outbreak can be contained. The impacts of these price declines have had, and may continue to have, a material adverse effect on our business, results of operation and financial condition.

The cyclical nature of the oil and natural gas industry may cause our operating results to fluctuate.

We derive our revenues from companies in the oil and natural gas exploration and production industry, a historically cyclical industry with levels of activity that are significantly affected by the levels and volatility of oil and natural gas prices. We have experienced, and may in the future experience, significant fluctuations in operating results as a result of the reactions of our customers to changes in oil and natural gas prices. For example, the decline in and unpredictable nature of oil and gas prices in 2019 and early 2020, combined with adverse changes in the capital and credit markets and the COVID-19 outbreak in early 2020, caused many exploration and production companies to reduce their capital budgets and drilling activity. This has resulted in a significant decline in demand for oilfield services and adversely impacted the prices oilfield services companies can charge for their services. These factors have materially and adversely affected our business, results of operations and financial condition. In addition, a majority of the service revenue we earn is based upon a charge for a relatively short period of time (for example, a day, a week or a month) for the actual period of time the service is provided to our customers. By contracting services on a short-term basis, we are exposed to the risks of a rapid reduction in market prices and utilization and resulting volatility in our revenues.

Events outside of our control, including an epidemic or outbreak of an infectious disease, such as COVID-19, may materially adversely affect our business.

We face risks related to epidemics, outbreaks or other public health events that are outside of our control, and could significantly disrupt our operations and adversely affect our financial condition. The global or national outbreak of an illness or any other communicable disease, or any other public health crisis, such as COVID-19, may cause disruptions to our business and operational plans, which may include (i) shortages of employees, (ii) unavailability of contractors and subcontractors, (iii) interruption of supplies from third parties upon which we rely, (iv) recommendations of, or restrictions imposed by, government and health authorities, including quarantines, to address the COVID-19 outbreak and (v) restrictions that we and our contractors, subcontractors and our customers impose, including facility shutdowns, to ensure the safety of employees. For example, in response to COVID-19, we have reduced headcount, officer salaries and director compensation, closed yard locations, reduced third party expenses and streamlined operations, reduced capital expenditures and recorded impairment expenses.

The COVID-19 pandemic has spread across the globe and impacted financial markets and worldwide economic activity and adversely affected our operations. In addition, the effects of COVID-19 and concerns regarding its global spread have negatively impacted the domestic and international demand for crude oil and natural gas, which has contributed to price volatility, impacted the operations and activity levels of our customers and materially and adversely affected the demand for oilfield services. These factors may also negatively impact our current suppliers and their ability or willingness to provide the necessary equipment, parts or raw materials, and they may otherwise fail to deliver the products timely and in the quantities required. Any resulting delays in the provision of our services could have a material adverse effect on our business, financial condition, results of operations and cash flows. As the potential impact from COVID-19 is difficult to predict, the extent to which it may negatively affect our operating results or the duration of any potential business disruption is uncertain. Any potential impact will depend on future developments and new information that may emerge regarding the severity and duration of COVID-19 and the actions taken by authorities to contain it or treat its impact, all of which are beyond our control. These potential impacts, while uncertain, could adversely affect our business, results of operations and financial condition.

Our business may be adversely affected by a deterioration in general economic conditions or a weakening of the broader energy industry.

A prolonged economic slowdown or recession in the United States, adverse events relating to the energy industry or regional, national and global economic conditions and factors, particularly a further slowdown in the exploration and production industry, could negatively impact our operations and therefore adversely affect our results. The risks associated with our business are more acute during periods of economic slowdown or recession because such periods may be accompanied by decreased exploration and development spending by our customers, decreased demand for oil and natural gas and decreased prices for oil and natural gas. The COVID-19 pandemic and the recent turmoil between the members of OPEC+ have caused oil prices to fall substantially and have impacted the global economy; such factors have heightened the risk of a prolonged economic slowdown or recession in the United States.

The majority of our operations are located in the Permian Basin, making us vulnerable to risks associated with operating in one major geographic area.

Our operations are geographically concentrated in the Permian Basin. For the years ended December 31, 2019, 2018 and 2017, approximately 99.4%, 99.0% and 97.0%, respectively, of our revenues were attributable to our operations in the Permian Basin. As a result of this concentration, we may be disproportionately exposed to the impact of regional supply and demand factors, delays or interruptions of production from wells in the Permian Basin caused by significant governmental regulation, processing or transportation capacity constraints, market limitations, curtailment of production or interruption of the processing or transportation of oil and natural gas produced from the wells in these areas. In addition, the effect of fluctuations on supply and demand may become more pronounced within specific geographic oil and natural gas producing areas such as the Permian Basin, which may cause these conditions to occur with greater frequency or magnify the effects of these conditions. Due to the concentrated nature of our operations, we could experience any of the same conditions at the same time, resulting in a relatively greater impact on our revenue than they might have on other companies that have more geographically diverse operations.

We are exposed to the credit risk of our customers, and any material nonpayment or nonperformance by our customers could adversely affect our business, results of operations and financial condition.

We are subject to the risk of loss resulting from nonpayment or nonperformance by our customers. Our credit procedures and policies may not be adequate to fully eliminate customer credit risk. If we fail to adequately assess the creditworthiness of existing or future customers or unanticipated deterioration in their creditworthiness, any resulting increase in nonpayment or nonperformance by them and our inability to re-market or otherwise use the production could have a material adverse effect on our business, results of operations and financial condition. In weak economic environments, we may experience increased delays and failures to pay due to, among other reasons, a reduction in our customers' cash flow from operations and their access to the credit markets or other sources of capital. The decline in and unpredictable nature of oil and gas prices in 2019 and 2020 has negatively impacted the financial condition and liquidity of our customers, and future declines, sustained lower prices, or continued volatility could impact their ability to meet their financial obligations to us. If our customers delay paying or fail to pay us a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity, results of operations, and financial condition.

We face significant competition that may cause us to lose market share, and competition in our industry has intensified during the industry downturn.

The oilfield services industry is highly competitive and has relatively few barriers to entry. The principal competitive factors impacting sales of our services are price, reputation and technical expertise, equipment and service quality and health and safety standards. The market is also fragmented and 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 we do. Our larger competitors' greater resources could allow those competitors to compete more effectively than we can. For instance, our larger competitors may offer services at below-market prices or bundle ancillary services at no additional cost to our customers. We compete with large national and multi-national companies that have longer operating histories, greater financial, technical and other resources and greater name recognition than we do. Several of our competitors provide a broader array of services and have a stronger presence in more geographic markets. In addition, we compete with several smaller companies capable of competing effectively on a regional or local basis.

Some jobs are awarded on a bid basis, which further increases competition based on price. Pricing is often the primary factor in determining which qualified contractor is awarded a job. The competitive environment may be further intensified by mergers and acquisitions among oil and natural gas companies or other events that have the effect of reducing the number of available customers. As a result of competition, we may lose market share or be unable to maintain or increase prices for our present services or to acquire additional business opportunities, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our competitors may be able to respond more quickly to new or emerging technologies and services and changes in customer requirements. The amount of equipment available may exceed demand, which could result in active price competition. In addition, some exploration and production companies have commenced completing their wells using their own hydraulic fracturing equipment and personnel. Any increase in the development and utilization of in-house fracturing capabilities by our customers could decrease the demand for our services and have a material adverse impact on our business.

Pressure on pricing for our services resulting from the industry downturn has impacted, and may continue to impact, our ability to maintain utilization and pricing for our services or implement price increases. During periods of declining pricing for our services, we may not be able to reduce our costs accordingly, which could further adversely affect our results of operations. Also, we may not be able to successfully increase prices without adversely affecting our utilization levels. The inability to maintain our utilization and pricing levels, or to increase our prices as costs increase, could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, competition among oilfield service and equipment providers is affected by each provider's reputation for safety and quality. We cannot assure that we will be able to maintain our competitive position.

New technology may cause us to become less competitive.

The oilfield services industry is subject to the introduction of new drilling and completion techniques and services using new technologies, some of which may be subject to patent or other intellectual property protections. As competitors and others use or develop new or comparable technologies in the future, we may lose market share or be placed at a competitive disadvantage. Further, we may face competitive pressure to develop, implement or acquire and deploy certain technology improvements at a substantial cost, such as our new *DuraStim®* fleets or the cost of implementing or purchasing a technology like the new*DuraStim®* fleets may be substantially higher than anticipated, and we may not be able to successfully implement the *DuraStim®* fleets or other technologies we may purchase. Some of our competitors have greater financial, technical and personnel resources that may allow them to enjoy technological advantages and develop and implement new products on a timely basis or at an acceptable cost. We cannot be certain that we will be able to develop and implement new technologies or products on a timely basis or at an acceptable cost. Limits on our ability to develop, effectively use and implement new and emerging technologies could have a material adverse effect on our business, financial condition, prospects or results of operations.

Our business depends upon our ability to obtain specialized equipment, parts and key raw materials, including frac sand and chemicals, from third-party suppliers, and we may be vulnerable to delayed deliveries and future price increases.

We purchase specialized equipment, parts and raw materials (including, for example, frac sand, chemicals and fluid ends) from third party suppliers and affiliates. At times during the business cycle, there is a high demand for hydraulic fracturing and other oilfield services and extended lead times to obtain equipment and raw materials needed to provide these services. Should our current suppliers be unable or unwilling to provide the necessary equipment, parts or raw materials or otherwise fail to deliver the products timely and in the quantities required, any resulting delays in the provision of our services could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, future price increases for this type of equipment, parts and raw materials could negatively impact our ability to purchase new equipment, to update or expand our existing fleets, to timely repair equipment in our existing fleets or meet the current demands of our customers. In addition, the COVID-19 pandemic may have a negative impact on our suppliers' ability or willingness to provide necessary equipment, parts or raw materials, and they may otherwise fail to deliver the products timely and in the quantities required.

We may be required to pay fees to certain of our sand suppliers based on minimum volumes under long-term contracts regardless of actual volumes received.

We enter into purchase agreements with our sand suppliers (the "Sand suppliers") to secure supply of sand as part of its normal course of business. The agreements with the Sand suppliers require that we purchase a minimum volume of sand, constituting substantially all of its sand requirements, from the Sand suppliers, otherwise certain penalties may be charged. Under certain of the purchase agreements, a shortfall fee applies if we purchase less than the minimum volume of sand. The shortfall fee represents liquidated damages and is either a fixed percentage of the purchase price for the minimum volumes or a fixed price per ton of unpurchased volumes. Under one of the purchase agreements, we are obligated to purchase a specified percentage of our overall sand requirements, or we must pay the supplier the difference between the purchase price of the minimum volumes under the purchase agreement and the purchase price of the volumes actually purchased. Our minimum volume commitments under the purchase agreements are either based on a percentage of our total usage or fixed minimum quantity. Our agreements with the Sand suppliers expire at different times prior to April 30, 2022.

If the activity level of our customers declines and the demand for our services is materially and adversely affected, we may be required to pay for more sand from our Sand suppliers than we need in the performance of our services, regardless of whether we take physical delivery of such sand. In such an event, we may be required to pay shortfall fees or other penalties under the purchase agreements, which could have a material adverse effect on our business, financial condition, or results of operations. The decrease in our customers' activity resulting from the COVID-19 pandemic and recent turmoil between the members of OPEC+, among other factors, has heightened the risk that we may be required to pay shortfall fees or other penalties to the Sand suppliers in the future.

Reliance upon a few large customers may adversely affect our revenue and operating results.

The majority of our revenue is generated from our hydraulic fracturing services. Due to the large percentage of our revenue historically derived from our hydraulic fracturing services with recurring customers and the limited availability of our fracturing units, we have had some degree of customer concentration. Our top ten customers represented approximately 95.5%, 85.5% and 87.0% of our consolidated revenue for the years endedDecember 31, 2019, 2018 and 2017, respectively. It is likely that we will depend on a relatively small number of customers for a significant portion of our revenue in the future. If a major customer fails to pay us, revenue would be impacted and our operating results and financial condition could be harmed. Additionally, if we were to lose any material customer, we may not be able to redeploy our equipment at similar utilization or pricing levels and such loss could have an adverse effect on our business until the equipment is redeployed at similar utilization or pricing levels.

Certain of our completion services, particularly our hydraulic fracturing services, are substantially dependent on the availability of water. Restrictions on our or our customers' ability to obtain water may have an adverse effect on our financial condition, results of operations and cash flows.

Water is an essential component of unconventional shale oil and natural gas production during both the drilling and hydraulic fracturing processes. Over the past several years, certain of the areas in which we and our customers operate have experienced extreme drought conditions and competition for water in such areas is growing. In addition, some state and local governmental authorities have begun to monitor or restrict the use of water subject to their jurisdiction for hydraulic fracturing to ensure adequate local water supply. For instance, some states require E&P companies to report certain information regarding the water they use for hydraulic fracturing and to monitor the quality of groundwater surrounding some wells stimulated by hydraulic fracturing. Generally, our water requirements are met by our customers from sources on or near their sites, but there is no assurance that our customers will be able to obtain a sufficient supply of water from sources in these areas. Our or our customers' inability to obtain water from local sources or to effectively utilize flowback water could have an adverse effect on our financial condition, results of operations and cash flows.

We rely on a few key employees whose absence or loss could adversely affect our business.

Many key responsibilities within our business have been assigned to a small number of employees. The loss of their services could adversely affect our business. In particular, the loss of the services of one or more members of our executive team, such as our Chief Executive Officer, Chief Operating Officer, Senior Vice President of Operations, Chief Financial Officer, Chief Strategy and Administrative Officer, Chief Accounting Officer and General Counsel could disrupt our operations. We do not maintain "key person" life insurance policies on any of our employees. As a result, we are not insured against any losses resulting from the death of our key employees.

If we are unable to employ a sufficient number of skilled and qualified workers, our capacity and profitability could be diminished and our growth potential could be impaired.

The delivery of our services requires skilled and qualified workers with specialized skills and experience who can perform physically demanding work. As a result of the volatility of the oilfield services industry and the demanding nature of the work, workers may choose to pursue employment in fields that offer a more desirable work environment at wage rates that are competitive. Our ability to be productive and profitable will depend upon our ability to employ and retain skilled workers. In addition, our ability to expand our operations depends in part on our ability to increase the size of our skilled labor force. As a result of the downturn in the oil and gas industry resulting from the COVID-19 pandemic and recent turmoil between the members of OPEC+, among other factors, we have made reductions in the size of workforce due to reduced demand for our services. If demand for our services increases, we may experience difficulty in hiring or re-hiring skilled and unskilled workers in the future to meet that demand. At times, the demand for skilled workers in our geographic areas of operations is high, and the supply is limited. As a result, competition for experienced oilfield service personnel is intense, and we face significant challenges in competing for crews and management with large and well-established competitors. A significant increase in the wages paid by competing employers could result in a reduction of our skilled labor force, increases in the wage rates that we must pay, or both. Furthermore, a significant decrease in the wages paid by us or our competitors as a result of reduced industry demand could result in a reduction of the available skilled labor force, and there is no assurance that the availability of skilled labor will improve following a subsequent increase in demand for our services or an increase in wages. If either of these events were to occur, our capacity and profitability could be diminished and our growth potential could be impaired.

Our operations require substantial capital and we may be unable to obtain needed capital or financing on satisfactory terms, or at all, which could limit our ability to grow.

The oilfield services industry is capital intensive. In conducting our business and operations, we have made, and expect to continue to make, substantial capital expenditures. Our total capital expenditures incurred were approximately $400.7 million, $592.6 million and $305.3 million during the years ended December 31, 2019, 2018 and 2017. We have historically financed capital expenditures primarily with funding from cash on hand, cash flow from operations, equipment and vendor financing and borrowings under our credit facility. We may be unable to generate sufficient cash from operations and other capital resources to maintain planned or future levels of capital expenditures which, among other things, may prevent us from acquiring new equipment or properly maintaining our existing equipment. With the current depressed oil and gas market conditions, our remaining availability under our ABL Credit Facility will be adversely impacted by the expected decline in our customers' activity and we may be unable to borrow under our ABL Credit Facility if our eligible accounts receivable continues to decline. Further, any disruptions or continuing volatility in the global financial markets may lead to an increase in interest rates or a contraction in credit availability impacting our ability to finance our operations. For example, our borrowing base declined from $181.2 million as of December 31, 2019 to approximately $16.8 million as of June 19, 2020 due to decreased activity levels and the resulting decrease to our eligible accounts receivable. Based on current and expected market conditions and customer activity levels, we expect our borrowing base to materially decline further in the near term. This could put us at a competitive disadvantage or interfere with our growth plans. Further, our actual capital expenditures could exceed our capital expenditure budget. In the event our capital expenditure requirements at any time are greater than the amount we have available, we could be required to seek additional sources of capital, which may include debt financing, joint venture partnerships, sales of assets, offerings of debt or equity securities or other means. We may not be able to obtain any such alternative source of capital. We may be required to curtail or eliminate contemplated activities. If we can obtain alternative sources of capital, the terms of such alternative may not be favorable to us. In particular, the terms of any debt financing may include covenants that significantly restrict our operations. Our inability to grow as planned may reduce our chances of maintaining and improving profitability.

Concerns over general economic, business or industry conditions may have a material adverse effect on our results of operations, liquidity and financial condition.

Concerns over global economic conditions, geopolitical issues, public health crises (including the COVID-19 pandemic), interest rates, inflation, the availability and cost of credit and the United States and foreign financial markets have contributed to increased economic uncertainty and diminished expectations for the global economy. These factors, combined with volatility in commodity prices, business and consumer confidence and unemployment rates, have precipitated an economic slowdown. Concerns about global economic growth have had a significant adverse impact on global financial markets and commodity prices, including the significant decline in WTI oil prices beginning February 2020. The decline in and unpredictable nature of oil and natural gas prices have caused a reduction in our customers' spending and associated drilling and completion activities, which had and may continue to have an adverse effect on our revenue and cash flows. If the current economic climate in the United States or abroad continues, deteriorates further or remains uncertain, worldwide demand for petroleum products could diminish further, which could impact the price at which oil, natural gas and natural gas liquids can be sold, which could affect the ability of our customers to continue operations and adversely impact our results of operations, liquidity and financial condition.

Our indebtedness and liquidity needs could restrict our operations and make us more vulnerable to adverse economic conditions.

Our existing and future indebtedness, whether incurred in connection with acquisitions, operations or otherwise, may adversely affect our operations and limit our growth, and we may have difficulty making debt service payments on such indebtedness as payments become due. Our level of indebtedness may affect our operations in several ways, including the following:

- increasing our vulnerability to general adverse economic and industry conditions;
- the covenants that are contained in the agreements governing our indebtedness could limit our ability to borrow funds, dispose of assets, pay dividends and make certain investments;
- our debt covenants could also affect our flexibility in planning for, and reacting to, changes in the economy and in our industry;

- any failure to comply with the financial or other debt covenants, including covenants that impose requirements to maintain certain financial ratios, could result in an event of default, which could result in some or all of our indebtedness becoming immediately due and payable;
- our level of debt could impair our ability to obtain additional financing, or obtain additional financing on favorable terms, in the future for working capital, capital expenditures, acquisitions or other general corporate purposes; and
- our business may not generate sufficient cash flow from operations to enable us to meet our obligations under our indebtedness.

Restrictions in our ABL Credit Facility (as defined herein) and any future financing agreements may limit our ability to finance future operations or capital needs or capitalize on potential acquisitions and other business opportunities.

The operating and financial restrictions and covenants in our credit facility and any future financing agreements could restrict our ability to finance future operations or capital needs or to expand or pursue our business activities. For example, our ABL Credit Facility restricts or limits our ability to:

- grant liens;
- incur additional indebtedness;
- engage in a merger, consolidation or dissolution;
- enter into transactions with affiliates;
- sell or otherwise dispose of assets, businesses and operations;
- materially alter the character of our business as currently conducted; and
- make acquisitions, investments and capital expenditures.

Furthermore, our ABL Credit Facility contains certain other operating and financial covenants. Our ability to comply with the covenants and restrictions contained in the ABL Credit Facility may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. If we violate any of the restrictions, covenants, ratios or tests in our ABL Credit Facility, a significant portion of our indebtedness may become immediately due and payable and our lenders' commitment to make further loans to us may terminate. Further, our borrowing base, as redetermined monthly, is tied to 85.0% of eligible accounts receivable. Changes to our operational activity levels have an impact on our total eligible accounts receivable, which could result in significant changes to our borrowing base and therefore our availability under our ABL Credit Facility. For example, our borrowing base declined from $181.2 million as of December 31, 2019 to approximately $16.8 million as of June 19, 2020 due to decreased activity levels and the resulting decrease to our eligible accounts receivable. Based on current and expected market conditions and customer activity levels, we expect our borrowing base to materially decline further in the near term. If our borrowing base is reduced below the amount of our outstanding borrowings, we will be required to repay the excess borrowings immediately on demand by the lenders. We might not have, or be able to obtain, sufficient funds to make these accelerated payments. Any subsequent replacement of our ABL Credit Facility or any new indebtedness could have similar or greater restrictions. Please read "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Credit Facility and Other Financing Arrangements."

We may become more leveraged and our indebtedness could adversely affect our operations and financial condition.

Our business is capital intensive and we may seek to raise debt capital to fund our business and growth strategy. Indebtedness could have negative consequences that could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects, such as:

- requiring us to dedicate a substantial portion of our cash flow from operating activities to payments on our indebtedness, thereby reducing the availability of cash flow to fund working capital, capital expenditures, research and development efforts, potential strategic acquisitions and other general corporate purposes;

- limiting our ability to obtain additional financing to fund growth, working capital or capital expenditures, or to fulfill debt service requirements or other cash requirements;

- increasing our vulnerability to economic downturns and changing market conditions; and

- placing us at a competitive disadvantage relative to competitors that have less debt.

Furthermore, interest rates on future indebtedness could be higher than current levels, causing our financing costs to increase accordingly. In addition, LIBOR and other "benchmark" rates are subject to ongoing national and international regulatory scrutiny and reform. In July 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. At this time, no consensus exists as to what rate or rates may become acceptable alternatives to LIBOR and we are unable to predict the effect of any such alternatives on our business and results of operations. However, if LIBOR is phased out without a replacement benchmark, our only option under the ABL Credit Facility will be to borrow at the Base Rate (as defined in the ABL Credit Facility) until an alternative benchmark rate is selected. Changes in interest rates, either positive or negative, may affect the yield requirements of investors who invest in our shares, and a rising interest rate environment could have an adverse impact on the price of our shares, our ability to issue equity or incur debt.

We may record losses or impairment charges related to goodwill and long-lived assets.

Changes in future market conditions and prolonged periods of low utilization, changes in technology or the sale of assets below their carrying value may cause us to experience losses in our results of operations. These events could result in the recognition of impairment charges or losses from asset sales that negatively impact our financial results. Significant impairment charges or losses from asset sales as a result of a decline in market conditions or otherwise could have a material adverse effect on our results of operations in future periods. For example, in 2019, we recorded an impairment charge related to our drilling and flowback assets of $3.4 million. If the depressed oil and natural gas prices continue to trade at depressed price levels as experienced in the beginning of March 2020, and our equipment remains idle or under-utilized, the estimated fair value of such equipment may decline, which will result in additional impairment expense in the future.

During the first quarter of 2020, management determined the reductions in commodity prices driven by the potential impact of the novel COVID-19 virus and global supply and demand dynamics coupled with the sustained decrease in the Company's share price were triggering events for goodwill and asset impairment. As a result of the triggering events, we performed an interim goodwill impairment test on the hydraulic fracturing reporting unit and a recoverability tests on each of the assets groups. As a result, we expect to recognize impairments and charges in the first quarter of 2020 as follows:

- goodwill impairment of approximately $9.4 million;

- drilling asset group impairment of approximately $1.1 million as a result of our recoverability tests; and

- write-off of $6.1 million of deposits related to options to purchase additional *DuraStim®* equipment for which options expire at various times through the end of April 2021 as it is not probable we would exercise our options due to the events described above.

If the depressed oil prices and the current economic conditions continue for a longer period of time, actual results may differ from estimates and future assumptions may change resulting in additional impairment charges in the future.

Our operations are subject to unforeseen interruptions and hazards inherent in the oil and natural gas industry, for which we may not be adequately insured and which could cause us to lose customers and substantial revenue.

Our operations are exposed to the risks inherent to our industry, such as equipment defects, vehicle accidents, worksite injuries to our or third-party personnel, fires, explosions, blowouts, surface cratering, uncontrollable flows of gas or well fluids, pipe or pipeline failures, abnormally pressured formations and various environmental hazards, such as oil spills and releases of, and exposure to, hazardous substances. For example, our operations are subject to risks associated with hydraulic fracturing, including any mishandling, surface spillage or potential underground migration of fracturing fluids, including chemical additives. In addition, our operations are exposed to potential natural disasters, including blizzards, tornadoes, storms, floods, other adverse weather conditions and earthquakes. The occurrence of any of these events could result in substantial losses to us due to injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigations and penalties or other damage resulting in curtailment or suspension of our operations or the loss of customers. The cost of managing such risks may be significant. The frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees and regulators. In particular, our customers may elect not to purchase our services if they view our environmental or safety record as unacceptable, which could cause us to lose customers and substantial revenues.

Our insurance may not be adequate to cover all losses or liabilities we may suffer. Furthermore, we may be unable to maintain or obtain insurance of the type and amount we desire at reasonable rates. As a result of market conditions, premiums and deductibles for certain of our insurance policies have increased and could escalate further. In addition, sub-limits have been imposed for certain risks. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. If we were to incur a significant liability for which we are not fully insured, it could have a material adverse effect on our business, results of operations and financial condition. In addition, we may not be able to secure additional insurance or bonding that might be required by new governmental regulations. This may cause us to restrict our operations, which might severely impact our financial position.

Since hydraulic fracturing activities are part of our operations, they are covered by our insurance against claims made for bodily injury, property damage and clean-up costs stemming from a sudden and accidental pollution event. However, we may not have coverage if we are unaware of the pollution event and unable to report the “occurrence” to our insurance company within the time frame required under our insurance policy. In addition, these policies do not provide coverage for all liabilities, and the insurance coverage may not be adequate to cover claims that may arise, or we may not be able to maintain adequate insurance at rates we consider reasonable. A loss not fully covered by insurance could have a material adverse effect on our financial position, results of operations and cash flows.

A terrorist attack, armed conflict or political or civil unrest could harm our business.

Terrorist activities, anti-terrorist efforts, other armed conflicts and political or civil unrest could adversely affect the U.S. and global economies and could prevent us from meeting financial and other obligations. We could experience loss of business, delays or defaults in payments from payors or disruptions of fuel supplies and markets if pipelines, production facilities, processing plants, refineries or transportation facilities are direct targets or indirect casualties of an act of terror or war. Such activities could reduce the overall demand for oil and natural gas, which, in turn, could also reduce the demand for our services. Terrorist activities, the threat of potential terrorist activities, political or civil unrest and any resulting economic downturn could adversely affect our results of operations, impair our ability to raise capital or otherwise adversely impact our ability to realize certain business strategies.

Increasing trucking regulations may increase our costs and negatively impact our results of operations.

In connection with our business operations, including the transportation and relocation of our hydraulic fracturing equipment and shipment of frac sand, we operate trucks and other heavy equipment. As such, we operate as a motor carrier in providing certain of our services and therefore are subject to regulation by the DOT and by various state agencies. These regulatory authorities exercise broad powers, governing activities such as the authorization to engage in motor carrier operations, driver licensing, insurance requirements, financial reporting and review of certain mergers, consolidations and acquisitions, and transportation of hazardous materials. Our trucking operations are subject to possible regulatory and legislative changes that may increase our costs. Some of these possible changes include increasingly stringent environmental regulations, changes in the hours of service regulations which govern the amount of time a driver may drive or work in any specific period, onboard black box recorder device requirements or limits on vehicle weight and size.

Interstate motor carrier operations are subject to safety requirements prescribed by the DOT. To a large degree, intrastate motor carrier operations are subject to state safety regulations that mirror federal regulations. Matters such as the weight and dimensions of equipment are also subject to federal and state regulations. From time to time, various legislative proposals are introduced, including proposals to increase federal, state, or local taxes, including taxes on motor fuels, which may increase our costs or adversely impact the recruitment of drivers. We cannot predict whether, or in what form, any increase in such taxes applicable to us will be enacted.

Certain motor vehicle operators require registration with the DOT. This registration requires an acceptable operating record. The DOT periodically conducts compliance reviews and may revoke registration privileges based on certain safety performance criteria that could result in a suspension of operations.

We are subject to environmental laws and regulations, and future compliance, claims, and liabilities relating to such matters may have a material adverse effect on our results of operations, financial position or cash flows.

The nature of our operations, including the handling, transporting and disposing of a variety of fluids and substances, including hydraulic fracturing fluids and other regulated substances, air emissions, and wastewater discharges exposes us to some risks of environmental liability, including the release of pollutants from oil and natural gas wells and associated equipment to the environment. The cost of compliance with these laws can be significant. Failure to properly handle, transport or dispose of these materials or otherwise conduct our operations in accordance with these and other environmental laws could expose us to substantial liability for administrative, civil and criminal penalties, cleanup and site restoration costs and liability associated with releases of such materials, damages to natural resources and other damages, as well as potentially impair our ability to conduct our operations. Such liability is commonly on a strict, joint and several liability basis, without regard to fault. Liability may be imposed as a result of our conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, prior operators or other third parties. Neighboring landowners and other third parties may file claims against us for personal injury or property damage allegedly caused by the release of pollutants into the environment. Environmental laws and regulations have changed in the past, and they may change in the future and become more stringent. Current and future claims and liabilities may have a material adverse effect on us because of potential adverse outcomes, defense costs, diversion of management resources, unavailability of insurance coverage and other factors. The ultimate costs of these liabilities are difficult to determine and may exceed any reserves we may have established. If existing environmental requirements or enforcement policies change, we may be required to make significant unanticipated capital and operating expenditures.

Our and our customers' operations are subject to a series of risks arising out of the threat of climate change that could result in increased operating costs, limit the areas in which oil and natural gas production may occur, and reduce demand for the products and services we provide.

The threat of climate change continues to attract considerable attention in the United States and in foreign countries. Numerous proposals have been made and could continue to be made at the international, national, regional and state levels of government to monitor and limit existing emissions of GHGs as well as to restrict or eliminate such future emissions. As a result, our operations as well as the operations of our oil and natural gas exploration and production customers are subject to a series of regulatory, political, litigation, and financial risks associated with the production and processing of fossil fuels and emission of GHGs.

In the United States, no comprehensive climate change legislation has been implemented at the federal level. However, following the U.S. Supreme Court finding that GHG emissions constitute a pollutant under the CAA, the EPA has adopted regulations that, among other things, establish construction and operating permit reviews for GHG emissions from certain large stationary sources, require the monitoring and annual reporting of GHG emissions from certain petroleum and natural gas system sources in the United States, and implement New Source Performance Standards directing the reduction of methane from certain new, modified, or reconstructed facilities in the oil and natural gas sector, and together with the DOT, implementing GHG emissions limits on vehicles manufactured for operation in the United States. For example, in June 2016, the EPA finalized rules that establish new air emission controls for methane emissions from certain new, modified, or reconstructed equipment and processes in the oil and natural gas source category, including production, processing, transmission, and storage activities, otherwise known as Subpart OOOOa. Following the change in administration, there have been attempts to modify these regulations, and litigation is ongoing.

Additionally, various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas GHG cap and trade programs, carbon taxes, reporting and tracking programs, and restriction of emissions. At the international level, there is an agreement, the United Nations-sponsored "Paris Agreement," for nations to limit their GHG emissions through non-binding, individually-determined reduction goals every five years after 2020, although the United States has announced its withdrawal from such agreement, effective November 4, 2020.

Governmental, scientific, and public concern over the threat of climate change arising from GHG emissions has resulted in increasing political risks in the United States, including climate-change-related pledges made by some candidates seeking the office of the President of the United States in 2020. Some of these pledges have included calls to ban hydraulic fracturing, which could adversely impact our operations. Litigation risks are also increasing as a number of cities and other local governments have sought to bring suit against the largest oil and natural gas exploration and production companies in state or federal court, alleging among other things, that such companies created public nuisances by producing fuels that contributed to global warming effects, such as rising sea levels, and therefore are responsible for roadway and infrastructure damages as a result.

There are also increasing financial risks for fossil fuel producers as shareholders currently invested in fossil-fuel energy companies concerned about the potential effects of climate change may elect in the future to shift some or all of their investments into non-energy related sectors. Institutional lenders who provide financing to fossil-fuel energy companies also have become more attentive to sustainable lending practices and some of them may elect not to provide funding for fossil fuel energy companies. Additionally, the lending practices of institutional lenders have been the subject of intensive lobbying efforts in recent years, oftentimes public in nature, by environmental activists, proponents of the international Paris Agreement, and foreign citizenry concerned about climate change not to provide funding for fossil fuel producers. Limitation of investments in and financings for fossil fuel energy companies could result in the restriction, delay or cancellation of drilling programs or development or production activities.

The adoption and implementation of new or more stringent international, federal or state legislation, regulations or other regulatory initiatives that impose more stringent standards for GHG emissions from the oil and natural gas sector or otherwise restrict the areas in which this sector may produce oil and natural gas or generate GHG emissions could result in increased costs of compliance or costs of consuming, and thereby reduce demand for, oil and natural gas, which could reduce demand for our services and products. Additionally, political, litigation and financial risks may result in our oil and natural gas customers restricting or cancelling production activities, incurring liability for infrastructure damages as a result of climatic changes, or impairing their ability to continue to operate in an economic manner, which also could reduce demand for our services and products. One or more of these developments could have a material adverse effect on our business, financial condition and results of operation

Moreover, climate change may cause more extreme weather conditions and increased volatility in seasonal temperatures. Extreme weather conditions can interfere with our operations and increase our costs, and damage resulting from extreme weather may not be fully insured.

Federal and state legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays.

Our hydraulic fracturing operations are a significant component of our business, and it is an important and common practice that is used to stimulate production of hydrocarbons, particularly oil and natural gas, from tight formations, including shales. The process, which involves the injection of water, sand and chemicals under pressure into formations to fracture the surrounding rock and stimulate production, is typically regulated by state oil and natural gas commissions. However, federal agencies have asserted regulatory authority over certain aspects of the process. For example, the EPA has previously issued a series of rules under the CAA that establish new emission control requirements for emissions of volatile organic compounds and methane from certain oil and natural gas production and natural gas processing operations and equipment. There have been several attempts to modify or rescind such regulations, and litigation is ongoing. Separately, the BLM finalized a rule governing hydraulic fracturing on federal lands but this rule was subsequently rescinded. Further, legislation to amend the Safe Drinking Water Act to repeal the exemption for hydraulic fracturing (except when diesel fuels are used) from the definition of “underground injection” and require federal permitting and regulatory control of hydraulic fracturing, as well as legislative proposals to require disclosure of the chemical constituents of the fluids used in the fracturing process, have been proposed in recent sessions of Congress. Several states and local jurisdictions in which we or our customers operate also have adopted or are considering adopting regulations that could restrict or prohibit hydraulic fracturing in certain circumstances, impose more stringent operating standards and/or require the disclosure of the composition of hydraulic fracturing fluids.

Federal and state governments have also investigated whether the disposal of produced water into underground injection wells has caused increased seismic activity in certain areas. For example, the United States Geological Survey identified eight states with the most significant hazards from induced seismicity, including Oklahoma, Kansas, Texas, Colorado, New Mexico, Arkansas, Ohio and Alabama. In response to concerns regarding induced seismicity, regulators in some states have imposed, or are considering imposing, additional requirements in the permitting of produced water disposal wells or otherwise to assess any relationship between seismicity and the use of such wells. For example, Oklahoma has issued rules for wastewater disposal wells in 2014 that imposed certain permitting and operating restrictions and reporting requirements on disposal wells in proximity to faults and also, from time to time, has implemented plans directing certain wells where seismic incidents have occurred to restrict or suspend disposal well operations. In particular, the Oklahoma Corporation Commission released well completion seismicity guidelines for operators in the SCOOP and STACK require hydraulic fracturing operations to be suspended following earthquakes of certain magnitudes in the vicinity. In addition, the Oklahoma Corporation Commission’s Oil and Gas Conservation Division has previously issued an order limiting future increases in the volume of oil and natural gas wastewater injected into the ground in an effort to reduce the number of earthquakes in the state. The Texas Railroad Commission has adopted similar rules. In addition, in December 2016, the EPA released its final report regarding the potential impacts of hydraulic fracturing on drinking water resources, concluding that “water cycle” activities associated with hydraulic fracturing may impact drinking water resources under certain limited circumstances. However, the EPA has imposed no regulatory limits as a result of this study.

Increased regulation of hydraulic fracturing and related activities (whether as a result of the EPA study results or resulting from other factors) could subject us and our customers to additional permitting and financial assurance requirements, more stringent construction specifications, increased monitoring, reporting and recordkeeping obligations, and plugging and abandonment requirements. New requirements could result in increased operational costs for us and our customers, and reduce the demand for our services.

Conservation measures, commercial development and technological advances could reduce demand for oil and natural gas and our services.

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, technological advances in fuel economy and energy generation devices could reduce demand for oil and natural gas, resulting in reduced demand for oilfield services. The impact of the changing demand for oil and natural gas services and products may have a material adverse effect on our business, financial condition, results of operations and cash flows.

The commercial development of economically-viable alternative energy sources and related products (such as electric vehicles, wind, solar, geothermal, tidal, fuel cells and biofuels) could have a similar effect. In addition, certain U.S. federal income tax deductions currently available with respect to oil and natural gas exploration and development, including the allowance of percentage depletion for oil and natural gas properties, may be eliminated as a result of proposed legislation. Any future decreases in the rate at which oil and natural gas reserves are discovered or developed, whether due to the passage of legislation, increased governmental regulation leading to limitations, or prohibitions on exploration and drilling activity, including hydraulic fracturing, or other factors, could have a material adverse effect on our business and financial condition, even in a stronger oil and natural gas price environment.

We may be subject to claims for personal injury and property damage, which could materially adversely affect our financial condition and results of operations.

We operate with most of our customers under master service agreements ("MSAs"). We endeavor to allocate potential liabilities and risks between the parties in the MSAs. Generally, under our MSAs, including those relating to our hydraulic fracturing services, we assume responsibility for, including control and removal of, pollution or contamination which originates above surface and originates from our equipment or services. Our customer assumes responsibility for, including control and removal of, all other pollution or contamination which may occur during operations, including that which may result from seepage or any other uncontrolled flow of drilling fluids. We may have liability in such cases if we are negligent or commit willful acts. Generally, our customers also agree to indemnify us against claims arising from their employees' personal injury or death to the extent that, in the case of our hydraulic fracturing operations, their employees are injured or their properties are damaged by such operations, unless resulting from our gross negligence or willful misconduct. Similarly, we generally agree to indemnify our customers for liabilities arising from personal injury to or death of any of our employees, unless resulting from gross negligence or willful misconduct of the customer. In addition, our customers generally agree to indemnify us for loss or destruction of customer-owned property or equipment and in turn, we agree to indemnify our customers for loss or destruction of property or equipment we own. Losses due to catastrophic events, such as blowouts, are generally the responsibility of the customer. However, despite this general allocation of risk, we might not succeed in enforcing such contractual allocation, might incur an unforeseen liability falling outside the scope of such allocation or may be required to enter into an MSA with terms that vary from the above allocations of risk. 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. As a result, we may incur substantial losses which could materially and adversely affect our financial condition and results of operation.

We are subject to cyber security risks. A cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss.

The oil and natural gas industry has become increasingly dependent on digital technologies to conduct certain processing activities. For example, we depend on digital technologies to perform many of our services and process and record operational and accounting data. At the same time, cyber incidents, including deliberate attacks or unintentional events, have increased. The U.S. government has issued public warnings that indicate that energy assets might be specific targets of cyber security threats. Our technologies, systems and networks, and those of our vendors, suppliers and other business partners, may become the target of cyberattacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of proprietary information, personal information and other data, or other disruption of our business operations. In addition, certain cyber incidents, such as unauthorized surveillance, may remain undetected for an extended period. Our systems and insurance coverage for protecting against cyber security risks, including cyberattacks, may not be sufficient and may not protect against or cover all of the losses we may experience as a result of the realization of such risks. As cyber incidents continue to evolve, we may be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate the effects of cyber incidents.

We may grow through acquisitions and our failure to properly plan and manage those acquisitions may adversely affect our performance

We have completed and may in the future pursue, asset acquisitions or acquisitions of businesses. Any acquisition of assets or businesses involves potential risks, including the failure to realize expected profitability, growth or accretion; environmental or regulatory compliance matters or liability; title or permit issues; the incurrence of significant charges, such as impairment of goodwill, or property, plant and equipment or restructuring charges; and the incurrence of unanticipated liabilities and costs for which indemnification is unavailable or inadequate. The process of upgrading acquired assets to our specifications and integrating acquired assets or businesses may also involve unforeseen costs and delays or other operational, technical and financial difficulties and may require a significant amount of time and resources and may divert management's attention from existing operations or other priorities.

We must plan and manage any acquisitions effectively to achieve revenue growth and maintain profitability in our evolving market. Any failure to manage acquisitions effectively or integrate acquired assets or businesses into our existing operations successfully, or to realize the expected benefits from an acquisition or minimize any unforeseen operational difficulties, could have a material adverse effect on our business, financial condition, prospects or results of operations.

Our ability to use our net operating loss carryforwards may be limited.

As of December 31, 2019, we had approximately $304.7 million of federal net operating loss carryforwards some of which will begin to expire in 2035. After January 1, 2018, federal net operating loss carryforwards can be carried forward indefinitely. Approximately $229.5 million of our federal net operating loss carryforward relates to pre-2018 periods which are not subject to an annual 80% limitation of taxable income. Our state net operating losses is approximately $50.4 million and will begin to expire in 2024. Utilization of these net operating loss carryforwards ("NOLs") depends on many factors, including our future income, which cannot be assured. In addition, Section 382 ("Section 382") of the Internal Revenue Code of 1986, as amended (the "Code"), generally imposes an annual limitation on the amount of taxable income that may be offset by NOLs when a corporation has undergone an "ownership change" (as determined under Section 382). Generally, a change of more than 50% in the ownership of a corporation's stock, by value, over a three-year period constitutes an ownership change for U.S. federal income tax purposes. Any unused annual limitation may, subject to certain limitations, be carried over to later years. We may experience ownership changes, which may result in annual limitation under Section 382 determined by multiplying the value of our stock at the time of the ownership change by the applicable long-term tax-exempt rate as defined in Section 382, increased under certain circumstances as a result of recognizing built-in gains in our assets existing at the time of the ownership change. The limitations arising from ownership changes may prevent utilization of our NOLs prior to their expiration. Future ownership changes or regulatory changes could further limit our ability to utilize our NOLs. To the extent we are not able to offset our future income with our NOLs, this could adversely affect our operating results and cash flows if we attain profitability.

The SEC's pending investigation, the Logan Lawsuit, the Boca Raton Lawsuit, and the Chang Lawsuit could have a material adverse effect on our business, financial condition, results of operation, and cash flows.

In September 2019, a complaint, captioned Richard Logan, Individually and On Behalf of All Others Similarly Situated, Plaintiff, v. ProPetro Holding Corp., et al., (the "Logan Lawsuit"), was filed against the Company and certain of its current and former officers and directors in the U.S. District Court for the Western District of Texas.

In April 2020, Lead Plaintiffs Nykredit Portefølje Administration A/S, Oklahoma Firefighters Pension and Retirement System, Oklahoma Law Enforcement Retirement System, Oklahoma Police Pension and Retirement System, and Oklahoma City Employee Retirement System, and additional named plaintiff Police and Fire Retirement System of the City of Detroit, individually and on behalf of a putative class of shareholders who purchased the Company's common stock between March 17, 2017 and March 13, 2020, filed a second amended class action complaint in the U.S. District Court for the Western District of Texas in the Logan Lawsuit, alleging violations of Sections 10(b) and 20(a) of the Exchange Act, as amended, and Rule l0b-5 promulgated thereunder, and Sections 11 and 15 of the Securities Act, as amended, based on allegedly inaccurate or misleading statements, or omissions of material facts, about the Company's business, operations and prospects.

In January 2020, Boca Raton Firefighters' and Police Pension Fund ("Boca Raton") filed a shareholder derivative suit in the U.S. District Court for the Western District of Texas (the "Boca Raton Lawsuit") against certain of the

Company’s current and former officers and directors (the “Boca Raton Defendants”). The Company was named as a nominal defendant only. The claims include (i) breaches of fiduciary duties, (ii) unjust enrichment and (iii) contribution. Boca Raton did not quantify any alleged damages in its complaint but, in addition to attorneys’ fees and costs, Boca Raton seeks various forms of relief, including (i) damages sustained by the Company as a result of the Boca Raton Defendants’ alleged misconduct, (ii) punitive damages and (iii) equitable relief in the form of improvements to the Company’s governance and controls.

In April 2020, Jye-Chun Chang filed a shareholder derivative suit in the U.S. District Court for the Western District of Texas (the “Chang Lawsuit”) against certain of the Company’s current and former officers and directors (the “Chang Defendants”). The Company was named as a nominal defendant only. The claims include (i) violations of section 14(a) of the Exchange Act, (ii) breach of fiduciary duties, (iii) unjust enrichment, (iv) abuse of control, (v) gross mismanagement and (vi) waste of corporate assets. Chang did not quantify any alleged damages in its complaint but, in addition to attorneys’ fees and costs, Chang seeks various forms of relief, including (i) declaring that Chang may sustain the action on behalf of the Company, (ii) declaring that the Chang Defendants breached their fiduciary duties to the Company, (iii) damages sustained by the Company as a result of the Chang Defendants’ alleged misconduct, (iv) equitable relief in the form of improvements to the Company’s governance and controls and (v) restitution.

In October 2019, the Company received a letter from the SEC indicating that the SEC has opened an investigation into the Company and requesting that the Company provide information and documents, including documents related to the Expanded Audit Committee Review and related events.

We are presently unable to predict the duration, scope or result of the SEC’s investigation, the Logan Lawsuit, the Boca Raton Lawsuit, the Chang Lawsuit, or any other related lawsuit or investigation.

The ongoing SEC investigation, the Logan Lawsuit, the Boca Raton Lawsuit, the Chang Lawsuit and any related future litigation give rise to risks and uncertainties that could adversely affect our business, results of operations and financial condition. Such risks and uncertainties include, but are not limited to, uncertainty as to the scope, timing and ultimate findings of the matters under review by the SEC; adverse effects of the investigation, including the potential impact to the Company or members of its management team in the event of an adverse outcome and on the market price of the Company’s common stock; the costs and expenses of the SEC investigation, the Logan Lawsuit, the Boca Raton Lawsuit, and the Chang lawsuit including legal fees and possible monetary penalties in the event of an adverse outcome; the risk of additional potential litigation or regulatory action arising from these matters, including the Logan Lawsuit, the Boca Raton Lawsuit, and the Chang Lawsuit; the timing of the review by, and the conclusions of, the Company’s independent registered public accounting firm regarding these matters; the potential identification of additional deficiencies in internal controls over financial reporting or disclosure controls and procedures and the impact of the same; and potential reputational damage that the Company may suffer as a result of these matters.

The SEC has a broad range of civil sanctions available should it commence an enforcement action, including injunctive relief, disgorgement, fines, penalties, or an order to take remedial action. The imposition of any of these sanctions, fines, or remedial measures could have a material adverse effect on our business, results of operation and financial condition.

The outcome of the Logan Lawsuit, the Boca Raton Lawsuit, the Chang Lawsuit or any other litigation is necessarily uncertain. We could be forced to expend significant resources in the defense of these lawsuits or future ones, and we may not prevail.

We maintain director and officer insurance; however, our insurance coverage is subject to certain exclusions (including, for example, any required SEC disgorgement or penalties) and we are responsible for meeting certain deductibles under the policies. Moreover, we cannot assure you that our insurance coverage will adequately protect us from claims made in the Logan Lawsuit, the Boca Raton Lawsuit, the Chang Lawsuit, the SEC investigation or any future claims. Further, as a result of the pending litigation and investigation the costs of insurance may increase and the availability of coverage may decrease. As a result, we may not be able to maintain our current levels of insurance at a reasonable cost, or at all.

We have identified material weaknesses in our internal control over financial reporting and may identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, which may result in material misstatements of our financial statements or cause us to fail to meet our periodic reporting obligations.

We are required to comply with certain provisions of Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404"). Section 404 requires that we document and test our internal control over financial reporting and issue our management's assessment of our internal control over financial reporting. This section also requires that our independent registered public accounting firm issue an attestation report on such internal control.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. As disclosed in Item 9A, following the filing of our Annual Report on Form 10-K for the year ended December 31, 2018, management identified certain material weaknesses in our internal control over financial reporting that existed as of December 31, 2018 relating to related party transactions and other areas, which resulted in the failure of the following COSO principles: (i) the organization demonstrates commitment to integrity and ethical values; (ii) the board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control; (iii) management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in pursuit of objectives; (iv) the organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives; (v) the organization holds individuals accountable for their internal control related responsibilities in the pursuit of objectives; (vi) the organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control; (vii) the organization communicates with external parties regarding matters affecting the functioning of internal control; (viii) the organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels; (ix) the organization deploys control activities through policies that establish what is expected and procedures that put policies into action; and (x) controls designed to sufficiently identify, evaluate, and disclose related party transactions. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. As such, management concluded that we did not design and implement effective control activities based on the criteria established in the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in "2013 Internal Control-Integrated Framework." As a result of these material weaknesses, the COSO components of Control Environment, Information and Communication and Control Activities were not present and functioning.

We have begun taking steps to implement controls to remediate the material weaknesses, including: (i) appointing new executive officers with extensive public company experience to improve the tone at the top, communication with the Board and compliance with policies within the Company; (ii) enhancing certain policies of the Company, including the Code of Ethics and Conduct, Expense Reimbursement, Travel and Entertainment, and Delegation of Responsibilities and Authority policies and enhancing monitoring of compliance with such policies; (iii) designing and implementing control activities related to transactions involving potential conflicts of interest and related parties, and evaluation of whistleblower allegations; and (iv) forming a disclosure committee and appointing a Chief Disclosure Officer to provide improved corporate governance related to disclosures the Company provides to the public and other external parties.

The material weaknesses described above or any newly identified material weakness could limit our ability to prevent or detect a misstatement of our accounts or disclosures that could result in a material misstatement of our annual or interim financial statements. We cannot assure you that the measures we have taken to date, or any measures we may take in the future, will be sufficient to remediate the control deficiencies that led to the material weaknesses in our internal control over financial reporting described above or to avoid potential future material weaknesses.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. If we are unable to successfully remediate our existing material weaknesses or any future material weakness in our internal control over financial reporting, or identify any additional material weaknesses that may exist, the accuracy and timing of our financial reporting may be adversely affected, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, we may be unable to prevent fraud, investors may lose confidence in our financial reporting, we may lose customers, our ability to obtain financing may be reduced, and our stock price may decline as a result, each of which could have a material adverse effect on our business, financial condition, prospects, results of operations and cash flows. For example, as a result of the ineffective control environment and other related matters, the Company did not timely file its Quarterly Reports on Form

10-Q for the quarters ended June 30, 2019, September 30, 2019 and March 31, 2020 and its Annual Report on Form 10-K for the year ended December 31, 2019.

Certain provisions of our certificate of incorporation, bylaws and stockholder rights plan, as well as Delaware law, may discourage acquisition bids or merger proposals, which may adversely affect the market price of our common stock.

Our certificate of incorporation authorizes our board of directors (the “Board”) to issue preferred stock without shareholder approval. If our Board elects to issue preferred stock, it could be more difficult for a third party to acquire us. In addition, some provisions of our certificate of incorporation and bylaws could make it more difficult for a third party to acquire control of us, even if the change of control would be beneficial to our shareholders, including:

- limitations on the removal of directors;
- limitations on the ability of our shareholders to call special meetings;
- advance notice provisions for shareholder proposals and nominations for elections to the Board to be acted upon at meetings of shareholders;
- providing that the Board is expressly authorized to adopt, or to alter or repeal our bylaws; and
- establishing advance notice and certain information requirements for nominations for election to our Board or for proposing matters that can be acted upon by shareholders at shareholder meetings.

In addition, our Board adopted a short-term stockholder rights plan that would likely discourage a hostile attempt to acquire control of us.

Our business could be negatively affected as a result of the actions of activist shareholders.

Publicly traded companies have increasingly become subject to campaigns by investors seeking to increase shareholder value by advocating corporate actions such as financial restructuring, increased borrowing, special dividends, stock repurchases, sales of assets or even sale of the entire company. Given our shareholder composition and other factors, it is possible such shareholders or future activist shareholders may attempt to effect such changes or acquire control over us. Responding to proxy contests and other actions by such activist shareholders or others in the future would be costly and time-consuming, disrupt our operations and divert the attention of our Board and senior management from the pursuit of business strategies, which could adversely affect our results of operations and financial condition. Additionally, perceived uncertainties as to our future direction as a result of shareholder activism or changes to the composition of the Board may lead to the perception of a change in the direction of our business, instability or lack of continuity which may be exploited by our competitors, cause concern to our current or potential customers, and make it more difficult to attract and retain qualified personnel. If customers choose to delay, defer or reduce transactions with us or transact with our competitors instead of us because of any such issues, then our business, financial condition, revenues, results of operations and cash flows could be adversely affected.

Our certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our shareholders, which could limit our shareholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our shareholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law (the “DGCL”), our certificate of incorporation or our bylaws, or (iv) any action asserting a claim against us that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein.

The exclusive forum provision would not apply to suits brought to enforce any liability or duty created by the Securities Act or the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. To the extent that any such claims may be based upon federal law claims, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder.

The enforceability of similar choice of forum provisions in other companies' certificates of incorporation or similar governing documents has been challenged in legal proceedings, and it is possible that a court could find the choice of forum provisions contained in our certificate of incorporation to be inapplicable or unenforceable, including with respect to claims arising under the U.S. federal securities laws.

Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and consented to, the provisions of our certificate of incorporation regarding exclusive forum. This choice of forum provision may limit a shareholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and such persons. Alternatively, if a court were to find these provisions of our certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

The New York Stock Exchange could commence procedures to delist our common stock, in the event we do not timely file all required periodic reports with the SEC, in which case the market price of our shares might decline and become more volatile and our stockholders' ability to trade in our stock could be adversely affected.

As a result of our failure to timely file our Quarterly Reports on Form 10-Q for the three months ended June 30, 2019, for the three months ended September 30, 2019 and Annual Report on Form 10-K for the year ended December 31, 2019 with the SEC, as previously disclosed, on August 15, 2019 we received a notice from the New York Stock Exchange (the "NYSE") informing us that we were not in compliance with the NYSE's continued listing requirements under the timely filing criteria set forth in Section 802.01E of the NYSE Listed Company Manual as a result of our failure to timely file our Quarterly Report on Form 10-Q for the three months ended June 30, 2019. Under the NYSE rules, we were provided with six months from August 15, 2019 to file the delinquent Quarterly Report on Form 10-Q for the three months ended June 30, 2019. On February 14, 2020, the NYSE granted us an additional extension to July 15, 2020 to file our all delinquent Quarterly and Annual Reports. Subsequently, we have failed to timely file our Quarterly Report for the three months ended March 31, 2020. While we intend to become current before July 15, 2020, we remain subject to the procedures set forth in the NYSE's listing standards related to late filings and subject to the risk of delisting. If our common stock were delisted, there could be no assurance whether or when it would again be listed for trading on NYSE or any other exchange. Further, the market price of our shares might decline and become more volatile, and our stockholders may find that their ability to trade in our stock would be adversely affected. Furthermore, institutions whose charters do not allow them to hold securities in unlisted companies might sell our shares, perhaps very promptly, which could have a further adverse effect on the price of our stock.

The market price of our common stock is subject to volatility.

The market of our common stock could be subject to wide fluctuations in response to, and the level of trading of our common stock may be affected by, numerous factors, many of which are beyond our control. These factors include, among other things, our limited trading volume, the concentration of holdings or our common stock, actual or anticipated variations in our operating results and cash flow, the nature and content of our earnings releases, announcements or events that impact our products, customers, competitors or markets, business conditions in our markets and the general state of the securities markets and the market for energy-related stocks, as well as general economic and market conditions and other factors that may affect our future results, including those described in this report. Significant sales of our common stock, or the expectation of these sales, by significant shareholders, officers or directors could materially and adversely affect the market price of our common stock.

There may be future sales or other dilution of our equity, which may adversely affect the market price of our common stock.

We are not restricted from issuing additional common stock, including securities that are convertible into or exchangeable for, or that represent a right to receive, common stock. Any issuance of additional shares of our common stock or convertible securities will dilute the ownership interest of our common stockholders. Sales of a substantial number of shares of our common stock or other equity-related securities in the public market, or the perception that these sales could occur, could depress the market price of our common stock and impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that future sales of our common stock or other equity-related securities would have on the market price of our common stock.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties

Our corporate headquarters is located at 1706 S. Midkiff, Midland, Texas 79701. In addition to our headquarters, we also own and lease other properties that are used for field offices, yards or storage in the Permian Basin. We believe that our facilities are adequate for our current operations.

Item 3. Legal Proceedings.

In September 2019, a complaint, captioned Richard Logan, Individually and On Behalf of All Others Similarly Situated, Plaintiff, v. ProPetro Holding Corp., et al., was filed against the Company and certain of its current and former officers and directors in the U.S. District Court for the Western District of Texas.

In April 2020, Lead Plaintiffs Nykredit Portefølje Administration A/S, Oklahoma Firefighters Pension and Retirement System, Oklahoma Law Enforcement Retirement System, Oklahoma Police Pension and Retirement System, and Oklahoma City Employee Retirement System, and additional named plaintiff Police and Fire Retirement System of the City of Detroit, individually and on behalf of a putative class of shareholders who purchased the Company's common stock between March 17, 2017 and March 13, 2020, filed a second amended class action complaint in the U.S. District Court for the Western District of Texas in the Logan Lawsuit, alleging violations of Sections 10(b) and 20(a) of the Exchange Act, as amended, and Rule l0b-5 promulgated thereunder, and Sections 11 and 15 of the Securities Act, as amended, based on allegedly inaccurate or misleading statements, or omissions of material facts, about the Company's business, operations and prospects.

In January 2020, Boca Raton Firefighters' and Police Pension Fund filed a shareholder derivative suit in the U.S. District Court for the Western District of Texas against certain of the Company's current and former officers and directors. The Company was named as a nominal defendant only. The claims include (i) breaches of fiduciary duties, (ii) unjust enrichment and (iii) contribution. Boca Raton did not quantify any alleged damages in its complaint but, in addition to attorneys' fees and costs, Boca Raton seeks various forms of relief, including (i) damages sustained by the Company as a result of the Boca Raton Defendants' alleged misconduct, (ii) punitive damages and (iii) equitable relief in the form of improvements to the Company's governance and controls.

In April 2020, Jye-Chun Chang filed a shareholder derivative suit in the U.S. District Court for the Western District of Texas against certain of the Company's current and former officers and directors. The Company was named as a nominal defendant only. The claims include (i) violations of section 14(a) of the Exchange Act, (ii) breach of fiduciary duties, (iii) unjust enrichment, (iv) abuse of control, (v) gross mismanagement and (vi) waste of corporate assets. Chang did not quantify any alleged damages in its complaint but, in addition to attorneys' fees and costs, Chang seeks various forms of relief, including (i) declaring that Chang may sustain the action on behalf of the Company, (ii) declaring that the Chang Defendants breached their fiduciary duties to the Company, (iii) damages sustained by the Company as a result of the Chang Defendants' alleged misconduct, (iv) equitable relief in the form of improvements to the Company's governance and controls and (v) restitution.

In October 2019, the Company received a letter from the SEC indicating that the SEC has opened an investigation into the Company and requesting that the Company provide information and documents, including documents related to the Expanded Audit Committee Review and related events. The Company has cooperated and expects to continue to cooperate with the SEC's investigation.

We are presently unable to predict the duration, scope or result of the SEC's investigation, the Logan Lawsuit, the Boca Raton Lawsuit, the Chang Lawsuit, or any other related lawsuit or investigation.

From time to time, we may be subject to various other legal proceedings and claims incidental to or arising in the ordinary course of our business.

Item 4. Mine and Safety Disclosures

None.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

On March 22, 2017, we consummated our initial public offering ("IPO") of our common stock at a price of $14.00 per share. Our common stock is traded on the New York Stock Exchange under the symbol "PUMP".

Holders

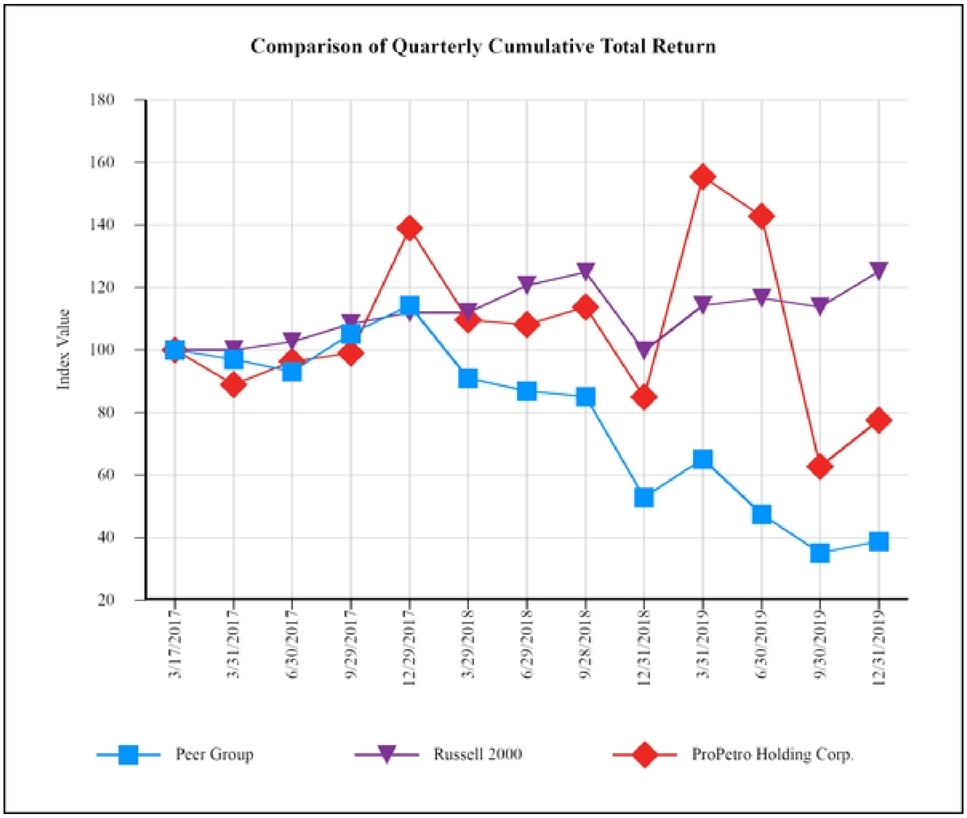
As of December 31, 2019, there were 100,624,099 shares of common stock outstanding, held of record by 4holders. The number of record holders of our common stock does not include Depository Trust Company participants or beneficial owners holding shares through nominee names.

Dividend

We do not anticipate declaring or paying any cash dividends to holders of our common stock in the foreseeable future. We currently intend to retain future earnings, if any, to finance the growth of our business and repay borrowings under our ABL Credit Facility. Our future dividend policy is within the discretion of our Board and will depend upon then-existing conditions, including our results of operations, financial condition, capital requirements, investment opportunities, statutory restrictions on our ability to pay dividends and other factors our Board may deem relevant. In addition, our ABL Credit Facility places restrictions on our ability to pay cash dividends.

Performance Graph

The quarterly changes for the periods shown in the following graph are based on the assumption that $100 had been invested in our common stock, the Russell 2000 Index ("Russell 2000") and a self-constructed peer group index of comparable companies ("Peer Group") on March 17, 2017 (the first trading date of our common stock), and that all dividends were reinvested at the closing prices of the dividend payment dates. The relevant companies included in our Peer Group consists of Liberty Oilfield Services, Inc., Nextier Oilfield Solution Inc., RPC, Inc., Calfrac Well Services Ltd., Patterson-UTI Energy, Inc. and Mammoth Energy Services, Inc. Subsequent measurement points are the last trading days of each quarter. We did not provide a five-year graph because we became a publicly traded company in March of 2017. The total cumulative dollar returns shown on the graph represent the value that such investments would have had on the last trading date of 2019. The calculations exclude trading commissions and taxes. The stock price performance on the following graph and table is not necessarily indicative of future stock price performance.



Date		Peer Group		Russell 2000		ProPetro Holding Corp.
3/17/2017	$	100.0	$	100.0	$	100.0
3/31/2017	$	97.0	$	100.1	$	88.9
6/30/2017	$	93.2	$	102.6	$	96.3
9/29/2017	$	105.2	$	108.4	$	99.0
12/29/2017	$	114.3	$	112.0	$	139.0
3/29/2018	$	91.0	$	111.9	$	109.6
6/29/2018	$	86.9	$	120.6	$	108.1
9/28/2018	$	85.1	$	124.9	$	113.7
12/31/2018	$	52.9	$	99.7	$	85.0
3/31/2019	$	65.2	$	114.2	$	155.4
6/30/2019	$	47.5	$	116.6	$	142.8
9/30/2019	$	35.1	$	113.8	$	62.7
12/31/2019	$	38.8	$	125.1	$	77.6

Item 6. Selected Historical Financial Data.

The following table presents the available selected historical financial data of ProPetro Holding Corp. for the years indicated. There were no factors that materially affect the comparability of the information in the selected historical financial data presented, except for the purchase of certain pressure pumping assets (510,000 HHP) and real property from Pioneer and Pioneer Pressure Pumping Services, LLC, consummated on December 31, 2018 (the “Pioneer Pressure Pumping Acquisition”) and expansion of our fleet size over the years presented, that has resulted in higher revenues and profitability.

The selected historical consolidated financial and operating data presented below should be read in conjunction with “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes and other financial data included elsewhere in this Annual Report on Form 10-K.

(In thousands, except for per share data)

	Year Ended December 31,				
	2019	2018	2017	2016	2015
Statement of Operations Data:					
Revenue:					
Pressure pumping	$ 2,001,627	$ 1,658,403	$ 945,040	$ 409,014	$ 510,198
All other	50,687	46,159	36,825	27,906	59,420
Total revenue	2,052,314	1,704,562	981,865	436,920	569,618
Costs and Expenses:					
Cost of services(1)	1,470,356	1,270,577	813,823	404,140	483,338
General and administrative(2)	105,076	53,958	49,215	26,613	27,370
Depreciation and amortization	145,304	88,138	55,628	43,542	50,134
Impairment expense	3,405	—	—	7,482	36,609
Loss on disposal of assets	106,811	59,220	39,086	22,529	21,268
Total costs and expenses	1,830,952	1,471,893	957,752	504,306	618,719
Operating Income (Loss)	221,362	232,669	24,113	(67,386)	(49,101)
Other Income (Expense):					
Interest expense	(7,141)	(6,889)	(7,347)	(20,387)	(21,641)
Gain on extinguishment of debt	—	—	—	6,975	—
Other expense	(717)	(663)	(1,025)	(321)	(499)
Total other income (expense)	(7,858)	(7,552)	(8,372)	(13,733)	(22,140)
Income (loss) before income taxes	213,504	225,117	15,741	(81,119)	(71,241)
Income tax (expense) benefit	(50,494)	(51,255)	(3,128)	27,972	25,388
Net income (loss)	$ 163,010	$ 173,862	$ 12,613	$ (53,147)	$ (45,853)
Share Information:					
Net income (loss) per common share:					
Basic	$ 1.62	$ 2.08	$ 0.17	$ (1.19)	$ (1.31)
Diluted	$ 1.57	$ 2.00	$ 0.16	$ (1.19)	$ (1.31)
Weighted average common shares outstanding:					
Basic	100,472	83,460	76,371	44,787	34,993
Diluted	103,750	87,046	79,583	44,787	34,993
Balance Sheet Data as of:					
Cash and cash equivalents	$ 149,036	$ 132,700	$ 23,949	$ 133,596	$ 34,310
Property and equipment — net	$ 1,047,535	$ 912,846	$ 470,910	$ 263,862	$ 291,838
Total assets	$ 1,436,111	$ 1,274,522	$ 719,032	$ 541,422	$ 446,454
Long-term debt — net	$ 130,000	$ 70,000	$ 57,178	$ 159,407	$ 236,876
Total shareholders' equity	$ 969,305	$ 797,355	$ 413,252	$ 221,009	$ 69,571
Cash Flow Statement Data:					
Net cash provided by operating activities	$ 455,290	$ 393,079	$ 109,257	$ 10,659	$ 81,230
Net cash used in investing activities	$ (495,299)	$ (280,604)	$ (281,469)	$ (41,688)	$ (62,776)
Net cash provided by (used in) financing activities	$ 56,345	$ (3,724)	$ 62,565	$ 130,315	$ (15,216)

(1) Exclusive of depreciation and amortization.
(2) Inclusive of stock-based compensation.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with our audited consolidated financial statements and the related notes included in this Annual Report. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. You should read the “Risk Factors” section of this Annual Report for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Basis of Presentation

This discussion of our results of operations omits our results of operations for the year ended December 31, 2017 and the comparison of our results of operations for the years ended December 31, 2018 and 2017, which may be found in our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on March 1, 2019.

Unless otherwise indicated, references in this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” to “ProPetro Holding Corp.,” “the Company,” “we,” “our,” “us” or like terms refer to ProPetro Holding Corp. and its subsidiary.

Overview

Our Business

We are a growth-oriented, Midland, Texas-based oilfield services company providing hydraulic fracturing and other complementary services to leading upstream oil and gas companies engaged in the exploration and production, or E&P, of North American unconventional oil and natural gas resources. Our operations are primarily focused in the Permian Basin, where we have cultivated longstanding customer relationships with some of the region’s most active and well-capitalized E&P companies. The Permian Basin is widely regarded as one of the most prolific oil-producing areas in the United States, and we believe we are one of the leading providers of hydraulic fracturing services in the region by hydraulic horsepower.

Changes to our customers’ well design, shale formations, operating conditions and new technology have resulted in continuous changes to the number of pumps, or units, that constitute a fleet. As a result of the asymmetric nature of the number of pumps that constitute a fleet across our customer base, which we believe will continue to evolve, we view HHP to also be an appropriate metric to measure our available hydraulic fracturing capacity. As such, our total available HHP at December 31, 2019 was 1,469,000 HHP, which was comprised of 1,415,000 HHP of conventional HHP and 54,000 HHP of our newly purchased *DuraStim®* hydraulic fracturing technology. With the continuous evaluation and changes to the number of pumps or HHP that constitute a fleet, we believe that our available fleet capacity could decline as we reconfigure our fleets to increase active HHP and back up HHP based on our customers’ and operational needs. Our first *DuraStim®* hydraulic fracturing pumps of 54,000 HHP was delivered in December 2019 and deployed to a customer in January 2020. We expect that the additional *DuraStim®* hydraulic fracturing pumps of 54,000 HHP will be delivered during 2020. We also have an option to purchase up to an additional 108,000 HHP of *DuraStim®* hydraulic fracturing pumps in the future through April 30, 2021. The *DuraStim®* technology is powered by electricity. We purchased two gas turbines to provide electrical power for the *DuraStim®* fleets. The electrical power sources for future *DuraStim®* fleets are still being evaluated and could either be supplied by the Company, customers or a third-party supplier.

Pioneer Pressure Pumping Acquisition

On December 31, 2018, we consummated the purchase of pressure pumping and related assets of Pioneer Natural Resources USA, Inc.(“Pioneer”) and Pioneer Pumping Services, LLC (the “Pioneer Pressure Pumping Acquisition”). The pressure pumping assets acquired included hydraulic fracturing pumps of 510,000 HHP, four coiled tubing units and the associated equipment maintenance facility. In connection with the acquisition, we became a long-term service provider to Pioneer under a Pressure Pumping Services Agreement (the “Pioneer Services Agreement”), providing pressure pumping and related services for a term of up to 10 years; provided, that Pioneer has the right to terminate the Pioneer Services Agreement, in whole or part, effective as of December 31 of each of the calendar years of 2022, 2024 and 2026. Pioneer can increase the number of committed fleets prior to December 31, 2022. Pursuant to the Pioneer Services Agreement, the Company is entitled to receive compensation if Pioneer were to idle committed fleets (“idle fees”); however, we are first required to use all economically reasonable effort to deploy the idled fleets to another customer. At the present, we have eight fleets committed to Pioneer. During times when there is a significant reduction in overall demand for our services, the idle fees could represent a material portion of our revenues.

Commodity Price and Other Economic Conditions

The global public health crisis associated with the COVID-19 pandemic has and is anticipated to continue to have an adverse effect on global economic activity for the immediate future and has resulted in travel restrictions, business closures and the institution of quarantining and other restrictions on movement in many communities. The slowdown in global economic activity attributable to COVID-19 has resulted in a dramatic decline in the demand for energy which directly impacts our industry and the Company. In addition, global crude oil prices experienced a collapse starting in early March 2020 as a direct result of failed negotiations between OPEC, and Russia. In response to the global economic slowdown, OPEC had recommended a decrease in production levels in order to accommodate reduced demand. Russia rejected the recommendation of OPEC as a concession to U.S. producers. After the failure to reach an agreement, Saudi Arabia, a dominant member of OPEC, and other Persian Gulf OPEC members announced intentions to increase production and offer price discounts to buyers in certain geographic regions.

As the breadth of the COVID-19 health crisis expanded throughout the month of March 2020 and governmental authorities implemented more restrictive measures to limit person-to-person contact, global economic activity continued to decline commensurately. The associated impact on the energy industry has been adverse and continued to be exacerbated by the unresolved conflict regarding production. In the second week of April, OPEC reconvened to discuss the matter of production cuts in light of unprecedented disruption and supply and demand imbalances that expanded since the failed negotiations in early March 2020. Tentative agreements were reached to cut production by up to 10 million BOPD, with allocations to be made among the OPEC+ participants. Some of these production cuts went into effect in the first half of May 2020, however, commodity prices remain depressed as a result of an increasingly utilized global storage network and near-term demand loss attributable to the COVID-19 health crisis and related economic slowdown.

The combined effect of COVID-19 and the energy industry disruptions led to a decline in WTI crude oil prices of approximately 67 percent from the beginning of January 2020, when prices were approximately $62 per barrel, through the end of March 2020, when they were just above $20 per barrel. Overall crude oil price volatility has continued despite apparent agreement among OPEC+ regarding production cuts and as of June 17, 2020, the WTI price for a barrel of crude oil was approximately $38.

Despite a significant decline in drilling and completion activity by U.S. producers starting in mid-March 2020, domestic supply continues to exceed demand which has led to significant operational stress with respect to capacity limitations associated with storage, pipeline and refining infrastructure, particularly within the Gulf Coast region. The combined effect of the aforementioned factors is anticipated to have a continuing adverse impact on the industry in general and our operations specifically.

2019 Operational Highlights

Over the course of the year ended December 31, 2019, we:

- Placed in service, at the beginning of 2019, pressure pumping and related assets (510,000 HHP) acquired in connection with the Pioneer Pressure Pumping Acquisition, which resulted in an increase to our revenue and profitability in 2019;
- Purchased 108,000 HHP of *DuraStim®* hydraulic fracturing pumps with the first *DuraStim®* pumps of 54,000 HHP delivered in December 2019, while the remaining hydraulic fracturing pumps or 54,000 HHP expected to be delivered in 2020;
- Entered into a purchase option agreement with our equipment supplier to purchase additional *DuraStim®* hydraulic fracturing pumps of 108,000 HHP;
- Maintained a high fleet utilization for the year 2019; and
- Improved operational and financial processes by making changes to senior management in 2019.

2019 Financial Highlights

Financial highlights for the year ended December 31, 2019:

- Revenue increased $347.8 million, or 20.4%, to $2,052.3 million, as compared to $1,704.6 million for the year ended December 31, 2018, primarily a result of the increase in our fleet size in connection with the Pioneer Pressure Pumping Acquisition placed in service at the beginning of 2019;

- Cost of services (exclusive of depreciation and amortization) increased $199.8 million or 15.7% to $1,470.4 million, as compared to $1,270.6 million for the year ended December 31, 2018, primarily a result of the increase in head count and higher activity levels resulting from the increase in fleet size. Cost of services as a percentage of revenue decreased to 71.6% in 2019 compared to 74.5% for the year ended December 31, 2018;

- General and administrative expenses, inclusive of stock-based compensation ("G&A"), increased $51.1 million, or 94.7% to $105.1 million, as compared to $54.0 million for the December 31, 2018. G&A as a percentage of revenue increased to 5.1% in 2019 from 3.2% for the year ended December 31, 2018. The increase was driven by increase in legal and professional fees, payroll related expense and net increase in other G&A expenses resulting partly from the expansion of our business with the Pioneer Pressure Pumping Acquisition. Included in G&A was approximately $24.2 million related to legal and professional fees incurred in connection with the Audit Committee internal review;

- Net income was $163.0 million, compared to $173.9 million for the December 31, 2018. Diluted net income per common share was $1.57, compared to $2.00 for the year ended December 31, 2018. Adjusted EBIDTA was approximately $519.1 million, compared to $388.5 million for the year ended December 31, 2018 (see reconciliation of Adjusted EBITDA to net income in the subsequent section *"How We Evaluate Our Operations")*; and

- Maintained a conservative balance sheet and sufficient liquidity.

Actions to Address the Economic Impact of COVID-19 and Decline in Commodity Prices

Since March 2020, we initiated several actions to mitigate the anticipated adverse economic conditions for the immediate future and to support our financial position, liquidity and the efficient continuity of our operations as follows:

- *Growth Capital*. We cancelled substantially all our planned growth capital expenditures for the remainder of 2020.

- *Other Expenditures.* We significantly reduced our maintenance expenditures and field level consumable costs due to our reduced activity levels. We have been seeking lower pricing for our expendable items, materials used in day-to-day operations and large component replacement parts. Also, we have been internalizing certain support services that were outsourced.

- *Labor Force Reductions.* We have reduced our workforce by over 60% due to the changing activity levels for our services. We will continue to make appropriate adjustments to our workforce to reflect outlook related to activity levels.

- *Compensation Related Costs.* The directors and officers have voluntarily reduced compensation at different levels up to 20%. We have taken efforts to manage work schedules, primarily related to hourly employees, to minimize overtime costs.

- *Working Capital*. We have negotiated more favorable payment terms with certain of our larger vendors and are continuing to increase our diligence in collecting and managing our portfolio of accounts receivables.

We are continuing to evaluate and consider additional cost saving measures. We will continue to prioritize the safety and welfare of our employees and customers through these turbulent times.

Our Assets and Operations

Through our pressure pumping segment, which includes cementing operations, we primarily provide hydraulic fracturing services to E&P companies in the Permian Basin. Our modern hydraulic fracturing fleets have been designed to handle Permian Basin specific operating conditions and the region's increasingly high-intensity well completions, which are characterized by longer horizontal wellbores, more frac stages per lateral and increasing amounts of proppant per well. We continually reinvest in our equipment to ensure optimal performance and reliability.

In addition to our core pressure pumping segment operations, we also offer a suite of complementary well completion and production services, including coiled tubing and other services. We believe these complementary services create operational efficiencies for our customers and could allow us to capture a greater portion of their capital spending across the lifecycle of a well in the future.

How We Generate Revenue

We generate revenue primarily through our pressure pumping segment, and more specifically, by providing hydraulic fracturing services to our customers. We own and operate a fleet of mobile hydraulic fracturing units and other auxiliary equipment to perform fracturing services. We also provide personnel and services that are tailored to meet each of our customers' needs. We charge our customers on a per-job basis, in which we set pricing terms after receiving full specifications for the requested job, including the lateral length of the customer's wellbore, the number of frac stages per well, the amount of proppant and chemicals to be used and other parameters of the job. We also could generate revenue from idle fees from Pioneer in certain circumstances.

In addition to hydraulic fracturing services, we generate revenue through the complementary services that we provide to our customers, including cementing, coiled tubing and other services. These complementary services are provided through various contractual arrangements, including on a turnkey contract basis, in which we set a price to perform a particular job, or a daywork contract basis, in which we are paid a set price per day for our services. We are also sometimes paid by the hour for these complementary services.

Our revenue, profitability and cash flows are highly dependent upon prevailing crude oil prices and expectations about future prices. For many years, oil prices and markets have been extremely volatile. Prices are affected by many factors beyond our control. WTI oil prices declined significantly in 2015 and 2016 to approximately $30 per barrel, but subsequently recovered in 2017 and 2018. However, in 2019, oil and natural gas prices were highly volatile. The average WTI oil price per barrel was approximately $57, $65 and $51 for the years ended December 31, 2019, 2018 and 2017, respectively. Demand for our services is largely dependent on oil and natural gas prices, and our customers' completion budgets and rig count. In March 2020, WTI oil prices declined significantly, to a low of approximately $20 per barrel towards the end of March 2020. On June 17, 2020 the WTI oil price was approximately $38 per barrel. If such depressed prices continue or do not improve, demand for our services will be negatively impacted and result in a significant decrease in our profitability and cash flows. We monitor the oil and natural gas prices and the Permian Basin rig count to enable us to more effectively plan our business and forecast the demand for our services.

The historical weekly average Permian Basin rig count based on the Baker Hughes Incorporated rig count information were as follows:

	Year Ended December 31,		
Drilling Type (Permian Basin)	**2019**	**2018**	**2017**
Directional	5	6	6
Horizontal	405	418	311
Vertical	32	43	39
Total	442	467	356
Average Permian Basin rig count to U.S rig count	46.9 %	45.2 %	40.6 %

Costs of Conducting our Business

The principal direct costs involved in operating our business are direct labor, expendables and other direct costs.

Direct Labor Costs. Payroll and benefit expenses related to our crews and other employees that are directly attributable to the effective delivery of services are included in our operating costs. Direct labor costs amounted to 19.6% and 13.1% of total costs of service for the years ended December 31, 2019 and 2018, respectively. The percentage increase in our direct labor costs was driven primarily by the increase in the crew costs and also the increase in the number of our customers directly sourcing certain expendables like sand and chemical, as discussed below, which has the effect of reducing our revenues.

Expendables. Expendables include the product and freight costs associated with proppant, chemicals and other consumables used in our pressure pumping and other operations. These costs comprise a substantial variable component of our service costs, particularly with respect to the quantity and quality of sand and chemicals demanded when providing hydraulic fracturing services. Expendable product costs comprised approximately 40.8%, and 56.0% of total costs of service for the years ended December 31, 2019 and 2018, respectively. The percentage decrease in our expendable product cost in2019 is primarily attributable to the increase in the number of customers sourcing these expendables directly from the vendors and an increase in the use of less expensive regional sand, and overall depressed sand prices, which has the effect of reducing our revenues.

Other Direct Costs. We incur other direct expenses related to our service offerings, including the costs of fuel, repairs and maintenance, general supplies, equipment rental and other miscellaneous operating expenses. Fuel is consumed both in the operation and movement of our hydraulic fracturing fleet and other equipment. Repairs and maintenance costs are expenses directly related to upkeep of equipment, which have been amplified by the demand for higher horsepower jobs. Capital expenditures to upgrade or extend the useful life of equipment are not included in other direct costs. Other direct costs were 39.6% and 30.9% of total costs of service for the years ended December 31, 2019 and 2018, respectively. The percentage increase in our other direct costs was primarily a result of the increase in the number of our customers directly sourcing certain expendables like sand and chemical, as discussed above, which has the effect of reducing our revenues.

How We Evaluate Our Operations

Our management uses a variety of financial metrics, Adjusted EBITDA or Adjusted EBITDA margin to evaluate and analyze the performance of our various operating segments.

Adjusted EBITDA and Adjusted EBITDA Margin

We view Adjusted EBITDA and Adjusted EBITDA margin as important indicators of performance. We define EBITDA as our earnings, before (i) interest expense, (ii) income taxes and (iii) depreciation and amortization. We define Adjusted EBITDA as EBITDA, plus (i) loss/(gain) on disposal of assets, (ii) loss/(gain) on extinguishment of debt, (iii) stock-based compensation, and (iv) other unusual or non-recurring (income)/expenses, such as impairment charges, severance, costs related to our IPO and costs related to asset acquisitions or one-time professional fees. Adjusted EBITDA margin reflects our Adjusted EBITDA as a percentage of our revenues.

Adjusted EBITDA and Adjusted EBITDA margin are supplemental measures utilized by our management and other users of our financial statements such as investors, commercial banks, and research analysts, to assess our financial performance because it allows us and other users to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure (such as varying levels of interest expense), asset base (such as depreciation and amortization), nonrecurring (income) expenses and items outside the control of our management team (such as income taxes). Adjusted EBITDA and Adjusted EBITDA margin have limitations as analytical tools and should not be considered as an alternative to net income (loss), operating income (loss), cash flow from operating activities or any other measure of financial performance presented in accordance with generally accepted accounting principles in the United States of America (“GAAP”).

Note Regarding Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA margin are not financial measures presented in accordance with GAAP ("non-GAAP"), except when specifically required to be disclosed by GAAP in the financial statements. We believe that the presentation of Adjusted EBITDA and Adjusted EBITDA margin provide useful information to investors in assessing our financial condition and results of operations because it allows them to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure, asset base, nonrecurring (income) expenses and items outside the control of the Company. Net income (loss) is the GAAP measure most directly comparable to Adjusted EBITDA. Adjusted EBITDA and Adjusted EBITDA margin should not be considered as alternatives to the most directly comparable GAAP financial measure. Each of these non-GAAP financial measures has important limitations as analytical tools because they exclude some, but not all, items that affect the most directly comparable GAAP financial measures. You should not consider Adjusted EBITDA and Adjusted EBITDA margin in isolation or as a substitute for an analysis of our results as reported under GAAP. Because Adjusted EBITDA and Adjusted EBITDA margin may be defined differently by other companies in our industry, our definitions of these non-GAAP financial measures may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

Reconciliation of net income (loss) to Adjusted EBITDA ($ in thousands):

	Pressure Pumping	**All Other**	**Total**
Year ended December 31, 2019			
Net income (loss)	$ 281,090	$ (118,080)	$ 163,010
Depreciation and amortization	139,348	5,956	145,304
Interest expense	51	7,090	7,141
Income tax expense	—	50,494	50,494
Loss on disposal of assets	106,178	633	106,811
Impairment expense	—	3,405	3,405
Stock-based compensation	—	7,776	7,776
Other expense	—	717	717
Other general and administrative expense (1)	—	25,208	25,208
Deferred IPO bonus, retention bonus and severance expense	7,093	2,110	9,203
Adjusted EBITDA	**$ 533,760**	**$ (14,691)**	**$ 519,069**

	Pressure Pumping	All Other	Total
Year ended December 31, 2018			
Net income (loss)	$ 253,196	$ (79,334)	$ 173,862
Depreciation and amortization	83,404	4,734	88,138
Interest expense	—	6,889	6,889
Income tax expense	—	51,255	51,255
Loss (gain) on disposal of assets	59,962	(742)	59,220
Stock-based compensation	—	5,482	5,482
Other expense	—	663	663
Other general and administrative expense (1)	2	203	205
Deferred IPO bonus	1,832	977	2,809
Adjusted EBITDA	**$ 398,396**	**$ (9,873)**	**$ 388,523**

	Pressure Pumping	All Other	Total
Year ended December 31, 2017			
Net income (loss)	$ 50,417	$ (37,804)	$ 12,613
Depreciation and amortization	51,155	4,473	55,628
Interest expense	—	7,347	7,347
Income tax expense	—	3,128	3,128
Loss on disposal of assets	38,059	1,027	39,086
Stock-based compensation	—	9,489	9,489
Other expense	—	1,025	1,025
Other general and administrative expense (1)	—	722	722
Deferred IPO bonus	5,491	2,914	8,405
Adjusted EBITDA	**$ 145,122**	**$ (7,679)**	**$ 137,443**

(1) Other general and administrative expense primarily relates to nonrecurring professional fees paid to external consultants in connection with the Expanded Audit Committee Review and advisory services in 2019, and legal settlements in 2018 and 2017.

Results of Operations

We conduct our business through five operating segments: hydraulic fracturing, cementing, coiled tubing, flowback and drilling. For reporting purposes, the hydraulic fracturing and cementing operating segments are aggregated into our one reportable segment, pressure pumping. The comparability of the results of operations may have been impacted by the Pioneer Pressure Pumping Acquisition which was consummated on December 31, 2018. The acquisition cost of the assets was comprised of approximately $110.0 million of cash and 16.6 million shares of our common stock. In addition, we entered into a real estate lease for a crew camp facility with Pioneer. The real estate lease for the crew camp was terminated in July 2019. In connection with the consummation of the transaction, we became a long-term service provider to Pioneer, providing pressure pumping and related services for a term of up to ten years. The Pioneer Pressure Pumping Acquisition resulted in an additional 510,000 HHP being deployed at the beginning of 2019.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

($ in thousands, except percentages)

	Year Ended December 31,		Change	
	2019	**2018**	**Variance**	**%**
Revenue	$ 2,052,314	$ 1,704,562	$ 347,752	20.4 %
Less (Add):				
Cost of services (1)	1,470,356	1,270,577	199,779	15.7 %
General and administrative expense (2)	105,076	53,958	51,118	94.7 %
Depreciation and amortization	145,304	88,138	57,166	64.9 %
Impairment expense	3,405	—	3,405	100.0 %
Loss on disposal of assets	106,811	59,220	47,591	80.4 %
Interest expense	7,141	6,889	252	3.7 %
Other expense	717	663	54	8.1 %
Income tax expense	50,494	51,255	(761)	(1.5)%
Net income	$ 163,010	$ 173,862	$ (10,852)	(6.2)%
Adjusted EBITDA (3)	$ 519,069	$ 388,523	$ 130,546	33.6 %
Adjusted EBITDA Margin (3)	25.3%	22.8%	2.5%	11.0 %
Pressure pumping segment results of operations:				
Revenue	$ 2,001,627	$ 1,658,403	$ 343,224	20.7 %
Cost of services	$ 1,428,620	$ 1,236,262	$ 192,358	15.6 %
Adjusted EBITDA	$ 533,760	$ 398,396	$ 135,364	34.0 %
Adjusted EBITDA Margin (4)	26.7%	24.0%	2.7%	11.3 %

(1) Exclusive of depreciation and amortization.

(2) Inclusive of stock-based compensation of $7.8 million and $5.5 million for 2019 and 2018, respectively.

(3) For definitions of the non-GAAP financial measures of Adjusted EBITDA and Adjusted EBITDA margin and reconciliation of Adjusted EBITDA and Adjusted EBITDA margin to our most directly comparable financial measures calculated in accordance with GAAP, please read "How We Evaluate Our Operations".

(4) The non-GAAP financial measure of Adjusted EBITDA margin for the pressure pumping segment is calculated by taking Adjusted EBITDA for the pressure pumping segment as a percentage of our revenues for the pressure pumping segment.

Revenue. Revenue increased 20.4%, or $347.8 million, to $2,052.3 million for the year ended December 31, 2019, as compared to $1,704.6 million for the year ended December 31, 2018. The increase was primarily attributable to the increase in our effectively utilized fleets from approximately 18.8 active fleets in 2018 to 23.9 in 2019, and an increase in demand for our pressure pumping services and certain customer activity, specifically driven by the Pioneer Pressure Pumping Acquisition. The increase in revenue was partly offset by the increase in the number of customers self-sourcing certain consumables like sand. Our pressure pumping segment revenues increased 20.7%, or $343.2 million for the year ended December 31, 2019, as compared to the year ended December 31, 2018.

Revenues from services other than pressure pumping increased 9.8%, or approximately $4.5 million, for the year ended December 31, 2019, as compared to the year ended December 31, 2018. The increase in revenues from services other than pressure pumping during the year ended December 31, 2019, was primarily attributable to the increase in demand for our coiled tubing services.

Cost of Services. Cost of services increased 15.7%, or $199.8 million, to $1,470.4 million for the year ended December 31, 2019, from $1,270.6 million during the year ended December 31, 2018. Cost of services in our pressure pumping segment increased $192.4 million during the year ended December 31, 2019, as compared to the year ended December 31, 2018. The increases were primarily attributable to higher activity levels, coupled with an increase in personnel headcount following the increase in our operations in connection with the Pioneer Pressure Pumping Acquisition. As a percentage of pressure pumping segment revenues, pressure pumping cost of services decreased to 71.4% for the year ended December 31, 2019, as compared to 74.5% for the year ended December 31, 2018. The decrease in cost of services as a percentage of revenue in our pressure pumping segment is attributed to the increased revenue from operational efficiencies and a favorable change in our cost structure driven by our internal cost control initiatives, a decrease in the cost of certain consumables and an increase in the number of customers self-sourcing sand and other consumables, which resulted in significantly higher realized Adjusted EBITDA margins during the year ended December 31, 2019.

General and Administrative Expenses. General and administrative expenses increased 94.7%, or $51.1 million, to $105.1 million for the year ended December 31, 2019, as compared to $54.0 million for the year ended December 31, 2018. The net increase was primarily attributable to the increase in retention bonuses, stock-based compensation, and severance and related expenses of $11.0 million driven primarily by the increase in personnel following the Pioneer Pressure Pumping Acquisition, increase in nonrecurring professional fees of $25.0 million, primarily in connection with the Expanded Audit Committee Review, and net increase in our remaining other general and administrative expenses of approximately $15.1 million.

Depreciation and Amortization. Depreciation and amortization increased 64.9%, or $57.2 million, to $145.3 million for the year ended December 31, 2019, as compared to $88.1 million for the year ended December 31, 2018. The increase was primarily attributable to additional property and equipment purchased in connection with the Pioneer Pressure Pumping Acquisition and other equipment put into service during the year ended December 31, 2019.

Impairment Expense. Impairment expense of $3.4 million, a non-cash expense, was recorded during the year ended December 31, 2019 in connection with our vertical drilling rigs and flowback assets resulting from the depressed demand and negative future near-term outlook for our drilling assets and the shutdown of our flowback operations. No impairment expense was recorded in the year ended December 31, 2018.

Loss on Disposal of Assets. Loss on the disposal of assets increased 80.4%, or $47.6 million, to $106.8 million for the year ended December 31, 2019, as compared to $59.2 million for the year ended December 31, 2018. The increase was primarily attributable to an increase in our hydraulic fracturing fleet size, and greater intensity of jobs as well as the number of jobs completed. Upon sale or retirement of property and equipment, including certain major components like fluid ends and power ends of our pressure pumping equipment that are replaced, the cost and related accumulated depreciation are removed from the balance sheet and the net amount is recognized as loss on disposal of assets.

Interest Expense. Interest expense increased 3.7%, or $0.3 million, to $7.1 million for the year ended December 31, 2019, as compared to $6.9 million for the year ended December 31, 2018. The increase in interest expense was primarily attributable to an increase in our average debt balance in 2019 compared to 2018.

Other Expense. Other expense was relatively flat at $0.7 million for the year ended December 31, 2019, similar to $0.7 million for the year ended December 31, 2018.

Income Tax Expense. Income tax expense was $50.5 million for the year ended December 31, 2019, as compared to $51.3 million for the year ended December 31, 2018. The slight decrease in our provision for income tax expense is attributable to the decrease in pre-tax book income in 2019 compared to 2018. Our effective tax rate was relatively flat at 23.7% during the year ended December 31, 2019 compared to 22.8% during the year ended December 31, 2018.

Liquidity and Capital Resources

Our liquidity is currently provided by (i) existing cash balances, (ii) operating cash flows and (iii) borrowings under our revolving credit facility ("ABL Credit Facility"). Our primary uses of cash will be to continue to fund our operations, support growth opportunities and satisfy debt payments. Our borrowing base, as redetermined monthly, is tied to 85.0% of eligible accounts receivable. Our borrowing base as of December 31, 2019 was approximately $181.2 million and was approximately $16.8 million as of June 19, 2020. Changes to our operational activity levels have an impact on our total eligible accounts receivable, which could result in significant changes to our borrowing base and therefore our availability under our ABL Credit Facility. With the current depressed oil and gas market conditions, we believe our remaining monthly availability under our ABL Credit facility will be adversely impacted by the expected decline in our customers' activity.

As of December 31, 2019, our borrowings under our ABL Credit Facility was $130.0 million and our total liquidity was $198.7 million, consisting of cash and cash equivalents of $149.0 million and $49.7 million of availability under our ABL Credit Facility.

As of June 19, 2020, we had no borrowings under our ABL Credit Facility and our total liquidity was approximately $57.4 million, consisting of cash and cash equivalents of $42.2 million and $15.2 million of availability under our ABL Credit Facility.

There can be no assurance that operations and other capital resources will provide cash in sufficient amounts to maintain planned or future levels of capital expenditures. Future cash flows are subject to a number of variables, and are highly dependent on the drilling, completion, and production activity by our customers, which in turn is highly dependent on oil and natural gas prices. Depending upon market conditions and other factors, we may issue equity and debt securities or take other actions necessary to fund our business or meet our future long-term liquidity requirements.

The global public health crisis associated with the COVID-19 pandemic has and is anticipated to continue to have an adverse effect on global economic activity for the immediate future and has resulted in travel restrictions, business closures and the institution of quarantining and other restrictions on movement in many communities. The slowdown in global economic activity attributable to COVID-19 has resulted in a dramatic decline in the demand for energy which directly impacts our industry and the Company. In addition, global crude oil prices experienced a collapse starting in early March 2020. As a result of these developments, the Company expects a material adverse impact on the oil field services we provide and our revenue, results of operations and cash flows. These situations are rapidly changing and additional impacts to the business may arise that we are not aware of currently and the depressed oil and gas industry may take a longer time to recover thereby significantly impacting on revenue, results of operations and cash flows for a longer period of time.

Cash and Cash Flows

The following table sets forth our net cash provided by (used in) operating, investing and financing activities during the years ended December 31, 2019, 2018 and 2017, respectively.

	Year Ended December 31,		
($ in thousands)	**2019**	**2018**	**2017**
Net cash provided by operating activities	$ 455,290	$ 393,079	$ 109,257
Net cash used in investing activities	$ (495,299)	$ (280,604)	$ (281,469)
Net cash provided by (used in) financing activities	$ 56,345	$ (3,724)	$ 62,565

Operating Activities

Net cash provided by operating activities was $455.3 million for the year ended December 31, 2019, as compared to $393.1 million for the year ended December 31, 2018. The net increase of $62.2 million was primarily due to the expansion of our operations following the Pioneer Pressure Pumping Acquisition as well as the associated increase in revenue and cash operating profits, and also impacted by the timing of our receivable collections from our customers and payment to our vendors.

Investing Activities

Net cash used in investing activities increased to $495.3 million for the year ended December 31, 2019, from $280.6 million for the year ended December 31, 2018. The increase was primarily attributable to the cash payment of approximately $110.0 million in connection with the Pioneer Pressure Pumping Acquisition. In addition, during the year ended December 31, 2019, we paid approximately $145.3 million for 108,000 HHP of *DuraStim*® hydraulic fracturing units, ancillary equipment and turbines (including an option payment of $6.1 million to purchase an additional 108,000 HHP of *DuraStim*® fleets through the end of 2020). The remaining cash payments in 2019 were primarily incurred in connection with our maintenance capital expenditures and other growth initiatives.

Financing Activities

Net cash provided by financing activities was $56.3 million for the year ended December 31, 2019, compared to net cash used of $3.7 million for the year ended December 31, 2018. Our net cash provided by financing activities during the year ended December 31, 2019 was primarily driven by proceeds from borrowings of $110.0 million to fund our working capital needs and cash payment for fleets acquired in connection with the Pioneer Pressure Pumping Acquisition, proceeds from exercise of equity awards of $1.2 million which was partially offset by cash used in repayment of borrowings of $50.0 million, repayments of insurance financing of $4.5 million and finance lease payment of approximately $0.3 million. Our net cash used in financing activities during the year ended December 31, 2018 was primarily driven by repayment of borrowings of $80.9 million, repayment of insurance financing of $4.5 million, payment of debt issuance costs of $1.7 million, partially offset by proceeds from borrowings of $77.4 million to fund our working capital needs and proceeds from insurance financing of $5.8 million.

Future Sources and Use of Cash

Capital expenditures for 2020 are projected to be primarily related to maintenance capital expenditures to support our existing assets and growth initiatives, depending on market conditions. We anticipate our capital expenditures will be funded by existing cash, cash flows from operations, and if needed, borrowings under our ABL Credit Facility. Our maintenance capital expenditures are dependent on our operational activity and the intensity on the equipment, among other factors, which could vary throughout the year.

In addition, we have an agreement with our equipment manufacturer granting the Company the option to purchase additional *DuraStim*® hydraulic fracturing pumps of approximately 108,000 HHP with the purchase option expiring at different times through April 30, 2021. We believe the cost to acquire the *DuraStim*® pumps will be comparable to our previously purchased *DuraStim*® pumps. In the current economic environment it is not probable we would exercise these options.

We have repaid all our borrowings, as ofJune 19, 2020, under our ABL Credit Facility with cash flows from operations and our available cash. Our objective is to maintain a conservative leverage ratio. Through June 19, 2020, we repaid $130.0 million of our borrowings under the ABL Credit Facility.

Credit Facility and Other Financing Arrangements

ABL Credit Facility

Our ABL Credit Facility, as amended, has a total borrowing capacity of $300 million (subject to the Borrowing Base limit), with a maturity date of December 19, 2023. The ABL Credit Facility has a borrowing base of 85% of monthly eligible accounts receivable less customary reserves (the "Borrowing Base"). The Borrowing Base as of December 31, 2019 was approximately $181.2 million. The ABL Credit Facility includes a Springing Fixed Charge Coverage Ratio to apply when excess availability is less than the greater of (i) 10% of the lesser of the facility size or the Borrowing Base or (ii) $22.5 million. Under this facility we are required to comply, subject to certain exceptions and materiality qualifiers, with certain customary affirmative and negative covenants, including, but not limited to, covenants pertaining to our ability to incur liens, indebtedness, changes in the nature of our business, mergers and other fundamental changes, disposal of assets, investments and restricted payments, amendments to our organizational documents or accounting policies, prepayments of certain debt, dividends, transactions with affiliates, and certain other activities. Borrowings under the ABL Credit Facility are secured by a first priority lien and security interest in substantially all assets of the Company.

Borrowings under the ABL Credit Facility accrue interest based on a three-tier pricing grid tied to availability, and we may elect for loans to be based on either LIBOR or base rate, plus the applicable margin, which ranges from 1.75% to 2.25% for LIBOR loans and 0.75% to 1.25% for base rate loans, with a LIBOR floor of zero. The weighted average interest rate under our ABL Credit Facility for the year ended December 31, 2019 was 4.4%.

In March 2020, we obtained a waiver from our lenders under the ABL Credit Facility to extend the time period for us to provide our lenders the Company’s audited financial statements for the year ended December 31, 2019 to July 31, 2020.

Off Balance Sheet Arrangements

We had no off balance sheet arrangements as of December 31, 2019.

Capital Requirements

Capital expenditures incurred were $400.7 million during the year ended December 31, 2019, as compared to $592.6 million during the year ended December 31, 2018. The higher capital expense in 2018 was primarily attributable to the Pioneer Pressure Pumping Acquisition. We financed the Pioneer Pressure Pumping Acquisition with a combination of cash from operations and borrowings under our ABL Credit Facility and the issuance of 16.6 million of our common shares to Pioneer.

Contractual Obligations

The following table presents our contractual obligations and other commitments as of December 31, 2019.

($ in thousands)	**Payment Due by Period**				
	Total	**Less than 1 year**	**1 - 3 years**	**3- 5 years**	**More than 5 years**
ABL Credit Facility [1]	$ 130,000	$ —	$ —	$ 130,000	$ —
Operating leases[2]	1,230	366	766	98	—
Finance leases [2]	2,833	2,833	—	—	—
Other purchase obligation	9,300	4,815	4,485	—	—
Total	$ 143,363	$ 8,014	$ 5,251	$ 130,098	$ —

(1) Exclusive of future commitment fees, amortization of deferred financing costs, interest expense or other fees on our revolving credit facility because obligations thereunder are floating rate instruments and we cannot determine with accuracy the timing of future loan advances, repayments or future interest rates to be charged. However, assuming a weighted average interest rate of 4.4%, and that our ABL Credit Facility debt balance remains the same, our estimated annual interest payment will be $5.8 million.

(2) Finance and Operating leases include agreements for various office and yard locations, excluding short-term leases (see Note 17. Leases and Note 18. Commitments and Contingencies in the financial statements for additional disclosures, including estimated interest).

The Company enters into purchase agreements with the Sand suppliers to secure supply of sand as part of its normal course of business. The agreements with the Sand suppliers require that the Company purchase a minimum volume of sand, constituting substantially all of its sand requirements, from the Sand suppliers, otherwise certain penalties may be charged. Under certain of the purchase agreements, a shortfall fee applies if the Company purchases less than the minimum volume of sand. The shortfall fee represents liquidated damages and is either a fixed percentage of the purchase price for the minimum volumes or a fixed price per ton of unpurchased volumes. Under one of the purchase agreements, the Company is obligated to purchase a specified percentage of its overall sand requirements, or it must pay the supplier the difference between the purchase price of the minimum volumes under the purchase agreement and the purchase price of the volumes actually purchased. Our minimum volume commitments under the purchase agreements are either based on a percentage of our total usage or fixed minimum quantity. Our agreements with the Sand suppliers expire at different times prior to April 30, 2022.

Recent Accounting Pronouncements

Disclosure concerning recently issued accounting standards is incorporated by reference to Note 2 of our Consolidated Financial Statements contained in this Annual Report.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally acceptable in the United States of America. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported revenues and expenses during the years. We evaluate these estimates and assumptions on an ongoing basis and base our estimates on historical experience, current conditions and various other assumptions that we believe to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Our actual results may materially differ from these estimates.

Listed below are the accounting policies that we believe are critical to our financial statements due to the degree of uncertainty regarding the estimates or assumptions involved, and that we believe are critical to the understanding of our operations.

Property and Equipment

Our property and equipment are recorded at cost, less accumulated depreciation.

Upon sale or retirement of property and equipment, the cost and related accumulated depreciation are removed from the balance sheet and the net amount, less proceeds from disposal, is recognized as a gain or loss in earnings.

We primarily retired certain components of equipment such as fluid ends and power ends, rather than entire pieces of equipment, which resulted in a net loss on disposal of assets of $106.8 million, $59.2 million and $39.1 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Depreciation of property and equipment is provided on the straight-line method over estimated useful lives as shown in the table below. The estimated useful lives and salvage values of property and equipment is subject to key assumptions such as maintenance, utilization and job variation. Unanticipated future changes in these assumptions could negatively or positively impact our net income. A 10% change in the useful lives of our property and equipment would have resulted in approximately $14.5 million impact on pre-tax income during the year ended December 31, 2019.

Land	Indefinite
Buildings and property improvements	5 - 30 years
Vehicles	1 - 5 years
Equipment	1 - 20 years
Leasehold improvements	5 - 20 years

Impairment of Long-Lived Assets

In accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 360 regarding *Accounting for the Impairment or Disposal of Long-Lived Assets*, we review the long-lived assets to be held and used whenever events or circumstances indicate that the carrying value of those assets may not be recoverable. An impairment loss is indicated if the sum of the expected future undiscounted cash flows attributable to the assets is less than the carrying amount of such assets. In this circumstance, we recognize an impairment loss for the amount by which the carrying amount of the assets exceeds the estimated fair value of the asset. Our cash flow forecasts require us to make certain judgments regarding long-term forecasts of future revenue and costs and cash flows related to the assets subject to review. The significant assumption in our cash flow forecasts is our estimated equipment utilization and profitability. The significant assumption is uncertain in that it is driven by future demand for our services and utilization which could be impacted by crude oil market prices, future market conditions and technological advancements. Our fair value estimates for certain long-lived assets require us to use significant other observable inputs, including significant assumptions related to market approach based on recent auction sales or selling prices of comparable equipment. The estimates of fair value are also subject to significant variability, are sensitive to changes in market conditions, and are reasonably likely to change in the future. We recorded an impairment loss of $1.2 million during the year ended December 31, 2019 related to our drilling assets group, because we believe that our cash flow forecasts were negatively impacted by the depressed vertical drilling market, which led to the idling of the drilling rigs. Based on observable market inputs, we believe the fair value of the drilling rigs have declined following the continued market decline in the demand for vertical drilling services. In addition, we recorded an impairment loss of $2.2 million related to our flowback assets group because we believe our future cash flow forecasts were negatively impacted by the decline in the demand for our flowback services and the general depressed market for flowback operations.

If the crude oil market declines or the demand for vertical drilling does not recover, and if the equipment remains idle or under-utilized, the estimated fair value of such equipment may decline, which could result in future impairment charges. Though the impacts of variations in any of these factors can have compounding or off-setting impacts, a 10% decline in the estimated fair value of our drilling assets at December 31, 2019 would result in additional impairment of $0.2 million.

During the first quarter of 2020, management determined the reductions in commodity prices driven by the potential impact of the novel COVID-19 virus and global supply and demand dynamics coupled with the sustained decrease in the Company's share price were triggering events for asset impairment. As a result of the triggering events, we performed recoverability tests on each of the assets groups. As a result, we expect to recognize impairments and charges in the first quarter of 2020 as follows:

- drilling asset group impairment of approximately $1.1 million as a result of our recoverability tests; and

- write-off of $6.1 million of deposits related to options to purchase additional *DuraStim®* equipment for which options expire at various times through the end of April 2021 as it is not probable we would exercise our options due to the events described above.

Goodwill

Goodwill is the excess of the consideration transferred over the fair value of the tangible and identifiable intangible assets and liabilities recognized. Goodwill is not amortized. We perform an annual impairment test of goodwill as of December 31, or more frequently if circumstances indicate that impairment may exist.

There were no additions to, or disposal of, goodwill during the year endedDecember 31, 2019. We performed our annual goodwill impairment test in accordance with ASC 350, *Intangibles—Goodwill and Other*, on December 31, 2019, at which time, we determined that the fair value of our hydraulic fracturing reporting unit was substantially in excess of its carrying value. The hydraulic fracturing operating segment is the only segment which has goodwill at December 31, 2019. The quantitative impairment test we perform for goodwill utilizes certain assumptions, including forecasted active fleet revenue and cost assumptions. Our discounted cash flow analysis includes significant assumptions regarding discount rates, fleet utilization, expected profitability margin, forecasted maintenance capital expenditures, the timing of an anticipated market recovery, and the timing of expected cash flow. As such, this analysis incorporates inherent uncertainties that are difficult to predict in volatile economic environments and could result in impairment charges in future periods if actual results materially differ from the estimated assumptions utilized in our forecast. In March 2020, crude oil prices declined significantly, an indication that a triggering event has occurred, and as such, we expect to record a goodwill impairment expense of up to $9.4 million during the first quarter of 2020.

Income Taxes

Income taxes are accounted for under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of differences between the consolidated financial statements and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We recognize deferred tax assets to the extent that we believe these assets are more likely than not to be realized. In making such a determination, we consider all positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, and the results of recent operations. If we determine that we would not be able to fully realize our deferred tax assets in the future in excess of their net recorded amount, we would record a valuation allowance, which would increase our provision for income taxes. In determining our need for a valuation allowance as of December 31, 2019, we have considered and made judgments and estimates regarding estimated future taxable income. These estimates and judgments include some degree of uncertainty and changes in these estimates and assumptions could require us to record a valuation allowances for our deferred tax assets and the ultimate realization of tax assets depends on the generation of sufficient taxable income.

Our methodology for recording income taxes requires a significant amount of judgment in the use of assumptions and estimates. Additionally, we forecast certain tax elements, such as future taxable income, as well as evaluate the feasibility of implementing tax planning strategies. Given the inherent uncertainty involved with the use of such variables, there can be significant variation between anticipated and actual results. Unforeseen events may significantly impact these variables, and changes to these variables could have a material impact on our income tax accounts. The final determination of our income tax liabilities involves the interpretation of local tax laws and related authorities in each jurisdiction. Changes in the operating environments, including changes in tax law, could impact the determination of our income tax liabilities for a tax year.

Item 7A. Quantitative and Qualitative Disclosure of Market Risks

Foreign Currency Exchange Risk

Our operations are currently conducted entirely within the U.S; therefore, we had no significant exposure to foreign currency exchange risk in 2019.

Commodity Price Risk

Our material and fuel purchases expose us to commodity price risk. Our material costs primarily include the cost of inventory consumed while performing our pressure pumping services such as proppants, chemicals, guar, trucking and fluid supplies. Our fuel costs consist primarily of diesel and natural gas used by our various trucks and other motorized equipment. The prices for fuel and materials in our inventory are volatile and are impacted by changes in supply and demand, as well as market uncertainty and regional shortages. Historically, we have generally been able to pass along price increases to our customers; however, we may be unable to do so in the future. We do not engage in commodity price hedging activities.

Interest Rate Risk

We may be subject to interest rate risk on variable rate debt under our ABL Credit Facility. We do not currently engage in interest rate derivatives to hedge our interest rate risk. The impact of a 1% increase in interest rates on our variable rate debt would have resulted in an increase in interest expense and corresponding decrease in pre-tax income of approximately $1.3 million, $0.7 million and $0.2 million, for the years ended December 31, 2019, 2018 and 2017, respectively.

Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk are trade receivables. We extend credit to customers and other parties in the normal course of business. We have established various procedures to manage our credit exposure, including maintaining an allowance for doubtful accounts.

Item 8. Financial Statements and Supplementary Data.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of
ProPetro Holding Corp. and Subsidiary

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of ProPetro Holding Corp. and Subsidiary (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of operations, shareholders' equity and cash flows, for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with, accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated June 19, 2020, expressed an adverse opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Related-party transactions — Refer to Note 16 to the financial statements

Critical Audit Matter Description

The Company engages in related party transactions, such as leasing of its corporate office, drilling yards, renting of equipment, purchasing assets, and providing pressure pumping and related services.

We identified related-party transactions as a critical audit matter because of the Company’s lack of effective controls related to the identification and approval of transactions involving related parties or potential conflicts of interest, including the material weaknesses discussed in *Management’s Report on Internal Control over Financial Reporting*. The heightened risk that related-party transactions were not timely identified and properly disclosed by the Company in the financial statements required us to exercise significant auditor judgment when performing audit procedures on related-party transactions.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures for related-party transactions included the following, among others:

- We evaluated the completeness of related-party transactions by obtaining the Company’s list of related-party relationships and transactions and performing the following:
  - Comparing it to public filings, external news, third-party information or research reports, selected vendor and customer websites, questionnaires completed by the Company’s directors and officers, and other sources.
  - Searching for potential related-party transactions within the accounts receivable, accounts payable, and vendor listings master files and journal entries by searching for the name, vendor identification numbers, and customer identification numbers of the related parties.
  - Inspecting the Company’s minutes from meetings of the Board of Directors and related committees.
  - Making inquiries of executive officers, key members of management, and the Audit Committee of the Board of Directors regarding related party transactions.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas

June 19, 2020

We have served as the Company's auditor since 2013.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of
ProPetro Holding Corp. and Subsidiary

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of ProPetro Holding Corp. and Subsidiary (the "Company") as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, because of the effect of the material weaknesses identified below on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2019, of the Company and our report dated June 19, 2020, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures 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 directors of the company; 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.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Material Weaknesses

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment:

Control Environment -The Company identified deficiencies in the principles associated with the control environment component of the COSO framework. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to the following COSO principles: (i) the organization demonstrates a commitment to integrity and ethical values, (ii) the board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control, (iii) management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in pursuit of objectives, (iv) the organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives, and (v) the organization holds individuals accountable for their internal control related responsibilities in the pursuit of objectives.

The Company did not establish and promote a control environment with an appropriate tone of compliance and control consciousness throughout the entire Company, nor sufficiently promote, monitor, or enforce adherence to its Code of Conduct and Ethics. Additionally, there was a general lack of focus on promoting a culture of compliance within the Company. Results of poor tone at the top included: (i) certain whistleblower allegations were not properly investigated and elevated to the audit committee, (ii) the lack of an employee expense review and approval policy, (iii) two instances of non-compliance with the Company's Insider Trading Policy, and (iv) instances of non-compliance with the Code of Conduct and Ethics policies.

This material weakness in the control environment contributed to material weaknesses in the following components of the COSO framework.

Information and Communication -The Company identified deficiencies in the principles associated with the information and communication component of the COSO framework. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to the following COSO principles: (i) the organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control and (ii) the organization communicates with external parties regarding matters affecting the functioning of internal control.

Factors contributing to the material weakness included miscommunication between management and the Board of Directors regarding the conditionality of certain contracts that resulted in the non-disclosure of such contract commitments and the impact of such commitments on the Company's future liquidity.

Control Activities -The Company identified deficiencies in the principles associated with the control activities component of the COSO framework. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to the following COSO principles: (i) the organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels and (ii) the organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

The Company's failure to maintain an appropriate tone at the top had a pervasive impact, resulting in a risk that could have impacted virtually all financial statement account balances and disclosures.

The COSO component material weaknesses described above contributed to the following material weakness within the Company's system of internal control over financial reporting at the control activity level.

Related Parties - The Company did not maintain controls designed to sufficiently identify, evaluate, and disclose related party transactions. As a result, two related party transactions were entered into that were not identified by the Company's controls and given consideration of appropriate disclosure.

These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements as of and for the year ended December 31, 2019, of the Company, and this report does not affect our report on such financial statements.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas

June 19, 2020

PROPETRO HOLDING CORP.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2019 AND 2018
(In thousands, except share data)

	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 149,036	$ 132,700
Accounts receivable - net of allowance for doubtful accounts of $1,049 and $100, respectively	212,183	202,956
Inventories	2,436	6,353
Prepaid expenses	10,815	6,610
Other current assets	1,121	638
Total current assets	375,591	349,257
PROPERTY AND EQUIPMENT - Net of accumulated depreciation	1,047,535	912,846
OPERATING LEASE RIGHT-OF-USE ASSETS	989	—
OTHER NONCURRENT ASSETS:		
Goodwill	9,425	9,425
Intangible assets - net of amortization	—	13
Other noncurrent assets	2,571	2,981
Total other noncurrent assets	11,996	12,419
TOTAL ASSETS	$ 1,436,111	$ 1,274,522
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 193,096	$ 214,460
Accrued and other current liabilities	36,343	138,089
Operating lease liabilities	302	—
Finance lease liabilities	2,831	—
Accrued interest payable	394	211
Total current liabilities	232,966	352,760
DEFERRED INCOME TAXES	103,041	54,283
LONG-TERM DEBT	130,000	70,000
NONCURRENT OPERATING LEASE LIABILITIES	799	—
OTHER LONG-TERM LIABILITIES	—	124
Total liabilities	466,806	477,167
COMMITMENTS AND CONTINGENCIES (Note 18)		
SHAREHOLDERS' EQUITY:		
Preferred stock, $0.001 par value, 30,000,000 shares authorized, none issued, respectively	—	—
Common stock, $0.001 par value, 200,000,000 shares authorized, 100,624,099 and 100,190,126 shares issued, respectively	101	100
Additional paid-in capital	826,629	817,690
Retained earnings (Accumulated deficit)	142,575	(20,435)
Total shareholders' equity	969,305	797,355
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,436,111	$ 1,274,522

See notes to consolidated financial statements.

PROPETRO HOLDING CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
(In thousands, except per share data)

	2019	2018	2017
REVENUE - Service revenue	$ 2,052,314	$ 1,704,562	$ 981,865
COSTS AND EXPENSES:			
Cost of services (exclusive of depreciation and amortization)	1,470,356	1,270,577	813,823
General and administrative (inclusive of stock-based compensation)	105,076	53,958	49,215
Depreciation and amortization	145,304	88,138	55,628
Impairment expense	3,405	—	—
Loss on disposal of assets	106,811	59,220	39,086
Total costs and expenses	1,830,952	1,471,893	957,752
OPERATING INCOME	221,362	232,669	24,113
OTHER EXPENSE:			
Interest expense	(7,141)	(6,889)	(7,347)
Other expense	(717)	(663)	(1,025)
Total other expense	(7,858)	(7,552)	(8,372)
INCOME BEFORE INCOME TAXES	213,504	225,117	15,741
INCOME TAX EXPENSE	(50,494)	(51,255)	(3,128)
NET INCOME	$ 163,010	$ 173,862	$ 12,613
NET INCOME PER COMMON SHARE:			
Basic	$ 1.62	$ 2.08	$ 0.17
Diluted	$ 1.57	$ 2.00	$ 0.16
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:			
Basic	100,472	83,460	76,371
Diluted	103,750	87,046	79,583

See notes to consolidated financial statements.

PROPETRO HOLDING CORP.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017 (In thousands)

	Preferred Stock			Common Stock				
	Shares	**Amount**	**Preferred Additional Paid-In Capital**	**Shares**	**Amount**	**Additional Paid-In Capital**	**Retained Earnings (Accumulated Deficit)**	**Total**
BALANCE - January 1, 2017	17,000	$ 17	$ 162,494	52,628	$ 53	$ 265,355	$ (206,910)	$ 221,009
Stock-based compensation cost	—	—	—	—	—	9,489	—	9,489
Initial Public Offering, net of costs	—	—	—	13,250	13	170,128	—	170,141
Conversion of preferred stock to common stock at Initial Public Offering	(17,000)	(17)	(162,494)	17,000	17	162,494	—	—
Issuance of equity awards—net	—	—	—	162	—	—	—	—
Net income	—	—	—	—	—	—	12,613	12,613
BALANCE - December 31, 2017	—	$ —	$ —	83,040	$ 83	$ 607,466	$ (194,297)	$ 413,252
Stock-based compensation cost	—	—	—	—	—	5,482	—	5,482
Issuance of equity awards—net	—	—	—	550	1	246	—	247
Issuance of common stock	—	—	—	16,600	16	204,496	—	204,512
Net income	—	—	—	—	—	—	173,862	173,862
BALANCE - December 31, 2018	—	$ —	$ —	100,190	$ 100	$ 817,690	$ (20,435)	$ 797,355
Stock-based compensation cost	—	—	—	—	—	7,776	—	7,776
Issuance of equity awards—net	—	—	—	434	1	1,163	—	1,164
Net income	—	—	—	—	—	—	163,010	163,010
BALANCE - December 31, 2019	—	$ —	$ —	100,624	$ 101	$ 826,629	$ 142,575	$ 969,305

See notes to consolidated financial statements.

PROPETRO HOLDING CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017 (In thousands)

	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 163,010	$ 173,862	$ 12,613
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	145,304	88,138	55,628
Impairment expense	3,405	—	—
Deferred income tax expense	48,758	49,704	3,430
Amortization of deferred revenue rebate	—	615	1,846
Amortization of deferred debt issuance costs	542	403	3,403
Stock-based compensation	7,776	5,482	9,489
Provision for bad debt expense	949	—	—
Loss on disposal of assets	106,812	59,220	39,086
Gain loss on interest rate swap	—	—	(251)
Changes in operating assets and liabilities:			
Accounts receivable	(10,177)	(3,300)	(84,477)
Other current assets	1,351	207	3,304
Inventories	3,917	(168)	(1,472)
Prepaid expenses	(4,386)	(1,418)	(468)
Accounts payable	(25,242)	9,720	64,228
Accrued liabilities	13,088	9,853	2,930
Accrued interest	183	761	(32)
Net cash provided by operating activities	455,290	393,079	109,257
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(502,894)	(284,197)	(285,891)
Proceeds from sale of assets	7,595	3,593	4,422
Net cash used in investing activities	(495,299)	(280,604)	(281,469)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings	110,000	77,378	60,045
Repayments of borrowings	(50,000)	(80,946)	(166,546)
Payment of finance lease obligation	(272)	—	—
Proceeds from insurance financing	—	5,824	4,125
Repayments of insurance financing	(4,547)	(4,495)	(3,807)
Payment of debt issuance costs	—	(1,732)	(1,653)
Proceeds from exercise of equity awards	1,164	247	—
Proceeds from initial public offering	—	—	185,500
Payment of initial public offering costs	—	—	(15,099)
Net cash provided by (used in) financing activities	56,345	(3,724)	62,565
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,336	108,751	(109,647)
CASH AND CASH EQUIVALENTS — Beginning of year	132,700	23,949	133,596
CASH AND CASH EQUIVALENTS — End of year	$ 149,036	$ 132,700	$ 23,949

See notes to consolidated financial statements.

1. ORGANIZATION AND HISTORY

ProPetro Holding Corp. (“Holding”), a Texas corporation was formed on April 14, 2007, to serve as a holding company for its wholly owned subsidiary ProPetro Services, Inc. (“Services”), a Texas corporation. Services offers hydraulic fracturing, cementing, coiled tubing, drilling and flowback services to oil and gas producers, located primarily in Texas, Oklahoma, New Mexico and Utah. Holding was converted and incorporated to a Delaware Corporation on March 8, 2017.

Unless otherwise indicated, references in these notes to consolidated financial statements to “ProPetro Holding Corp.,” “the Company,” “we,” “our,” “us” or like terms refer to ProPetro Holding Corp. and Services.

On March 22, 2017, we consummated our initial public offering (“IPO”) in which 25,000,000 shares of our common stock, par value $0.001 per share, were sold at a public offering price of $14.00 per share, with 13,250,000 shares issued and sold by the Company and 11,750,000 shares sold by existing stockholders. We received net proceeds of approximately $170.1 million after deducting $10.9 million of underwriting discounts and commissions, and $4.5 million of other offering expenses. At closing, we used the proceeds (i) to repay $71.8 million in outstanding borrowings under the term loan, (ii) $86.8 million to fund the purchase of additional hydraulic fracturing units and other equipment, and (iii) the remaining for general corporate purposes.

In connection with the IPO, the Company executed a stock split, such that each holder of common stock of the Company received 1.45 shares of common stock for every one share of previous common stock, and all 16,999,990 shares of our outstanding Series A preferred stock converted to common stock on a 1:1 basis.

Accordingly, any information related to or dependent upon the share or option counts in the 2019, 2018 and 2017 consolidated financial statements and Note 13 *Net Income Per Share*, Note 14 *Stock-Based Compensation*, Note 19 *Quarterly Financial Data (Unaudited)* have been updated to reflect the effect of the stock split in March 2017, as applicable.

On December 31, 2018, we consummated the purchase of pressure pumping and related assets of Pioneer Natural Resources USA, Inc.(“Pioneer”) and Pioneer Pumping Services, LLC (the “Pioneer Pressure Pumping Acquisition”). The pressure pumping assets acquired were used to provide integrated well completion services in the Permian Basin to Pioneer’s completion and production operations. The acquisition cost of the assets was comprised of $110.0 million of cash and 16.6 million shares of our common stock. The incremental direct cost of $3.4 million incurred to consummate the transaction was capitalized as part of the acquisition cost. The pressure pumping assets acquired included hydraulic fracturing pumps of 510,000 HHP, four coiled tubing units and the associated equipment maintenance facility. In connection with the acquisition, we became a long-term service provider to Pioneer under a pressure pumping services agreement (the “Pioneer Services Agreement”), providing pressure pumping and related services for a term of up to 10 years; provided, that Pioneer has the right to terminate the Pioneer Services Agreement, in whole or in part, effective as of December 31 of each of the calendar years of 2022, 2024 and 2026. Pioneer can increase the number of committed fleets prior to December 31, 2022. Pursuant to the Pioneer Services Agreement, the Company is entitled to receive compensation if Pioneer were to idle committed fleets (“idle fees”); however, we are first required to use all economically reasonable effort to deploy the idled fleets to another customer. At the present, we have eight fleets committed to Pioneer.

Risks and Uncertainties

As an oilfield services company, we are exposed to a number of risks and uncertainties that are inherent to our industry. In addition to such industry-specific risks, the global public health crisis associated with the novel coronavirus (“COVID-19”) pandemic has, and is anticipated to continue to have, an adverse effect on global economic activity for the immediate future and has resulted in travel restrictions, business closures and the institution of quarantining and other restrictions on movement in many communities. The slowdown in global economic activity attributable to the COVID-19 pandemic has resulted in a dramatic decline in the demand for

1. ORGANIZATION AND HISTORY (Continued)

energy, which directly impacts our industry and the Company. In addition, global crude oil prices experienced a collapse starting in early March 2020 as a direct result of failed negotiations between the Organization of the Petroleum Exporting Countries ("OPEC") and Russia. In response to the global economic slowdown, OPEC had recommended a decrease in production levels in order to accommodate reduced demand. Russia rejected the recommendation of OPEC as a concession to U.S. producers. After the failure to reach an agreement, Saudi Arabia, a dominant member of OPEC, and other Persian Gulf OPEC members announced intentions to increase production and offer price discounts to buyers in certain geographic regions.

As the breadth of the COVID-19 health crisis expanded throughout the month of March 2020 and governmental authorities implemented more restrictive measures to limit person-to-person contact, global economic activity continued to decline commensurately. The associated impact on the energy industry has been adverse and continued to be exacerbated by the unresolved conflict regarding production. In the second week of April 2020, OPEC, Russia and certain other petroleum producing nations ("OPEC+"), reconvened to discuss the matter of production cuts in light of unprecedented disruption and supply and demand imbalances that expanded since the failed negotiations in early March 2020. Tentative agreements were reached to cut production by up to 10 million barrels of oil per day with allocations to be made among the OPEC+ participants. Some of these production cuts went into effect in the first half of May 2020, however, commodity prices remain depressed as a result of an increasingly utilized global storage network and near-term demand loss attributable to the COVID-19 health crisis and related economic slowdown.

The combined effect of COVID-19 and the energy industry disruptions led to a decline in WTI crude oil prices of approximately 67 percent from the beginning of January 2020, when prices were approximately $62 per barrel, through the end of March 2020, when they were just above $20 per barrel. Overall crude oil price volatility has continued despite apparent agreement among OPEC+ regarding production cuts and as of June 17, 2020, the WTI price for a barrel of crude oil was approximately $38.

Despite a significant decline in drilling and completion activities by U.S. producers starting in mid-March 2020, domestic supply is exceeding demand which has led to significant operational stress with respect to capacity limitations associated with storage, pipeline and refining infrastructure, particularly within the Gulf Coast region. The combined effect of the aforementioned factors is anticipated to have an adverse impact on the industry in general and our operations specifically.

Since March 2020, we initiated several actions to mitigate the anticipated adverse economic conditions for the immediate future and to support our financial position and liquidity. The more significant actions that we have taken included: (i) canceling substantially all of our growth capital projects, (ii) significantly reducing our maintenance expenditures and field level consumable costs, (iii) reducing our workforce to follow our activity levels, (iv) efforts to manage our compensation costs, such as compensation reductions and management of work schedules to reduce overtime costs and (v) negotiating more favorable payment terms with certain of our larger vendors and proactively managing our portfolio of accounts receivable.

2. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements are as follows:

Principles of Consolidation — The accompanying consolidated financial statements include the accounts of Holding and its wholly owned subsidiary, Services. All intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation — The accompanying consolidated financial statements and related notes have been prepared pursuant to the rules and regulations of the United States Securities Exchange Commission ("SEC") and in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates — Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

financial statements and revenues and expenses during the reporting period. Such estimates include, but are not limited to, allowance for doubtful accounts, useful lives for depreciation of property and equipment, estimates of fair value of property and equipment, estimates related to fair value of reporting units for purposes of assessing goodwill, estimates related to deferred tax assets and liabilities, including any related valuation allowances, and estimates of fair value of stock-based compensation and finance and operating leases. Actual results could differ from those estimates.

Revenue Recognition — The Company's services are sold based upon contracts with customers. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The following is a description of the principal activities, separated by reportable segment and all other, from which the Company generates its revenue.

Pressure Pumping — Pressure pumping consists of downhole pumping services, which includes hydraulic fracturing (inclusive of acidizing services) and cementing.

Hydraulic fracturing is a well-stimulation technique intended to optimize hydrocarbon flow paths during the completion phase of wellbores. The process involves the injection of water, sand and chemicals under high pressure into formations. Hydraulic fracturing contracts with our customer have one performance obligation, which is the contracted total stages, satisfied over time. We recognize revenue over time using a progress output method, unit-of-work performed method, which is based on the agreed fixed transaction price and actual stages completed. We believe that recognizing revenue based on actual stages completed faithfully depicts how our hydraulic fracturing services are transferred to our customers over time.

Acidizing, which is part of our hydraulic fracturing operating segment, involves a well-stimulation technique where acid is injected under pressure into formations to form or expand fissures. Acidizing provides downhole solutions, and contracts with customers have one performance obligation, which is satisfied at a point-in-time, upon completion of the contracted service when control is transferred to the customer. Jobs for these services are typically short term in nature, with most jobs completed in less than a day. We recognize acidizing revenue at a point-in-time, upon completion of the performance obligation.

Our cementing services use pressure pumping equipment to deliver a slurry of liquid cement that is pumped down a well between the casing and the borehole. Cementing involves well bonding solutions, and contracts with customers have one performance obligation, which is satisfied at a point-in-time, upon completion of the contracted service when control is transferred to the customer. Jobs for these services are typically short term in nature, with most jobs completed in less than a day. We recognize cementing revenue at a point-in-time, upon completion of the performance obligation.

The transaction price for each performance obligation for all our pressure pumping services are fixed per our contract with customer.

All Other— All other services consist of our drilling, coiled tubing and flowback, which are downhole well stimulation and completion/remedial services. The performance obligation for each of the services has a fixed transaction price which is satisfied at a point-in-time upon completion of the service when control is transferred to the customer. Accordingly, we recognize revenue at a point-in-time, upon completion of the service and transfer of control to the customer.

Accounts Receivable — Accounts receivables are stated at the amount billed and billable to customers. Payment is typically due in full, upon completion of the job for all of our services to customers. At December 31, 2019 and 2018 accrued revenue (unbilled receivable) included as part of our accounts receivable was$37.0 million and $18.0 million, respectively. At December 31, 2019, the transaction price allocated to the remaining performance obligation for our partially completed hydraulic fracturing operations was $47.5 million, which is expected to be completed and recognized in approximately one month following the current period balance sheet date, in our pressure pumping reportable segment. At December 31, 2018 the transaction price allocated to the remaining

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

performance obligation for our then partially completed hydraulic fracturing operations was$43.9 million, which was recorded as part of our pressure pumping segment revenue for the year ended December 31, 2019.

At December 31, 2019, 2018 and 2017 the allowance for doubtful accounts was $1.0 million, $0.1 million and $0.4 million, respectively. During the year ended December 31, 2019, additional allowance for doubtful accounts was $0.9 million and there was no write-off of previously recognized allowance. During the year ended December 31, 2018, additional allowance for doubtful accounts was $0.1 million and the write-off of previously recognized allowance was $0.4 million. During the year ended December 31, 2017, additional allowance for doubtful accounts was $0.1 million and the write-off of previously recognized allowance was $0.2 million.

Inventories — Inventories, which consists only of raw materials, are stated at lower of average cost and net realizable value.

Property and Equipment — The Company's property and equipment are recorded at cost, less accumulated depreciation.

Depreciation — Depreciation of property and equipment is provided on the straight-line method over the following estimated useful lives:

Land	Indefinite
Buildings and property improvements	5 - 30 years
Vehicles	1 - 5 years
Equipment	1 - 20 years
Leasehold improvements	5 - 20 years

Upon sale or retirement of property and equipment, including certain major components of our pressure pumping equipment that are replaced, the cost and related accumulated depreciation are removed from the balance sheet and the net amount, less proceeds from disposal, is recognized as a gain or loss in the statement of operations. The Company recorded a loss on disposal of assets of $106.8 million, $59.2 million and $39.1 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Impairment of Long-Lived Assets — In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 360,*Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company reviews its long-lived assets to be held and used whenever events or circumstances indicate that the carrying value of those assets may not be recoverable.

An impairment loss is indicated if the sum of the expected future undiscounted cash flows attributable to the asset group is less than the carrying amount of such asset group. In this circumstance, the Company recognizes an impairment loss for the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. Property and equipment impairment loss of $1.2 million and $2.2 million was recorded during the year ended December 31,2019 relating to our drilling and flow back asset groups, respectively. No impairment was recorded in the years ended December 31,2018 and 2017. Our drilling and flowback asset groups are included in the "all other" category in our reportable segment disclosure.

The Company accounts for long-lived assets to be disposed of at the lower of their carrying amount or fair value, less cost to sell once management has committed to a plan to dispose of the assets.

Goodwill — Goodwill is the excess of the consideration transferred over the fair value of the tangible and identifiable intangible assets and liabilities recognized. Goodwill is not amortized. We perform an annual impairment test of goodwill as of December 31, or more frequently if circumstances indicate that impairment may exist. The determination of impairment is made by comparing the carrying amount of a reporting unit with its fair value, which is generally calculated using a combination of market and income approaches. If the fair value of the

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

reporting unit exceeds the carrying value, no further testing is performed. If the fair value of the reporting unit is less than the carrying value, we consider goodwill to be impaired, and the amount of impairment loss is estimated and recorded in the statement of operations.

In 2011, we acquired Technology Stimulation Services, LLC ("TSS") for $24.4 million. The assets acquired from TSS were recorded as $15.0 million of equipment with the excess of the purchase price over fair value of the assets recorded as goodwill of $9.4 million. The acquisition complemented our existing pressure pumping business. The transaction has been accounted for using the acquisition method of accounting and, accordingly, assets and liabilities assumed were recorded at their fair values as of the acquisition date. Based on our goodwill impairment tests as of December 31, 2019, 2018 and 2017, we concluded that the goodwill related to TSS acquisition was not impaired. The goodwill related to the TSS acquisition of $9.4 million is recorded in our pressure pumping reportable segment.

Intangible Assets — Intangible assets with finite useful lives are amortized on a basis that reflects the pattern in which the economic benefits of the intangible assets are realized, which is generally on a straight-line basis over the asset's estimated useful life.

Income Taxes — Income taxes are accounted for under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of differences between the consolidated financial statements and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We recognize deferred tax assets to the extent that we believe these assets are more likely than not to be realized. In making such a determination, we consider all positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, and the results of recent operations. If we determine that we would not be able to fully realize our deferred tax assets in the future, we would record a valuation allowance.

Advertising Expense — All advertising costs are expensed as incurred. For the years ended December 31, 2019, 2018 and 2017, advertising expense was $1.2 million, $1.3 million and $0.8 million, respectively.

Deferred Loan Costs — The Company capitalized certain costs in connection with obtaining its borrowings, including lender, legal, and accounting fees. These costs are being amortized over the term of the related loan using the straight-line method. Unamortized deferred loan costs associated with loans paid off or refinanced with different lenders are expensed in the period in which such an event occurs. Deferred loan costs are classified as a reduction of long-term debt or in certain instances as an asset in the consolidated balance sheet. Amortization of deferred loan costs is recorded as interest expense in the statement of operations, and during the years ended December 31, 2019, 2018 and 2017, the amount of expense recorded was $0.5 million, $0.4 million and $3.4 million, respectively.

Stock-Based Compensation — The Company recognizes the cost of stock-based awards on a straight-line basis over the requisite service period of the award, which is usually the vesting period under the fair value method. Total compensation cost is measured on the grant date using fair value estimates.

Insurance Financing — The Company annually renews its commercial insurance policies and records a prepaid insurance asset and amortizes it monthly over the coverage period. The Company may choose to finance a portion of the premiums and will make repayments monthly over the financing period in equal installments.

Concentration of Credit Risk — The Company's assets that are potentially subject to concentrations of credit risk are cash and cash equivalents and trade accounts receivable. Cash balances are maintained in financial

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

institutions, which at times exceed federally insured limits. The Company monitors the financial condition of the financial institutions in which accounts are maintained and has not experienced any losses in such accounts. The receivables of the Company are spread over a number of customers, a majority of which are credible operators and suppliers to the oil and natural gas industries. The Company performs ongoing evaluations as to the financial condition of its customers with respect to trade receivables.

Recently Issued Accounting Standards Adopted in 2019

In February 2016, the FASB issued Accounting Standard Update ("ASU") No. 2016-02, *Leases*. This new lease standard introduces a lessee model that brings most leases on the balance sheet. This new standard increases transparency and comparability by recognizing a lessee's rights and obligations resulting from leases by recording them on the balance sheet as Right of Use ("ROU") Assets and Lease Liabilities. Leases will be classified as either finance or operating, which will impact the pattern of expense recognition on the income statement. ASU No. 2016-02 also requires additional qualitative and quantitative disclosures to better enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. Effective January 1, 2019, we adopted the new leases standard using the modified retrospective transition method and electing to account for comparative periods under legacy GAAP. We also elected other practical expedients provided by the new leases standard, the short-term lease recognition practical expedient in which leases with an initial term of 12 months or less will not be recognized on the balance sheet and the practical expedient to not separate lease and non-lease components for our real estate class of leased assets. See Note 17 for additional disclosures relating to our adoption of ASU 2016-02.

Recently Issued Accounting Standards Not Yet Adopted in 2019

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326)*: *Measurement of Credit Losses on Financial Instruments*, which introduces a new impairment model for financial instruments that is based on expected credit losses rather than incurred credit losses. The new impairment model applies to most financial assets, including trade accounts receivable and lease receivables. In November 2018, the FASB issued ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses*, which clarified that receivables arising from operating leases are not within the scope of ASC 326-20, *Financial Instruments-Credit Losses-Measured at Amortized Cost*, and should be accounted for in accordance with ASC 842. ASU 2016-13 and ASU 2018-19 are effective for annual periods beginning after December 15, 2019. Effective January 1, 2020, the Company adopted ASU 2016-13 using the modified-retrospective approach. The adoption of this guidance did not materially affect our consolidated financial statements. While there was no material impact to the consolidated financial statements as a result of adoption of ASU 2016-13, as a result of deteriorating economic conditions for the oil and gas industry brought on by the COVID-19 pandemic, during the first quarter of 2020, the Company recorded a provision for credit losses of $4.3 million.

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*, which removes the requirement to compare the implied fair value of goodwill with its carrying amount as part of step two of the goodwill impairment test. As a result, under this ASU, an entity would recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, although the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. This ASU is effective for impairment tests in fiscal years beginning after December 15, 2019, on a prospective basis. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The adoption of this guidance did not materially affect our consolidated financial statement.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*, which eliminates, adds and modifies certain disclosure requirements for fair value measurements. The Company adopted ASU 2018-13 on January 1, 2020 and determined the adoption of this standard did not impact the Company's consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In December 2019, the FASB issued ASU No 2019-12,*Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.* ASU 2019-12 removes certain exceptions to the general principles in Topic 740 in Generally Accepted Accounting Principles. ASU 2019-12 is effective for public entities for fiscal years beginning after December 15, 2020, with early adoption permitted. The Company does not expect ASU 2019-12 to have a material effect on the Company's consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04,*Reference Rate Reform*, which provides temporary optional guidance to companies impacted by the transition away from the London Interbank Offered Rate ("LIBOR"). The guidance provides certain expedients and exceptions to applying GAAP in order to lessen the potential accounting burden when contracts, hedging relationships, and other transactions that reference LIBOR as a benchmark rate are modified. This guidance is effective upon issuance and expires on December 31, 2022. The Company is currently assessing the impact of the LIBOR transition and this ASU on the Company's consolidated financial statements.

3. SUPPLEMENTAL CASH FLOWS INFORMATION

($ in thousands)

	Year Ended December 31,		
	2019	2018	2017
Supplemental cash flows disclosures			
Interest paid	$ 6,433	$ 5,068	$ 3,966
Income taxes paid	$ 1,018	$ —	$ —
Supplemental disclosure of non-cash investing and financing activities			
Capital expenditures included in accounts payable and accrued liabilities	$ 31,226	$ 137,647	$ 33,850
Conversion of preferred stock to common stock at Initial Public Offering	$ —	$ —	$ 162,511
Non-cash purchases of property and equipment	$ —	$ 204,512	$ —

4. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation approaches and establishes a hierarchy for inputs used in measuring fair value that maximizes the use of relevant 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 about the assumptions other market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment.

4. FAIR VALUE MEASUREMENTS (Continued)

Level 2 — Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Our financial instruments include cash and cash equivalents, accounts receivable and accounts payable, accrued liabilities and long-term debt. The estimated fair value of our financial instruments — cash and cash equivalent, accounts receivable and accounts payable and accrued liabilities at December 31, 2019 and 2018 approximated or equaled their carrying value as reflected in our consolidated balance sheets because of their short-term nature. During the year ended December 31, 2019 and 2018, we did not have a derivative financial instrument. Prior to 2018, we used a derivative financial instrument, an interest rate swap, to manage interest rate risk. Our policies do not permit the use of derivative financial instruments for speculative purposes. We did not designate the interest rate swap as a hedge for accounting purposes. We record all derivatives as of the end of our reporting period in our consolidated balance sheet at fair value, which is based on quoted market prices, which represents a level 1 in the fair value measurement hierarchy.

Assets Measured at Fair Value on a Nonrecurring Basis

Assets measured at fair value on a nonrecurring basis atDecember 31, 2019 and 2018, respectively, are set forth below ($ in thousands):

		Estimated fair value measurements			
	Balance	Quoted prices in active market (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)	Total gains (losses)
2019:					
Property and equipment, net	$ 2,000	$ —	$ 2,000	$ —	$ (3,405)
2018:					
Property and equipment, net	$ —	$ —	$ —	$ —	$ —

In 2019, the depressed cash flows and continued decline in utilization of our drilling and flow back asset groups were indicative of potential impairment, resulting in the Company comparing the carrying value of the asset group with its estimated fair value. We determined that the carrying value of the asset groups was greater than its estimated fair value and accordingly, an impairment was recorded. Impairment loss related to our property and equipment of $1.2 million and $2.2 million was recorded at December 31, 2019 relating to our drilling and flow back asset groups, respectively.No impairment was recorded during the years ended December 31,2018 and 2017. Prior to the impairment write-down during the year ended December 31, 2019, the drilling assets net carrying value was$3.2 million and our flow back assets net carrying value was $2.2 million. See Note 7, "Impairment of Long-Lived Assets".

We generally apply fair value techniques to our reporting units on a nonrecurring basis associated with valuing potential impairment related to goodwill. Our estimate of the reporting unit fair value is based on a combination of income and market approaches, Level 1 and 3, respectively, in the fair value hierarchy. The income approach involves the use of a discounted cash flow method, with the cash flow projections discounted at an appropriate discount rate. The market approach involves the use of comparable public companies' market multiples in estimating

4. FAIR VALUE MEASUREMENTS (Continued)

the fair value. Significant assumptions include projected revenue growth, capital expenditures, utilization, gross margins, discount rates, terminal growth rates, and weight allocation between income and market approaches. If the reporting unit's carrying amount exceeds its fair value, we consider goodwill impaired, and the impairment is recorded in that period. There were no additions to, or disposal of, goodwill during the years endedDecember 31, 2019, 2018 and 2017. Based on our annual goodwill impairment test, no impairment of goodwill was recorded for the years endedDecember 31, 2019, 2018 and 2017.

5. INTANGIBLE ASSETS

Intangible assets are composed of internally developed software. Intangible assets are amortized on a straight-line basis with a useful life offive years. Amortization expense included in net income for the years ended December 31, 2019, 2018 and 2017 was $0, $0.3 million and $0.3 million, respectively. The Company’s intangible assets subject to amortization are as follows:

($ in thousands)

	December 31,	
	2019	**2018**
Internally developed software	$ 1,440	$ 1,440
Less accumulated amortization	1,440	1,427
Intangible assets — net	$ —	$ 13

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

($ in thousands)

	December 31,	
	2019	**2018**
Land	$ 10,772	$ 7,669
Buildings	24,375	23,840
Equipment and vehicles	1,333,705	1,105,380
Leasehold improvements	8,030	5,559
Subtotal	1,376,882	1,142,448
Less accumulated depreciation	(329,347)	(229,602)
Property and equipment — net	$ 1,047,535	$ 912,846

During the years ended December 31, 2019 and 2018 and 2017, our depreciation expense was $145.3 million, $87.9 million and $55.3 million respectively.

7. IMPAIRMENT OF LONG-LIVED ASSETS

Whenever events or circumstances indicate that the carrying value of long-lived assets may not be recoverable, the Company reviews the carrying value of long-lived assets, such as property and equipment and other assets to determine if they are recoverable. If any long-lived assets are determined to be unrecoverable, an impairment is recorded in the period. Asset recoverability is estimated using undiscounted future net cash flows at the lowest identifiable level, excluding interest expense and nonrecurring other income and expense adjustments. During the year, the Company determined the lowest level of identifiable cash flows to be at the asset group level, which consists of hydraulic fracturing, cementing, coiled tubing, flowback and drilling.

The shift to horizontal drilling rigs in the Permian Basin led to the deterioration in utilization of our vertical drilling rigs, and we expected undiscounted future cash flows to be lower than the carrying value of the drilling assets. In addition,

7. IMPAIRMENT OF LONG-LIVED ASSETS (Continued)

the pricing pressure on our flowback services led to a deterioration in the utilization of our flowback assets, resulting in our expected undiscounted future cash flows to be lower than the carrying value. Given that the carrying value of the drilling and flowback assets may not be recoverable, the Company estimated the fair value of each asset group and compared it to its carrying value. Potential impairment exists if the estimated undiscounted future net cash flows for a given asset group is less than the carrying amount of the asset group. The impairment is determined by comparing the estimated fair value with the carrying value of the related asset, and any excess amount by which the carrying value exceeds the fair value is recorded as an impairment in that period. At December 31, 2019, the estimated fair value of the drilling and flowback asset groups was $2.0 million and $0, respectively. Our fair value estimate for our drilling assets was determined using a market transaction, which represents a level 2 in the fair value measurement hierarchy, while our fair value estimate for our flowback approach was determined using unobservable inputs, which represents a level 3 in the fair value measurement hierarchy. Our fair value estimates required us to use significant other observable inputs including assumptions related to replacement cost, auction value, among others. Accordingly, an impairment expense of $1.2 million and $2.2 million was recorded during the year ended December 31, 2019 for our drilling and flowback asset groups, respectively, because the carrying value of the drilling asset group of $3.2 million and the flowback asset group of $2.2 million was greater than their estimated fair value.

8. DEFERRED REVENUE REBATE

In November 2011, the Company acquired certain oilfield fracturing equipment from a customer and agreed to provide future fracturing services to the customer for a period of 78 months in exchange for a 12% $25.0 million note payable to the customer. The Company recorded the fracturing equipment at its estimated fair value of approximately $13.0 million and assigned the remaining value of approximately $12.0 million to a deferred revenue rebate account to be amortized over the customer's 78-month service period. In March 2013, the Company repaid the note payable to the customer. The deferred revenue rebate was fully amortized as of December 31, 2018. Accordingly, for the years ended December 31, 2018 and 2017 the Company recorded $0.6 million and $1.8 million, respectively, of amortization rebate as a reduction of revenue.

9. LONG-TERM DEBT

ABL Credit Facility

Our revolving credit facility ("ABL Credit Facility"), as amended, has a total borrowing capacity of $300 million (subject to the Borrowing Base limit), with a maturity date of December 19, 2023. The ABL Credit Facility has a borrowing base, as determined monthly, of 85% of monthly eligible accounts receivable less customary reserves (the "Borrowing Base"). The Borrowing Base as of December 31, 2019 was approximately $181.2 million. The ABL Credit Facility includes a Springing Fixed Charge Coverage Ratio to apply when excess availability is less than the greater of (i) 10% of the lesser of the facility size or the Borrowing Base or (ii) $22.5 million. Under this facility we are required to comply, subject to certain exceptions and materiality qualifiers, with certain customary affirmative and negative covenants, including, but not limited to, covenants pertaining to our ability to incur liens, indebtedness, changes in the nature of our business, mergers and other fundamental changes, disposal of assets, investments and restricted payments, amendments to our organizational documents or accounting policies, prepayments of certain debt, dividends, transactions with affiliates, and certain other activities. Borrowings under the ABL Credit Facility are secured by a first priority lien and security interest in substantially all assets of the Company.

Borrowings under the ABL Credit Facility accrue interest based on a three-tier pricing grid tied to availability, and we may elect for loans to be based on either LIBOR or base rate, plus the applicable margin, which ranges from 1.75% to 2.25% for LIBOR loans and 0.75% to 1.25% for base rate loans, with a LIBOR floor of zero. The weighted average interest rate for our ABL Credit Facility for the year ended December 31, 2019 was 4.4%.

In March 2020, we obtained a waiver from our lenders under the ABL Credit Facility to extend the time period for us to provide our lenders the Company's audited financial statements for the year ended December 31, 2019 to July 31, 2020.

9. LONG-TERM DEBT (Continued)

Total debt consisted of the following:

($ in thousands)

	December 31,	
	2019	**2018**
ABL Credit Facility	$ 130,000	$ 70,000
Total debt	130,000	70,000
Less current portion of long-term debt	—	—
Total long-term debt	$ 130,000	$ 70,000

The loan origination costs relating to the ABL Credit Facility are classified as an asset in the balance sheet. The fair value of the ABL Credit Facility approximates its carrying value.

Annual Maturities — Scheduled annual maturities of total debt are as follows at December 31, 2019:

($ in thousands)	
2020	$ —
2021	—
2022	—
2023	130,000
2024 and thereafter	—
Total	$ 130,000

10. ACCRUED AND OTHER CURRENT LIABILITIES

Accrued and other current liabilities consisted of the following:

($ in thousands)

	December 31,	
	2019	**2018**
Accrued capital expenditure	$ —	$ 109,832
Accrued insurance	1,231	3,905
Accrued payroll and related expenses	16,809	15,854
Accrued taxes and others	18,303	8,498
Total	$ 36,343	$ 138,089

11. EMPLOYEE BENEFIT PLAN

The Company has a 401(k) plan, modified effective January 1, 2019, whereby all employees with sixty days of service may contribute up to $19,000 to the plan annually. The employees vest in the Company contributions to the 401(k) plan 25% per year, beginning in the employee’s first year of service, with full vesting occurring after four years of service. The employees are fully vested in their contributions when made. The Company matches 100% of the employee contributions up to 6% of gross salary, up to the annual limit. During the years ended December 31, 2019, 2018 and 2017, the recorded expense under the plan was $3.0 million, $0.3 million and $0.2 million, respectively.

12. REPORTABLE SEGMENT INFORMATION

The Company has five operating segments for which discrete financial information is readily available: hydraulic fracturing, cementing, coiled tubing, flowback, and drilling. These operating segments represent how the Chief Operating Decision Maker evaluates performance and allocates resources.

On August 31, 2018, we divested our surface air drilling operations, included in our "all other" category, in order to continue to focus and position ourselves as a Permian Basin-focused pressure pumping business because we believe the pressure pumping market in the Permian Basin offers more supportive long-term growth fundamentals. The divestiture of our surface air drilling operations did not qualify for presentation and disclosure as discontinued operations, and accordingly, during the year ended December 31, 2018, we have recorded the resulting loss on disposal of our surface air drilling of $0.3 million as part of our loss on disposal of asset in our consolidated statement of operations. The divestiture of our surface air drilling operations resulted in a reduction in the number of our current operating segments to five. The change in the number of our operating segments did not impact our reportable segment information reported for the years presented.

In accordance with ASC 280—*Segment Reporting*, the Company has one reportable segment (pressure pumping) comprised of the hydraulic fracturing and cementing operating segments. All other operating segments and corporate administrative expense (inclusive of our stock-based compensation expense, income tax expense and interest expense) are included in the ‘‘all other’’ category in the tables below. Total corporate administrative expense for the years ended December 31, 2019, 2018 and 2017 was $113.0 million, $83.9 million and $35.8 million, respectively.

Our hydraulic fracturing operating segment revenue approximated95.6%, 95.4% and 95.3% of our pressure pumping revenue for the years endedDecember 31, 2019, 2018 and 2017, respectively.

Inter-segment revenues are not material and are not shown separately in the table below.

The Company manages and assesses the performance of the reportable segment by its adjusted EBITDA. We define Adjusted EBITDA as earnings before interest expense, income taxes, depreciation and amortization (EBITDA), plus (i) loss/(gain) on disposal of assets, (ii) loss/(gain) on extinguishment of debt, (iii) stock-based compensation, and (iv) other unusual or non-recurring (income)/expenses, such as impairment charges, severance, costs related to our IPO and costs related to asset acquisitions or one-time professional fees.

12. REPORTABLE SEGMENT INFORMATION (Continued)

A reconciliation from segment level financial information to the consolidated statement of operations is provided in the table below ($ in thousands):

	Pressure Pumping	All Other	Total
Year ended and as of December 31, 2019			
Service revenue	$ 2,001,627	$ 50,687	$ 2,052,314
Adjusted EBITDA	$ 533,760	$ (14,691)	$ 519,069
Depreciation and amortization	$ 139,348	$ 5,956	$ 145,304
Impairment expense	$ —	$ 3,405	$ 3,405
Capital expenditures	$ 387,119	$ 13,552	$ 400,671
Goodwill	$ 9,425	$ —	$ 9,425
Total assets	$ 1,381,811	$ 54,300	$ 1,436,111

	Pressure Pumping	All Other	Total
Year ended and as of December 31, 2018			
Service revenue	$ 1,658,403	$ 46,159	$ 1,704,562
Adjusted EBITDA	$ 398,396	$ (9,873)	$ 388,523
Depreciation and amortization	$ 83,404	$ 4,734	$ 88,138
Capital expenditures	$ 577,171	$ 15,431	$ 592,602
Goodwill	$ 9,425	$ —	$ 9,425
Total assets	$ 1,230,830	$ 43,692	$ 1,274,522

	Pressure Pumping	All Other	Total
Year ended and as of December 31, 2017			
Service revenue	$ 945,040	$ 36,825	$ 981,865
Adjusted EBITDA	$ 145,122	$ (7,679)	$ 137,443
Depreciation and amortization	$ 51,155	$ 4,473	$ 55,628
Capital expenditures	$ 300,406	$ 4,893	$ 305,299
Goodwill	$ 9,425	$ —	$ 9,425
Total assets	$ 688,279	$ 30,753	$ 719,032

12. REPORTABLE SEGMENT INFORMATION (Continued)

Reconciliation of net income (loss) to adjusted EBITDA ($ in thousands):

	Pressure Pumping	All Other	Total
Year ended December 31, 2019			
Net income (loss)	$ 281,090	$ (118,080)	$ 163,010
Depreciation and amortization	139,348	5,956	145,304
Interest expense	51	7,090	7,141
Income tax expense	—	50,494	50,494
Loss on disposal of assets	106,178	633	106,811
Impairment expense	—	3,405	3,405
Stock-based compensation	—	7,776	7,776
Other expense	—	717	717
Other general and administrative expense [(1)]	—	25,208	25,208
Deferred IPO bonus, retention bonus and severance expense	7,093	2,110	9,203
Adjusted EBITDA	**$ 533,760**	**$ (14,691)**	**$ 519,069**

	Pressure Pumping	All Other	Total
Year ended December 31, 2018			
Net income (loss)	$ 253,196	$ (79,334)	$ 173,862
Depreciation and amortization	83,404	4,734	88,138
Interest expense	—	6,889	6,889
Income tax expense	—	51,255	51,255
Loss (gain) on disposal of assets	59,962	(742)	59,220
Stock-based compensation	—	5,482	5,482
Other expense	—	663	663
Other general and administrative expense [(1)]	2	203	205
Deferred IPO bonus	1,832	977	2,809
Adjusted EBITDA	**$ 398,396**	**$ (9,873)**	**$ 388,523**

	Pressure Pumping	All Other	Total
Year ended December 31, 2017			
Net income (loss)	$ 50,417	$ (37,804)	$ 12,613
Depreciation and amortization	51,155	4,473	55,628
Interest expense	—	7,347	7,347
Income tax expense	—	3,128	3,128
Loss on disposal of assets	38,059	1,027	39,086
Stock-based compensation	—	9,489	9,489
Other expense	—	1,025	1,025
Other general and administrative expense [(1)]	—	722	722
Deferred IPO bonus	5,491	2,914	8,405
Adjusted EBITDA	**$ 145,122**	**$ (7,679)**	**$ 137,443**

(1) Other general and administrative expense primarily relates to nonrecurring professional fees paid to external consultants in connection with the Company's expanded audit committee review and advisory services in 2019, and legal settlements in 2018 and 2017.

12. REPORTABLE SEGMENT INFORMATION (Continued)

Major Customers

The Company had revenue from the following significant customers that accounted for the following percentages of the Company's total revenue:

	Year Ended December 31,		
	2019	2018	2017
Customer A	25.5 %	24.1 %	15.0 %
Customer B	20.9 %	16.5 %	13.8 %
Customer C	13.2 %	12.2 %	12.7 %
Customer D	9.2 %	8.9 %	12.6 %
Customer E	8.2 %	7.1 %	11.8 %

The above significant customers' revenue that relates to pressure pumping is below:

	Year Ended December 31,		
	2019	2018	2017
Customer A	99.7 %	97.4 %	99.9 %
Customer B	95.4 %	98.3 %	99.2 %
Customer C	99.9 %	100.0 %	99.9 %
Customer D	100.0 %	100.0 %	99.8 %
Customer E	100.0 %	100.0 %	95.5 %

13. NET INCOME PER SHARE

Basic net income per common share is computed by dividing the net income relevant to the common stockholders by the weighted-average number of shares outstanding during the year. Diluted net income per common share uses the same net income divided by the sum of the weighted-average number of shares of common stock outstanding during the period, plus dilutive effects of options, performance stock units and restricted stock units outstanding during the period calculated using the treasury method and the potential dilutive effects of preferred stocks (if any) calculated using the if-converted method.

(In thousands, except for per share data)

	Year Ended December 31,		
	2019	2018	2017
Numerator (both basic and diluted)			
Net income relevant to common stockholders	$ 163,010	$ 173,862	$ 12,613
Denominator			
Denominator for basic net income per share	100,472	83,460	76,371
Dilutive effect of stock options	2,929	3,129	2,903
Dilutive effect of performance stock units	169	277	59
Dilutive effect of restricted stock units	179	180	250
Denominator for diluted net income per share	103,750	87,046	79,583
Basic net income per common share	$ 1.62	$ 2.08	$ 0.17
Diluted net income per common share	$ 1.57	$ 2.00	$ 0.16

There were no anti-dilutive stock options, performance stock units and restricted stock units during the years ended December 31, 2019, 2018 and 2017.

14. STOCK-BASED COMPENSATION

2017 Incentive Award Plan

In March 2017, our shareholders approved the ProPetro Holding Corp. 2017 Incentive Award Plan (the "Incentive Plan") pursuant to which our Board of Directors may grant stock options, restricted stock units ("RSUs"), performance stock units ("PSUs"), or other stock-based awards to consultants, directors, executives and employees. The Incentive Plan authorizes up to 5,800,000 shares of common stock to be issued under awards granted pursuant to the plan.

Stock Options

On June 14, 2013, we granted 2,799,408 stock option awards to certain key employees, officers and directors pursuant to the Stock Option Plan that vested and became exercisable based upon the achievement of a service requirement. The options vested in 25% increments for each year of continuous service and an option became fully vested upon the optionee's completion of the fourth year of service. The contractual term for the options awarded is 10 years. The fair value of each option award granted was estimated on the date of grant using the Black-Scholes option-pricing model.

On July 19, 2016, we granted 1,274,549 stock option awards to certain key employees, officers and directors pursuant to the Stock Option Plan which vested in five substantially equal semi-annual installments commencing in December 2016, subject to a continuing services requirement. The contractual term for the options awarded is 10 years. We fully accelerated vesting of the options in connection with our IPO. The fair value of each option award granted was estimated on the date of grant using the Black-Scholes option-pricing model.

On March 16, 2017, we granted 793,738 stock option awards to certain key employees, officers and directors pursuant to the Incentive Plan which are scheduled to vest in four substantially equal annual installments, subject to a continuing service requirement. The contractual term for the options awarded is 10 years. The fair value of each stock option award granted was estimated on the date of grant using the Black-Scholes option-pricing model. There were no new stock option grants during the years ended December 31, 2019 and 2018. The weighted average grant-date fair value of stock options granted during the year ended December 31, 2017 was $3.35.

As of December 31, 2019, the aggregate intrinsic value for our outstanding stock options was $28.6 million, and the aggregate intrinsic value for our exercisable stock options was $28.6 million. The aggregate intrinsic value for the exercised stock options during the year ended December 31, 2019 was $2.9 million. The remaining contractual term for the outstanding and exercisable stock options as of December 31, 2019, was 4.9 years and 4.7 years, respectively. For the years ended December 31, 2019, 2018 and 2017, the Company recognized approximately $0.5 million, $0.6 million and $2.9 million, respectively, in compensation expense related to stock options.

A summary of the stock option activity during the year ended December 31, 2019 is presented below:

	Number of Shares	Weighted Average Exercise Price
Outstanding at January 1, 2019	4,557,186	$ 5.14
Granted	—	$ —
Exercised	(212,242)	$ 5.49
Forfeited	(24,847)	$ 14.00
Expired	(20,009)	$ 14.00
Outstanding at December 31, 2019	4,300,088	$ 5.03
Exercisable at December 31, 2019	3,953,122	$ 4.25

14. STOCK-BASED COMPENSATION (Continued)

Restricted Stock Units

In 2019, we granted 424,624 RSUs to key employees, officers and directors pursuant to the Incentive Plan, which generally vest ratably over a three-year vesting period, in the case of awards to employees and officers, and generally vest in full after one year, in the case of awards to directors. RSUs are subject to restrictions on transfer and are generally subject to a risk of forfeiture if the award recipient ceases to be an employee or director of the Company prior to vesting of the award. Each RSU represents the right to receive one share of common stock. The grant date fair value of the RSUs was based on the closing share price of our common stock on the date of grant. For the years ended December 31, 2019, 2018 and 2017, the Company recognized stock compensation expense for RSUs of approximately $3.5 million, $2.9 million and $6.2 million, respectively. As of December 31, 2019, the total unrecognized compensation expense for all RSUs was approximately $6.4 million, and is expected to be recognized over a weighted-average period of approximately 1.8 years.

The following table summarizes the RSUs activity during the year December 31, 2019:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2019	473,505	$ 16.52
Granted	424,624	$ 19.81
Vested	(217,474)	$ 15.93
Forfeited	(67,438)	$ 18.86
Canceled	—	$ —
Outstanding at December 31, 2019	613,217	$ 18.75

Performance Stock Units

In 2019, we granted PSUs to certain key employees and officers under the Incentive Plan. The actual number of shares of common stock that may be issued under the PSUs ranges from zero up to a maximum of 200% of the target number of PSUs granted to the participant, based on our total shareholder return ("TSR") relative to a designated peer group from January 1, 2019 through December 31, 2021. In addition to the TSR conditions, vesting of the PSUs is generally subject to the recipient's continued employment through the end of the applicable performance period. Compensation expense is recorded ratably over the corresponding requisite service period. The grant date fair value of PSUs was determined using a Monte Carlo probability model. Grant recipients do not have any shareholder rights until performance relative to the peer group has been determined following the completion of the performance period and shares have been issued. For the years ended December 31, 2019, 2018 and 2017 the Company recognized stock compensation expense for the PSUs of approximately $3.8 million, $2.0 million and $0.4 million, respectively.

The following table summarizes the PSUs activity during the year ended December 31, 2019:

Period Granted	Target Shares Outstanding at January 1, 2019	Target Shares Granted	Target Shares Vested	Target Shares Forfeited	Target Shares Outstanding at December 31, 2019	Weighted Average Grant Date Fair Value per Share
2017	169,635	—	—	(18,143)	151,492	$ 10.73
2018	178,975	—	(2,960)	(19,439)	156,576	$ 27.51
2019	—	238,376	(1,297)	(22,526)	214,553	$ 30.94
Total	348,610	238,376	(4,257)	(60,108)	522,621	$ 24.05

14. STOCK-BASED COMPENSATION (Continued)

The total stock compensation expense for the years endedDecember 31, 2019, 2018 and 2017 for all stock awards was approximately$7.8 million, $5.5 million and $9.5 million, respectively. The total unrecognized compensation expense for all stock awards as ofDecember 31, 2019 is approximately $13.5 million, and is expected to be recognized over a weighted-average period of approximately 1.8 years.

15. INCOME TAXES

The components of the provision for income taxes are as follows:

($ in thousands)

	Year Ended December 31,		
	2019	2018	2017
Federal:			
Current	$ —	$ —	$ (376)
Deferred	47,090	48,738	3,634
	47,090	48,738	3,258
State:			
Current	1,736	1,551	74
Deferred	1,668	966	(204)
	3,404	2,517	(130)
Total income tax expense	$ 50,494	$ 51,255	$ 3,128

Reconciliation between the amounts determined by applying the federal statutory rate of21% for years ended December 31, 2019 and 2018 and 35% for the year ended December 31, 2017 to income tax expense is as follows:

($ in thousands)

	Year Ended December 31,		
	2019	2018	2017
Taxes at federal statutory rate	$ 44,836	$ 47,275	$ 5,510
State taxes, net of federal benefit	2,504	1,874	176
Non-deductible expenses	3,683	2,423	1,582
Stock-based compensation	(717)	(426)	(655)
Valuation allowance	—	(1,151)	273
Effect of change in enacted tax rate	—	—	(3,448)
Other	188	1,260	(310)
Total income tax expense	$ 50,494	$ 51,255	$ 3,128

15. INCOME TAXES (Continued)

Deferred tax assets and liabilities are recognized for estimated future tax effects of temporary differences between the tax basis of an asset or liability and its reported amount in the consolidated financial statements. The significant items giving rise to deferred tax assets (liabilities) are as follows:

($ in thousands)	December 31,	
	2019	2018
Deferred Income Tax Assets		
Accrued liabilities	$ 633	$ 769
Allowance for doubtful accounts	224	21
Lease liabilities	605	—
Goodwill and other intangible assets	2,724	4,010
Stock-based compensation	3,438	2,632
Net operating losses	66,311	111,580
Other	55	63
Total deferred tax assets	73,990	119,075
Valuation allowance	—	—
Total deferred tax assets — net	$ 73,990	$ 119,075
Deferred Income Tax Liabilities		
Property and equipment	$ (176,404)	$ (172,164)
Prepaid expenses	(627)	(1,194)
Total deferred tax liabilities	$ (177,031)	$ (173,358)
Net deferred tax liabilities	$ (103,041)	$ (54,283)

At December 31, 2019, the Company had approximately $304.7 million of federal net operating loss carryforwards some of which will begin to expire in 2035. After January 1, 2018, federal net operating loss carryforwards can be carried forward indefinitely. Approximately $229.5 million of our federal net operating loss carryfoward relates to pre-2018 periods which are not subject to an annual 80% limitation of taxable income. Our state net operating losses is approximately $50.4 million and will begin to expire in 2024. Utilization of net operating loss carryforwards may be limited due to past or future ownership changes. As of December 31, 2019, we determined that no valuation allowance was necessary against our deferred tax assets.

The Company's U.S. federal income tax returns for the year ended December 31, 2016 and through the most recent filing remain open to examination by the Internal Revenue Service under the applicable U.S. federal statute of limitations provisions. The various states in which the Company is subject to income tax are generally open to examination for the tax years ended December 31, 2015 and through the most recent filing.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act ("Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code including, but not limited to (1) reducing the U.S. federal corporate tax rate from 35% to 21%, (2) eliminating the corporate alternative minimum tax ("AMT'') and changing how existing AMT credits can be realized, (3) creating a new limitation on deductible interest expense, (4) changes to bonus depreciation, and (5) changing rules related to use and limitations of net operating loss carryforwards for tax years beginning after December 31, 2017. We have completed our analysis of the Tax Act. The only material items that impacted the Company's consolidated financial statements in 2017 was the corporate rate reduction. While the corporate rate reduction was effective January 1, 2018, we accounted for the effect of the rate change during the year ended December 31, 2017, the year of enactment. Consequently, we recorded a $3.4 million decrease to the net deferred tax liability.

15. INCOME TAXES (Continued)

We record uncertain tax positions in accordance with ASC 740,Income Taxes, on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than fifty percent likely to be realized upon ultimate settlement with the related tax authority. As of December 31, 2019, 2018 and 2017, no uncertain tax positions were recorded. The Company will continue to evaluate its tax positions in accordance with ASC 740 and will recognize any future effect as a charge to income in the applicable period.

Income tax penalties and interest assessments recognized under ASC 740 are accrued as a tax expense in the period that the Company's taxes are in an uncertain tax position. Any accrued tax penalties or interest assessments will remain until the uncertain tax position is resolved with the taxing authorities or until the applicable statute of limitations has expired.

16. RELATED-PARTY TRANSACTIONS

Corporate Office Building

The Company rents its corporate office building and the associated real property from an entity, in which a former executive officer of the Company has an equity interest. The rent expense on our corporate office building is approximately \$0.1 million per year. During the years ended December 31, 2019 and 2018, the Company incurred costs of approximately \$1.6 million and \$0.9 million, respectively, for improvements made to our corporate office building that we rent. In April 2020, the Company acquired the corporate office building and associated real property for approximately\$1.5 million.

Operations and Maintenance Yards

The Company also rents five yards from an entity, which certain former executive officers, an executive officer and a director of the Company have equity interests and total annual rent expense for each of the five yards was approximately \$0.03 million, \$0.03 million, \$0.1 million, \$0.1 million, and \$0.2 million, respectively. The Company also leased a yard from another entity, which a certain executive officer of the Company has an equity interest, and with annual lease expense of \$0.1 million.

Subsequent to the issuance of the consolidated financial statements for the year ended December 31, 2018 we identified the following related party transaction. In 2018, the Company entered into a construction and purchase agreement for a maintenance facility for our pressure pumping operations with a developer. The developer for the maintenance facility was an equal partner with a former executive officer of the Company in a separate legal entity. The entity the former executive officer was associated with provided funding to the developer related to the construction of the maintenance facility. The construction and purchase cost of \$2.3 million was paid to the developer during the year ended December 31, 2018.

Transportation and Equipment Rental

For the years ended December 31, 2019, 2018 and 2017, the Company incurred costs for transportation services with an entity, in which a former executive officer of the Company had an equity interest, of approximately \$0.2 million, \$0.4 million and \$0.3 million, respectively. During the years ended December 31, 2018 and 2017, the partner in the entity with the former executive officer reimbursed the Company approximately \$0.05 million and \$0.1 million, respectively, for the use of the Company's personnel to operate the transportation equipment.

The Company also rented equipment in Elk City, Oklahoma for our flowback operations from an entity, which a former executive officer of the Company has an equity interest. For the years ended December 31, 2019, 2018 and 2017, the Company incurred and paid \$0.2 million, \$0.2 million and \$0.2 million, respectively. This rental arrangement was terminated in January 2020.

16. RELATED-PARTY TRANSACTIONS (Continued)

At December 31, 2019 and 2018, the Company had $0 and $0.01 million in payables to the above related parties, respectively. There wereno receivables at December 31, 2019 and 2018 from the above related party transactions.

PT Petroleum, LLC

Subsequent to the issuance of the consolidated financial statements for the year ended December 31, 2018 we identified the following related party transactionFor the years ended December 31, 2018 and 2017, the Company provided services to PT Petroleum, LLC, an entity in which a director was an officer, of approximately$16.7 million and $39.0 million, respectively.

Pioneer

On December 31, 2018, we consummated the purchase of certain pressure pumping assets and real property in connection with the Pioneer Pressure Pumping Acquisition. The acquisition cost of the assets was comprised of approximately $110.0 million of cash and 16.6 million shares of our common stock. In connection with the consummation of the Pioneer Pressure Pumping Acquisition and effective January 1, 2019, we became a long-term service provider to Pioneer, providing pressure pumping and related services for a term of up to ten years. Revenue from services provided to Pioneer accounted for approximately$524.2 million, $76.0 million and $36.0 million of our total revenue during the years ended December 31, 2019, 2018 and 2017, respectively. During 2019, the Company reimbursed Pioneer approximately$4.2 million for our portion of the retention bonuses paid to former Pioneer employees that were subsequently employed by the Company and also Pioneer reimbursed the Company approximately $2.5 million for severance payments made on their behalf, in connection with the Pioneer Pressure Pumping Acquisition. As ofDecember 31, 2019, the total accounts receivable due from Pioneer, including estimated unbilled receivable for services we provided, amounted to $61.7 million and the amount due to Pioneer was $0.

17. LEASES

On January 1, 2019, we implemented ASC 842, using the modified retrospective transition method and elected not to restate prior years. Accordingly, the effects of adopting ASC 842 were adjusted in the beginning of 2019 while prior periods are accounted for under the legacy GAAP, ASC 840. There was no cumulative effect adjustment on beginning retained earnings. We also elected other practical expedients provided by the new lease standard, the short-term lease recognition practical expedient in which leases with a term of twelve months or less will not be recognized on the balance sheet and the practical expedient to not separate lease and non-lease components for real estate class of assets. Our discount rate was based on our estimated incremental borrowing rate on a collateralized basis with similar terms and economic considerations as our lease payments at the lease commencement. Below is a description of our operating and finance leases.

Operating Leases

Description of Lease

In March 2013, we entered into a ten-year real estate lease contract (the "Real Estate Lease") with a commencement date of April 1, 2013, as part of the expansion of our equipment yard. The lease is with an entity in which a director of the Company has a noncontrolling equity ownership interest. For the years ended December 31, 2019, 2018 and 2017, the Company made lease payments of approximately $0.4 million, $0.3 million and $0.3 million, respectively. The assets and liabilities under this contract are equally allocated between our cementing and coiled tubing segments. In addition to the contractual lease period, the contract includes an optional renewal of up to ten years, and in management's judgment the exercise of the renewal option is not reasonably assured. The contract does not include a residual value guarantee, covenants or financial restrictions. Further, the Real Estate Lease does not contain variability in payments resulting from either an index change or rate change. Effective January 1, 2019, the remaining lease term in our present value estimate of the minimum future lease payments was four years.

Consistent with the requirements of the new lease standard, ASC 842, we have determined the Real Estate Lease to be an operating lease. Our assumptions resulted from the existence of the right to control the use of the assets throughout the lease term. We did not account for the land separately from the building of the real estate lease

17. LEASES (Continued)

because we concluded that the accounting effect was insignificant. As of December 31, 2019, the weighted average discount rate and remaining lease term was 6.7% and 3.3 years, respectively.

In January 2019, we entered into a four-year real estate lease contract with Pioneer, a related party, (the "Crew Camp Lease") with a commencement date of January 1, 2019 for purposes of providing housing to Company personnel. The contract does not include a residual value guarantee, covenants or financial restrictions. Further, the Crew Camp Lease does not contain variability in payments resulting from either an index change or rate change. The lease term used in our estimate of the present value of the minimum future lease payments for the purpose of determining our right-of-use asset and lease obligation was four-years. We determined the Crew Camp Lease to be an operating lease. However, effective July 1, 2019, the Crew Camp Lease was terminated in connection with our disposal of our camp assets located at the leased real estate for $5.0 million. In connection with the Crew Camp Lease termination, we derecognized the right-of-use asset and lease liability of $0.5 million and $0.5 million, respectively. The total operating lease cost recorded during the year ended December 31, 2019, in connection with the Crew Camp Lease was $0.1 million. Effective July 1, 2019, we disposed of our camp assets and entered into a twelve month lease (the "Lodging Lease"), which we determined to be a short-term lease, to rent a certain number of rooms daily, including related services, for a fixed rate and accordingly, we recorded a gain on sale in our statement of operations during the year ended December 31, 2019 of approximately $4.2 million.

As of December 31, 2019, our total operating lease right-of-use asset cost was $1.2 million, and accumulated amortization was $0.3 million. For the year ended December 31, 2019, we recorded operating lease cost of $0.4 million in our statement of operations. During the years ended December 31, 2018 and 2017, our operating lease expense, under legacy GAAP, ASC 840, was $1.7 million and $1.4 million, respectively.

Finance Leases

Description of Ground Lease

In 2018, we entered into a ten-year land lease contract (the "Ground Lease") with an exclusive option to purchase the land exercisable beginning one year from the commencement date of October 1, 2018 through the end of the contractual lease term. The Ground Lease does not include any residual value guarantee, covenants or financial restrictions. Further, the Ground Lease does not contain variability in payments resulting from either an index change or rate change. The remaining lease term used in our estimate of the present value of the minimum future lease payments for the purpose of determining our right-of-use asset and lease obligation was 1.2 years, assuming we will exercise our option to purchase the land shortly after the option becomes exercisable.

Consistent with the requirements of the new lease standard, ASC 842, we have determined the Ground Lease to be a finance lease. Our assumptions resulted from the existence of the right to control the use of the land for a period of time and the option to purchase the land, which we are reasonably certain of exercising shortly after 1.0 year from the commencement date. As of December 31, 2019, the weighted average discount rate and remaining lease term was 4.3% and 0.2 years, respectively.

As of December 31, 2019, our net finance lease right-of-use asset included as part of property and equipment in our consolidated balance sheet consists of a cost of $3.1 million and accumulated amortization of $0. The interest on our finance lease for the year ended December 31, 2019 was $0.1 million. No amortization was recorded in the period for our finance lease right-of-use asset because it is comprised of land. In March 2020, the Company exercised its option and purchased the land associated with the Ground Lease.

17. LEASES (Continued)

The maturity analysis of liabilities and reconciliation to undiscounted and discounted remaining future lease payments for operating and finance leases as of December 31, 2019 are as follows:

	Leases	
($ in thousands)	**Operating**	**Finance**
2020	$ 366	$ 2,833
2021	377	—
2022	389	—
2023	98	—
2024	—	—
Total undiscounted future lease payments	1,230	2,833
Amount representing interest	(129)	(2)
Present value of future lease payments (lease obligation)	$ 1,101	$ 2,831

The total cash paid in connection with our operating and finance lease liabilities during the year ended December 31, 2019 was $0.4 million and $0.4 million, respectively. The non-cash lease obligation we recorded effective January 1, 2019, upon adopting the new lease standard, ASC 842, was $2.0 million and $3.1 million for operating and finance leases, respectively. The non-cash changes to our lease liabilities during the year ended December 31, 2019, relate to the derecognition of the lease liability of $0.5 million, in connection with the Crew Camp Lease termination on July 1, 2019.

Short-Term Leases

We elected the practical expedient, consistent with ASC 842, to exclude leases with an initial term of twelve months or less ("short-term leases") from our balance sheet and continue to record short-term leases as a period expense. For the year ended December 31, 2019, our short-term asset lease and Lodging Lease expense was approximately $1.3 million and $2.4 million, respectively. At December 31, 2019, the total remaining commitments and other obligations for all of our short-term lease and lodging arrangements was $6.9 million.

18. COMMITMENTS AND CONTINGENCIES

Commitments

As of December 31, 2018, our required remaining lease payments under legacy GAAP, ASC 840, for each fiscal year are as follows. See Note 17 for additional lease disclosures under the new lease standard, ASC 842.

($ in thousands)

2019	$	892
2020		721
2021		721
2022		721
2023 and thereafter		2,258
Total	$	5,313

As of December 31, 2019, the Company has an agreement with its equipment manufacturer granting the Company the option to purchase additional 108,000 of *DuraStim®* hydraulic horsepower ("HHP"), with the purchase option expiring at different times through April 30, 2021. The option fee of $6.1 million, which we have classified as a deposit for property and equipment, will be applied equally towards the purchase price of each additional *DuraStim®* fleet ordered. As of December 31, 2019, the total outstanding remaining contractual obligations under the purchase agreement for the original *DuraStim®* fleets and related ancillary equipment was $1.7 million.

As of December 31, 2019, other contracted capital commitments entered into as part of normal course of business for supply of certain equipment, including improvement to our corporate office building, was $2.7 million.

The Company enters into purchase agreements with its sand suppliers (the "Sand suppliers") to secure supply of sand as part of its normal course of business. The agreements with the Sand suppliers require that the Company purchase a minimum volume of sand, constituting substantially all of its sand requirements, from the Sand suppliers, otherwise certain penalties may be charged. Under certain of the purchase agreements, a shortfall fee applies if the Company purchases less than the minimum volume of sand. The shortfall fee represents liquidated damages and is either a fixed percentage of the purchase price for the minimum volumes or a fixed price per ton of unpurchased volumes. Under one of the purchase agreements, the Company is obligated to purchase a specified percentage of its overall sand requirements, or it must pay the supplier the difference between the purchase price of the minimum volumes under the purchase agreement and the purchase price of the volumes actually purchased. Our minimum volume commitments under the purchase agreements are either based on a percentage of our total usage or fixed minimum quantity. Our agreements with the Sand suppliers expire at different times prior to April 30, 2022. During the years ended December 31, 2019, 2018 and 2017, no shortfall fees have been recorded. One of the Sand suppliers ("SandCo") we entered into an agreement with to purchase sand ("Texas sand") has an indirect relationship with a former executive officer of the Company, because beginning in 2018, the Texas sand was sourced from a mine located on land owned by an entity ("LandCo") in which the former executive officer has a 44% noncontrolling equity interest in the LandCo. The total sand purchased from SandCo during the year ended December 31, 2019 and 2018 was approximately $44.3 million and $10.3 million, respectively, and the estimated indirect benefit to the former executive officer of the Company was approximately $1.5 million and $0.4 million, respectively.

As of December 31, 2019 and 2018, the Company had issued letters of credit of $1.5 million and $1.8 million, respectively, under the Company's ABL Credit Facility relating to the Company's casualty insurance policy.

During the year ended December 31, 2019, we recorded severance expense of approximately $2.0 million relating to the resignation of two former executive officers, which was included as part of our general and

18. COMMITMENTS AND CONTINGENCIES (Continued)

administrative expense in our statement of operations and the outstanding balance included in accrued liabilities and other current liabilities in our consolidated balance sheet at December 31, 2019.

Contingent Liabilities

In September 2019, a complaint, captioned Richard Logan, Individually and On Behalf of All Others Similarly Situated, Plaintiff, v. ProPetro Holding Corp., et al., (the “Logan Lawsuit”), was filed against the Company and certain of its current and former officers and directors in the U.S. District Court for the Western District of Texas.

In April 2020, Lead Plaintiffs Nykredit Portefølje Administration A/S, Oklahoma Firefighters Pension and Retirement System, Oklahoma Law Enforcement Retirement System, Oklahoma Police Pension and Retirement System, and Oklahoma City Employee Retirement System, and additional named plaintiff Police and Fire Retirement System of the City of Detroit, individually and on behalf of a putative class of shareholders who purchased the Company’s common stock between March 17, 2017 and March 13, 2020, filed a second amended class action complaint in the U.S. District Court for the Western District of Texas in the Logan Lawsuit, alleging violations of Sections 10(b) and 20(a) of the Exchange Act, as amended, and Rule l0b-5 promulgated thereunder, and Sections 11 and 15 of the Securities Act, as amended, based on allegedly inaccurate or misleading statements, or omissions of material facts, about the Company’s business, operations and prospects.

In January 2020, Boca Raton Firefighters’ and Police Pension Fund (“Boca Raton”) filed a shareholder derivative suit in the U.S. District Court for the Western District of Texas (the “Boca Raton Lawsuit”) against certain of the Company’s current and former officers and directors (the “Boca Raton Defendants”). The Company was named as a nominal defendant only. The claims include (i) breaches of fiduciary duties, (ii) unjust enrichment and (iii) contribution. Boca Raton did not quantify any alleged damages in its complaint but, in addition to attorneys’ fees and costs, Boca Raton seeks various forms of relief, including (i) damages sustained by the Company as a result of the Boca Raton Defendants’ alleged misconduct, (ii) punitive damages and (iii) equitable relief in the form of improvements to the Company’s governance and controls.

In April 2020, Jye-Chun Chang filed a shareholder derivative suit in the U.S. District Court for the Western District of Texas (the “Chang Lawsuit”) against certain of the Company’s current and former officers and directors (the “Chang Defendants”). The Company was named as a nominal defendant only. The claims include (i) violations of section 14(a) of the Exchange Act, (ii) breach of fiduciary duties, (iii) unjust enrichment, (iv) abuse of control, (v) gross mismanagement and (vi) waste of corporate assets. Chang did not quantify any alleged damages in its complaint but, in addition to attorneys’ fees and costs, Chang seeks various forms of relief, including (i) declaring that Chang may sustain the action on behalf of the Company, (ii) declaring that the Chang Defendants breached their fiduciary duties to the Company, (iii) damages sustained by the Company as a result of the Chang Defendants’ alleged misconduct, (iv) equitable relief in the form of improvements to the Company’s governance and controls and (v) restitution.

In October 2019, the Company received a letter from the SEC indicating that the SEC had opened an investigation into the Company and requesting that the Company provide certain information and documents, including documents related to the Company’s expanded audit committee review and related events. The Company has cooperated and expects to continue to cooperate with the SEC’s investigation.

We are presently unable to predict the duration, scope or result of the Logan Lawsuit, the Boca Raton Lawsuit, the Chang Lawsuit, the SEC investigation, or any other related lawsuit or investigation. As of December 31, 2019, no provision was made by the Company in connection with these pending lawsuits and the SEC investigation as they are still at early stages and the final outcomes cannot be reasonably estimated.

18. COMMITMENTS AND CONTINGENCIES (Continued)

Environmental

The Company is subject to various federal, state and local environmental laws and regulations that establish standards and requirements for protection of the environment. The Company cannot predict the future impact of such standards and requirements, which are subject to change and can have retroactive effectiveness. The Company continues to monitor the status of these laws and regulations. Currently, the Company has not been fined, cited or notified of any environmental violations that would have a material adverse effect upon its financial position, liquidity or capital resources. However, management does recognize that by the very nature of the Company's business, material costs could be incurred in the near term to maintain compliance. The amount of such future expenditures is not determinable due to several factors, including the unknown magnitude of possible regulation or liabilities, the unknown timing and extent of the corrective actions which may be required, the determination of the Company's liability in proportion to other responsible parties and the extent to which such expenditures are recoverable from insurance or indemnification.

Regulatory Audits

In 2019, the Texas Comptroller of Public Accounts commenced a routine audit of the Company's gross receipts and sales, excise and use taxes for the periods of July 2015 through December 2018. As of December 31, 2019, the audit is still at an early stage and the final outcome cannot be reasonably estimated.

19. QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table sets forth our unaudited quarterly results for each of the last four quarters for the years ended December 31, 2019 and 2018. This unaudited quarterly information has been prepared on the same basis as our annual audited financial statements and includes all adjustments, consisting only of normal recurring adjustments that are necessary to present fairly the financial information for the fiscal quarters presented.

(In thousands, except for per share data)

	2019			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue - Service revenue	$ 546,179	$ 529,494	$ 541,847	$ 434,794
Gross profit	$ 164,656	$ 143,276	$ 144,925	$ 129,101
Net income	$ 69,805	$ 36,133	$ 34,397	$ 22,675
Net income per common share:				
Basic	$ 0.70	$ 0.36	$ 0.34	$ 0.23
Diluted	$ 0.67	$ 0.35	$ 0.33	$ 0.22
Weighted average common shares outstanding:				
Basic	100,232	100,425	100,606	100,618
Diluted	104,123	104,379	103,652	103,055

	2018			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue - Service revenue	$ 385,219	$ 459,888	$ 434,041	$ 425,414
Gross profit	$ 87,097	$ 108,000	$ 113,895	$ 124,993
Net income	$ 36,708	$ 39,091	$ 46,285	$ 51,778
Net income per common share:				
Basic	$ 0.44	$ 0.47	$ 0.55	$ 0.62
Diluted	$ 0.42	$ 0.45	$ 0.53	$ 0.59
Weighted average common shares outstanding:				
Basic	83,081	83,447	83,544	83,758
Diluted	86,848	86,878	86,878	87,218

20. SUBSEQUENT EVENTS

Stockholder Rights Plan

On April 10, 2020, the board of directors of the Company adopted a short-term stockholder rights plan (the "Rights Plan"). The Rights Plan provides for the issuance of one right for each outstanding share of the Company's common stock held by stockholders of record on April 24, 2020. In general, the rights will become exercisable only if a person or group acquires beneficial ownership of 10% (or 20% in the case of certain passive investors) or more of the Company's outstanding common stock or announces a tender or exchange offer that would result in such ownership. If the rights become exercisable, all holders of rights (other than any triggering person) will be entitled to acquire shares of common stock at a 50% discount, or the Company may exchange each right held by such holders for one share of common stock.

The Rights Plan will expire on March 31, 2021. The Rights Plan may also be terminated, or the rights may be redeemed, prior to the scheduled expiration of the Rights Plan under certain other circumstances.

Impairments

During the first quarter of 2020, management determined the reductions in commodity prices driven by the potential impact of the novel COVID-19 virus and global supply and demand dynamics coupled with the sustained decrease in the Company's share price were triggering events for goodwill and asset impairment. As a result of the triggering events, we performed an interim goodwill impairment test on the hydraulic fracturing reporting unit and a recoverability tests on each of the assets groups. As a result, we expect to recognize impairments and charges in the first quarter of 2020 as follows:

- goodwill impairment of approximately $9.4 million;
- drilling asset group impairment of approximately $1.1 million as a result of our recoverability tests; and
- write-off of $6.1 million of deposits related to options to purchase additional *DuraStim®* equipment for which options expire at various times through the end of April 2021 as it is not probable we would exercise our options due to the events described above.

If the depressed oil prices and the current economic conditions continue for a longer period of time, actual results may differ from estimates and future assumptions may change resulting in additional impairment charges in the future.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Background

In May 2019, the Audit Committee (the "Committee") of the Board, with assistance of independent outside counsel and accounting advisors, conducted an internal review initially focused on the Company's disclosure of agreements previously entered into with AFGlobal Corporation for the purchase of Durastim® hydraulic fracturing fleets and effective communications related thereto. The review was later expanded (collectively referred to as the "Expanded Audit Committee Review") to, among other items, review expense reimbursements, certain transactions involving related parties or potential conflicts of interest, and certain transactions entered into by our former Chief Executive Officer (the "former CEO").

The Expanded Audit Committee Review did not identify any material accounting errors in the consolidated financial statements included in the 2018 Annual Report and the 2019 First Quarter 10-Q. Based on the Expanded Audit Committee Review, current management determined that there were deficiencies in the design and/or operation of internal controls that constituted material weaknesses. Current management determined that the tone from former executive management was insufficient to create the proper environment for effective internal control over financial reporting, which led to the failure of controls in other areas as further described below.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Principal Executive Officer and Principal Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of December 31, 2019 and 2018, and March 31, June 30, and September 30, 2019. Previously, based on their prior evaluation, our former Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2018 and March 31, 2019. As a result of the material weaknesses in our internal control over financial reporting described below, our current Principal Executive Officer and Principal Financial Officer have concluded that our disclosure controls and procedures were not effective as of December 31, 2019 and 2018, and March 31, June 30, and September 30, 2019. Notwithstanding the conclusion by our Principal Executive Officer and Principal Financial Officer that our disclosure controls and procedures as of December 31, 2019 were not effective, and notwithstanding the material weaknesses in our internal control over financial reporting described below, our management has concluded that our consolidated financial statements included in each of (i) this Annual Report on Form 10-K, (ii) the 2018 Annual Report, (iii) the 2019 First Quarter 10-Q (iv) the Quarterly Report on Form 10-Q for the three months ended June 30, 2019 and (v) the Quarterly Report on Form 10-Q for the three months ended September 30, 2019, present fairly, in all material respects, our financial position, results of operations and cash flows for the periods presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Management's Report on Internal Control over Financial Reporting

The management of ProPetro Holding Corp. is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. ProPetro Holding Corp. maintains a system of internal accounting controls designed to provide reasonable assurance, at a reasonable cost, that assets are safeguarded against loss or unauthorized use and that the financial records are adequate and can be relied upon to produce financial statements in accordance with U.S. GAAP. The internal control system is augmented by written policies and procedures, an internal audit program and the selection and training of qualified personnel. This system includes policies that require adherence to ethical business standards and compliance with all applicable laws and regulations.

There are inherent limitations to the effectiveness of any control system. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Also, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company will be detected. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. The Company intends to continually improve and refine its internal controls.

Our management, with the participation of our Principal Executive Officer and Principal Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our internal control over financial reporting as of December 31, 2019 and 2018 based on criteria established in the 2013 Internal Control-Integrated Framework issued by COSO. Previously, based upon that evaluation by our former Principal Executive Officer and Principal Financial

Officer, we determined that our internal control over financial reporting was effective as of December 31, 2018. However, as discussed above and in light of the results of the Expanded Audit Committee Review, based upon the evaluation under these criteria and upon the existence of the material weaknesses described below, management, with the participation of our current Principal Executive Officer and Principal Financial Officer, determined that we did not maintain effective internal control over financial reporting as of December 31, 2019 and 2018. Due to the existence of the material weaknesses described below, our internal control over financial reporting remained ineffective as of March 31, June 30, and September 30, 2019.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that a reasonable possibility exists that a material misstatement of our annual or interim financial statements would not be prevented or detected on a timely basis.

Control Environment

We have identified deficiencies in the principles associated with the control environment component of the COSO framework. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to the following COSO principles: (i) the organization demonstrates a commitment to integrity and ethical values, (ii) the board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control, (iii) management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in pursuit of objectives, (iv) the organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives, and (v) the organization holds individuals accountable for their internal control related responsibilities in the pursuit of objectives.

Our senior management did not establish and promote a control environment with an appropriate tone of compliance and control consciousness throughout the entire Company. The Company did not sufficiently promote, monitor or enforce adherence to its Code of Conduct and Ethics. Additionally, the Expanded Audit Committee Review found that there was a general lack of focus on promoting a culture of compliance within the Company. Results of poor tone at the top included: (i) certain whistleblower allegations were not properly investigated and elevated to the Committee, (ii) the lack of an employee expense review and approval policy, (iii) two instances of non-compliance with the Company's Insider Trading Policy, and (iv) instances of non-compliance with the Code of Conduct and Ethics policies.

This material weakness in the control environment contributed to material weaknesses in the following components of the COSO framework.

Information and Communication

We have identified deficiencies in the principles associated with the information and communication component of the COSO framework. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to the following COSO principles: (i) the organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control, and (ii) the organization communicates with external parties regarding matters affecting the functioning of internal control.

Factors contributing to the material weakness included miscommunication between management and the Board regarding the conditionality of certain contracts that resulted in the non-disclosure of such contract commitments and the impact of such commitments on the Company's future liquidity.

Control Activities

We have identified deficiencies in the principles associated with the control activities component of the COSO framework. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to the following COSO principles: (i) the organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels and (ii) the organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

The Company's failure to maintain appropriate tone at the top had a pervasive impact, and as such, resulted in a risk that could have impacted virtually all financial statement account balances and disclosures.

The COSO component material weaknesses described above contributed to the following material weakness within our system of internal control over financial reporting at the control activity level.

Related Parties

We did not maintain controls designed to sufficiently identify, evaluate, and disclose related party transactions. As a result, two related party transactions were entered into that were not identified by the Company's controls and given consideration of appropriate disclosure.

Our independent registered public accounting firm, Deloitte & Touche LLP, has audited the consolidated financial statements as of and for the year ended December 31, 2019, and has also issued their report on the effectiveness of the Company's internal control over financial reporting, included in this report on pages 53 and 54.

Remediation Plan and Status

Our remediation efforts are ongoing, and we will continue our initiatives to implement and document policies, procedures, and internal controls. The Board and management have implemented, among other items, the following measures to address the material weaknesses identified:

- Appointed new executive officers with extensive public company experience to improve the tone at the top, communication with the Board and compliance with policies within the Company.
- Enhanced certain of the Company's policies, including the Code of Ethics and Conduct, Expense Reimbursement, Travel and Entertainment, and Delegation of Responsibilities and Authority. Additionally, the Company enhanced or implemented control activities to monitor compliance with such policies.
- Designed and implemented control activities related to the identification of, approval of, and disclosure of related party transactions.
- Designed and implemented control activities related to the identification and approval of potential conflicts of interest.
- Designed and implemented control activities related to the evaluation of whistleblower allegations.
- Formed a disclosure committee and appointed a Chief Disclosure Officer to provide improved corporate governance related to disclosures the Company provides to the public and other external parties.

Our remediation of the identified material weaknesses and strengthening our internal control environment is ongoing and will require a substantial effort. We will test the ongoing design and implementation and operating effectiveness of the new and existing controls in future periods. The material weaknesses cannot be considered remediated until the applicable controls have operated for a sufficient period of time and management has concluded, through testing, that these controls are designed and operating effectively. Accordingly, we will continue to monitor and evaluate the effectiveness of our internal control over financial reporting in the areas affected by the material weaknesses described above.

Changes in Internal Control over Financial Reporting

Except as described above, there were no changes in our system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Below are the current directors of the Board, executive officers and certain other key officers, and certain information concerning those individuals follows the table:

Name	Age	Position with ProPetro Holding Corp.	Director Since	Executive Officer Since
Phillip A. Gobe (1)	67	Chief Executive Officer and Chairman of the Board	2019	2019
Darin G. Holderness	56	Chief Financial Officer		2019
David Sledge	63	Chief Operating Officer		2011
Newton W. “Trey” Wilson III	69	General Counsel and Corporate Secretary		2019
Elo Omavuezi	38	Chief Accounting Officer		2019
Samuel D. Sledge (2)	33	Chief Strategy and Administrative Officer		2020
Adam Muñoz (2)	38	Senior Vice President of Operations		2020
Spencer D. Armour III (3)	66	Director	2013	
Mark S. Berg	62	Director	2019	
Anthony Best (4)(5)(7)(8)	70	Director	2018	
Pryor Blackwell (5)(6)(9)	59	Director	2017	
Michele V. Choka (5)(6)	60	Director	2020	
Alan E. Douglas (4)(6)	61	Director	2017	
Jack B. Moore (4)(5)(6)(10)	66	Director	2017	

(1) Mr. Gobe was appointed to the Board as a director and Chairman of the Board on July 11, 2019 and was subsequently appointed to the role of Executive Chairman and principal executive officer on October 3, 2019. On March 13, 2020, Mr. Gobe assumed role of Chief Executive Officer and Chairman of the Board.
(2) On March 13, 2020, Mr. S. Sledge and Mr. Muñoz were promoted to the positions of Chief Strategy and Administrative Officer and Senior Vice President of Operations, respectively.
(3) Mr. Armour resigned as Chairman of the Board effective July 11, 2019, but remains a member of the Board.
(4) Member of the Audit Committee.
(5) Member of the Compensation Committee.
(6) Member of the Nominating and Corporate Governance Committee.
(7) Lead Independent Director of the Board, effective October 3, 2019.
(8) Chairman of the Audit Committee.
(9) Chairman of the Compensation Committee.
(10) Chairman of the Nominating and Corporate Governance Committee.

Phillip A. Gobe

Phillip A. Gobe began serving as our Chairman of the Board in July of 2019. Mr. Gobe has served as Chief Executive Officer since March 13, 2020 and prior to that as our Executive Chairman since October 2019. Mr. Gobe, has served as a director of Pioneer Natural Resources Company (“Pioneer”) since July 2014. Mr. Gobe also serves as a director of Pantheon Resources plc and previously served as a director of Pioneer Southwest Energy Partners L.P. Mr. Gobe joined Energy Partners, Ltd. as Chief Operating Officer in December 2004 and became President in May 2005, and served in those capacities until his retirement in September 2007. Mr. Gobe also served as a director of Energy Partners, Ltd. from November 2005 until May 2008. Prior to that, Mr. Gobe served as Chief Operating Officer of Nuevo Energy Company from February 2001 until its acquisition by Plains Exploration & Production Company in May 2004. Prior to that time, he held numerous operations and human resources positions with Vastar Resources, Inc. and Atlantic Richfield Company and its subsidiaries. Mr. Gobe has a Bachelor of Arts degree from the University of Texas and a Master of Business Administration degree from the University of Louisiana in Lafayette. Mr. Gobe's extensive experience in the energy industry, including service as a director to public corporations in the industry, make him well suited to serve as Executive Chairman and Chairman of the Board of Directors.

Darin G. Holderness

Darin G. Holderness has served as our Chief Financial Officer since April 10, 2020 and prior to that as Interim Chief Financial Officer since October 2019. Mr Holderness, previously served as the Senior Vice President, Chief Financial Officer and Treasurer of Concho Resources Inc. ("Concho") from May 2015 to May 2016 and served as an adviser to Concho from May 2016 to January 2017. Mr. Holderness previously served as the Senior Vice President and Chief Financial Officer of Concho from October 2012 to May 2015, the Senior Vice President, Chief Financial Officer and Treasurer from October 2010 to October 2012 and was the Vice President - Chief Financial Officer and Treasurer from August 2008 to October 2010. From May 2008 until August 2008, Mr. Holderness was employed by Eagle Rock Energy Partners, L.P. as Senior Vice President and Chief Financial Officer. From November 2004 until May 2008, Mr. Holderness served as Vice President and Chief Accounting Officer of Pioneer Natural Resources Company. Mr. Holderness currently serves as the Chairman of the board of directors and Chairman of the audit committee of Penn Virginia Corporation. Mr. Holderness holds a Bachelor of Business Administration degree in Accounting from Boise State University and is a Certified Public Accountant.

David Sledge

David Sledge has served as our Chief Operating Officer since 2011. Mr. Sledge has over 40 years of experience in the energy services industry, Mr. Sledge served on the Board of Directors for Comstock Resources, Inc. from 1996 to 2018. Prior to joining ProPetro Mr. Sledge was Vice President - Drilling for Basic Energy Services from 2007 to 2009. Mr. Sledge was President and Chief Operating Officer of Sledge Drilling Corp., which was sold to Basic Energy Services in 2007. Mr. Sledge received a B.B.A. in Management from Baylor University.

Newton W. "Trey" Wilson III

Trey Wilson has served as our General Counsel and Corporate Secretary since September 2019. Mr. Wilson served as the Chief Executive Officer of WLP/Westex Well Services & Wilson Systems from April 2018 to September 2019. Mr. Wilson previously served as the President and Chief Executive Officer of MBI Energy Services from July 2016 to March 2018. From 2005 to May 2015, Mr. Wilson served in various roles for Key Energy Services, Inc., including Executive Vice President and Chief Operating Officer and, prior to that, Senior Vice Present, General Counsel and Secretary. Mr. Wilson also served as Senior Vice Present, General Counsel and Secretary of Forest Oil Corporation from 2000 to 2005. Mr. Wilson has graduated from the Harvard Business School Executive Leadership Program, holds a Bachelor of Business Administration from Southern Methodist University, and holds a Juris Doctor from the University of Texas.

Elo Omavuezi

Elo Omavuezi has served as our Chief Accounting Officer since October 2019. Mr. Omavuezi previously served as the Director of Financial Reporting and Technical Accounting of the Company from April 2017 to October 2019. Prior to that, Mr. Omavuezi had over 10 years of accounting, internal controls and management experience serving publicly listed companies in the oilfield service and construction industries during his time with Deloitte. Mr. Omavuezi was previously employed by Deloitte as an Audit Manager from June 2014 to April 2017 and an Audit Senior from January 2007 to April 2014. Mr. Omavuezi holds a Bachelor of Science in Accounting from the University of Benin and a Master's degree in Finance and Investment with Distinction from Brunel University and is a Certified Public Accountant.

Samuel D. Sledge

Samuel D. Sledge has served as our Chief Strategy and Administrative Officer since March 2020. Mr Sledge has significant experience with ProPetro having joined the Company in 2011. Mr. Sledge has served in various capacities throughout his tenure such as a Frac Technical Specialist and Technical Operations Manager where his duties included quality control, planning and logistics, and the development of the engineering program. Mr. Sledge has most recently served as the Vice President of Finance, Corporate Development, and Investor Relations where his responsibilities included financial planning and analysis, strategic initiatives and investor relations. Mr. Sledge received a Bachelor of Business Administration and a Masters of Business Administration from Baylor University.

Adam Muñoz

Adam Muñoz has served as our Senior Vice President of Operations since March 2020. Mr. Muñoz joined the Company in 2010 to initiate ProPetro's Permian pressure pumping operation. Prior to joining ProPetro, Mr. Muñoz held sales and operations roles at Frac Tech Services and Weatherford International. Since joining ProPetro, Mr. Muñoz has served as the Director of Business Development and Technical Services where he was responsible for overseeing the growth of the hydraulic fracturing operations as well as managing the department's day-to-day technical services. Mr. Muñoz has most recently served as the Vice President of Frac Services where his duties included leading the hydraulic fracturing division through specific efforts to increase operational efficiencies and maximize financial productivity. Mr. Muñoz received a Bachelor of Business Marketing from the University of Texas at the Permian Basin.

Spencer D. Armour III

Spencer D. Armour III has served as a member of our Board since February 2013. Mr. Armour has over 30 years of executive and entrepreneurial experience in the energy services industry. Mr. Armour served as President of PT Petroleum LLC in Midland, Texas from 2011 to 2018. He was the Vice President of Corporate Development for Basic Energy Services, Inc. from 2007 to 2008, which acquired Sledge Drilling Corp., a company Mr. Armour co-founded and served as Chief Executive Officer from 2005 to 2006. From 1998 through 2005, he served as Executive Vice President of Patterson-UTI Energy, Inc., which acquired Lone Star Mud, Inc., a company Mr. Armour founded and served as President from 1986 to 1997. He currently serves on the board of Viper Energy Partners, LP and the board of CES Energy Solutions Corp. Mr. Armour received a B.S. in Economics from the University of Houston in 1977 and served on the University of Houston System Board of Regents from 2011 until 2018. We believe that Mr. Armour's extensive experience in the energy services industry and his deep knowledge of the industry dynamics within the Permian Basin make him well suited to serve as a director.

Mark S. Berg

Mark. S. Berg has served as a member of our Board since February 2019, and he was appointed to the Board by Pioneer pursuant to the Investor Rights Agreement. Mr. Berg currently serves as the Executive Vice President, Corporate Operations for Pioneer, where he serves on the Management Committee and oversees Business Development, Land, Water Management and Well Services, Government Affairs and Corporate Communications, Environmental and Sustainable Development and Facilities. Mr. Berg has fifteen years of experience with Pioneer in various roles, including as Executive Vice President & General Counsel from April 2005 to January 2014, Executive Vice President, Corporate from January 2014 to August 2015, and as Executive Vice President, Corporate/Vertically Integrated Operations until assuming his current role. He began his career in 1983 with the Houston-based law firm Vinson & Elkins L.L.P. and served as a partner from 1990 through 1997. He served as Executive Vice President, General Counsel and Secretary of American General Corporation, a Fortune 200 diversified financial services company, from 1997 through 2001. Subsequent to the sale of American General to American International Group, Mr. Berg was appointed Senior Vice President, General Counsel and Secretary of Hanover Compressor Company, a NYSE company specializing in natural gas compression and processing. Mr. Berg received his Juris Doctor, with honors, from the University of Texas School of Law, and graduated magna cum laude and Phi Beta Kappa with a Bachelor of Arts in Public Policy from Tulane University. Mr. Berg served as a member of the board of directors of HighPoint Resources Corporation from March 2018 to June 2020. We believe that Mr. Berg's experience in significant management roles with Pioneer and his broad experience in the energy industry make him well suited to serve as a director.

Anthony Best

Anthony Best has served as a member of our Board since January 2018 and was elected to serve as Lead Independent Director in October 2019. Mr. Best has over 40 years of experience in the energy industry, and has served as a Senior Advisor for Quantum Energy Partners ("Quantum") since August 2015. Prior to joining Quantum, Mr. Best served in various roles with SM Energy Company, commencing in 2006 as its President and Chief Operating Officer, and as its Chief Executive Officer from February 2007 through January 2015. From 2003 to 2005, Mr. Best served as President and Chief Executive Officer of Pure Resources, Inc., a Unocal development and exploration company. From 2000 to 2003, Mr. Best served as an independent consultant offering leadership and oil and gas consultation to energy companies and volunteer organizations, and from 1979 through 2000, Mr. Best served in various roles of increasing responsibility at Atlantic Richfield Company, culminating in the position of President, ARCO Latin America. Mr. Best holds a Master of Science in Engineering Management from the University of Alaska, and a Bachelor of Science in Mechanical Engineering from Texas A&M University. Prior to beginning his business career, Mr. Best served five years as an engineering officer in the United States Air Force. Mr. Best currently serves as the Chairman of the Board of Newpark Resources; is a director on the board of ExL Petroleum LP, a Quantum portfolio company. We believe that Mr. Best's experience in significant management roles with companies operating in the Permian Basin and his broad experience in the energy industry make him well suited to serve as a director.

Pryor Blackwell

Pryor Blackwell has served as a member of our Board since December 2017. Mr. Blackwell has over 30 years of experience as an entrepreneur and senior executive in the commercial real estate development and investment business. Mr. Blackwell is a partner with Bandera Ventures, a private commercial real estate development and investment firm, which he co-founded in 2003. Prior to founding Bandera Ventures, Mr. Blackwell was employed by Trammell Crow Company for 18 years where he served in numerous leadership capacities, including: President-Development & Investment Group from 2001 to 2003, Chief Operating Officer from 1998 to 2001, Chief Operating Officer-Western Operations from 1997 to 1998, Area President from 1996 to 1997, President/Chief Executive Officer-DFW from 1993 to 1997, President/Chief Executive Officer-Central Office Group from 1991 to 1993, and Partner from 1987 to 1991. Mr. Blackwell was a member of the Trammell Crow Company Executive Committee, Operating Committee, Investment Committee, and served on the Board of Directors from 1993 to 2002. Mr. Blackwell holds a Bachelor of Business Administration degree in Finance from Texas Tech University. We believe that Mr. Blackwell's financial and investment experience provides a diverse perspective from outside the energy industry and makes him well suited to serve as a director.

Michele V. Choka

Michele V. Choka was appointed to our Board in February 2020. Ms. Choka is Vice President, Human Resources at HighPoint Resources, a successor to the Bill Barret Corporation, a development and exploratory property company, a position she has held since August 2010. Ms. Choka previously was employed at Level 3 Communications, Inc., an international communications company, starting in 2006 and ultimately as Group Vice President of Human Resources up to January 2010. Ms. Choka was also previously employed at Sun Microsystems, Inc., a computer networking company, in a variety of positions, and held senior human resource and compensation positions at Storage Technology Corporation, a data management and storage company; Electronic Data Systems Corporation, a global technology services company; and JP Morgan, a global financial services firm. Prior to joining JP Morgan, Ms. Choka served in an accounting position as a Regional Controller for the Eastern Region at Sony Corporation of America. Ms. Choka also served on the board and various committees, which included her position as Chair of the Compensation Committee, of Callidus Software Inc., a publicly-traded cloud-based software company, from September 2005 to February 2017 and Chair of the Compensation Committee and as a member of the Audit Committee, of Boingo Wireless Inc., a publicly-traded Wi-Fi company since February 2019. Ms. Choka holds a B.A. in East Asian Studies and Economics from Wesleyan University. We believe that Ms. Choka should serve as a director based on her executive leadership experience in human resources and accounting and public company board and committee experience.

Alan E. Douglas

Alan E. Douglas has served as a member of our Board since March 2017. Mr. Douglas is a shareholder of Johnson, Miller & Co. where he has worked for 25 years. Mr. Douglas is a Certified Public Accountant with over 37 years of experience in accounting and audit activities. Prior to joining Johnson, Miller & Co., Mr. Douglas was a Certified Public

Accountant at KPMG LLP for twelve years. Mr. Douglas received a B.B.A. in accounting from Texas Tech University. We believe that Mr. Douglas's extensive accounting and auditing experience make him well suited to serve as a director.

Jack B. Moore

Jack B. Moore has served as a member of our Board since March 2017. Mr. Moore most recently served as President and Chief Executive Officer of Cameron International Corporation from April 2008 to October 2015 and served as Chairman of the Board of Cameron from May 2011 until it was acquired by Schlumberger in 2016. Mr. Moore served as President and Chief Operating Officer of Baker Hughes Incorporated, where he was employed for over 20 years. Mr. Moore currently serves on the University of Houston System Board of Regents and actively serves in leadership positions with the American Heart Association and Memorial Assistance Ministries. Mr. Moore is a graduate of the University of Houston with a B.B.A degree and attended the Advanced Management Program at Harvard Business School. We believe that Mr. Moore's wealth of experience in the oilfield service sector, including service as a director and executive officer to various public corporations in the sector make him well suited to serve as a director.

CORPORATE GOVERNANCE

Board Leadership Structure

Our Board has adopted our Corporate Governance Guidelines, which is available on our website,www.propetroservices.com in the "Corporate Governance" subsection of the "Investors" section. Our Corporate Governance Guidelines provide that if the Chairman of the Board is a member of management or does not otherwise qualify as independent, the independent directors may elect a lead independent director. At present, the Board has chosen to combine the positions of Chairman and Chief Executive Officer. While the Board believes it is important to retain the flexibility to determine whether the roles of Chairman and Chief Executive Officer should be separated or combined in one individual, the Board believes that Mr. Gobe is the individual with the necessary experience, commitment and support of the other members of the Board to effectively carry out the role of Chairman.

The Board believes this structure promotes better alignment of strategic development and execution, more effective implementation of strategic initiatives and clearer accountability for the Company's success or failure. Moreover, the Board believes that combining the Chairman and Chief Executive Officer positions does not impede independent oversight of the Company, particularly given the designation of a Lead Independent Director as discussed below. In addition, five of the eight members of the Board are independent under NYSE listing standards.

The Board designated Mr. Best, an independent director, to serve as the Lead Independent Director. In this capacity Mr. Best provides, in conjunction with the Chairman, leadership and guidance to the Board.

Lead Independent Director Responsibilities

- Preside over all meetings of the Board at which the Chairman of the Board is not present, including any executive sessions of the independent directors.
- Approve Board meeting schedules and agendas.
- Act as the liaison between the independent directors and the Chief Executive Officer and Chairman of the Board.

Interested parties who wish to communicate with the Board, its committees, the Chairman, the Lead Independent Director or any other individual director should follow the procedures described below under "Communication with our Board of Directors."

To facilitate candid discussion among the Company's directors, the non-management directors meet in executive session in conjunction with each regular board meeting and as otherwise determined by the Lead Independent Director. In addition, at least once a year, the non-management directors who are independent under NYSE listing standards meet in executive session in conjunction with a regular board meeting.

Board of Directors and Risk Oversight

In the normal course of its business, we are exposed to a variety of risks, including market risks relating to changes in commodity prices, interest rates, political risks and credit and investment risk. The Board oversees our strategic direction, and in doing so considers the potential rewards and risks of our business opportunities and challenges, and monitors the development and management of risks that impact our strategic goals. The Audit Committee assists the Board in fulfilling its oversight responsibilities by monitoring the effectiveness of our systems of financial reporting, auditing, internal controls and legal and regulatory compliance. The Nominating and Corporate Governance Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks associated with Board organization, membership and structure, succession planning for our directors and executive officers and corporate governance. The Compensation Committee assists the Board in fulfilling its oversight responsibilities by overseeing our compensation policies and practices. The Board does not believe that its role in the oversight of our risks affects the Board's leadership structure.

Communicating with our Board of Directors

Stockholders and other interested parties may communicate with our Board by writing to: ProPetro Holding Corp., P.O. Box 873, Midland, Texas 79702. Stockholders may submit their communications to the Board, the independent directors, any committee of the Board or individual directors on a confidential or anonymous basis by sending the communication in a sealed envelope marked "Stockholder Communication with Directors" and clearly identifying the intended recipient(s) of the communication.

Our Secretary will review each communication and will forward the communication, as expeditiously as reasonably practicable, to the addressees if: (1) the communication complies with the requirements of any applicable policy adopted by the Board relating to the subject matter of the communication; and (2) the communication falls within the scope of matters generally considered by the Board. To the extent the subject matter of a communication relates to matters that have been delegated by the Board to a committee or to an executive officer of the Company, then our Secretary may forward the communication to the executive officer or chairman of the committee to which the matter has been delegated. The acceptance and forwarding of communications to the members of the Board or an executive officer does not imply or create any fiduciary duty of the Board members or executive officer to the person submitting the communications.

Information may be submitted confidentially and anonymously, although the Company may be obligated by law to disclose the information or identity of the person providing the information in connection with government or private legal actions and in other circumstances. The Company's policy is not to take any adverse action, and not to tolerate any retaliation, against any person for asking questions or making good faith reports of possible violations of law, our policies or our Code of Ethics & Conduct.

Annual Meeting Attendance

While the Company does not have a specific policy about director attendance at annual meetings of stockholders, all directors are expected to attend meetings of the Board (and any committees thereof on which they serve) either in person or telephonically unless exigencies prevent them from attending. Each director attended at least 75% of the aggregate of (1) the total number of meetings of the Board (held during the period for which he or she has been a director) and (2) the total number of meetings of committees of the Board on which he or she served (during the periods that he or she served). Our non-employee directors meet at regularly scheduled executive sessions presided over by our Chairman. Additionally, our independent directors meet at least once a year without members of management or non-independent directors present. All of our directors attended our 2019 annual meeting of stockholders.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended December 31, 2019, the Compensation Committee was initially comprised of Steven Beal and Messrs. Best, and Blackwell. In connection with the resignation of Mr. Beal, an evaluation of committee assignments by our Nominating & Corporate Governance Committee in July 2019 was done and, our committee memberships were modified and Messrs. Best, Moore and Blackwell were appointed to, and continue to serve on, the Compensation Committee. No executive officer of the Company served as a member of the board of directors or compensation committee of any other entity that has one or more executive officers serving as a member of our Board or Compensation Committee. During the fiscal year ended December 31, 2019, Mr. Blackwell was the indirect beneficiary of certain transactions with the Company in which the amount involved exceeded $120,000.

Board and Committee Activity and Structure

Our Board is governed by our certificate of incorporation, bylaws, the Investor Rights Agreement, charters of the standing committees of the Board and the laws of the State of Delaware.

On December 31, 2018, we entered into the Investor Rights Agreement with an affiliate of Pioneer. The Investor Rights Agreement provides that Pioneer will be granted (i) the one-time right to designate an independent director to the Board and (ii) the right to designate a non-independent director to the Board for so long as Pioneer owns 5% or more of the Company's outstanding common stock.

During 2019, our Board held twelve meetings. There are currently three standing committees of the Board: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. Members serve on these committees until their resignation or until as otherwise determined by our Board. The composition of the Board committees complies with the applicable rules of the NYSE and applicable law. Our Board has adopted a written charter for each of the standing committees, which can be found in the "Corporate Governance" subsection of the "Investors" section of our website at www.propetroservices.com.

In addition to the above governing documents, our Code of Ethics & Conduct that applies to all of our employees, as well as each member of the Board, can also be found in the "Corporate Governance" subsection of the "Investors" section of our website at www.propetroservices.com. The composition and responsibilities of each of the standing committees of our Board are as follows:

Audit Committee. Our Audit Committee is comprised solely of "independent" directors, as defined under and required by the NYSE rules and Rule 10A-3 of the Exchange Act, as amended. Our Audit Committee is directly responsible for, among other things, the appointment, compensation, retention and oversight of our independent registered public accounting firm. The oversight of our independent registered public accounting firm includes reviewing the plans and results of the audit engagement with the firm, approving any additional professional services provided by the firm and reviewing the independence of the firm. The Audit Committee is also responsible for discussing the effectiveness of the internal controls over financial reporting with our independent registered public accounting firm and relevant financial management. During the year ended December 31, 2019, the members of the Audit Committee, at various times, were Mr. Royce Mitchell and Messrs. Beal, Best, Douglas, Gobe and Moore. Mr. Gobe ceased serving on the audit committee once he became an executive officer of the Company. In connection with the resignation of Mr. Beal and Mr. Mitchell, an evaluation of the committee assignments by our Nomination & Corporate Governance Committee was done and at present the Audit Committee is comprised of Messrs. Best, Douglas and Moore. Mr. Best serves as committee chair. Our Board has determined that Messrs. Douglas and Moore qualify as an "audit committee financial expert," as defined by the rules under the Exchange Act. The Audit Committee held six meetings in 2019.

Nominating and Corporate Governance Committee. Our Nominating and Corporate Governance Committee consists solely of "independent" directors, as defined under and required by NYSE rules. The Nominating and Corporate Governance Committee is responsible for, among other things, identifying individuals qualified to become Board members; selecting or recommending director-nominees for each election of directors to the Board; developing and recommending criteria for selecting qualified director candidates to the Board; considering committee member qualifications, appointments and removals; recommending corporate governance principles, codes of conduct and compliance mechanisms; providing oversight in the evaluation of the Board and each committee thereof; and developing an appropriate succession plan for our chief executive officer pursuant to our Corporate Governance Guidelines. During the year ended December 31, 2019, the members of the Nominating and Corporate Governance Committee were Messrs. Blackwell, Douglas and Moore, with Mr. Moore serving as committee chair. In connection with her appointment to the Board, Ms. Choka was also appointed to the Nominating and Corporate Governance Committee, effective February 1, 2020. The Nominating and Corporate Governance Committee held three meetings in 2019.

Compensation Committee. Our Compensation Committee consists solely of "independent" directors, as defined under and required by the NYSE rules. The Compensation Committee is responsible for, among other things, overseeing the discharge of the responsibilities of the Board relating to compensation of the Company's officers and directors. In carrying out these responsibilities, the Compensation Committee reviews all components of executive compensation for consistency with our compensation philosophy and with the interests of our stockholders. During the fiscal year ended December 31, 2019, the members of the Compensation Committee were Messrs. Beal, Best, Moore and Blackwell. Mr. Beal stepped down from the Compensation Committee in connection with his resignation in July 2019, and Ms. Choka was appointed to the Compensation Committee upon joining the Board in February of 2020. Mr. Blackwell serves as committee chair. The Compensation Committee held eight meetings in 2019.

Role of the Board, Compensation Committee and our Executive Officers

Executive compensation decisions are typically made on an annual basis by the Compensation Committee with input from our Chief Executive Officer. Specifically, after reviewing relevant market data and surveys within our industry, our Chief Executive Officer typically provides recommendations to the Compensation Committee regarding the compensation levels for our existing named executive officers and our executive compensation program as a whole. Our Chief Executive Officer generally attends all Compensation Committee meetings. After considering these recommendations, the Compensation Committee typically meets in executive session and adjusts base salary levels and non-equity award targets. In addition, the Compensation Committee determines the achievement of non-equity Incentive Award Plan metrics and the amount of equity awards from the Incentive Award Plan to be granted to each of our named executive officers. In making executive compensation recommendations, our Chief Executive Officer considers each named executive officer's performance during the year, the Company's performance during the year, as well as comparable company compensation levels. While the Compensation Committee gives considerable weight to our Chief Executive Officer's recommendations on compensation matters, the Compensation Committee has the final decision-making authority on all executive compensation matters.

Role of External Advisors

The Compensation Committee engaged Meridian Compensation Partners, LLC ("Meridian") in 2019 to assist the Compensation Committee and the Board in evaluating, designing and implementing compensation practices. For the year ended December 31, 2019, Meridian received $228,142 for the services it provided to our Compensation Committee.

The Compensation Committee reviews and assesses the independence and performance of its executive compensation consultant in accordance with applicable SEC and NYSE rules and regulations on an annual basis to confirm that the consultant is independent and meets all applicable statutory and regulatory requirements.

The Audit Committee engaged Brown Rudnick LLP ("Brown Rudnick") to perform an internal review initially focused on the Company's disclosure of agreements previously entered into with AFGlobal Corporation for the purchase of *Durastim*® hydraulic fracturing fleets and effective communications related thereto. The review was later expanded to, among other items, review expense reimbursements, certain transactions involving related parties or potential conflicts of interest, and certain transactions entered into by our former Chief Executive Officer. During the year ended December 31, 2019, the Company incurred approximately $15.7 million in costs associated with Brown Rudnick associated with the internal review.

Director Nominations Process

The Nominating and Corporate Governance Committee may utilize a variety of methods for identifying potential nominees for directors, including considering potential candidates who come to their attention through current officers, directors, professional search firms or other persons. Once a potential nominee has been identified, the Nominating and Corporate Governance Committee evaluates whether the nominee has the appropriate skills and characteristics required to become a director in light of the then current make-up of the Board. This assessment includes an evaluation of the nominee's judgment and skills, such as experience at a strategy/policy setting level, financial sophistication, leadership and objectivity, all in the context of the perceived needs of the Board at that point in time.

In February 2019, the Board amended our Corporate Governance Guidelines to specifically take the diversity of a potential director nominee's gender, race and ethnicity into account when considering candidates for the Board, and the Nominating and Corporate Governance Committee and the Board are committed to increasing Board diversity. One of our directors, Mr. Berg, was not recommended for nomination by the Nominating and Corporate Governance Committee, but rather was appointed pursuant to the Investor Rights Agreement. Our Board believes that at a minimum all members of the Board should have the highest professional and personal ethics and values. In addition, each member of the Board must be committed to increasing stockholder value and should have enough time to carry out his or her responsibilities as a member of the Board.

Our Board monitors the mix of specific experience, qualifications and skills of its directors in order to assure that the Board, as a whole, has the necessary tools to perform its oversight function effectively in light of the Company's business and structure.

Stockholders may recommend individuals to the Nominating and Corporate Governance Committee for consideration as potential director candidates by submitting the names of the recommended individuals, together with appropriate biographical information and background materials, to the Nominating and Corporate Governance Committee, c/o Secretary, P.O. Box 873, Midland, Texas 79702. In the event there is a vacancy, and assuming that appropriate biographical and background material has been provided on a timely basis, the Nominating and Corporate Governance Committee will evaluate stockholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others.

Director Compensation

On July 11, 2019, we approved the Amended and Restated ProPetro Holding Corp. Non-Employee Director Compensation Policy (the "Amended Director Compensation Policy") such that each eligible non-employee director receives an annual cash retainer of $70,000. Further, the Chairperson of the Board receives an additional annual cash retainer of $50,000, and the Chairpersons of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee receive an additional annual cash retainer of $15,000, $15,000 and $10,000, respectively. Also, pursuant to the Amended Director Compensation Policy, each non-employee director is eligible to receive an annual equity retainer with a grant date fair value of $140,000. All equity retainers consist of awards of RSUs that will vest in full on the earliest to occur of the first anniversary of the grant date, the day immediately preceding the first annual meeting of stockholders following the grant date, and the occurrence of a Change in Control, subject to continuous service through the applicable vesting date. The portion of the annual equity retainer that would have vested in the year following a non-employee director's separation from service due to his or her death or disability will vest upon such separation from service. All annual retainers are pro-rated based on days of service for non-employee directors who join the Board during the applicable calendar year.

The equity retainer described above, which is generally granted to continuing members of the Board annually on the date of the Company's meeting of stockholders, was granted to Mr. Gobe in connection with his appointment as Chairman of the Board, effective July 11, 2019, and was not pro-rated for his first year of service on the Board. The cash retainers described above, which are paid quarterly, were not pro-rated for Mr. Gobe for his first quarter of service on the Board. In addition to the annual retainers described above, Mr. Gobe received a $50,000 cash retainer and an equity retainer with a grant date fair value of $100,000 in connection with his appointment.

On February 1, 2020, we further amended the Amended Director Compensation Policy to include an additional annual cash retainer of $20,000 for the Lead Independent Director of the Board, to be pro-rated and paid to Mr. Best in 2020 for his service as Lead Independent Director of the Board during the fourth quarter of 2019. The members of the Board are also entitled to reimbursement of expenses incurred in connection with attendance at Board and committee meetings in accordance with Company policy.

The modifications to our director compensation program during 2019 and 2020 were intended to align our director compensation with that of our 2019 Compensation Peer Group (as defined below) and were made following the review of an analysis regarding director compensation at our 2019 Peer Group performed by Meridian.

The following table summarizes the compensation paid for services provided by our non-employee directors during 2019. Compensation received by Mr. Gobe for his service as both a director and as an executive officer of the Company is not included in the table below but is instead included in the tables entitled "Executive Compensation —Summary Compensation Table" and "Executive Compensation—Grants of Plan-Based Awards."

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Total ($)
Spencer D. Armour III	73,831	139,992	213,823
Mark S. Berg (3)	—	—	—
Anthony Best	75,226	139,992	215,218
Pryor Blackwell	75,989	139,992	215,981
Alan E. Douglas	63,242	139,992	203,234
Jack B. Moore	73,242	139,992	213,234
Steven Beal	38,052	139,992	178,044
Royce W. Mitchell	27,044	139,992	167,036

(1) Reflects annual cash retainer payments made pursuant to the Amended Director Compensation Policy. With respect to Mr. Armour, this amount includes pro-rated payments associated with his service as Chairman of the Board during 2019. With respect to Messrs. Best and Beal, this amount includes pro-rated payments associated with each director's service as Chairman of the Audit Committee during 2019. Mr. Best's payment also includes a pro-rated payment made to him in 2020 for his service as Lead Independent Director of the Board during the fourth quarter of 2019. The amount for Mr. Mitchell is similarly pro-rated for his service during the first through third quarters of 2019.

(2) Reflects the grant date fair value of RSU awards on the date of grant computed in accordance with FASB ASC Topic 718. For information regarding assumptions underlying the valuation of equity awards, see Note 14 to the Consolidated Financial Statements included in this Form 10-K.

The following table sets forth the aggregate number of outstanding stock awards and the aggregate number of outstanding stock option awards held by each of our non-employee directors on December 31, 2019. The aggregate number of Mr. Gobe's outstanding awards is included in the table entitled "Executive Compensation—Outstanding Equity at 2019 Fiscal Year End."

Name	Aggregate Number of Stock Awards (#)	Aggregate Number of Stock Option Awards (#)
Spencer D. Armour III	7,878	592,774
Mark S. Berg	—	—
Anthony Best	7,878	—
Pryor Blackwell	7,878	—
Alan E. Douglas	7,878	—
Jack B. Moore	7,878	—
Steven Beal (a)	—	—
Royce W. Mitchell (a)	—	—

(a) Messrs. Beal and Mitchell forfeited all outstanding and unvested equity awards (7,878 RSUs each) upon their resignations from the Board on July 11, 2019 and July 28, 2019, respectively.

(3) Mr. Berg has elected not to be compensated for his service as a director.

Responsiveness to Current Economic Environment

In light of market conditions, effective April 1, 2020, the Board approved a 15% reduction in the annual cash retainers and annual equity retainers payable to the non-employee directors pursuant to the Amended Director Compensation Policy. The additional annual cash retainers payable to non-employee directors for their service as committee chairs or lead independent director were not reduced. The Board approved these reductions after reviewing market data and receiving advice from its independent compensation consultant, Meridian, regarding reductions in director compensation in the oilfield services industry as a result of current market conditions.

Non-Employee Director Stock Ownership Guidelines

We maintain a non-employee director stock ownership policy that is applicable to all of our eligible non-employee directors. Pursuant to this policy, each non-employee director is encouraged to hold, on and following the later of the fifth anniversary of (i) the closing of our IPO and (ii) the non-employee director's election or appointment to the Board, shares of our common stock or certain equity awards (valued based on the closing price of our common stock) with a value equal to or in excess of 300% of the non-employee director's annual cash retainer, as such threshold may be amended by the Nominating and Corporate Governance Committee from time to time. Our IPO closed in 2017. As a result, each of the directors still have additional time to fulfill the ownership levels provided in the policy.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than 10% of our equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock. Officers, directors and greater than 10% stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) reports they file.

Messrs. Armour, Douglas, Mitchell, Best, Moore, Blackwell and Beal each failed to timely file a required report on Form 4 relating to the grant of restricted stock units following our 2019 annual meeting. Mr. Omavuezi timely filed a required report on Form 3, but inadvertently reported shares of common stock, which were delivered upon the vesting and settlement of RSUs that vested prior to the date of filing of the Form 3, as RSUs in Table II of the Form 3. Other than listed above, to our knowledge, our executive officers, directors and greater than 10% beneficial owners timely filed all other required Section 16(a) reports during the fiscal year ended December 31, 2019.

Item 11. Executive Compensation

COMPENSATION DISCUSSION AND ANALYSIS

Overview

This Compensation Discussion and Analysis (“CD&A”) describes our compensation practices and the compensation awarded to, earned by, or paid to each of our named executive officers (the “Named Executive Officers”) during the last completed fiscal year.

Named Executive Officers for 2019

For the year ended December 31, 2019, our Named Executive Officers consisted of the following:

Phillip A. Gobe (1)	Chief Executive Officer
Dale Redman (2)	Former Chief Executive Officer
Darin G. Holderness (3)	Chief Financial Officer
Jeffrey D. Smith (4)	Former Chief Administrative Officer
David Sledge	Chief Operating Officer
Newton W. “Trey” Wilson III (5)	General Counsel and Corporate Secretary
Mark Howell (6)	Former General Counsel and Corporate Secretary
Ian Denholm (7)	Former Chief Accounting Officer

(1) Mr. Gobe was appointed as Executive Chairman and principal executive officer, effective as of October 3, 2019. He served in that position until his appointment as Chief Executive Officer, effective as of March 13, 2020.

(2) Mr. Redman ceased to serve as principal executive officer on October 3, 2019 and resigned as Chief Executive Officer and a member of the Board on March 13, 2020.

(3) Mr. Holderness was appointed to serve as Interim Chief Financial Officer as of October 3, 2019. The interim title was removed and he was appointed Chief Financial Officer effective April 10, 2020.

(4) Mr. Smith served as Chief Financial Officer in 2019 until his appointment as Chief Administrative Officer on October 3, 2019. Mr. Smith was appointed as a Special Advisor to the Chief Executive Officer on March 13, 2020 and ceased serving as Chief Administrative Officer as of that date.

(5) Mr. Wilson was appointed as General Counsel and Corporate Secretary, effective as of September 30, 2019.

(6) Mr. Howell resigned as General Counsel and Corporate Secretary, effective as of September 29, 2019.

(7) Mr. Denholm resigned as Chief Accounting Officer, effective as of October 3, 2019.

Compensation Philosophy and Overview

Our executive compensation program is designed to attract, motivate and retain the management talent that we believe is necessary to achieve our financial and strategic goals. Further, we believe that our executive compensation program should be appropriately tailored to balance short-term compensation with intermediate and long-term compensation that appropriately aligns the interests of our executives with the interests of our stockholders.

In establishing and evaluating our executive compensation programs, the Compensation Committee strives to achieve total compensation for our executives that reflects their individual contributions to the Company, responsibilities, duties and experience and is competitive with the companies with which we compete for executive talent.

Objectives of Our Compensation Program

Our compensation program is based on the following objectives:

Reward for Exceptional Performance and Accountability for Poor Performance. Our Named Executive Officers should be rewarded for exceptional performance and held accountable for poor performance with respect to our annual and longer-term strategic goals. Our Named Executive Officers must work to achieve these goals in a manner that is consistent with our values and policies. We satisfy this objective by tying a significant portion of each Named Executive Officer's compensation to the achievement of financial, strategic and operational goals based on both short- and long-term corporate performance measures while retaining sufficient flexibility to modify or clawback compensation if necessary. See "Annual Cash Incentive Awards" and "Long-Term Equity Incentives" below.

Align Interests of Executives and Shareholders. Compensation for our Named Executive Officers should align their interests with those of our shareholders. Our compensation program aligns pay to performance by making a substantial portion of total executive compensation variable, or "at-risk," through an annual bonus program based on our performance goals and the granting of long-term incentive equity awards, which include time-vested restricted stock units and performance-based restricted stock units. As performance goals are met, not met or exceeded, executives are rewarded commensurately. Our Stock Ownership Guidelines also require each Named Executive Officer to retain significant ownership in the Company's common stock such that they are invested in our success over the long-term along with our shareholders.

Flexibility to Respond to Changing Circumstances. We are in a cyclical and volatile business. As a result, our Compensation Committee feels it is important to have a flexible compensation program that is responsive to unforeseen circumstances that arise mid-year. To meet this objective, the Compensation Committee retains discretion to increase or decrease the bonuses paid to each Named Executive Officer pursuant to the ProPetro Holding Corp. Senior Executive Incentive Plan (the "Annual Bonus Plan") from the amount that would be indicated by the pre-established performance metrics if circumstances so warrant.

Industry Competitive. Total executive compensation should be industry-competitive so that we can attract, retain and motivate talented executives with the experience and skills necessary for our success. We satisfy this objective by staying apprised, with the assistance of the Compensation Committee's independent compensation advisor, of the amounts and types of executive compensation paid to similarly situated executives by companies with which we compete for executive talent as well as general industry trends and best practices.

Internally Consistent and Equitable. Executive compensation should be internally consistent and equitable. We satisfy this objective by considering not only the compensation paid by our peer companies, but also our Named Executive Officers' capabilities, levels of experience, tenures, positions, responsibilities and contributions when setting their compensation. Additionally, our Compensation Committee feels that our Named Executive Officers should have a larger proportion of their compensation at risk and tied to corporate performance because they are typically in a position to have a more direct impact on the achievement of our performance goals.

How We Make Compensation Decisions

Our Compensation Committee is responsible for establishing the elements, terms and target value of compensation paid or delivered to our Named Executive Officers but often consults the full Board with respect to material compensation actions. The Compensation Committee strives to develop a competitive, but not excessive, compensation program to recruit and retain Named Executive Officers that are among the most talented and experienced executives in our industry. An important element of the Compensation Committee's decision making is compensation data produced by its independent compensation consultant, Meridian, including direct data from our peer group and proprietary data developed by Meridian. In addition, the Compensation Committee considers information provided by our executive officers in designing and implementing our executive compensation program. This data assists the Compensation Committee in evaluating appropriate compensation levels for each Named Executive Officer in relation to market practice and in designing an effective executive compensation program for the Company. The roles of Meridian and our executive officers in the Compensation Committee's decision-making process are described more fully below.

Role of Compensation Consultant in Compensation Decisions

Since 2017, the Compensation Committee has retained Meridian as its independent compensation advisor. Meridian provides advice to and works with the Compensation Committee in designing and implementing the structure and mechanics of the Company's executive compensation program as well as other matters related to officer, senior management, and director compensation and corporate governance. For example, Meridian regularly updates the Compensation Committee on regulatory changes impacting executive compensation, proxy advisor policies, and compensation-related risks. In addition, Meridian provides the Compensation Committee with relevant data, including market and peer-company compensation and performance surveys and information and advice regarding trends and developments in executive and director compensation practices in our industry. This information assists the Compensation Committee in making executive and director compensation decisions based on market pay levels and best practices.

Meridian reports directly and exclusively to the Compensation Committee and does not provide any other services to management, the Company or its affiliates. Meridian does not make compensation-related decisions for the Compensation Committee or otherwise with respect to the Company, and, while the Compensation Committee generally reviews and considers information and recommendations provided by Meridian, the Compensation Committee or the Board have the only authority to make compensation-related decisions for our Named Executive Officers. The Compensation Committee has the discretion to allow Meridian to work directly with management in preparing or reviewing materials for the Compensation Committee's consideration. During 2019, and after taking into consideration the factors listed in Section 303A.05(c)(iv) of the "NYSE" Listed Company Manual, the Compensation Committee concluded that neither it nor the Company has any conflicts of interest with Meridian, and that Meridian is independent from management. Other than Meridian, no other compensation consultants provided services to the Compensation Committee during 2019.

Role of Executive Officers in Compensation Decisions

In determining the compensation of our Named Executive Officers, the Compensation Committee considers the information and advice provided by Meridian, our corporate goals, historic and projected performance, the current economic and commodities environment, individual performance of our Named Executive Officers, and other relevant factors. With respect to the compensation of the Named Executive Officers other than our principal executive officer (initially in 2019, our Chief Executive Officer and, subsequently, our Executive Chairman), the Compensation Committee also considers the recommendations of our Chief Executive Officer or Executive Chairman. Additionally, in light of our Named Executive Officers' integral role in establishing and executing the Company's overall operational and financial objectives, the Compensation Committee requests that our Named Executive Officers provide the initial recommendations on the appropriate goals for the performance metrics used under our Annual Bonus Plan, and may choose to accept or modify these recommendations in its sole discretion. In addition, the Compensation Committee may invite any Named Executive Officer to attend Compensation Committee meetings to report on the Company's progress with respect to the interim or final status of performance metrics. All Named Executive Officers are excluded from any decisions or discussions regarding their individual compensation.

Use of Peer Compensation Data

As part of its evaluation of the Company's executive compensation practices, the Compensation Committee asked Meridian to establish a peer group of companies similar to us in industry, revenue and market capitalization and use data regarding compensation paid at each of those companies to assess competitive pay levels and executive compensation plan design.

Meridian and the Compensation Committee determined that as a result of the Company's substantial growth since the establishment of its prior compensation peer group in 2017, changes to the Company's compensation peer group were necessary in order to keep pay levels and pay practices aligned with the market. In late 2018, the Compensation Committee adjusted the peer group by removing several smaller and de-listed companies, and adding larger companies to the peer group in order to more appropriately reflect the Company's financial performance and size. As a result, the Company's peer group for purposes of aiding in establishing 2019 compensation levels (the "2019 Compensation Peer Group") was comprised of the following companies:

Basic Energy Services, Inc.	C&J Energy Services, Inc.	Calfrac Well Services Ltd.	Superior Energy Services, Inc.
Keane Group, Inc. (1)	FTS International Inc.	Patterson-UTI Energy Inc.	Helmerich & Payne, Inc.
Trican Well Service Ltd.	Liberty Oilfield Services, Inc.	Tetra Technologies, Inc.	Newpark Resources, Inc.
RPC, Inc.	Oceaneering International Inc.	Secure Energy Services, Inc.	Mammoth Energy Services, Inc.

(1) On October 31, 2019, Keane Group, Inc. merged with C&J Energy Services, Inc. and changed its name to Nextier Oilfield Solutions Inc.

The Compensation Committee utilizes the assessment of market practices and competitive pay levels for purposes as one of many factors it considered when establishing compensation for our Named Executive Officers, certain other senior executives, and our directors but does not benchmark compensation to a specific percentile of compensation paid by our peers.

Elements of Compensation

Base Salary

As part of our executive compensation program, we pay a base salary to each of our executives in order to provide a consistent, minimum level of pay that is sufficient to allow us to attract and retain executives with the appropriate skills and experience for their positions. The Compensation Committee monitors and adjusts salaries for our Named Executive Officers over time as necessary to remain competitive with market rates for officers at similarly sized public companies and to reflect changes in each Named Executive Officer's role, duties and responsibilities.

Following its annual compensation analysis, in April 2019 the Compensation Committee adjusted the base salaries for each of Messrs. Denholm and Howell, effective in April 2019, to $240,000 and $325,000, respectively, in order to ensure their base salaries were competitive with similarly situated executives at other companies in the 2019 Compensation Peer Group. The Compensation Committee did not feel modifications to base salary levels were necessary for any of the other Named Executive Officers during its annual compensation analysis in April of 2019.

Messrs. Gobe, Holderness, and Wilson were hired in the fall of 2019 and their initial base salaries were established at a level the Committee determined was appropriate given their responsibilities, experience and data regarding the pay for similarly situated executives in the 2019 Compensation Peer Group (or, for Mr. Gobe's compensation as the Executive Chairman, the data regarding pay for similarly situated executives found in the Equilar General Industry Survey). Further, Mr. Smith's base salary was reduced in connection with the modification of his role from Chief Financial Officer to Chief Administrative Officer in October of 2019. The following chart illustrates base salaries for our Named Executive Officers in 2018 and 2019.

	2018 Base Salary	April 2019 Base Salary	December 2019 Base Salary
Phillip A. Gobe	N/A	N/A	$450,000
Dale Redman	$700,000	$700,000	$700,000
Darin G. Holderness	N/A	N/A	$500,000
Jeffrey D. Smith	$500,000	$500,000	$425,000
David Sledge	$425,000	$425,000	$425,000
Newton W. "Trey" Wilson III	N/A	N/A	$400,000
Mark Howell	$300,000	$325,000	N/A
Ian Denholm	$225,000	$240,000	N/A

Annual Cash Incentive Awards

Annual cash incentive awards granted to our Named Executive Officers are issued pursuant to our Annual Bonus Plan and are designed to provide our Named Executive Officers with the opportunity to earn an annual cash payment based on the performance of the Company against pre-established performance metrics over the calendar year, as well as the individual performance of each executive.

Each year, the Compensation Committee establishes performance metrics and threshold, target, and maximum goals for each such metric. Potential payouts under the Annual Bonus Plan depend on the actual performance level for each metric established by the Committee, as outlined below.

Performance Level	Payout (as a % of Target Bonus)
Threshold	50%
Target	100%
Maximum	200%

If performance falls between the specified performance levels, payments are determined via straight-line interpolation. If performance falls below the threshold performance level, no payments will be awarded. The Annual Bonus Plan provides the

Compensation Committee or the Board with the discretion to increase or decrease actual payout amounts otherwise resulting from the pre-established metrics, as it may deem necessary.

2019 Performance Measures and Determination of Payments

In March 2019, the Compensation Committee established target bonuses under the Annual Bonus Plan for each of Messrs. Redman, Smith, Sledge, Howell, and Denholm of 110%, 75%, 100%, 67%, and 52% of base salary, respectively. Mr. Smith's target bonus was revised to 65% in connection with his appointment as Chief Administrative Officer, and his total target bonus for the year was pro-rated to reflect the time he served both as Chief Financial Officer and Chief Administrative Officer. Target bonuses for each of Messrs. Gobe, Holderness and Wilson were established at 60%, 75% and 75% of base salary, respectively, when they were hired in the fall of 2019, and pro-rated for the number of days employed by the Company during 2019. Target bonus levels for each executive were established by the Compensation Committee after reviewing peer group data (or, for the Executive Chairman, Chief Accounting Officer and Chief Administrative Officer, the compensation data found in Equilar General Industry Survey) for each position and consideration of each Named Executive Officer's responsibility and experience. Each officer had the opportunity to earn a maximum bonus of up to 200% of such officer's target annual bonus, subject to actual performance against the metrics established by the Compensation Committee.

Under the 2019 annual incentive program, 80% of each Named Executive Officer's annual bonus was based on the achievement of the quantitative performance goals enumerated in the table below. The remaining 20% of the annual incentive was based upon a qualitative analysis of individual and operational performance for the 2019 fiscal year.

Measure	Weighting	Threshold	Target	Maximum	Actual 2019 Performance	Payout as a Percentage of Target Bonus (1)
	Quantitative Measures					
Adjusted EBITDA per Share (2)	40%	$3.83	$4.70	$5.26	5.01	59%
Year-End Net Debt to Adjusted EBITDA Ratio (3)	20%	0.5	0.25	0.125	—	40%
Safety-Total Recordable Incident Rate (TRIR)	20%	1.2	1.0	0.8	0.83	37%
Quantitative Total	**80%**					**136%**
	Qualitative Measure					
Individual and Operational Performance	20%				(4)	0 - 40% (4)
Overall Total	**100%**				**(4)**	**(4)**

(1) These amounts have been rounded to the nearest whole number.

(2) We define EBITDA as earnings before (i) interest expense, (ii) income taxes and (iii) depreciation and amortization. We define Adjusted EBITDA as EBITDA, plus (i) loss/(gain) on disposal of assets, (ii) loss/(gain) on extinguishment of debt, (iii) stock based compensation, and (iv) other unusual or non-recurring (income)/expenses, such as impairment charges, severance, costs related to our IPO and costs related asset acquisition or one-time professional fees.

(3) We define Net Debt as our total debt less our cash and cash equivalents.

(4) Varies by executive. See the narrative immediately below for additional information.

The Compensation Committee selected these performance metrics because they are important to the ongoing success of the Company and were intended to drive short-term business performance by focusing executives on key objectives that position the Company for sustained growth. Specifically, Adjusted EBITDA per share is a measure of our financial performance and capital structure, the Year End Net Debt to Adjusted EBITDA Ratio measures our liquidity and balance sheet management, and TRIR is an important measure of safety. The Qualitative component of the Annual Bonus Plan allows the Committee to assess performance across a variety of individual and operational performance factors.

Overall, the Company's operational performance for 2019 was very strong, particularly compared with its peers. In light of strong corporate and individual executive performance, the Compensation Committee made the determination to award $150,000, $200,000, $590,000, and $120,000 under the Annual Bonus Plan to each of Messrs. Gobe, Holderness, Sledge, and Wilson, respectively. The amounts awarded to each of Messrs. Gobe and Holderness were slightly in excess (by $32,000 for Mr. Gobe and $35,000 for Mr. Holderness) of the maximum bonus resulting from the payout percentages noted in the table above (i.e., 176% of target bonus). The

Committee determined that such additional amounts were appropriate for these individuals in recognition of the additional time and leadership required to shepherd the internal review conducted by the Company during 2019 and the implementation of the resulting remediation and improvement plan.

As a result of the internal and disclosure control deficiencies discovered during the internal review conducted during 2019, the Compensation Committee and the Board determined it was appropriate to pay no bonuses under the Annual Bonus Plan to Messrs. Redman and Smith for the 2019 fiscal year.

Long-Term Incentive Awards

The Company maintains the Incentive Plan in order to facilitate the grant of equity incentives to directors, employees (including the Named Executive Officers) and consultants of our Company and certain of its affiliates and to enable us to obtain and retain the services of these individuals, which is essential to our long-term success. In 2019, 50% of the value of each Named Executive Officer's long-term incentive awards were granted in the form of RSUs that vest in three substantially equal annual installments commencing on the first anniversary of the grant date and the remaining 50% in the form of PSUs that vest, if earned, following the completion of a three year performance period, in each case, subject to the Named Executive Officer's continued employment through the end of such period. This mix of time- and performance-based awards is intended to achieve the twin goals of ensuring retention and driving performance, while aligning the interests of our Named Executive Officers with those of our shareholders by providing an opportunity for increased share holdings. Both PSUs and RSUs may be settled in shares of our common stock or in the cash equivalent of the same.

The PSUs granted in 2019 vest based on the Company's TSR as compared to the TSR of a designated peer group of companies. For purposes of the 2019 PSU awards, recipients of PSUs may earn between 0% and 200% of the target number of shares granted, as indicated in the following table. If performance falls between the specified performance levels, payouts will be determined via straight-line interpolation. If performance falls below the threshold performance level, no payouts will be awarded. Irrespective of the payout indicated by the table below, if the Company's TSR is below zero on an absolute basis for the performance period, the number of PSUs earned shall not be greater than the target number of PSUs granted (i.e., the payout shall not be greater than 100%).

Company's Percentile Rank in Peer Group	**Payout (as a % of Target Number of PSUs Granted)**
Below 25th Percentile	0%
25th Percentile	50%
50th Percentile	100%
75th Percentile	175%
90th Percentile and Above	200%

The performance period for the 2019 PSU awards commenced on January 1, 2019 and ends on December 31, 2021. The 2019 performance peer group is comprised of the following 12 companies:

Basic Energy Services	C&J Energy Services, Inc.	Calfrac Well Services
FTS International, Inc.	Keane Group, Inc.	Liberty Oilfield Services
Patterson-UTI Energy, Inc.	U.S. Well Services	RPC Inc.
STEP Energy Services	Superior Energy Services, Inc.	Trican Well Services

(1) On October 31, 2019, Keane Group, Inc. merged with C&J Energy Services, Inc. and changed its name to Nextier Oilfield Solutions Inc.

Should a peer company cease to exist as a separate publicly-traded company during the performance period (due to an acquisition or bankruptcy, for example), it will remain as a member of the Company's peer group, with any peer company filing for bankruptcy ranked last in the peer group, and any peer company that is acquired ranked based on the stock price at which it was acquired.

The annual value of each Named Executive Officer's long-term incentive award is generally determined in conjunction with the Compensation Committee's annual compensation analysis or, if later, in connection with the Named Executive Officer's hire date following the Compensation Committee's review of peer compensation data and consideration of each Named Executive Officer's position and associated responsibilities. In 2019, in the Compensation Committee granted the RSUs and PSUs included in the table below to our Named Executive Officers. The grant date fair value of these awards can be found in the Summary Compensation Table, below.

Name	2019 Number of RSUs	2019 Target Number of PSUs
Phillip A. Gobe (1)	9,277	9,277
Dale Redman	88,235	88,235
Darin G. Holderness	14,552	14,552
Jeffrey D. Smith	29,412	29,412
David Sledge	26,471	26,471
Newton W. “Trey” Wilson III	14,552	14,552
Mark Howell	18,676	18,676
Ian Denholm	5,147	5,147

(1) Does not include 12,182 RSUs that Mr. Gobe received while he was a non-employee director.

Employee Benefits and Perquisites

Health/Welfare Plans

All of our full-time employees, including our Named Executive Officers, are eligible to participate in our health and welfare plans on the same basis, including: medical, dental and vision benefits; medical and dependent care flexible spending accounts; short-term and long-term disability insurance; and group life insurance.

Retirement Plans

We currently maintain a 401(k) retirement savings plan for our employees who satisfy certain eligibility requirements. Our Named Executive Officers are eligible to participate in the 401(k) plan on the same terms as other full-time employees. Currently, we match contributions made by participants in the 401(k) plan up to a specified percentage of the employee contributions and we may make certain discretionary profit sharing contributions. Both the matching contributions and the profit sharing contributions vest in equal installments over four years of service, with accelerated vesting on retirement, death or disability. We believe that offering a vehicle for tax-deferred retirement savings through our 401(k) plan, and making matching contributions and profit sharing contributions that vest over time, add to the overall desirability of our compensation packages and further incentivize our employees in accordance with our compensation policies. We do not maintain any defined benefit pension plans or deferred compensation plans.

Perquisites

Messrs. Redman, Smith, Sledge, and Wilson each participated in a vehicle allowance program during 2019. In addition, in 2019 we provided each of Messrs. Gobe and Holderness with a Company vehicle for their use while in Midland, Texas, and paid for accommodations in Midland, Texas for Mr. Gobe during the time that he served as only the Chairman of the Board and for Mr. Holderness. Neither the Company’s cost of the vehicle allowance program for Mr. Wilson nor the cost of the total perquisites provided to Mr. Gobe reached the threshold for disclosure in the Summary Compensation Table pursuant to SEC rules, so neither are reflected in such table or the footnotes thereto. See “Executive Compensation—Summary Compensation Table.”

In 2019 the Company also provided other perquisites to its Named Executive Officers, including club memberships and dues and sporting event tickets. Finally, the Company made charitable donations on behalf of our Former Chief Executive Officer in 2019, as described below in “Executive Compensation—Summary Compensation Table.”

The Compensation Committee will review the perquisites we provide to our Named Executive Officers periodically to ensure that they are necessary to retain our executives, appropriate, and consistent with benefits offered by companies with which we compete for executive talent.

Other Compensation Policies

Consistent with our goal of aligning compensation practices with stockholder interests, the Board has adopted, and the Compensation Committee administers, an Executive Compensation Claw-Back Policy and Executive Stock Ownership Policy.

Executive Compensation Claw-Back Policy

Under the terms of our Executive Compensation Claw-Back Policy, any incentive compensation, including equity awards, paid to an executive officer which was determined based on our performance against financial metrics will be subject to recovery by the Company in the event that the underlying financial metrics are negatively impacted by a restatement of our financial statements. In addition, incentive compensation, including equity awards, is subject to recovery by the Company where an executive engages in certain misconduct.

Executive Stock Ownership Policy

Under the terms of our Executive Stock Ownership Policy, we have established equity ownership guidelines for our executive officers. Under these guidelines, the Chief Executive Officer must own shares of our common stock or certain equity awards with a value equal to not less than five times annual base pay, the Chief Financial Officer and Chief Operating Officer must own shares of our common stock or certain equity awards with a value equal to not less than three times annual base pay, and all other executive officers must own shares of our common stock or certain equity awards with a value equal to not less than one times their annual base pay. For Mr. Sledge, the deadline for compliance with these guidelines is September 11, 2023. Messrs. Gobe, Holderness, and Wilson, along with any individuals who became executive officers as a result of an internal promotion or a new hire, will have five years from the date of being named an executive officer to meet the stock ownership guidelines. Each of Messrs. Redman, Smith, Howell and Denholm ceased to be subject to these guidelines on the date he ceased to be an executive officer of the Company. In calculating the value of shares of our common stock or certain equity awards held for purposes of determining compliance with the policy, such value is equal to the closing price per share on the measurement date, based on shares owned outright and unvested RSUs, with the value of such unvested RSUs discounted by 40%. Unexercised option awards and unvested PSUs are excluded from the calculation.

No Tax Gross-Ups

We do not provide gross-up payments to cover our Named Executive Officers' personal income taxes that may pertain to any of the compensation or perquisites paid or provided by our Company.

Insider Trading Compliance Policy

We believe that derivative transactions, including puts, calls and options, and hedging transactions for our securities carry a high risk of inadvertent securities laws violations and may lead to an officer, director or employee no longer having the same objectives as the Company's other stockholders. For these reasons, we prohibit our directors, officers and employees from engaging in any type of derivative or hedging transactions in respect of our securities pursuant to our Insider Trading Compliance Policy.

Company stock pledged as collateral, including shares held in a margin account, may be sold without the consent of the holder by the lender in a foreclosure or default event, which could lead to inadvertent securities laws violations. For this reason, pursuant to our Insider Trading Compliance Policy, we prohibit pledging Company securities as collateral to secure loans and purchasing Company securities on margin.

Tax Implications

Section 162(m) of the Code generally precludes a publicly held company from taking a federal income tax deduction for compensation paid in excess of $1 million per year to certain covered employees, which include our Named Executive Officers. There was an exception to the $1 million limitation for performance-based compensation meeting certain requirements. For taxable years beginning after December 31, 2017, this exemption has been repealed for all but certain grandfathered compensation arrangements. However, a privately held corporation that becomes a publicly held corporation before December 20, 2019 may rely on the transition rules provided in Treasury Regulation Section 1.162-27(f)(1) until the earliest of the events provided in Treasury Regulation Section 1.162-27(f)(2). Because our IPO occurred in 2017, certain compensation awarded or paid prior to the expiration of the period outlined in the transition rules may be fully tax deductible. To maintain flexibility in compensating the Company's executive officers in a manner designed to promote achievement of corporate goals, retention and recruitment, the Compensation Committee has not adopted a policy requiring all compensation to be tax deductible and expects that the deductibility of certain compensation paid will be limited by Code Section 162(m).

Compensation Risk Assessment

We believe that any risks associated with our compensation policies and practices are mitigated in large part by the following factors and, therefore, that no such risk are likely to have a material adverse effect on us:

- We pay a mix of compensation which includes short-term cash and long-term equity-based compensation.

- We base the vesting and payment of our incentive compensation awards on several different performance metrics, which discourages our employees from placing undue emphasis on any one metric or aspect of our business at the expense of others.

- We believe that our performance metrics are reasonably challenging, yet should not require inappropriate risk-taking to achieve.

- The performance metrics for awards under our Annual Bonus Plan include quantitative financial and operational metrics as well as qualitative metrics related to our operations, strategy and other aspects of our business and our Compensation Committee retains discretion to modify payout amounts under the Annual Bonus Plan as appropriate.

- The performance periods under our PSUs overlap, and our time-vested restricted stock units generally vest over a three-year period. This mitigates the motivation to maximize performance in any one period at the expense of others.

- Our Named Executive Officers are required to own our common stock at levels provided in our Executive Stock Ownership Guidelines.

- We have instituted a clawback policy, which allows us to clawback compensation in the event of a financial restatement or certain misconduct.

- We believe that we have an effective management process for developing and executing our short- and long-term business plans.

- Our compensation policies and programs are overseen by the Compensation Committee.

- The Compensation Committee retains an independent compensation consultant.

Compensation Decisions Following Fiscal Year End

Letter Agreement with Jeffrey D. Smith

On March 13, 2020, Mr. Smith was appointed as a Special Advisor to the Chief Executive Officer and will no longer serve as the Chief Administrative Officer or an executive officer of the Company. Effective as of March 13, 2020, the Company and Mr. Smith entered into a letter agreement (the “2020 Smith Letter Agreement”) memorializing the terms of his role and related matters. Pursuant to the terms of the 2020 Smith Letter Agreement, Mr. Smith will continue to receive an annualized base salary of $425,000 but the Compensation Committee does not anticipate Mr. Smith receiving any future awards under the Incentive Plan in his new role. Mr. Smith will no longer be eligible to receive an annual cash bonus under the Annual Bonus Plan, including for the 2020 fiscal year. In addition, the 2020 Smith Letter Agreement terminated the employment agreement by and between Mr. Smith and the Company dated April 17, 2013 (the “Smith Employment Agreement”), effective as of March 13, 2020, except that the restrictive covenants set forth in Section 6 of the Smith Employment Agreement will continue in full force and effect.

In addition, the 2020 Smith Letter Agreement provides Mr. Smith with the following benefits in exchange for his agreement to additional restrictive covenants that result in a total of a five-year non-competition and non-solicitation obligation (an increase from the one-year non-competition and three-year non-solicitation obligation set forth in the Smith Employment Agreement and in the award agreements documenting Mr. Smith’s equity awards under the Incentive Plan):

- an extension of the exercise period applicable to the stock options granted under the Stock Option Plan that are vested and outstanding as of the date of Mr. Smith’s “Termination of Employment” (as defined in the Stock Option Plan) (the “Smith Extended Options”) such that the Smith Extended Options remain exercisable until the one-year anniversary of the date of Mr. Smith’s Termination of Employment; and

- “cashless exercise” of the stock options granted under the both the Stock Option Plan and Incentive Plan that are outstanding as of March 13, 2020 (the “Smith Vested Options”) within the exercise periods described in the applicable award agreements and plans (as modified by the 2020 Smith Letter Agreement for the Smith Extended Options) such that Mr. Smith does not have to deliver any cash to exercise the Smith Vested Options but the number of shares of Stock delivered by the Company upon the exercise of the Smith Vested Options shall be reduced by the number of shares of Stock equal in value to the applicable exercise price and the associated tax withholding.

Chief Executive Officer Role

On March 13, 2020, Mr. Redman informed the Board of his intent to resign from his position as the Chief Executive Officer and as a member of the Board as of such date and entered into a separation agreement with the Company. For additional information regarding the separation agreement with Mr. Redman, please see the section below entitled “Potential Payments upon Termination and Change of Control—Actions Taken Following December 31, 2019—Redman Separation Agreement.”

Mr. Gobe was appointed as Chief Executive Officer effective as of March 13, 2020. Following this appointment, Mr. Gobe will no longer serve as the Company's Executive Chairman but will continue to serve as the Company's principal executive officer (as contemplated by Rule 13a-14 of the Exchange Act) and also continue to serve as the Chairman of the Board, a position he has held since July 11, 2019. Mr. Gobe will receive an annualized base salary of $800,000 and will be eligible (i) to receive an annual cash bonus with a target value of 100% of his base salary under the Amended Annual Bonus Plan (adjusted for 2020 to reflect his position, duties and compensation prior to and following his appointment as Chief Executive Officer), (ii) to participate in the Executive Severance Plan as a "Tier 1 Executive" and (iii) to participate in those benefit plans and programs of the Company available to similarly situated executives. Mr. Gobe also received an equity award consisting of PSUs with a grant date target value of approximately $1,320,000 and RSUs with a grant date value of approximately $880,000, in each case, under the Incentive Plan in connection with his appointment as Chief Executive Officer. Mr. Gobe's compensation in this new role was established following the Compensation Committee's review of data from Meridian regarding pay for similarly situated executives at our peer companies and an evaluation of his experience and importance to the organization, in particular, the role he will play in the successful implementation of the remediation and improvement plan implemented by the Company following its internal review. For additional information regarding the Executive Severance Plan please see the section below entitled "Potential Payments upon Termination and Change of Control—Actions Taken Following December 31, 2019—Executive Severance Plan."

Chief Financial Officer Role

On April 10, 2020, the Board appointed Mr. Holderness Chief Financial Officer, removing his previous interim title. Following this appointment, Mr. Holderness will continue to serve as the Company's principal financial officer (as contemplated by Rule 13a-14 of the Exchange Act), a position he has held since October 3, 2019. No changes to Mr. Holderness's annual compensation were made in connection with his appointment as Chief Financial Officer. However, effective April 10, 2020, Mr. Holderness became eligible to participate in the Amended Executive Severance Plan as a "Tier 2 Executive," as described below under "—Executive Severance Plan." For additional information regarding the Amended Executive Severance Plan please see the section below entitled "Potential Payments upon Termination and Change of Control—Actions Taken Following December 31, 2019—Amended Executive Severance Plan."

Annual Bonus Plan

On February 11, 2020, the Board approved the Amended and Restated ProPetro Holding Corp. Executive Incentive Bonus Plan (the "Amended Annual Bonus Plan"), which amends and restates the Annual Bonus Plan.

The Amended Annual Bonus Plan was approved to reflect changes made to the Internal Revenue Code pursuant to federal tax legislation enacted by Congress in 2017. In addition, the Amended Annual Bonus Plan makes the following changes to the Annual Bonus Plan: (i) expands the definition of "Eligible Individual" to include not only the Company's executive officers but also senior managers of the Company, (ii) enables the Compensation Committee, as the administrator of the Amended Annual Bonus Plan, to delegate certain administrative authorities under the Amended Annual Bonus Plan to the Company's executive officers for those participants in the Amended Annual Bonus Plan that are not executive officers of the Company, and (iii) clarifies the applicable administrator's discretion to modify the performance goals and bonus amounts under the Amended Annual Bonus Plan.

The Amended Annual Bonus Plan governs cash incentive awards made each year to key executives and senior management members of the Company, and is effective for awards made in 2020 and thereafter. Awards under the Amended Annual Bonus Plan are tied to the achievement of performance goals, which may be based on qualitative or quantitative measures, or both, as determined by the Compensation Committee or other applicable administrator.

Cash payouts of the awards made under the Amended Annual Bonus Plan are generally made in accordance with pre-established targets, subject to the discretion of the Committee.

Executive Severance Plan

On March 13, 2020, the Board adopted the ProPetro Services, Inc. Executive Severance Plan (the "Executive Severance Plan"). The Compensation Committee and the Board adopted the Executive Severance Plan because they felt it was desirable to pivot away from individually negotiated employment agreements and towards a streamlined plan providing for more uniform treatment upon a termination of employment. The amounts of the severance and benefits established under the Executive Severance Plan were selected after the Compensation Committee received advice from Meridian regarding the types and amounts of severance that are market among the Company's peers. The Compensation Committee also considered its members' considerable experience in the industry when making this determination. The "Tier" level assigned to each participant in the plan was determined based on each participant's position and responsibility.

On April 10, 2020, the Board adopted the ProPetro Services, Inc. Amended and Restated Executive Severance Plan (the "Amended Executive Severance Plan"), which amends the Executive Severance Plan such that any severance amounts that become payable will be calculated without taking into account any temporary reduction to a participant's annualized base salary in connection with a general reduction in base salaries that affects all similarly situated employees of the Company in substantially the same proportions, as determined by the Compensation Committee in its sole discretion.

Each of Messrs. Gobe, Holderness and Wilson are participants in the Amended Executive Severance Plan as are certain other executives of the Company who are not Named Executive Officers. The participation agreements for each of Messrs. Gobe, Holderness and Wilson included the termination of the Gobe Letter Agreement, the Holderness Letter Agreement and the Wilson Employment Agreement (each as defined below), respectively, except for the provisions of those agreements containing restrictive covenants. The Amended Executive Severance Plan is described in detail below, in the section entitled "Potential Payments upon Termination and Change of Control—Actions Taken Following December 31, 2019—Amended Executive Severance Plan."

Responsiveness to Current Economic Environment

Our Named Executive Officers each volunteered for temporary reductions in base salary as a result of the current market conditions. On April 2, 2020, the Compensation Committee approved the following temporary reductions to base salaries for our Named Executive Officers, effective April 13, 2020:

- 20% salary reduction for Mr. Gobe;
- 15% salary reduction for Messrs. Holderness, Sledge and Wilson; and
- 10% salary reduction for Mr. Smith.

Given these reductions, the Named Executive Officers' base salaries are as reflected in the table below:

	December 31, 2019 Base Salary	**March 2020 Base Salary**	**April 13, 2020 Base Salary**
Phillip A. Gobe	$450,000	$800,000	$640,000
Dale Redman	$700,000	$700,000	N/A
Darin G. Holderness	$500,000	$500,000	$425,000
Jeffrey D. Smith	$425,000	$425,000	$382,500
David Sledge	$425,000	$425,000	$361,250
Newton W. "Trey" Wilson III	$400,000	$400,000	$340,000
Mark Howell	N/A	N/A	N/A
Ian Denholm	N/A	N/A	N/A

Letter Agreement with David Sledge

On April 9, 2020, the Company entered into a letter agreement with David Sledge (the "Sledge Letter Agreement"). The Sledge Letter Agreement describes a reduction in Mr. Sledge's annualized base salary, effective April 13, 2020, which is consistent with the voluntary reduction in certain executives' base salaries as a result of current market conditions.

The Sledge Letter Agreement also clarifies that, similar to the terms of the Amended Executive Severance Plan, Mr. Sledge's revised annualized base salary will not be used for purposes of calculating any severance payment that Mr. Sledge may become eligible to receive pursuant to the terms of the employment agreement by and between the Company and Mr. Sledge, effective April 17, 2013 (the "Sledge Employment Agreement"). For additional information regarding the severance amounts payable to Mr. Sledge upon certain terminations of employment, please see the sections below entitled "Potential Payments upon Termination and Change of Control—Employment Agreements with Messrs. Redman, Smith and Sledge" and "Potential Payments upon Termination and Change of Control—Actions Taken Following December 31, 2019—Letter Agreement with David Sledge."

The Sledge Letter Agreement contains Mr. Sledge's acknowledgment of and consent to the aforementioned changes and provides that the Sledge Employment Agreement is deemed to be amended by the Sledge Letter Agreement to the extent that any provision of the Sledge Letter Agreement is inconsistent with the terms of the Sledge Letter Agreement. For additional information regarding the Sledge Employment Agreement please see the section below entitled "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Employment Agreements with Messrs. Redman, Smith, Sledge and Howell."

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee has reviewed and discussed the above CD&A with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the CD&A be included in this annual report on Form 10-K.

The Compensation Committee of the Board of Directors,

Pryor Blackwell (Chair)
Anthony Best
Jack B. Moore
Michele V. Choka

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table summarizes the compensation provided by us to our Named Executive Officers for the fiscal years ended December 31, 2019, 2018 and 2017.

Name and Principal Position	Year	Salary ($)	Bonus(1) ($)	Stock Awards(2) ($)	Option Awards(2) ($)	Non-equity incentive plan compensation(3) ($)	All Other Compensation(4) ($)	Total ($)
Phillip A. Gobe (5) (6)	2019	142,078[8]	32,000	422,370[9]	—	118,000	—	714,448
Chief Executive Officer								
Dale Redman (6)	2019	700,000	—	4,975,572	—	—	49,336	5,724,908
Former Chief Executive Officer	2018	684,615	—	3,360,534	—	1,400,000	304,863	5,750,012
	2017	465,385	905,000	1,740,194	5,116,436	—	153,370	8,380,385
Darin G. Holderness (5)	2019	159,035[10]	35,000	286,093	—	165,000	20,725	665,853
Chief Financial Officer								
Jeffrey D. Smith (5) (6)	2019	483,558	—	1,658,543	—	—	10,800	2,152,901
Former Chief Administrative Officer	2018	500,000	—	1,344,232	—	750,000	22,732	2,616,964
	2017	384,615	575,000	652,592	3,325,090		20,101	4,957,398
David Sledge	2019	425,000	—	1,492,699	—	590,000	10,800	2,518,499
Chief Operating Officer	2018	425,000	—	1,209,818	—	850,000	17,887	2,502,705
	2017	344,231	935,000	652,592	2,573,526	—	10,800	4,516,149
Newton W. "Trey" Wilson III (7)	2019	96,923	—	286,093	—	120,000	—	503,016
General Counsel and Corporate Secretary								
Mark Howell (7)	2019	245,055	—	1,053,139	—	—	896,594	2,194,788
Former General Counsel and Corporate Secretary	2018	284,616	—	806,530	—	400,000	1,200	1,492,346
	2017	197,116	175,000	435,069	72,863	—	28,626	908,674
Ian Denholm (5)	2019	228,050	135,254	301,733	—	—	29,528	694,565
Former Chief Accounting Officer	2018	214,846	135,254	235,248	—	250,000	—	835,348
	2017	162,058	307,527	53,848	72,863	—	—	596,296

(1) Amounts in this column for Messrs. Gobe and Holderness represent a discretionary increase to the short-term cash incentive awards paid to such Named Executive Officers pursuant to the Company's Senior Executive Incentive Bonus Plan (the "Bonus Plan"), in each case, based upon such Named Executive Officer's performance during 2019. See Note 3 below and "Elements of Compensation for the 2019 Fiscal Year—Annual Cash Incentive Awards" above for additional

information regarding these awards. Amounts in this column for Mr. Denholm represent a bonus payable in connection with our IPO, in three installments, with the first installment payable upon our IPO and the remaining two installments payable over the following two years.

(2) Amounts in these columns reflect the aggregate grant date fair value of the RSU and PSU awards granted in 2019 under the Incentive Plan, calculated in accordance with FASB ASC Topic 718. For Mr. Denholm, the amount also reflects the incremental fair value of the modified awards of RSUs, PSUs and stock options as described below in "Potential Payments Upon Termination or Change in Control—Denholm Separation Agreement." The FASB ASC Topic 718 value for the RSUs was calculated using the closing price per share of our common stock on the date of grant applied to the total number of RSUs granted. The FASB ASC Topic 718 grant date fair value of the PSUs was determined using a Monte Carlo simulation. For information regarding assumptions underlying the valuation of equity awards, see Note 14 of the Consolidated Financial Statements included in this Form 10-K. If the grant date value of the 2019 PSU awards was calculated based on the maximum possible payout, the grant date fair value for such awards for Messrs. Gobe, Redman, Holderness, Smith, Sledge, Wilson, Howell and Denholm would have been equal to $205,393, $6,144,685, $322,181, $2,048,252, and $1,843,440, $322,181, $1,300,597 and $358,437, respectively. The actual amount realized upon settlement of PSU and RSU awards will depend upon the market price of the Company's stock on the settlement date.

(3) Amounts in this column represent the short-term cash incentive awards for performance during the 2019 fiscal year pursuant to the Bonus Plan, determined based on achievement of the applicable performance metrics. Based upon performance during 2019, the Board exercised its discretion under the Bonus Plan not to pay an annual bonus to either Mr. Redman or Mr. Smith. See "Elements of Compensation for the 2019 Fiscal Year—Annual Cash Incentive Awards" above for additional informational regarding these awards.

(4) As shown in the table below, amounts in this column for 2019 include the cost of the Company's vehicle allowance program for Messrs. Redman, Smith, and Sledge, and for Mr. Holderness, the amount in this column includes the value of the Company vehicle provided to him for his use while in Midland, Texas, which was determined by multiplying the number of miles Mr. Holderness drove the vehicle in 2019 by $0.58, which is the Internal Revenue Service's mileage reimbursement rate for business travel in 2019. For Mr. Redman, the amount reported for 2019 also includes the cost of certain other perquisites, including club dues and membership fees, charitable donations made on behalf of Mr. Redman and the cost of certain sporting event tickets purchased by the Company for Mr. Redman's use. For Mr. Holderness, the amount reported for 2019 also includes reimbursements for travel to and from Midland, Texas (excluding any travel expenses incurred while serving as a consultant to the Company) and payment of his housing expenses in Midland, Texas. Many of the Named Executive Officers had spouses accompany them on business trips at no additional incremental cost to the Company. For Mr. Howell, the amount in this column reported for 2019 includes (i) 401(k) contributions made by ProPetro Services, Inc. (ii) cash severance and (iii) the cost of continued health coverage following his termination of employment pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), in each case of clauses (ii) and (iii), paid pursuant to the Howell Separation Agreement (as defined and described below in "Potential Payments upon Termination or Change in Control—Howell Separation Agreement"). Finally, for Mr. Denholm, the amount in this column reported for 2019 includes payment of his accrued but unused paid time off upon the Denholm Separation Date (as defined below) and cash severance paid pursuant to the Denholm Separation Agreement (as defined and described below in "Potential Payments upon Termination or Change in Control—Denholm Separation Agreement").

Name	Vehicle Allowance Program ($)	Contribution to 401(k) Plan ($)	Company Vehicle Use ($)	Club Dues/Membership Fees ($)	Charitable Donations ($)	Sporting Event Tickets ($)	Housing Allowance & Travel Benefits ($)	Severance ($)	Vacation Payout ($)	COBRA ($)	Total ($)
Phillip A. Gobe	—	—	—	—	—	—	—	—	—	—	—
Dale Redman	10,800	—	—	1,743	22,145	14,648	—	—	—	—	49,336
Darin G. Holderness	—	—	1,871	—	—	—	18,854	—	—	—	20,725
David Sledge	10,800	—	—	—	—	—	—	—	—	—	10,800
Jeffrey D. Smith	10,800	—	—	—	—	—	—	—	—	—	10,800
Newton W. "Trey" Wilson III	—	—	—	—	—	—	—	—	—	—	—
Mark Howell	—	2,769	—	—	—	—	—	892,308	—	1,517	896,594
Ian Denholm	—	—	—	—	—	—	—	18,846	10,682	—	29,528

The "All Other Compensation" amounts for 2017 have been increased for Mr. Redman from $10,800 to $153,370 and for Mr. Smith from $10,800 to $20,101. The "All Other Compensation" amounts for 2018 have been increased for Mr. Redman from $19,248 to $304,863, for Mr. Smith from $16,887 to $22,732, and for Mr. Sledge from $16,887 to $17,887.

During 2019, Messrs. Redman and Smith reimbursed the Company in full for the following perquisites, which were inadvertently provided by the Company and unintentionally not disclosed in 2017 and 2018, but which are now included in the "All Other Compensation" column above for the relevant year:

- Mr. Redman's 2017 perquisites have been increased to include $31,606 in plane maintenance expenses associated with personal use of his plane (which was frequently used for business travel), as well as the cost of personal travel and associated expenses, charitable donations made on behalf of Mr. Redman, medical costs and insurance, retail expenditures, sporting, movie and event tickets, subscription services, dry cleaning, meals, groceries and other supplies, which equal $38,160 in total.
- Mr. Redman's 2018 perquisites have been increased to include $97,269 in personal travel and associated expenses, $60,273 in plane maintenance expenses associated with personal use of his plane (which was frequently used for business travel), as well as the cost of charitable donations made on behalf of Mr. Redman, medical costs, retail expenditures, sporting, movie and event tickets, subscription services, dry cleaning, meals, groceries and other supplies, which equal $60,188 in total.
- Mr. Smith's 2017 and 2018 perquisite amounts have been increased to reflect the cost of his personal travel and associated expenses, retail expenditures and meals totaling $9,301 and $5,845 respectively.

The Company determined that it also previously failed to include the following amounts in the "All Other Compensation" column for the relevant year, for which amounts the Named Executive Officers were not asked to, and did not, reimburse the Company.

- Mr. Redman's 2017 perquisites have been increased to include the value of sporting and event ticket purchases, charitable donations made on behalf of Mr. Redman, and $52,665, which reflects the cost of the pilots provided by the Company for Mr. Redman's personal use of his plane.

- Mr. Redman's 2018 perquisites have been increased to include the value of ticket purchases, $26,680 in charitable donations made on behalf of Mr. Redman, and $40,433, which reflects the cost of the pilots provided by the Company for Mr. Redman's personal use of his plane.
- Mr. Sledge's 2018 perquisites have been increased to include the cost of charitable donations made on behalf of Mr. Sledge.

The Company frequently used Mr. Redman's personal plane for business travel and, as a result, in each of 2017 and 2018 the Company employed pilots to fly that plane. The pilots flew Mr. Redman's plane both for personal and business flights. The perquisite amount allocable to Mr. Redman for the cost of the pilots employed by the Company was determined by (i) multiplying (A) the sum of the pilots' salaries, the Company's portion of the pilots' payroll taxes and health insurance, and travel expenses incurred by the pilots on trips (e.g., the cost of lodging and meals) for each of 2017 and 2018 by (B) a fraction, the numerator of which is the total business flight hours for which the plane was used by Mr. Redman during each year and the denominator of which is the plane's total flight hours for such year, (ii) reducing the total amount of the pilots' expenses as set forth in clause (A) by the product determined in clause (i), and (iii) reducing the resulting difference by the amount that Mr. Redman and his affiliates reimbursed the Company for the cost of the pilots in such year. See "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Perquisites" for a further description.

(5) On October 3, 2019, the Board appointed Messrs. Gobe, Holderness and Smith to the positions of Executive Chairman, Interim Chief Financial Officer and Chief Administrative Officer, respectively. Effective as of such date, Mr. Smith ceased to serve as the Chief Financial Officer . On April 10, 2020, Mr. Holderness was appointed Chief Financial Officer, removing the previous interim title. In addition, effective October 3, 2019, Mr. Denholm resigned from his role as Chief Accounting Officer and served as an employee of the Company until December 8, 2019.

(6) Mr. Redman resigned from his position as Chief Executive Officer on March 13, 2020, and Mr. Gobe was appointed Chief Executive Officer as of such date. Effective as of the same date, Mr. Smith was appointed Senior Advisor to the Chief Executive Officer and ceased to serve as Chief Administrative Officer.

(7) On August 30, 2019, Mr. Howell gave the Board notice of his intent to resign from his position as General Counsel and Corporate Secretary, effective September 29, 2019, and on September 30, 2019, the Board appointed Mr. Wilson to the office of General Counsel and Corporate Secretary.

(8) This amount includes (i) $98,654 that Mr. Gobe received for his service as an executive officer and (ii) $43,424 that Mr. Gobe received for his service as Chairman of the Board prior to appointment as an executive officer . Mr. Gobe stopped receiving compensation for his service as a member of the Board upon his appointment to Executive Chairman and principal executive officer, effective October 3, 2019.

(9) This amount includes the value of (i) 12,182 RSUs that Mr. Gobe received for his service on the Board in 2019, (ii) 9,277 RSUs that Mr. Gobe received for his service as an executive officer of the Company and (iii) 9,277 target PSUs that Mr. Gobe received for his service as an executive officer of the Company. For additional information, see "Grants of Plan-Based Awards" below.

(10) This amount includes (i) $109,615 that Mr. Holderness received in 2019 for his service as Interim Chief Financial Officer and (ii) $49,420 that Mr. Holderness received for consulting services provided to the Company from July 2019 until his appointment as Interim Chief Financial Officer on October 3, 2019.

Grants of Plan-Based Awards

Name	Grant Date	Date of Award Approval	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1) Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards(2) Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock (#)(3)	Grant Date Fair Value of Stock and Option Awards ($)(4)
Phillip A. Gobe (5)	7/11/2019	7/10/2019	—	—	—	—	—	—	12,182	239,985
	10/7/2019	10/3/2019	—	—	—	—	—	—	9,277	79,689
	10/7/2019	10/3/2019				4,638	9,277	18,554	—	102,696
			33,750	67,500	135,000	—	—	—	—	—
Dale Redman	3/18/2019	2/25/2019	—	—	—	—	—	—	88,235	1,903,229
	3/18/2019	2/25/2019	—	—	—	44,117	88,235	176,470	—	3,072,343
			385,000	770,000	1,540,000	—	—	—	—	—
Darin G. Holderness	10/7/2019	10/3/2019	—	—	—	—	—	—	14,552	125,002
	10/7/2019	10/3/2019	—	—	—	7,276	14,552	29,104	—	161,091
			46,875	93,750	187,500	—	—	—	—	—
Jeffrey D. Smith	3/18/2019	2/25/2019	—	—	—	—	—	—	29,412	634,417
	3/18/2019	2/25/2019	—	—	—	14,706	29,412	58,824	—	1,024,126
			175,157	350,313	702,626	—	—	—	—	—
David Sledge	3/18/2019	2/25/2019	—	—	—	—	—	—	26,471	570,979
	3/18/2019	2/25/2019	—	—	—	13,235	26,471	52,942	—	921,720
			212,500	425,000	850,000	—	—	—	—	—
Newton W. "Trey" Wilson III	10/7/2019	10/3/2019	—	—	—	—	—	—	14,552	125,002
	10/7/2019	10/3/2019	—	—	—	7,276	14,552	29,104	—	161,091
			37,800	75,600	151,200	—	—	—	—	—
Mark Howell (6)	3/18/2019	2/25/2019	—	—	—	—	—	—	18,676	402,841
	3/18/2019	2/25/2019	—	—	—	9,338	18,676	37,352	—	650,298
			110,000	220,000	440,000	—	—	—	—	—
Ian Denholm (7)	3/18/2019	2/25/2019	—	—	—	—	—	—	5,147	111,021
	3/18/2019	2/25/2019	—	—	—	2,573	5,147	10,294	—	179,219
			62,500	125,000	250,000	—	—	—	—	—

(1) Amounts in these columns represent the estimated payouts for annual cash incentive awards for 2019 assuming threshold, target and maximum performance achievement. For Messrs. Gobe, Holderness and Wilson, these columns represent the pro-rata portion of their annual cash incentive awards for the portion of 2019 following their respective appointments. For Mr. Smith, these columns have been adjusted to take into account the value of his potential annual cash incentive calculated based on the portion of the year he served as each of Chief Financial Officer and Chief Administrative Officer. Mr. Howell and Mr. Denholm each forfeited their annual cash incentive awards in connection with their respective terminations of employment. The actual amounts paid to our Named Executive Officers for 2019 can be found in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table above. See "Elements of Compensation for the 2019 Fiscal Year—Annual Cash Incentive Awards" above for additional information regarding these awards.

(2) These amounts represent the threshold, target and maximum number of PSUs granted to the Named Executive Officers during 2019. The number of PSUs which ultimately vest is based on the performance of the Company's TSR relative to the TSR of the companies in our performance peer group during the three-year performance period ending on December 31, 2021, subject to the Named Executive Officer's continued employment through such date. The PSUs granted in 2019 were subsequently cancelled and regranted on June 4, 2020 in order to ensure the availability of an exemption from liability under Section 16(b) of Exchange Act with respect to these awards. No changes were made to the terms of the awards in connection with the cancellation and regranting of such awards other than the date of grant.

(3) Other than as described in Note 5 below, amounts in this column reflect RSUs granted to the Named Executive Officers during 2019, which vest as to one-third on each of the first three anniversaries of the applicable date of grant, subject to the Named Executive Officer's continued employment through each such date.

(4) These amounts represent the aggregate grant date fair value of RSUs and PSUs granted in 2019 to the Named Executive Officers, computed in accordance with FASB ASC Topic 718, disregarding estimated forfeitures. The grant date fair value of the PSUs is based on probable outcome with regard to the applicable performance metrics. For information regarding assumptions underlying the valuation of equity awards, see Note 14 of the Consolidated Financial Statements in this Form 10-K.

(5) Mr. Gobe's award of 12,182 RSUs on July 11, 2019 was granted to Mr. Gobe pursuant to the Amended Director Compensation Policy in connection with his appointment as a member of the Board and as Chairman of the Board and will vest in full on the earliest to occur of (i) July 11, 2020, (ii) the day immediately preceding our 2020 annual meeting of stockholders and (iii) the occurrence of a Change in Control (as defined in the Incentive Plan and described below under

"Potential Payments Upon Termination or Change in Control—Incentive Plan Awards"), subject to Mr. Gobe's continued service through the applicable vesting date.

(6) Pursuant to the terms of the Incentive Plan, Mr. Howell forfeited all of his unvested RSUs and PSUs in connection with his September 29, 2019 separation, as described below in "Outstanding Equity Awards for Fiscal Year Ended December 31, 2019" and "Potential Payments Upon Termination or Change in Control—Howell Separation Agreement."

(7) Pursuant to the terms of the Denholm Separation Agreement (as defined and described in "Potential Payments Upon Termination or Change in Control—Denholm Separation Agreement), Mr. Denholm forfeited all of the unvested RSUs and PSUs that did not become vested in connection with his December 8, 2019 separation, as describe below in "Outstanding Equity Awards for Fiscal Year Ended December 31, 2019."

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

Employment Agreements with Messrs. Redman, Smith, Sledge and Howell

Prior to Mr. Howell's September 29, 2019 resignation and Mr. Redman's March 13, 2020 resignation, we were party to employment agreements with each of Messrs. Redman, Smith, Sledge and Howell. The employment agreements provide for an initial two-year term with an automatic renewal for successive one year terms unless either party gives notice of non-extension to the other no later than 90 days prior to the expiration of the then-applicable term.

The employment agreements provide for initial base salaries of $250,000 for each of Messrs. Redman, Smith, Sledge and Howell.

For Messrs. Redman, Smith and Sledge, the employment agreements provide that such Named Executive Officers will be eligible to receive an annual cash bonus in an amount up to 50% of the Named Executive Officer's annual base salary, based upon individual and Company annual performance targets established by the Board in its sole discretion, stock option awards in connection with the IPO of the Company and four weeks of paid vacation. Pursuant to the terms of the employment agreements, the Board has the discretion to determine the amount of the annual bonuses payable based on achievement of such performance goals.

Mr. Howell's employment agreement provides that he will be eligible to receive an annual cash bonus in an amount commensurate with other public company executive officers, based upon individual and Company annual performance targets established by the Board in its sole discretion, and equity awards on a basis commensurate with other public company executive officers. In addition, Mr. Howell's employment agreement provided for a reimbursement for all reasonable expenses that he incurred in connection with his relocation to the Midland, Texas area. Pursuant to the terms of the employment agreement, the Board has the discretion to determine the amount of the annual bonuses payable based on achievement of such performance goals.

As described below in "Potential Payments Upon Termination or Change in Control—Employment Agreements—Employment Agreements with Messrs. Redman, Smith and Sledge," pursuant to the employment agreements with Messrs. Redman, Smith, Sledge and Howell, upon termination of employment by the Company without Cause or by the Named Executive Officer for Good Reason, each Named Executive Officer is eligible to receive certain severance payments and benefits. Each Named Executive Officer will be required to execute a release of claims in favor of the Company in order to receive his severance benefits. The agreements also contain noncompetition covenants that apply through one year following termination of employment and non-solicitation covenants that apply through three years following termination of employment.

Employment Agreement with Mr. Wilson

On September 25, 2019, the Company entered into an employment agreement with Mr. Wilson appointing him as General Counsel and Corporate Secretary, effective September 30, 2019 (the "Wilson Employment Agreement"). The Wilson Employment Agreement provides for an initial two-year term with an automatic renewal for successive one year terms unless either party gives notice of non-extension to the other no later than 30 days prior to the expiration of the then-applicable term.

The Wilson Employment Agreement provides for (i) an annualized base salary of $400,000, (ii) eligibility to receive an annual cash bonus with a target value of 75% of Mr. Wilson's base salary under the Bonus Plan (prorated for 2019 based on months of service as General Counsel and Corporate Secretary), (iii) cash retention bonuses equal to $25,000 each, to be paid on the first and second anniversaries of the effective date and (iv) four weeks of paid vacation.

As described below in "Potential Payments Upon Termination or Change in Control—Employment Agreements—Employment Agreement with Mr. Wilson," pursuant to the Wilson Employment Agreement, upon termination of employment by the Company without Cause or by Mr. Wilson for Good Reason, Mr. Wilson is eligible to receive certain severance payments and benefits. Mr. Wilson will be required to execute a release of claims in favor of the Company in order to receive his severance benefits. The Wilson Employment Agreement also contains noncompetition and non-solicitation covenants that apply through one year following termination of employment.

Letter Agreements with Messrs. Redman and Smith

In connection with Mr. Redman's removal as principal executive officer, the Company entered into a letter agreement with Mr. Redman effective October 3, 2019 (the "Redman Letter Agreement"). The Redman Letter Agreement describes Mr. Redman's responsibilities, outlines the reporting relationship of each of the Company's executive officers and includes Mr. Redman's acknowledgment of and consent to these changes. The Redman Letter Agreement also confirms that Mr. Redman's base salary and annual cash bonus opportunity under the Bonus Plan will remain unchanged and subject to Board discretion, and that his annual equity awards under the Incentive Plan will continue to be determined by the Compensation Committee in its sole discretion. The Redman Letter Agreement does not amend or supersede the employment agreement by and between the Company and Mr. Redman, effective April 17, 2013 (the "Redman Employment Agreement"), and confirms that the Redman Employment Agreement shall remain in full effect.

On October 3, 2019, the Company entered into a letter agreement with Mr. Smith memorializing the terms of his revised role as Chief Administrative Officer (the "Smith Letter Agreement"). The Smith Letter Agreement describes Mr. Smith's responsibilities and compensation as Chief Administrative Officer, including (i) an annualized base salary of $425,000, (ii) eligibility to receive an annual cash bonus under the Bonus Plan with a target value of 65% of his base salary (provided, that his 2019 bonus opportunity will take into account his position, duties and compensation prior to and following his appointment as Chief Administrative Officer and will remain subject to Board discretion) and (iii) continued eligibility to receive annual equity awards under the Incentive Plan as determined by the Compensation Committee of the Board in its sole discretion. The Smith Letter Agreement contains Mr. Smith's acknowledgment of and consent to the aforementioned changes and provides that the Smith Employment Agreement, is deemed to be amended by the Smith Letter Agreement to the extent that any provision of the Smith Employment Agreement is inconsistent with the terms of the Smith Letter Agreement.

Letter Agreements with Messrs. Gobe and Holderness

On October 3, 2019, the Company entered into a letter agreement with Mr. Gobe memorializing the terms of his role as Executive Chairman (the "Gobe Letter Agreement"). Pursuant to the Gobe Letter Agreement, Mr. Gobe will receive an annualized base salary of $450,000 and will be eligible (i) to receive an annual cash bonus with a target value of 60% of his base salary under the Bonus Plan (prorated for 2019 based on months of service as Executive Chairman) and (ii) in 2020, to receive an equity award under the Incentive Plan with a grant date target value of approximately $637,500.

On October 3, 2019, the Company also entered into a letter agreement with Mr. Holderness memorializing the terms of his role as Interim Chief Financial Officer (the "Holderness Letter Agreement"). Pursuant to the Holderness Letter Agreement, Mr. Holderness will receive an annualized base salary of $500,000 and reimbursement by the Company for reasonable expenses for temporary housing and travel incurred while performing services as Interim Chief Financial Officer. The Holderness Letter Agreement also provides that Mr. Holderness will be eligible (i) to receive an annual cash bonus under the Bonus Plan with a target value of 75% of his base salary (prorated for 2019 based on months of service as Interim Chief Financial Officer) and (ii) in 2020, to receive an equity award under the Incentive Plan with a grant date target value of approximately $1,000,000. So long as Mr. Holderness has aided in identifying, training and successfully transitioning his successor prior to his termination of employment, he will be eligible to receive a pro-rata bonus for the year in which his employment with the Company terminates, calculated based on the portion of such calendar year that he is employed by the Company and the performance of the Company for that full calendar year. See "Potential Payments Upon Termination or Change in Control—Holderness Agreements").

Perquisites

As described in Note 4 to the Summary Compensation Table, in 2017 and 2018 the Company unintentionally provided certain perquisites to Messrs. Redman and Smith due to inadequate expense documentation associated with the Company's expense reimbursement practices. The Company has remediated the internal and disclosure control deficiencies that led to the provision and nondisclosure of these benefits. The Company has also adopted enhanced documentation requirements and revised key internal control policies and procedures with an emphasis on transactions involving related parties or potential conflicts of interest and travel and entertainment expense reimbursement. Messrs. Redman and Smith have each reimbursed the Company for these amounts.

In addition, during 2017 and 2018, the Company provided certain sporting and event tickets to Mr. Redman, made charitable donations on behalf of Messrs. Redman and Sledge, and employed pilots to fly Mr. Redman's personal plane for both personal and business flights, providing them with salary and health benefits. The Company did not request the Named Executive Officers to reimburse these amounts, but these perquisites are no longer provided by the Company.

The Company has increased the amounts reported in the Summary Compensation Table in the "All Other Compensation" column for each of 2017 and 2018 as appropriate and included additional disclosure in the footnotes thereto to rectify this oversight in the prior disclosures.

Outstanding Equity Awards for Fiscal Year Ended December 31, 2019

The following table reflects information regarding outstanding and unvested stock options, RSUs and PSUs held by our Named Executive Officers as of December 31, 2019.

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested(4) (#)	Market Value of Shares or Units of Stock That Have Not Vested(5) ($)	Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested(6) (#)	Equity Incentive Plan Awards: Market Value of Unearned Shares That Have Not Vested(5) ($)
Phillip A. Gobe	—	—	—	—	21,459	241,414	—	—
	—	—	—	—	—	—	18,554	208,733
Dale Redman	699,852(1)	—	3.96	6/14/2023	—	—	—	—
	501,540(2)	—	2.25	7/19/2026	—	—	—	—
	59,994(3)	59,994	14.00	3/16/2027	—	—	—	—
	—	—	—	—	160,596	1,806,705	—	—
	—	—	—	—	—	—	320,978	3,611,003
Darin G. Holderness	—	—	—	—	14,552	163,710	—	—
	—	—	—	—	—	—	29,104	327,420
Jeffrey D. Smith	699,852(1)	—	3.96	6/14/2023	—	—	—	—
	310,971(2)	—	2.25	7/19/2026	—	—	—	—
	59,994(3)	59,994	14.00	3/16/2027	—	—	—	—
	—	—	—	—	57,752	649,710	—	—
	—	—	—	—	—	—	116,628	1,312,065
David Sledge	586,755(1)	—	3.96	6/14/2023	—	—	—	—
	231,019(2)	—	2.25	7/19/2026	—	—	—	—
	59,994(3)	59,994	14.00	3/16/2027	—	—	—	—
	—	—	—	—	52,885	594,956	—	—
	—	—	—	—	—	—	104,966	1,180,868
Newton W. "Trey" Wilson III	—	—	—	—	14,552	163,710	—	—
	—	—	—	—	—	—	29,104	327,420
Mark Howell	—	—	—	—	—	—	—	—
Ian Denholm	13,869 (3)	—	14.00	10/3/2020	—	—	—	—

(1) On June 14, 2013, Messrs. Redman, Smith and Sledge were each granted 699,852 options to purchase our common stock that vested in equal annual installments on June 14, 2014, June 14, 2015, June 14, 2016 and June 14, 2017. Mr. Sledge exercised a portion of such options on March 16, 2017 via "cashless exercise" such that Mr. Sledge did not have to deliver any cash to exercise such stock options but the number of shares of common stock delivered by the Company upon the exercise of such stock options was reduced by the number of shares equal to the value of the exercise price and the applicable tax withholding.

(2) On July 19, 2016, Messrs. Redman, Smith and Sledge were granted 501,540, 310,971 and 231,019 options to purchase our common stock, respectively, that were originally scheduled to vest in equal installments December 31, 2016, June 30, 2017, December 31, 2017, June 30, 2018, and December 30, 2018. However, in connection with our IPO, we fully accelerated the vesting of the unvested portions of these options.

(3) These amounts reflect option awards granted under the Incentive Plan in connection with our IPO on March 16, 2017. Such awards vest in four substantially equal annual installments commencing on the first anniversary of the grant date. In connection with Mr. Denholm's separation and pursuant to the terms of the Denholm Separation Agreement (as defined and described below in "Potential Payments Upon Termination or Change in Control—Denholm Separation Agreement"), a pro-rata portion of the stock options granted under the Incentive Plan to Mr. Denholm vested on December 8, 2019, based on months of service during the applicable vesting period, and the exercise period for the vested stock options granted to Mr. Denholm under the Incentive Plan was extended until October 3, 2020. The remainder of Mr. Denholm's unvested stock options were forfeited upon his separation, pursuant to the terms of the Incentive Plan and the applicable award agreement thereunder.

(4) The amounts in this column represent RSU awards held by each Named Executive Officer which, other than as described for Mr. Gobe, vest pro-rata over the applicable remaining vesting dates as follows, subject to the Named Executive Officer's continued employment:

Name	Number of Unvested RSUs on 12/31/2019	Remaining Vesting Dates
Phillip A. Gobe (a)	12,182	First to occur of (i) July 11, 2020, (ii) the day prior to our 2020 annual meeting of stockholders or (iii) the date of a Change in Control
	9,277	October 7, 2020, October 7, 2021 and October 7, 2022
Dale Redman	24,191	June 5, 2020
	48,170	April 18, 2020 and April 18, 2021
	88,235	March 18, 2020, March 18, 2021 and March 18, 2022
Darin G. Holderness	14,552	October 7, 2020, October 7, 2021 and October 7, 2022
Jeffrey D. Smith	9,072	June 5, 2020
	19,268	April 18, 2020 and April 18, 2021
	29,412	March 18, 2020, March 18, 2021 and March 18, 2022
David Sledge	9,072	June 5, 2020
	17,342	April 18, 2020 and April 18, 2021
	26,471	March 18, 2020, March 18, 2021 and March 18, 2022
Newton W. "Trey" Wilson III	14,552	October 7, 2020, October 7, 2021 and October 7, 2022

(a) For Mr. Gobe, these amounts include a grant of RSUs made pursuant to the Amended Director Compensation Policy in connection with his appointment as a member of the Board and as Chairman of the Board on July 11, 2019. See "Director Compensation" for more information.
Any unvested RSUs held by Mr. Howell were forfeited and cancelled in accordance with the terms of such award agreements in connection with his September 29, 2019 separation, as described below in "Potential Payments Upon Termination or Change in Control—Howell Separation Agreement." In connection with Mr. Denholm's separation and pursuant to the terms of the Denholm Separation Agreement (described below under "Potential Payments Upon Termination or Change in Control—Denholm Separation Agreement"), a pro-rata portion of the RSUs granted to Mr. Denholm during the 2019 calendar year were vested on December 8, 2019, based on months of service during the applicable vesting period.

(5) The amounts in this column were calculated by multiplying $11.25, the closing price of our common stock on December 31, 2019, by the number of awards reported.

(6) Pursuant to the applicable SEC rules, the amounts in this column and in the table below reflect the maximum number of PSUs held by each Named Executive Officer which may vest, if at all, based on the performance of the Company's stock relative to a peer group during the applicable three-year performance period as shown in the below table. The actual number of PSUs earned based on actual performance over the full performance period may range from 0% to 100% of the amount below. All outstanding PSUs, including PSUs granted in 2018 and 2019, were subsequently cancelled and regranted on June 4, 2020 in order to ensure the availability of an exemption from liability under Section 16(b) of the Exchange Act with respect to these awards. No changes were made to the terms of the awards in connection with the cancellation and regranting of such awards other than the date of grant.

Name (a)	Maximum Number of Unvested PSUs on 12/31/2019	Applicable Performance Period End Date
Phillip A. Gobe	18,554	December 31, 2021
Dale Redman	144,508	December 31, 2020
	176,470	December 31, 2021
Darin G. Holderness	29,104	December 31, 2021
Jeffrey D. Smith	57,804	December 31, 2020
	58,824	December 31, 2021
David Sledge	52,024	December 31, 2020
	52,942	December 31, 2021
Newton W. "Trey" Wilson III	29,104	December 31, 2021

(a) Any unvested PSUs held by Mr. Howell were forfeited and cancelled in accordance with the terms of such award agreements in connection with his September 29, 2019 separation, as described below in "Potential Payments Upon Termination or Change in Control—Howell Separation Agreement." In connection with Mr. Denholm's separation and pursuant to the terms of the Denholm Separation Agreement (described below under "Potential Payments Upon Termination or Change in Control—Denholm Separation Agreement"), a pro-rata portion of the PSUs granted to Mr. Denholm during the 2019 calendar year were vested on December 8, 2019, based on target performance and months of service during the applicable performance period.

2019 Option Exercises and Stock Vested

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (1) (#)	Value Realized on Vesting (2) ($)
Phillip A. Gobe	—	—	—	—
Dale Redman	—	—	120,842	1,829,848
Darin G. Holderness	—	—	—	—
Jeffrey D. Smith	—	—	45,919	700,494
David Sledge	—	—	44,955	677,628
Newton III "Trey" Wilson	—	—	—	—
Mark Howell	—	—	11,828	247,659
Ian Denholm	—	—	9,449	125,253

(1) This column reflects the RSUs and PSUs held by each Named Executive Officer that vested during 2019, except as noted below for Mr. Denholm. The target number of PSUs granted to the Named Executive Officers in 2017 vested. For Messrs. Howell and Denholm, this column reflects the RSUs held each Named Executive Officer that vested in accordance with their applicable vesting schedules prior to their respective separations. For Mr. Denholm, this amount also includes the accelerated vesting of certain of his outstanding RSUs and PSUs, based up target performance, as provided for in the Denholm Separation Agreement and as described below under "Potential Payments Upon Termination or Change in Control—Denholm Separation Agreement."

(2) This column reflects the aggregate market value realized by each Named Executive Officer upon vesting, calculated by multiplying the number of RSUs and PSUs that vested (including shares withheld for tax withholding purposes) by the closing price of our common stock on the applicable vesting date.

Pension Benefits

We do not sponsor any qualified or non-qualified defined benefit pension plans.

Nonqualified Deferred Compensation

We do not have any non-qualified deferred compensation plans.

Potential Payments upon Termination or Change in Control

Employment Agreements

On December 31, 2019, we were party to employment agreements with each of Messrs. Redman, Smith, Sledge and Wilson. Prior to his September 29, 2019 resignation, we were also party to an employment agreement with Mr. Howell, but his severance amounts were not determined in accordance with his employment agreement and are described below under "—Howell Separation Agreement." As of December 31, 2019, none of our other Named Executive Officers are party to an employment agreement or any other agreement that provides for severance payments or benefits. As of the filing of this Annual Report, we were not a party to any employment or letter agreements with any of our Named Executive Officers, other than Mr. Sledge, that provide for severance payments or benefits. Certain of our Named Executive Officers are participants in the Executive Severance Plan, which is described in detail below in the sub-section entitled "Actions Taken Following December 31, 2019."

Employment Agreements with Messrs. Redman, Smith and Sledge

The employment agreements with Messrs. Redman, Smith and Sledge provide such Named Executive Officers with the following severance payments and benefits upon their termination of employment without "Cause" or resignation for "Good Reason" (each as defined below):

- Lump sum payment equal to the amount of earned but unpaid base salary, reimbursement for all incurred but unreimbursed expenses and the value of all accrued but unused vacation (the "Standard Accrued Amounts");
- One times the sum of (i) the Named Executive Officer's current annualized base salary and (ii) the amount of the Named Executive Officer's annual bonus paid for the year prior to the year of termination, payable in equal installments in accordance with normal payroll practices for the 12 months following the termination date;
- Payment of any earned but unpaid annual bonus for the year prior to the year of the termination, payable at the time such bonuses are paid to other executives; and
- Reimbursement for the excess of the premiums for continued health coverage for the Named Executive Officer, his spouse and his eligible dependents under the Company's group health plans in accordance with COBRA over the current employee rates for up to 12 months, or if earlier, the date that the Named Executive Officer becomes covered under another employer's group health plans.

To receive the above described severance payments and benefits, each Named Executive Officer must execute a release of claims in favor of the Company and comply with the terms of his employment agreement, including a one-year non-competition and three-year non-solicitation obligation as well as a perpetual confidentiality and non-disparagement obligation.

Only the Standard Accrued Amounts are payable in the event of the Named Executive Officer's termination due to his death or "Disability" (as defined below), and the Named Executive Officers are not entitled to enhanced severance payments or benefits upon termination in connection with or following a change in control.

As used in the employment agreements with Messrs. Redman, Smith and Sledge, the following terms generally mean:

- "Cause" generally means the Named Executive Officer's (i) willful failure or refusal (other than due to Disability) to perform obligations or any lawful directive from the Board, subject to a 30-day cure period, (ii) commission, conviction, plea of no contest, plea of *nolo contendere* or imposition of unadjudicated probation for any felony or crime involving moral turpitude, (iii) unlawful use or possession of illegal drugs on the Company's premises or while performing duties, (iv) fraud, embezzlement, misappropriation, misconduct, conversion of assets of the Company or breach of fiduciary duty or (v) material breach of the employment agreement or any agreement with the Company or its affiliates, subject to a 30-day cure period.
- "Good Reason" generally means (i) the material diminution in the Named Executive Officer's base salary, authority, duties, or responsibilities or (ii) the material breach by the Company of any of its obligations under the employment agreement, in each case, subject to a 90-day notice period, 30-day cure period and the Named Executive Officer's resignation within six months of the end of the cure period.

- “Disability” generally means the Named Executive Officer’s inability to engage in substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or last for at least 12 continuous months.

Employment Agreement with Mr. Wilson

On September 25, 2019, we entered into the Wilson Employment Agreement that provides Mr. Wilson with the following severance payments and benefits upon his termination of employment without “Cause” or resignation for “Good Reason” (each as defined below):

- Lump sum payment equal to the amount of earned but unpaid base salary (the “Wilson Accrued Amounts”); and

- One times (or, if such termination or resignation, as applicable, occurs within 12 months following a “Change in Control” (as defined in the Incentive Plan and as described below), one and one half times) the sum of (i) the Mr. Wilson’s then-current annualized base salary and (ii) the target amount of Mr. Wilson’s annual bonus for the year of the termination, payable in equal installments in accordance with normal payroll practices for the 12 months following the termination date.

To receive the above described severance payments and benefits, Mr. Wilson must execute a release of claims in favor of the Company and comply with the terms of the Wilson Employment Agreement, including a one-year non-competition and one-year non-solicitation obligation as well as a perpetual confidentiality obligation.

Only the Wilson Accrued Amounts are payable in the event of the Mr. Wilson’s termination due to his death or “Disability” (as defined below).

As used in the Wilson Employment Agreement, the following terms generally mean:

- “Cause” generally means Mr. Wilson’s (i) material breach of the employment agreement or any other agreement with the Company or its affiliates, subject to a 30-day notice and 15-day cure period, (ii) material breach of the Company’s or its affiliates’ policies or code of conduct applicable to Mr. Wilson, subject to a 30-day notice and 15-day cure period, (iii) material breach of any law applicable to the workplace or employment relationship, subject to a 30-day notice and 15-day cure period, (iv) gross negligence, material misconduct reflecting negatively on the Company, breach of fiduciary duty, fraud, theft or embezzlement, (v) conviction of or plea of *nolo contendere* to any felony (or state law equivalent) or any crime involving moral turpitude, (vi) material failure or refusal (other than due to Disability) to perform obligations or any lawful director from the Board or the Company’s principal executive officer, subject to a 30-day notice and 15-day cure period, (vii) unlawful use or possession of illegal drugs on the Company’s premises or while performing duties, (viii) failure to exercise the degree of care, skill and diligence as lawyers of ordinary skill and knowledge commonly possess and exercise or failure to act with undivided loyalty to the Company and its affiliates, subject to a 30-day notice and 15-day cure period, or (ix) failure to maintain a license to practice law in the state of Texas or failure to maintain good standing with the State Bar of Texas.

- “Good Reason” generally means (i) the material diminution in Mr. Wilson’s base salary, authority, duties, or responsibilities (provided that his removal from the board of directors or as an officer of any of the Company’s affiliates shall not constitute Good Reason), (ii) the material breach by the Company of any of its obligations under the employment agreement or (iii) Mr. Wilson’s relocation by more than 50 miles from his current place of business, in each case, subject to a 30-day notice period, 15-day cure period and Mr. Wilson’s resignation within 75 days of the end of the cure period.

- “Disability” generally means Mr. Wilson’s inability to perform the essential functions of his job due to physical or mental impairment for a period that exceeds 120 consecutive days or 180 total days in any 12-month period, as determined by the Board.

Holderness Agreements

On October 3, 2019, we entered into the Holderness Letter Agreement that provides Mr. Holderness with the eligibility to receive a pro-rata bonus for the year in which his employment with the Company terminates, calculated based on the portion of such calendar year that he is employed by the Company and the performance of the Company for that full calendar year and payable at the time that such annual bonuses are paid to other executives. The pro-rata bonus is only payable upon Mr. Holderness’s termination of employment if Mr. Holderness is deemed a “good leaver” (as defined below).

In addition, Mr. Holderness’s 2019 award agreements under the Incentive Plan provide Mr. Holderness with the following upon his termination of employment if Mr. Holderness is deemed a good leaver:

- Accelerated vesting of a pro-rata number of RSUs, calculated based on the number of days Mr. Holderness was employed by the Company during the applicable vesting period; and
- Deemed satisfaction of the applicable service requirement with respect to a pro-rata number of PSUs, calculated based on the number of days employed by the Company during the applicable performance period, which remain outstanding and eligible to vest subject to satisfaction of the applicable performance metrics through the end of the applicable performance period.

To receive the above described severance payments and benefits, Mr. Holderness must execute a release of claims in favor of the Company and comply with the terms of the Holderness Letter Agreement and Mr. Holderness's award agreements under the Incentive Plan, including a one-year non-competition and two-year non-solicitation obligation as well as a perpetual confidentiality obligation.

In the event of the Mr. Holderness's termination due to his death, "Disability" or "Retirement" (each as defined below in "—Incentive Plan Awards"), his RSU and PSU awards will be treated in accordance with the terms of the Incentive Plan, as described below in "—Incentive Plan Awards."

As used in the Holderness Letter Agreement and in the RSU and PSU award agreements with Mr. Holderness, "good leaver" generally means that Mr. Holderness has aided in identifying, training and successfully transitioning his successor prior to his termination of service.

Stock Option Plan Awards

The stock options granted under the Stock Option Plan are fully vested. The vested and outstanding stock options awarded under the Stock Option Plan will remain outstanding and exercisable for 90 days following a Named Executive Officer's termination of service without "Cause" or due to his resignation for "Good Reason" and will remain outstanding and exercisable for 12 months following a Named Executive Officer's termination of service due to his death or "Disability."

Only Messrs. Redman, Smith and Sledge hold stock options under the Stock Option Plan, and "Cause," "Good Reason" and "Disability" are each as defined under their employment agreements for purposes of the Stock Option Plan.

Incentive Plan Awards

Mr. Holderness's equity awards under the Incentive Plan are governed by the terms of the award agreements for Mr. Holderness described above under "—Holderness Agreements." All other Named Executive Officers' equity awards are subject to the following terms.

Pursuant to the Incentive Plan, in the event of a termination of employment of a Named Executive Officer due to his death, "Disability" or "Retirement," (i) all unvested RSUs and stock options that would have vested had the Named Executive Officer continued his service during the 12 months following the termination will vest on such termination or resignation date, and (ii) with respect to any unvested PSUs, if such termination of employment occurs within one year prior to the last day of the applicable performance period, the Named Executive Officer's unvested PSUs will remain outstanding and eligible to vest at the end of the applicable performance period.

In the event of a termination of a Named Executive Officer by the Company without "Cause" upon or within one year following a "Change in Control," all unvested RSUs, stock options and PSUs will immediately vest based on performance as of the date of the Change in Control. In the event of a termination of employment of a Named Executive Officer for any other reason, all unvested RSUs and PSUs will be forfeited immediately upon the termination.

Mr. Gobe's RSUs received for his service as a director under the Incentive Plan shall vest in full upon a Change in Control. Otherwise, such RSUs are governed by the terms set forth above. All of Mr. Gobe's equity awards received for his service as an executive officer under the Incentive Plan shall be governed in accordance with the terms set forth above.

To receive the above described severance payments and benefits, the Named Executive Officers must execute a release of claims in favor of the Company and comply with the terms of certain restrictive covenants, including a one-year non-competition and two-year non-solicitation obligation as well as a perpetual confidentiality and non-disparagement obligations.

As used in the Incentive Plan and the award agreements thereunder, "Cause" and "Disability" have the meaning set forth in each Named Executive Officer's employment agreement, or, if none, generally have the meanings set forth below. In addition, "Retirement" and "Change in Control" generally have the meanings set forth below.

- "Cause" generally means the Named Executive Officer's (i) willful failure to substantially perform his duties, (ii) willful failure to carry out, or comply with, in any material respect any lawful directive of our board of directors, (iii) commission at any time of any act or omission that results in, or may reasonably be expected to result in, a conviction, a plea of no contest, plea of *nolo contendere* or imposition of unadjudicated probation for any felony or crime involving moral turpitude, (iv) unlawful use (including being under the influence) or possession of illegal drugs on the Company's premises or while performing his duties and responsibilities, (v) commission at any time of any act of fraud, embezzlement, misappropriation, misconduct, conversion of assets of the Company or breach of fiduciary duty against the Company or (vi) material breach of the employment agreement or any other agreement with the Company, subject to certain procedural requirements.

- "Change of Control" generally means (i) any transaction or series of transactions whereby any person, other than the Company, any of its subsidiaries or any Company benefit plan, acquires beneficial ownership of 30% or more of the total combined voting power of the Company's securities, (ii) the current members of the Board cease to constitute a majority of the Board for any reason, (iii) the consummation by the Company of a merger, consolidation, reorganization or business combination or a sale of all or substantially all of the Company's assets, unless (a) the Company controls the successor entity, (b) no person owns 50% or more of the combined voting power of the successor entity or (c) the current members of the Board represent the majority of the successor entity's board or (iv) the tenth day following the complete dissolution of the Company.

- "Disability" generally means the Named Executive Officer's inability to engage in substantial gainful activity by reason of any medically determinable physical or mental impairment.

- "Retirement" generally means the termination of the Named Executive Officer's employment following his attainment of both (i) age 60 and (ii) ten years of service with the Company or one of its affiliates.

Quantification of Benefits on Termination

The table below quantifies the payments and benefits that would have been paid to our Named Executive Officers pursuant to the terms of the employment agreements and equity award agreements in the event of certain terminations of employment with us, had such terminations occurred on December 31, 2019.

Name	**Termination without Cause or Resignation for Good Reason (1) ($)**	**Termination as a Result of Death, Disability or Retirement (2) ($)**	**Termination Without Cause Within One Year Following a Change in Control (3) ($)**	**Resignation for Good Reason Within One Year Following a Change in Control (3) ($)**
Phillip A. Gobe				
Cash Severance (4)	—	—	—	—
Pro-Rata Bonus (5)	—	—	—	—
COBRA Subsidy (6)	—	—	—	—
RSU & PSU Acceleration (7)	—	171,833	345,780	137,048
Stock Option Acceleration (7)	—	—	—	—
Total	**—**	**171,833**	**345,780**	**137,048**
Dale Redman				
Cash Severance (4)	2,100,000	—	2,100,000	2,100,000
Pro-Rata Bonus (5)	—	—	—	—
COBRA Subsidy (6)	5,976	—	5,976	5,976
RSU & PSU Acceleration (7)	—	1,687,961	3,612,206	—
Stock Option Acceleration (7)	—	—		
Total	**2,105,976**	**1,687,961**	**5,718,182**	**2,105,976**

Name	Termination without Cause or Resignation for Good Reason (1) ($)	Termination as a Result of Death, Disability or Retirement (2) ($)	Termination Without Cause Within One Year Following a Change in Control (3) ($)	Resignation for Good Reason Within One Year Following a Change in Control (3) ($)
Darin G. Holderness				
Cash Severance (4)	—	—	—	—
Pro-Rata Bonus (5)	200,000	—	—	—
COBRA Subsidy (6)	—	—	—	—
RSU & PSU Acceleration (7)	66,814	54,563	327,420	—
Stock Option Acceleration (7)	—	—	—	—
Total	**266,814**	**54,563**	**327,420**	**—**
Jeffrey D. Smith				
Cash Severance (4)	1,175,000	—	1,175,000	1,175,000
Pro-Rata Bonus (5)	—	—	—	—
COBRA Subsidy (6)	5,976	—	5,976	5,976
RSU & PSU Acceleration (7)	—	645,941	1,305,743	—
Stock Option Acceleration (7)	—	—	—	—
Total	**1,180,976**	**645,941**	**2,486,719**	**1,180,976**
David Sledge				
Cash Severance (4)	1,275,000	—	1,275,000	1,275,000
Pro-Rata Bonus (5)	—	—	—	—
COBRA Subsidy (6)	5,980	—	5,980	5,980
RSU & PSU Acceleration (7)	—	591,503	1,185,390	—
Stock Option Acceleration (7)	—	—	—	—
Total	**1,280,980**	**591,503**	**2,466,370**	**1,280,980**
Newton W. “Trey” Wilson				
Cash Severance (4)	700,000	—	1,050,000	1,050,000
Pro-Rata Bonus (5)	—	—	—	—
COBRA Subsidy (6)	—	—	—	—
RSU & PSU Acceleration (7)	—	54,563	327,420	—
Stock Option Acceleration (7)	—	—	—	—
Total	**700,000**	**54,563**	**1,377,420**	**1,050,000**

(1) Amounts in this column reflect payments made upon termination by the Company without “Cause” or by the Named Executive Officer for “Good Reason.” For Mr. Gobe, such quoted terms are as defined in the applicable award agreement, and for Messrs. Redman, Smith, Sledge and Wilson, such quoted terms are as defined in his employment agreement, in each case, as described above. For purposes of this table, we are equating a termination without “Cause” or resignation for “Good Reason” with Mr. Holderness’s “good leaver” resignation and have included payments he would receive upon his separation as a “good leaver” in this column only.

(2) Amounts in this column reflect payments made upon termination as a result of the Named Executive Officer’s death, “Disability” or “Retirement.” For Messrs. Gobe and Holderness, such quoted terms are as defined in the applicable award agreement, and for Messrs. Redman, Smith, Sledge and Wilson, “Disability” is as defined in his employment agreement and “Retirement” is defined in the applicable award agreement, in each case, as described above. Currently, only Messrs. Smith and Sledge are Retirement eligible.

(3) Amounts in this column reflect payments made upon termination by the Company without Cause or by the Named Executive Officer for Good Reason, in each case, within 12 months following a “Change in Control.” As described above under “—Incentive Plan Awards,” RSUs, stock options and PSUs granted under the Incentive Plan are accelerated in connection with a Named Executive Officer’s termination without Cause within 12 months following a Change in Control but are not accelerated in connection with a Named Executive Officer’s resignation for Good Reason, whether or not such resignation follows a Change in Control. For purposes of this table, we are including the value of the 12,182 RSUs Mr. Gobe was granted as a director in these columns. However,

these RSUs would vest immediately upon Change in Control, whether or not Mr. Gobe is terminated without Cause within 12 months following such Change in Control.

(4) Pursuant to the employment agreements, upon termination of employment by the Company without Cause or by the Named Executive Officer for Good Reason, each Named Executive Officer with an employment agreement will receive the sum of his then current annual base salary and the amount of his annual bonus paid to him for the immediately preceding calendar year (or, for Mr. Wilson, the target amount of his annual bonus for the current calendar year), payable in 12 equal installments over the year following termination. Messrs. Gobe and Holderness are not party to an employment agreement and are not entitled to any cash severance.

(5) Pursuant to the terms of the Holderness Letter Agreement, Mr. Holderness is the only Named Executive Officer eligible to receive a pro-rata bonus, based upon the number of days Mr. Holderness was employed by the Company during the applicable calendar year, upon his separation as a "good leaver," as described above under "—Holderness Agreements." The full bonus paid to Mr. Holderness for performance during 2019 is included in the table because it was prorated based upon his service from October 3, 2019 to December 31, 2019 prior to payment. See "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Letter Agreements with Messrs. Gobe and Holderness."

(6) Pursuant to the employment agreements with Messrs. Redman, Smith and Sledge, upon termination of employment by the Company without Cause or by the Named Executive Officer for Good Reason, whether or not within 12 months following a Change in Control, the Company will reimburse the Named Executive Officer for the difference between the cost of the COBRA premiums and the cost for similarly-situated employees to effect such coverage under the Company's group health plans for up to 12 months following such termination. The COBRA reimbursement amount is based on the premiums in effect on December 31, 2019 and each applicable Named Executive Officer's elections in place on such date, which are assumed for purposes of this table to remain the same throughout the period for which the COBRA reimbursement would be available. Messrs. Gobe and Holderness are not party to an employment agreement and are not entitled to such benefit, and Mr. Wilson's employment agreement does not provide for this benefit.

(7) For the RSUs, these amounts are calculated by multiplying the number of RSUs that would have become vested upon the applicable event by $11.25, the closing price of our common stock on December 31, 2019. The unvested stock options have an exercise price of $14.00, which is $2.75 more than the market value of our common stock on December 31, 2019, so the value of any accelerated stock options has not been included in this table. These amounts are calculated for the PSUs by multiplying the number of PSUs that would become vested upon the applicable event by $11.25, the closing price of our common stock on December 31, 2019. The number of PSUs used in such calculation reflects actual performance as of December 31, 2019, which was at target for all outstanding PSUs. However, PSUs that vest as a result of (i) a Named Executive Officer's death, Disability or Retirement and (ii) Mr. Holderness' separation from service as a "good leaver" will vest based on actual performance as of the end of the applicable performance period, and, as a result, the amounts included reflect estimated payouts of such PSUs.

Howell Separation Agreement

On August 30, 2019, Mr. Howell and the Company entered into a Separation and General Release Agreement (the "Howell Separation Agreement"), pursuant to which Mr. Howell's employment with the Company terminated on September 29, 2019 (the "Howell Separation Date"). Under the Howell Separation Agreement, Mr. Howell became entitled to receive the following benefits, subject to his execution and non-revocation of a release of claims and continued compliance with certain restrictive covenants:

- Lump-sum cash payment equal to $725,000, payable shortly following the Howell Separation Date;
- Cash severance equal to $725,000, payable in equal installments during the one-year period following the Howell Separation Date; and
- Partially subsidized continuation coverage for Mr. Howell, his spouse and his eligible dependents under the Company's group health plans pursuant to COBRA for 12 months following the Howell Separation Date, or if earlier, the date Mr. Howell becomes covered under the group health plan of another employer.

Upon the Howell Separation Date, Mr. Howell forfeited all unvested equity awards in connection with his separation pursuant to the terms of the Incentive Plan.

The table below quantifies the value of the payments and benefits received or to be received by Mr. Howell pursuant to the Howell Separation Agreement.

Type of Benefits	Severance Payments($)
Cash Severance	1,450,000
COBRA Subsidy (1)	6,070
Total	**1,456,070**

(1) The COBRA reimbursement amount is based on the premium in effect on the Howell Separation Date and Mr. Howell's elections in place on such date, which are assumed for purposes of this table to remain the same throughout the 12-month period for which the COBRA reimbursement would be available.

Denholm Separation Agreement

On October 3, 2019, Mr. Denholm and the Company entered into a Separation and General Release Agreement (the "Denholm Separation Agreement") pursuant to which Mr. Denholm's employment with the Company terminated on December 8, 2019 (the "Denholm Separation Date"). Pursuant to the terms of the Denholm Separation Agreement, Mr. Denholm continued to receive the base salary and benefits to which he was entitled immediately prior to his resignation as Chief Accounting Officer until the Denholm Separation Date. Further, under the Denholm Separation Agreement, Mr. Denholm became entitled to receive the following benefits, subject to his execution and non-revocation of a release of claims and continued compliance with certain restrictive covenants:

- Cash severance equal to $490,000, payable in equal installments during the one-year period following the Howell Separation Date;
- Partially subsidized continuation coverage for Mr. Denholm, his spouse and his eligible dependents under the Company's group health plans pursuant to COBRA for 12 months following the Denholm Separation Date, or if earlier, the date Mr. Denholm becomes covered under the group health plan of another employer;
- Accelerated vesting of 2,995 stock options granted under the Incentive Plan;
- Accelerated vesting of 2,151 RSUs granted under the Incentive Plan;
- Deemed satisfaction of the applicable service requirement with respect to and accelerated vesting of 4,257 PSUs, based on target performance; and
- Extension of the exercise period of Mr. Denholm's stock options granted under the Incentive Plan that have become vested and are outstanding as of the Denholm Separation Date such that they shall not be forfeited on the 91st day following the Denholm Separation Date pursuant to the terms of the Incentive Plan but instead shall remain outstanding and eligible to vest until October 3, 2020.

In addition, the Company agreed to pay Mr. Denholm a lump sum payment equal to the value of all accrued but unused vacation in connection with his separation. Upon the Denholm Separation Date, Mr. Denholm forfeited all other unvested equity awards in connection with his separation pursuant to the terms of the Incentive Plan.

The table below quantifies the value of the payments and benefits received or to be received by Mr. Denholm pursuant to the Denholm Separation Agreement.

Type of Benefits	**Severance Payments ($)**
Vacation Payout	10,682
Cash Severance	490,000
COBRA Subsidy (1)	6,064
Stock Option Acceleration (2)	—
RSU Acceleration (2)	20,305
PSU Acceleration (2)	40,186
Total	**567,237**

(1) The COBRA reimbursement amount is based on the premium in effect on the Denholm Separation Date and Mr. Denholm's elections in place on such date, which are assumed for purposes of this table to remain the same throughout the 12-month period for which the COBRA reimbursement would be available.

(2) For the RSUs and PSUs, these amounts are calculated by multiplying the number of RSUs and PSUs that were vested on the Denholm Separation Date by $9.44, the closing price of our common stock on the last trading day prior to the Denholm Separation Date. The unvested stock options have an exercise price of $14.00, which is $4.56 more than the market value of our common stock on the Denholm Separation Date, so the value of any accelerated stock options has not been included in this table.

Actions Taken Following December 31, 2019

Redman Separation Agreement

On March 13, 2020, Mr. Redman and the Company entered into a Separation and Release Agreement (the "Redman Separation Agreement"), pursuant to which Mr. Redman's employment with the Company terminated on March 13, 2020 (the "Redman Separation Date"). Under the Redman Separation Agreement, Mr. Redman became entitled to receive the following benefits, subject to his execution and non-revocation of a release of claims and continued compliance with certain restrictive covenants, including additional restrictive covenants that result in a total of a five-year non-competition and non-solicitation obligation (an increase from the one-year non-competition and three-year non-solicitation obligation set forth in Mr. Redman's employment agreement):

- Lump-sum cash payment equal to $38,217 for his accrued but unused vacation days;
- Extension of the exercise period of Mr. Redman's stock options granted under the Stock Option Plan and the Incentive Plan that have become vested and are outstanding as of the Redman Separation Date such that they shall not be forfeited on the 91st day following the Redman Separation Date pursuant to the terms of the applicable plans but instead shall remain outstanding and eligible to vest until the one-year anniversary of the Redman Separation Date;
- The ability to exercise his vested and unexercised stock options using a "cashless exercise" during the extended exercise period such that Mr. Redman does not have to deliver any cash to exercise such stock options but the number of shares of common stock delivered by the Company upon the exercise of such stock options shall be reduced by the number of shares equal to the value of the exercise price and the applicable tax withholding; and
- Full reimbursement of the cost of continuation coverage for Mr. Redman, his spouse and his eligible dependents under the Company's group health plans pursuant to COBRA for 18 months following the Redman Separation Date, or if earlier, the date Mr. Redman becomes covered under the group health plan of another employer.

Mr. Redman forfeited all unvested equity awards in connection with his separation pursuant to the terms of the Incentive Plan.

The table below quantifies the value of the payments and benefits received or to be received by Mr. Redman pursuant to the Redman Separation Agreement.

Type of Benefits	**Severance Payments ($)**
Vacation Payout	38,217
Stock Option Extension (1)	679,239
"Cashless Exercise" of Stock Options	—
COBRA Subsidy (2)	8,965
Total	**726,421**

(1) The value of the stock option extension is equal to the incremental fair value of the modification of such awards, calculated in accordance with FASB ASC Topic 718.

(2) The COBRA reimbursement amount is based on the premium in effect on the Redman Separation Date and Mr. Redman's elections in place on such date, which are assumed for purposes of this table to remain the same throughout the 18-month period for which the COBRA reimbursement would be available.

Letter Agreement with Jeffrey D. Smith

Pursuant to the 2020 Smith Letter Agreement and in connection with Mr. Smith's appointment as Senior Advisor to the Chief Executive Officer, Mr. Smith's employment agreement was terminated as of March 13, 2020. Mr. Smith is no longer eligible to receive any cash severance benefits upon his termination of employment for any reason. As consideration for the removal of Mr. Smith's employment agreement, Mr. Smith received the ability to exercise his (i) vested and outstanding stock options under the Stock Option Plan for up to one year following his termination of employment and (ii) vested and outstanding stock options under the Incentive Plan for up to one year following the date he ceases to provide services to the Company, in each case, using a "cashless exercise" such that Mr. Smith does not have to deliver any cash to exercise such stock options but the number of shares of common stock delivered by the Company upon the exercise of such stock options shall be reduced by the number of shares equal to the value of the exercise price and the applicable withholding.

Amended Executive Severance Plan

On March 13, 2020, the Board adopted the Executive Severance Plan, pursuant to which the Named Executive Officers are eligible to receive severance payments and benefits, as described in more detail below. On April 10, 2020, the Board adopted the Amended Executive Severance Plan such that the severance amounts payable upon certain terminations of employment are calculated without taking into account any temporary reduction to a participant's annualized base salary in connection with a general reduction in base salaries that affects all similarly situated employees of the Company in substantially the same proportions, as determined by the Compensation Committee in its sole discretion.

Following the approval of the Executive Severance Plan and the Amended Executive Severance Plan, none of the Named Executive Officers other than Mr. Sledge have an employment agreement with the Company, and Messrs. Gobe, Holderness and Wilson each have entered into a participation agreement with the Company such that Mr. Gobe is a "Tier 1 Executive," Mr. Holderness is a "Tier 2 Executive" and Mr. Wilson is a "Tier 3 Executive" in the Amended Executive Severance Plan (each quoted term as defined in the Amended Executive Severance Plan and described below).

Upon the Named Executive Officer's termination without "Cause" or a resignation for "Good Reason" (each as defined in the Amended Executive Severance Plan and described below), participants in the Amended Executive Severance Plan will be eligible to receive the following benefits:

- A lump sum cash payment equal to 2.0 (for Tier 1 Executives), 1.5 (for Tier 2 Executives) or 1.0 (for Tier 3 Executives) times the sum of the participant's (i) annualized base salary then in effect and (ii) target annual bonus for the year in which the termination occurred;

- Any earned but unpaid bonus for the year preceding the year of termination based on the Company's actual performance, paid at the time such bonuses are paid to all other executives; and

- Reimbursement for a portion of the cost of continuation coverage for the participant and his or her spouse and eligible dependents under the Company's group health plans pursuant to COBRA for 12 months (or 18 months for Tier 1 Executives), unless such coverage is earlier terminated in accordance with the terms of the Amended Executive Severance Plan.

Upon a termination without Cause or a resignation for Good Reason within 12 months following a "Change in Control" (as defined in the Amended Executive Severance Plan), participants in the Amended Executive Severance Plan will be eligible to receive the following benefits:

- A lump sum cash payment equal to 3.0 (for Tier 1 Executives), 2.0 (for Tier 2 Executives) or 1.5 (for Tier 3 Executives) times the sum of the participant's (i) annualized base salary then in effect and (ii) target annual bonus as in effect immediately prior to the Change in Control;

- Any earned but unpaid bonus for the year preceding the year of termination based on the Company's actual performance, paid at the time such bonuses are paid to all other executives;

- A lump sum cash payment equal to a prorated target bonus for the year of termination based on days of service during the applicable calendar year; and

- Full reimbursement of the cost of continuation coverage for the participant and his or her spouse and eligible dependents under the Company's group health plans pursuant to the COBRA, for 12 months (or 18 months for Tier 1 Executives), unless such coverage is earlier terminated in accordance with the terms of the Amended Executive Severance Plan.

Additionally, if a participant's employment with the Company terminates as a result of his or her death or "Disability" (as defined in the Amended Executive Severance Plan), then the participant will be eligible to receive the following benefits:

- Any earned but unpaid bonus for the year preceding the year of termination based on the Company's actual performance, paid at the time such bonuses are paid to all other executives; and

- A lump sum cash payment equal to a prorated target bonus for the year of termination based on days of service during the applicable calendar year.

In order to receive any of the foregoing severance benefits under the Amended Executive Severance Plan, a participant must timely execute (and not revoke) a release of claims in favor of the Company and its affiliates. Further, the Amended Executive Severance Plan requires continued compliance with certain confidentiality, non-competition, non-solicitation and non-disparagement covenants as set forth in the award agreements under the Incentive Plan. If the severance benefits under the Amended Executive Severance Plan would trigger an excise tax for a participant under Section 4999 or Section 280G of the Internal Revenue Code of 1986, as amended, the Amended Executive Severance Plan provides that the participant's severance benefits will be reduced to a level at which the excise tax is not triggered, unless the participant would receive a greater amount without such reduction after taking into account the excise tax and other applicable taxes.

As used in the Amended Executive Severance Plan, the following terms generally mean:

- "Cause" generally means the Named Executive Officer's (i) material breach of the employment agreement or any other agreement with the Company or its affiliates, subject to a 30-day notice and 15-day cure period, (ii) material breach of the Company's or its affiliates' policies or code of conduct applicable to the Named Executive Officer, (iii) violation of any law applicable to the workplace or employment relationship, (iv) gross negligence, material misconduct reflecting negatively on the Company, breach of fiduciary duty, fraud, theft or embezzlement, (v) conviction of or plea of nolo contendere to any felony (or state law equivalent) or any crime involving moral turpitude, (vi) material failure or refusal (other than due to Disability) to perform obligations or any lawful director from the Board or an officer of the Company, subject to a 30-day notice and 15-day cure period, (vii) unlawful use or possession of illegal drugs on the Company's premises or while performing duties, (viii) failure to exercise the degree of care, skill and diligence as employees of ordinary skill and knowledge commonly possess and exercise, subject to a 30-day notice and 15-day cure period, or (ix) failure to act with undivided loyalty to the Company and its affiliates.

- "Change in Control" has the meaning given to it under the Incentive Plan.

- "Good Reason" generally means (i) the material diminution in the Named Executive Officer's base salary, unless in connection with a general reduction in base salaries that affects all similarly situated employees, (ii) material diminution in the Named Executive Officer's authority, duties, or responsibilities unless in connection with an internal investigation by the Company (provided that his removal from the board of directors or as an officer of any of the Company's affiliates shall not constitute Good Reason), (iii) the material breach by the Company of any of its obligations under the agreement or (iv) the Named Executive Officer's relocation by more than 50 miles from his current place of business, in each case, subject to a 30-day notice period, 15-day cure period and the Named Executive Officer's resignation within 75 days of the end of the cure period.

- "Disability" generally means the Named Executive Officer's inability to perform the essential functions of his job due to physical or mental impairment for a period that exceeds 120 consecutive days or 180 total days in any 12-month period, as determined by the Board.

Letter Agreement with David Sledge

On April 9, 2020, the Company entered into the Sledge Letter Agreement whereby, similar to the terms of the Amended Executive Severance Plan, Mr. Sledge's revised annualized base salary will not be used for purposes of calculating any severance payment that Mr. Sledge may become eligible to receive pursuant to the terms of the Sledge Employment Agreement.

CEO Pay Ratio

2019 CEO Pay Ratio

As of December 31, 2019, the Company employed approximately 2,200 people, all in the United States. Using a consistently applied compensation measure, we determined as of December 31, 2019 the total annual cash compensation of each of our employees (excluding our Former Chief Executive Officer), and then identified the "median employee" within our employee population.

To identify the median compensated employee, we used total annual cash compensation, including base salary, actual bonus paid and overtime and allowances as applicable. Salaries were annualized for those full and part-time employees who did not work for the full year. Reasonable estimates of cash compensation were made for those employees who were hired during 2019 using current base salary and target bonus amounts and any overtime or allowances paid during 2019. Once the median employee was identified, we determined his or her annual total compensation in accordance with Item 402(c)(2)(x) of Regulation S-K as required pursuant to SEC rules, which resulted in annual total compensation for the median employee equal to $92,370 for 2019. This calculation is the same calculation used to determine total compensation for purposes of the 2019 Summary Compensation Table with respect to each of the Named Executive Officers.

Our Former Chief Executive Officer's 2019 total compensation was $5,724,908. Therefore, the ratio of our Former Chief Executive Officer's compensation to the median employee's compensation as 62 to 1 for 2019.

SEC rules do not specify a single methodology for identification of the median employee, and other companies may use assumptions and methodologies that are different from those used by us in calculating their pay ratio. Accordingly, the pay ratio disclosed by other companies may not be comparable to the Company's pay ratio as disclosed above. Neither the Compensation Committee nor management of the Company used the pay ratio measure in making compensation decisions.

2018 CEO Pay Ratio

Due to the (i) previously inaccurate disclosure of our Former Chief Executive Officer's total compensation in 2018, as described in "-Summary Compensation Table" and "-Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table-Perquisites" and (ii) inadvertent annualization of certain temporary employees' compensation, the ratio of our Former Chief Executive Officer's compensation to the median employee's compensation for 2018 was unintentionally and incorrectly reported as 61 to 1 in our Proxy Statement on Schedule 14A for the fiscal year ended December 31, 2018.

To rectify this oversight in the prior disclosures, the Company has recalculated the ratio of our Former Chief Executive Officer's compensation to the median employee's compensation for 2018 using the methodology set forth above in "—2019 CEO Pay Ratio."

The annual total compensation for the median employee in 2018, as determined in accordance with Item 402(c)(2)(x) of Regulation S-K pursuant to SEC rules, was equal to $104,374. As corrected in the Summary Compensation Table and the footnotes thereto, our Former Chief Executive Officer's total compensation for 2018, also calculated in accordance with Item 402(c)(2)(x) of Regulation S-K, was $5,750,012. The correct ratio of our Former Chief Executive Officer's compensation to the median employee's compensation was 55 to 1 for 2018.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Principal Stockholders

The following table presents certain information as of June 9, 2020, based on 100,849,840 shares of common stock outstanding as of such date, as to:

- each stockholder known by us to be the beneficial owner of more than five percent of our outstanding shares of common stock,
- each director,
- each Named Executive Officer, and
- all current directors and executive officers as a group.

	Shares Beneficially Owned	
Name of Beneficial Owner (1)	**Number**	**Percentage**
5% Stockholders		
Pioneer Natural Resources Company **(2)**	16,600,000	16.5 %
BlackRock, Inc. **(3)**	13,105,996	13.0 %
THRC Holdings, L.P **(4)**	10,000,000	9.9 %
The Vanguard Group **(5)**	8,874,987	8.8 %
Directors and Named Executive Officers (6)		
Phillip A. Gobe	12,182	*
Darin G. Holderness	—	*
David Sledge	966,078	1.0 %
Newton III W. “Trey” Wilson	—	*
Dale Redman **(7)**	1,741,280	1.7 %
Jeffrey D. Smith **(8)**	1,193,500	1.2 %
Mark Howell **(9)**	8,634	*
Ian Denholm **(10)**	21,255	*
Spencer D. Armour III	614,953	*
Mark S. Berg	—	*
Anthony Best	16,027	*
Pryor Blackwell	45,453	*
Michele V. Choka	—	*
Alan E. Douglas	22,179	*
Jack B. Moore	22,179	*
All Directors and Executive Officers as a group (15 persons)	**4,663,720**	**4.6 %**

*Less than 1%.

(1) Unless otherwise indicated, the address for each beneficial owners in this table is c/o ProPetro Holding Corp., 1706 S. Midkiff, Midland, Texas 79701.

(2) Based on a Schedule 13D filed on January 7, 2019. Represents shares of our common stock beneficially owned by Pioneer. The shares of our common stock are directly owned by Pioneer Natural Resources Pumping Services LLC, a wholly owned subsidiary of Pioneer Natural Resources USA, Inc., which is a wholly owned subsidiary of Pioneer. The address of Pioneer and its subsidiaries is 5205 N. O’Connor Blvd., Suite 200, Irving, Texas 75039-3746.

(3) Based on a Schedule 13G filed on February 4, 2020. Represents shares of our common stock held by BlackRock, Inc. and certain of its affiliates, referred to collectively as BlackRock. BlackRock has sole voting power over 12,819,233 shares and sole dispositive power over 13,105,996 shares. The address for BlackRock is 55 East 52nd Street, New York, New York 10055.

(4) Based on a Schedule 13G Filed on April 3, 2020. Represents (i) 10,000,000 shares over which THRC Holdings, LP has shared voting power, and has shared dispositive power over 10,000,000 shares. The address for THRC Holdings, LP is 17018 IH 20, Cisco, Texas 76437.

(5) Based on a Schedule 13G Filed on February 12, 2020. Represents (i) 132,418 shares over which The Vanguard Group has sole voting power (ii) 12,081 shares over which The Vanguard Group has shared voting power, (iii) 8,742,895 over which The Vanguard Group has sole dispositive power, and (iv) 132,092 over which The Vanguard Group has shared dispositive power. Vanguard Fiduciary Trust Company, a wholly owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 120,011 shares as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 24,488 shares as a result of its serving as investment manager of Australian investment offerings. The address for these entities is 100 Vanguard Blvd., Malvern, Pennsylvania 19355.

(6) For each officer and director, includes shares of common stock that are issuable pursuant to options that are currently exercisable or exercisable within 60 days, and RSUs that are eligible to vest within 60 days.

(7) Mr. Redman resigned from his position as Chief Executive Officer on March 13, 2020. On January 18, 2017, Mr. Redman signed a pledge agreement for 371,200 shares (538,240 shares after the March 2017 stock split) of the Company's common stock to secure a personal loan. On March 28, 2017, Mr. Redman sold 370,370 shares of the Company's common stock, as part of the overallotment option exercised by the underwriters in the Company's initial public offering in March 2017, which brought Mr. Redman's stock ownership, at that time, to 167,870 shares of the Company's common stock covered by the pledge agreement, which we believe remains in effect.

(8) Mr. Smith ceased serving as an executive officer on March 13, 2020, but serves as a Special Advisor to the Chief Executive Officer.

(9) Mr Denholm resigned from his position as Chief Accounting Officer on October 3, 2019. Based on information set forth in a Form 4 filed with the SEC on June 11, 2019.

(10) Mr Howell resigned from his position as General Counsel and Corporate Secretary on August 30, 2019. Based on information set forth in a Form 4 filed with the SEC on June 11, 2019.

Equity Compensation Plan Information

The following table sets forth our issuance of awards under the Stock Option Plan of ProPetro Holding Corp., which was originally adopted in 2013 and subsequently amended (the "Stock Option Plan") and 2017 Incentive Award Plan as of December 31, 2019:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	5,435,926	$ 5.03	3,227,592
Equity compensation plans not approved by security holders	—	—	—
Total	5,435,926	$ 5.03	3,227,592

(1) Includes 3,622,763 option awards under the Stock Option Plan, and 677,325 option awards, 613,217 restricted share unit awards and 522,621 performance stock unit awards (assuming achievement of target payout of 100%) that have been granted under the 2017 Incentive Award Plan. The weighted average exercise price in column (b) does not take the restricted share unit awards or performance stock unit awards into account.

Item 13. Certain Relationships and Related Party Transactions, and Director Independence.

Related Party Transactions

Corporate Office Building

The Company rents its corporate office building and the associated real property from PD Properties, an entity which Dale Redman (our Former Chief executive Officer) has an equity interest. The rent expense on our corporate office building is approximately $0.1 million per year. During the year ended December 31, 2019, the Company incurred costs of approximately $1.6 million for improvements made to our corporate office building that we rent. In April 2020, the Company acquired the corporate office building and associated real property for approximately $1.5 million.

Operations and Maintenance Yards

The Company also rents five yards from South Midkiff Partners, LLC, an entity jointly owned by Dale Redman, David Sledge (our Chief Operating Officer), Jeff Smith (our Former Chief Financial Officer), and Spencer Armour (a director) and total annual rent expense for each of the five yards was approximately $0.03 million, $0.03 million, $0.1 million, $0.1 million, and $0.2 million, respectively. The Company also leased a yard from Sledge Ranches, LTD, which David Sledge has an equity interest, and with annual lease expense of approximately $0.11 million.

We lease a property adjacent to our corporate headquarters from 4 Industrial Loop Partners, LLC, an entity wholly owned by an affiliate of Bandera Ventures. For the year ended December 31, 2019, we paid approximately $0.4 million under the lease. The lease has a remaining term of approximately four years. Mr. Blackwell, one of our directors, through his approximately 33% interest in Bandera Ventures, may be deemed an indirect beneficiary of this lease.

Transportation and Equipment Rental

For the year ended December 31, 2019, the Company incurred costs for transportation services with Double T Aviation, LLC, an entity in which Dale Redman has an equity interest, of approximately $0.2 million.

The Company also rented equipment in Elk City, Oklahoma for our flowback operations from PD Properties, an entity which Dale Redman has an equity interest. For the year ended December 31, 2019, the Company incurred and paid approximately $0.2 million. This rental arrangement was terminated in January 2020.

Executive Officer Family Members

Jordan Frosch is our Vice President of Sales and Marketing and the son-in-law of Dale Redman. Mr. Frosch received total compensation of approximately $469,000 for his services for the year ended December 31, 2019.

Samuel D. Sledge is our Chief Strategy and Administrative Officer and the son of David Sledge. Samuel D. Sledge received total compensation of approximately $627,000 for his services for the year ended December 31, 2019.

David Sledge, our Chief Operating Officer, has a family relationship with an officer of Gravity Oilfield Services, who is an equipment rental vendor to the Company. The total equipment rental services provided by Gravity Oilfield Services to the Company was approximately $177,000 for the year ended December 31, 2019.

Newton III “Trey” Wilson, our General Counsel and Corporate Secretary, has a family relationship with an officer of Concho Resources Inc., who is a customer of the Company. The services provided to Concho Resources Inc. was approximately $527,000 for the year ended December 31, 2019.

Morgan Stovall was our former Corporate Controller and the daughter of Jeffrey D. Smith. Ms. Stovall received total compensation of approximately $438,000 for her services during the year ended December 31, 2019.

Pioneer

On December 31, 2018, we consummated the purchase of certain pressure pumping assets and real property in connection with the Pioneer Pressure Pumping Acquisition. In connection with the consummation of the Pioneer Pressure Pumping Acquisition and effective January 1, 2019, we became a long-term service provider to Pioneer, providing pressure pumping and related services for a term of up to ten years. Revenue from services provided to Pioneer was approximately$524.2 million for the year ended December 31, 2019. During 2019, the Company reimbursed Pioneer approximately$4.2 million for our portion of the retention bonuses paid to former Pioneer employees that were subsequently employed by the Company in connection with the Pioneer Pressure Pumping Acquisition.

Sand Supply Agreement

In November 2017, we entered into a five-year extension to an existing and supply agreement to provide Texas-sourced frac sand ("Texas sand"). Texas sand provided under the supply agreement will primarily be sourced from a mine located on land owned by an entity in which Dale Redman owns a 44% noncontrolling equity interest. Accordingly, Mr. Redman may be considered an indirect beneficiary of payments made under the lease between our supplier and the landowner. The supply agreement was negotiated by officers of the Company without the involvement of Mr. Redman, and reviewed and approved by the Audit Committee pursuant to its authority under our Related Party Transaction Policy. In considering the approval of the supply agreement, the Audit Committee retained independent legal and commercial expertise to assist in the evaluation of the agreement's commercial terms. Following its evaluation, the Audit Committee determined that the pricing and other provisions of the agreement reflected market terms, that the agreement reflected an arm's length negotiation, and that entry into the agreement was advisable and in the best interests of the Company. For the year ended December 31, 2019, the Company purchased approximately $44.3 million of Texas sand under the supply agreement, and Mr. Redman was an indirect beneficiary of approximately $1.5 million.

Policies and Procedures for Related Party Transactions

Any request for us to enter into a transaction with an executive officer, director, principal stockholder or any of such persons' immediate family members or affiliates, among others, in which the amount involved exceeds $120,000, must first be presented to our Audit Committee for review, consideration and approval. All of our directors and executive officers are required to report to the Audit Committee chair any such related person transaction. In approving or rejecting the proposed agreement, our Audit Committee shall consider the facts and circumstances available and deemed relevant to the Audit Committee, including, but not limited to, whether the transaction is on terms comparable to those that could be obtained in arm's-length dealings with an unrelated third party, the extent of the related party's interest in the transaction and the conflicts of interest and corporate opportunity provisions of our certificate of incorporation. If we should discover related person transactions that have not been approved, the Audit Committee will be notified and will determine the appropriate action, including ratification, revision or termination of such transaction.

Director Independence

The majority of the members of the Board, at any given time, must qualify as "independent" under the rules of the NYSE.

Our Board has undertaken a review of the independence of each of our directors and has affirmatively determined that each of Messrs. Best, Blackwell, Douglas, Moore and Ms. Choka are "independent," as defined by the NYSE rules. Under the NYSE rules, a director can be independent only if (a) the director does not trigger a categorical bar to independence and (b) our Board affirmatively determines that the director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company).

Based on information provided by the directors concerning their background, employment and affiliations, our Board has determined that these directors do not have a material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). In making this determination, our Board considered the current and prior relationships that each of the directors has with us, and all other facts and circumstances our Board deemed relevant in determining independence, including any beneficial ownership of our capital stock by each of the directors.

Item 14. Principal Accounting Fees and Services

The following table sets forth the fees incurred by us in fiscal years 2019 and 2018 for services performed by Deloitte & Touche LLP:

	Year Ended December 31,	
	2019	2018
Audit Fees (1)	$ 2,842,660	$1,481,585
Audit-Related Fees (2)	2,960,884	—
All Other Fees (3)	204,621	49,359
Total Fees	$ 6,008,165	$ 1,530,944

(1) Audit Fees include fees billed for professional services rendered for the audit of our annual consolidated financial statements, the audit of our system of internal control over financial reporting, the review of interim consolidated financial statements included in our quarterly reports, consents and comfort letters provided in connection with the filing of registration statements, other related services that are normally provided in connection with statutory and regulatory filings, and related out-of-pocket expenses.

(2) Audit-Related Fees include fees billed for professional services rendered in connection with the Expanded Audit Committee Review, and related out-of-pocket expenses.

(3) All Other fees consisted principally of fees for tax compliance and tax advice.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee assists our Board in overseeing (i) the integrity of our consolidated financial statements, (ii) our compliance with legal and regulatory requirements, (iii) the independent auditor's qualifications and independence, (iv) the performance of our independent auditor, and (v) the design and implementation of the Company's internal audit function, and the performance of the internal audit function after it has been established. In so doing, it is the responsibility of the Audit Committee to maintain free and open communication between the directors, the independent auditor and our financial management. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for us. The independent auditor reports directly to the Audit Committee.

Management is responsible for the preparation, presentation, and integrity of our consolidated financial statements, accounting and financial reporting principles, internal control over financial reporting, and procedures designed to ensure compliance with accounting standards, applicable laws, and regulations. Management is also responsible for objectively reviewing and evaluating the adequacy, effectiveness, and quality of our system of internal control over financial reporting. Our independent auditor, Deloitte & Touche LLP, is responsible for performing an independent audit of the consolidated financial statements.

The Audit Committee's responsibility is to monitor and oversee these processes and the engagement, independence and performance of our independent auditor. The Audit Committee relies, without independent verification, on the information provided to it and on the representations made by management and the independent auditor.

The Audit Committee has met with our independent auditor and discussed the overall scope and plans for their audit. The Audit Committee met with the independent auditor to discuss matters required to be discussed with audit committees under generally accepted auditing standards, including, among other things, matters related to the conduct of the audit of our consolidated financial statements and the matters required to be discussed by the statement on Auditing Standards No. 1301, as adopted by the Public Company Accounting Oversight Board.

Our independent auditor also provided to the Audit Committee the written disclosures and the letter required by applicable standards of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the Audit Committee concerning independence, and the Audit Committee discussed with the independent auditor its independence. When considering the independence of Deloitte & Touche LLP, the Audit Committee considered the non-audit services provided to the Company by the independent auditor and concluded that such services are compatible with maintaining the auditor's independence.

The Audit Committee has reviewed and discussed our audited consolidated financial statements for the fiscal year ended December 31, 2019 with management and Deloitte & Touche LLP. Based on the Audit Committee's review of the audited consolidated financial statements and the meetings and discussions with management and the independent auditors, and subject to the limitations on the Audit Committee's role and responsibilities referred to above and in the Audit Committee Charter, the Audit Committee recommended to our Board that our audited consolidated financial statements be included in this Annual Report on Form 10-K.

	By the Audit Committee of the Board of Directors,
	Anthony Best (Chair)
	Alan E. Douglas
	Jack B. Moore

Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services of Independent Registered Public Accounting Firm

The charter of the Audit Committee and its pre-approval policy require that the Audit Committee review and pre-approve the Company's independent registered public accounting firm's audit fees, audit-related fees, tax fees and fees for other services. The Chairman of the Audit Committee has the authority to grant pre-approvals that are within the pre-approval policy and are presented to the Audit Committee at a subsequent meeting. For the year ended December 31, 2019, the Audit Committee approved 100% of the services described above under the captions "Audit Fees," "Audit-Related Fees" and "All Other Fees".

Part IV

Item 15. Exhibits and Financial Statement Schedules.

(a)(1) Financial Statements

The Financial Statements in Item 8 are filed as part of this Annual Report.

(a)(2) Financial Statement Schedules

None.

(a)(3) Exhibits

The exhibits required to be filed by this Item 15(b) are set forth in the Exhibit Index included below.

(b) See Exhibit Index

(c) None

EXHIBIT INDEX

Exhibit Number	Description
2.1	Purchase and Sale Agreement, dated as of November 12, 2018, by and among Pioneer Natural Resources Pumping Services LLC, Pioneer Natural Resources USA, Inc. and ProPetro Holding Corp. (incorporated by reference herein to Exhibit 2.1 to ProPetro Holding Corp.'s Current Report on Form 8-K dated December 31, 2018).
3.1	Certificate of Incorporation of ProPetro Holding Corp., as amended March 16, 2017 (incorporated by reference herein to Exhibit 3.1 to ProPetro Holding Corp.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2017).
3.2	Amended and Restated Bylaws of ProPetro Holding Corp. (incorporated by reference herein to Exhibit 3.2 to ProPetro Holding Corp.'s Current Report on Form 8-K dated June 19, 2019).
3.3	Certificate of Designations of Series B Junior Participating Preferred Stock of ProPetro Holding Corp. (incorporated by reference herein to Exhibit 3.1 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated April 14, 2020).
4.1	Specimen Stock Certificate (incorporated by reference herein to Exhibit 4.1 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 23, 2017 (Registration No. 333-215940).
4.2	Investor Rights Agreement, dated as of December 31, 2018, by and between Pioneer Natural Resources Pumping Services LLC and ProPetro Holding Corp. (incorporated by reference herein to Exhibit 4.1 to ProPetro Holding Corp.'s Current Report on Form 8-K dated December 31, 2018).
4.3	Registration Rights Agreement, dated as of December 31, 2018, by and between Pioneer Natural Resources Pumping Services LLC and ProPetro Holding Corp. (incorporated by reference herein to Exhibit 4.2 to ProPetro Holding Corp.'s Current Report on Form 8-K dated December 31, 2018).
4.4(a)	Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.
4.5	Rights Agreement, dated as of April 14, 2020, by and between ProPetro Holding Corp. and American Stock Transfer & Trust Company, LLC (incorporated by reference herein to Exhibit 4.1 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated April 14, 2020).
10.1	Credit Agreement, dated as of March 22, 2017 by and among ProPetro Holding Corp., ProPetro Services, Inc., Barclays Bank PLC, as the Agent, the Collateral Agent, a Letter of Credit Issuer and the Swingline Lender, and each of the Lenders from time to time party thereto (incorporated by reference herein to Exhibit 10.2 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated March 28, 2017).
10.2#	Employment Agreement, dated April 17, 2013, by and between ProPetro Holding Corp. and Dale Redman (incorporated by reference herein to Exhibit 10.3 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).
10.3#	Employment Agreement, dated April 17, 2013, by and between ProPetro Holding Corp. and David Sledge (incorporated by reference herein to Exhibit 10.4 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).
10.4#	Employment Agreement, dated April 17, 2013, by and between ProPetro Holding Corp. and Jeffrey Smith (incorporated by reference herein to Exhibit 10.5 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).
10.5#	Stock Option Plan of ProPetro Holding Corp., dated March 4, 2013 (incorporated by reference herein to Exhibit 10.6 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).
10.6#	First Amendment to the Stock Option Plan of ProPetro Holding Corp., dated June 14, 2013 (incorporated by reference herein to Exhibit 10.7 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).
10.7#	Second Amendment to the Stock Option Plan of ProPetro Holding Corp., dated December 2, 2016 (incorporated by reference herein to Exhibit 10.8 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).
10.8#	Non-Qualified Stock Option Agreement, dated June 14, 2013, by and between ProPetro Holding Corp. and Dale Redman (incorporated by reference herein to Exhibit 10.9 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).
10.9#	Non-Qualified Stock Option Agreement, dated June 14, 2013, by and between ProPetro Holding Corp. and David Sledge (incorporated by reference herein to Exhibit 10.10 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).

10.10#	Non-Qualified Stock Option Agreement, dated June 14, 2013, by and between ProPetro Holding Corp. and Jeffrey Smith (incorporated by reference herein to Exhibit 10.11 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).
10.11#	Non-Qualified Stock Option Agreement, dated June 14, 2013, by and between ProPetro Holding Corp. and Spencer D. Armour, III (incorporated by reference herein to Exhibit 10.12 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).
10.12#	Non-Qualified Stock Option Agreement, dated July 19, 2016, by and between ProPetro Holding Corp. and Dale Redman (incorporated by reference herein to Exhibit 10.13 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).
10.13#	Non-Qualified Stock Option Agreement, dated July 19, 2016, by and between ProPetro Holding Corp. and David Sledge (incorporated by reference herein to Exhibit 10.14 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).
10.14#	Non-Qualified Stock Option Agreement, dated July 19, 2016, by and between ProPetro Holding Corp. and Jeffrey Smith (incorporated by reference herein to Exhibit 10.15 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).
10.15#	Non-Qualified Stock Option Agreement, dated July 19, 2016, by and between ProPetro Holding Corp. and Spencer D. Armour, III (incorporated by reference herein to Exhibit 10.16 to ProPetro Holding Corp.'s Registration Statement on Form S-1, dated February 7, 2017 (Registration No. 333-215940)).
10.16#	Form of ProPetro Holding Corp. 2017 Incentive Award Plan (incorporated by reference to Exhibit 10.18 to ProPetro Holding Corp.'s Registration Statement on Form S-1/A, dated March 7, 2017 (Registration No. 333-215940)).
10.17#	Form of ProPetro Holding Corp. Senior Executive Incentive Bonus Plan (incorporated by reference to Exhibit 10.19 to ProPetro Holding Corp.'s Registration Statement on Form S-1/A, dated February 23, 2017 (Registration No. 333-215940)).
10.18#	Amended and Restated ProPetro Holding Corp. Non-Employee Director Compensation Policy (incorporated by reference to Exhibit 10.2 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated July 12, 2019).
10.19#	Form of ProPetro Holding Corp. 2017 Incentive Award Plan Stock Option Grant Notice and Stock Option Agreement (incorporated by reference to Exhibit 10.22 to ProPetro Holding Corp.'s Registration Statement on Form S-1/A, dated February 23, 2017 (Registration No. 333-215940)).
10.20#	Form of ProPetro Holding Corp. Amendment to Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.23 to ProPetro Holding Corp.'s Registration Statement on Form S-1/A, dated February 23, 2017 (Registration No. 333-215940)).
10.21#	Amendment to Employment Agreement, dated April 17, 2013, by and between ProPetro Holding Corp. and Dale Redman (incorporated by reference herein to Exhibit 10.24 to ProPetro Holding Corp.'s Registration Statement on Form S-1/A, dated February 23, 2017 (Registration No. 333-215940)).
10.22#	Employment Agreement, dated February 17, 2017, by and between ProPetro Holding Corp. and Mark Howell (incorporated by reference herein to Exhibit 10.25 to ProPetro Holding Corp.'s Registration Statement on Form S-1/A, dated February 23, 2017 (Registration No. 333-215940)).
10.23#(a)	Amendment to Employment Agreement, dated May 28, 2019, by and between Mark Howell and ProPetro Holding Corp.
10.24#	2017 Form of ProPetro Holding Corp. 2017 Incentive Award Plan Performance Restricted Stock Unit Grant Notice and Performance Restricted Stock Unit Agreement (incorporated by reference herein to Exhibit 10.1 to ProPetro Holding Corp.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017).
10.25#	2017 Form of ProPetro Holding Corp. 2017 Incentive Award Plan Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (Employees) (incorporated by reference herein to Exhibit 10.2 to ProPetro Holding Corp.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017).
10.26#(a)	2019 Form of ProPetro Holding Corp. 2017 Incentive Award Plan Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (Employees).
10.27#(a)	2019 Form of ProPetro Holding Corp. 2017 Incentive Award Plan Performance Restricted Stock Unit Grant Notice and Performance Restricted Stock Unit Agreement.
10.28#(a)	2019 Form of ProPetro Holding Corp. 2017 Incentive Award Plan Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (Directors).
10.29#(a)	2019 Form of ProPetro Holding Corp. 2017 Incentive Award Plan Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (Holderness).
10.30#(a)	2019 Form of ProPetro Holding Corp. 2017 Incentive Award Plan Performance Restricted Stock Unit Grant Notice and Performance Restricted Stock Unit Agreement (Holderness).
10.31#	Letter Agreement, dated October 4, 2019, by and between Phillip Gobe and ProPetro Holding Corp. (incorporated by reference herein to Exhibit 10.1 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated October 9, 2019).

10.32#	Letter Agreement, dated October 4, 2019, by and between Dale Redman and ProPetro Holding Corp. (incorporated by reference herein to Exhibit 10.2 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated October 9, 2019).
10.33#	Letter Agreement, dated October 4, 2019, by and between Darin G. Holderness and ProPetro Holding Corp. (incorporated by reference herein to Exhibit 10.3 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated October 9, 2019).
10.34#	Letter Agreement, dated October 4, 2019, by and between Jeffrey Smith and ProPetro Holding Corp. (incorporated by reference herein to Exhibit 10.5 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated October 9, 2019).
10.35#	Separation and General Release Agreement, dated August 30, 2019, by and between Mark Howell and ProPetro Holding Corp. (incorporated by reference herein to Exhibit 10.1 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated August 30, 2019).
10.36#	Separation Agreement and Mutual Release, dated October 4, 2019, by and between Ian Denholm and ProPetro Holding Corp. (incorporated by reference herein to Exhibit 10.6 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated October 9, 2019).
10.37#	Separation Agreement and Release, dated March 13, 2020 by and between Dale Redman and ProPetro Holding Corp. (incorporated by reference herein to Exhibit 10.1 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated March 16, 2020).
10.38#	Letter Agreement, dated March 13, 2020, by and between Jeffery D. Smith and ProPetro Holding Corp. (incorporated by reference herein to Exhibit 10.2 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated March 16, 2020).
10.39#	ProPetro Services, Inc. Executive Severance Plan (incorporated by reference herein to Exhibit 10.3 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated March 16, 2020).
10.40#	Form of Participation Agreement pursuant to the ProPetro Services, Inc. Executive Severance Plan (incorporated by reference herein to Exhibit 10.4 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated March 16, 2020).
10.41#	Participation Agreement pursuant to the ProPetro Services, Inc. Executive Severance Plan, between Phillip A. Gobe and ProPetro Services, Inc., dated March 13, 2020 (incorporated by reference herein to Exhibit 10.5 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated March 16, 2020).
10.42#	Amended and Restated ProPetro Holding Corp. Executive Incentive Bonus Plan (incorporated by reference herein to Exhibit 10.1 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated February 18, 2020).
10.43#(a)	Employment Agreement, dated September 25, 2019, by and between ProPetro Holding Corp. and Newton W. Wilson III.
10.44	Amendment No. 1 to Credit Agreement, dated as of February 22, 2018 by and among ProPetro Holding Corp., ProPetro Services, Inc., the Incremental Lenders therein, the Required Lenders and Barclays Bank PLC, as Administrative Agent for the Lenders (incorporated by reference herein to Exhibit 10.1 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated February 27, 2018).
10.45	Amendment No. 2 to Credit Agreement, dated as of December 19, 2018, by and among ProPetro Holding Corp., ProPetro Services, Inc., the Incremental Lenders therein, the Required Lenders and Barclays Bank PLC, as Administrative Agent for the Lenders (incorporated by reference herein to Exhibit 10.1 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated December 21, 2018).
10.46	Pressure Pumping Services Agreement dated December 31, 2018, between Pioneer Natural Resources USA, Inc. and ProPetro Services, Inc. (incorporated by reference herein to Exhibit 10.31 to ProPetro Holding Corp.'s Annual Report on Form 10-K for the year ended December 31, 2018).
10.47	Form of Indemnification Agreement for Pioneer Designated Directors (incorporated by reference herein to Exhibit 10.32 to ProPetro Holding Corp.'s Annual Report on Form 10-K for the year ended December 31, 2018).
10.48	Form of Indemnification Agreement for Officers and Directors of ProPetro Holding Corp. (incorporated by reference herein to Exhibit 10.33 to ProPetro Holding Corp.'s Annual Report on Form 10-K for the year ended December 31, 2018).
10.49#	ProPetro Services, Inc. Amended and Restated Executive Severance Plan (incorporated by reference herein to Exhibit 10.1 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated April 10, 2020).
10.50#	Waiver to Credit Agreement, dated as of March 17, 2020 by and among ProPetro Holding Corp., ProPetro Services, Inc., Barclays Bank PLC, as the Agent, the Collateral Agent, a Letter of Credit Issuer and the Swingline Lender, and each of the Lenders from time to time party thereto (incorporated by reference herein to Exhibit 10.1 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated March 23, 2020).
10.51#(a)	Participation Agreement pursuant to the ProPetro Services, Inc. Executive Severance Plan, dated March 16, 2020, by and between Newton W. Wilson III and ProPetro Services, Inc.
10.52#	Letter Agreement, dated April 9, 2020, by and between David Sledge and ProPetro Holding Corp. (incorporated by reference herein to Exhibit 10.3 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated April 10, 2020).

10.53#(a)	Amended and Restated ProPetro Holding Corp. Non-Employee Director Compensation Policy.
10.54#(a)	2020 Form of ProPetro Holding Corp. 2017 Incentive Award Plan Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (Employees).
10.55#(a)	2020 Form of ProPetro Holding Corp. 2017 Incentive Award Plan Performance Restricted Stock Unit Grant Notice and Performance Restricted Stock Unit Agreement (Employees).
10.56#	Participation Agreement pursuant to the ProPetro Services, Inc. Executive Severance Plan, dated April 10, 2020, by and between Darin G. Holderness and ProPetro Services, Inc. (incorporated by reference herein to Exhibit 10.2 to ProPetro Holding Corp.'s Current Report on Form 8-K, dated April 10, 2020).
21.1(a)	List of Subsidiaries of ProPetro Holding Corp.
23.1(a)	Consent of Independent Registered Public Accounting Firm.
31.1(a)	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Exchange Act Rules, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2(a)	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Exchange Act Rules, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1(b)	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2(b)	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS(a)	XBRL Instance Document
101.SCH(a)	XBRL Taxonomy Extension Schema Document
101.CAL(a)	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB(a)	XBRL Taxonomy Extension Label Linkbase Document
101.PRE(a)	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF(a)	XBRL Taxonomy Extension Definition Linkbase Document
104(a)	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

(a) Filed herewith.

(b) Furnished herewith.

Compensatory plan, contract or arrangement.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on June 19, 2020.

ProPetro Holding Corp.

/s/ Phillip A. Gobe

Phillip A. Gobe
Chief Executive Officer and Chairman of the Board

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed by the following persons in the capacities indicated on the date indicated.

Signature	Title	Date
/s/ Phillip A. Gobe Phillip A. Gobe	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	June 19, 2020
/s/ Darin G. Holderness Darin G. Holderness	Chief Financial Officer (Principal Financial Officer)	June 19, 2020
/s/ Elo Omavuezi Elo Omavuezi	Chief Accounting Officer (Principal Accounting Officer)	June 19, 2020
/s/ Spencer D. Armour Spencer D. Armour, III	Director	June 19, 2020
/s/ Mark Berg Mark Berg	Director	June 19, 2020
/s/ Anthony Best Anthony Best	Director	June 19, 2020
/s/ Pryor Blackwell Pryor Blackwell	Director	June 19, 2020
/s/ Michele V. Choka Michele V. Choka	Director	June 19, 2020
/s/ Alan E. Douglas Alan E. Douglas	Director	June 19, 2020
/s/ Jack Moore Jack Moore	Director	June 19, 2020

Exhibit 4.4

DESCRIPTION OF REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The following description of our capital stock, amended and restated certificate of incorporation, amended and restated bylaws, and investor rights agreement does not purport to be complete and is qualified in its entirety by reference to the provisions of applicable law and to our amended and restated certificate of incorporation, amended and restated bylaws and investor rights agreement, which have been publicly filed with the SEC. For purposes of these descriptions, references to "the Company," "we," "our" and "us" refer only to ProPetro Holding Corp. and not to its subsidiaries.

Our authorized capital stock consists of:

- 200,000,000 shares of common stock, $0.001 par value; and
- 30,000,000 shares of preferred stock; $0.001 par value.

We list our common stock on the NYSE under the symbol "PUMP."

Common Stock

Except as provided by law or in a preferred stock designation, holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the shareholder, have the exclusive right to vote for the election of directors and do not have cumulative voting rights. Except as otherwise required by law, holders of common stock are not entitled to vote on any amendment to the amended and restated certificate of incorporation (including any certificate of designations relating to any series of preferred stock) that relates solely to the terms of any outstanding series of preferred stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the amended and restated certificate of incorporation (including any certificate of designations relating to any series of preferred stock) or pursuant to the Delaware General Corporation Law (the "DGCL"). Subject to prior rights and preferences that may be applicable to any outstanding shares or series of preferred stock, holders of common stock are entitled to receive ratably in proportion to the shares of common stock held by them such dividends (payable in cash, stock or otherwise), if any, as may be declared from time to time by our board of directors out of funds legally available for dividend payments. All outstanding shares of common stock are fully paid and non-assessable. The holders of common stock have no preferences or rights of conversion, exchange, preemption or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of our affairs, holders of common stock will be entitled to share ratably in our assets in proportion to the shares of common stock held by them that are remaining after payment or provision for payment of all of our debts and obligations and after distribution in full of preferential amounts to be distributed to holders of outstanding shares of preferred stock, if any.

Investor Rights Agreement

On December 31, 2018, we entered into the investor rights agreement with Pioneer Pumping Services, LLC ("Pioneer"), an affiliate of Pioneer Natural Resources Company. Pursuant to the investor rights agreement, Pioneer has the right to designate a non-independent director to the board of directors for so long as Pioneer owns 5% or more of our outstanding common stock.

Anti-Takeover Effects of Delaware Law

Section 203 of the DGCL prohibits a Delaware corporation, including those whose securities are listed for trading on the NYSE, from engaging in any business combination (as defined in Section 203) with any interested stockholder (as defined in Section 203) for a period of three years following the date that the stockholder became an interested stockholder, unless:

- the business combination or the transaction which resulted in the shareholder becoming an interested shareholder is approved by the board of directors before the date the interested shareholder attained that status;
- upon consummation of the transaction that resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or
- on or after such time the business combination is approved by the board of directors and authorized at a meeting of shareholders by at least two thirds of the outstanding voting stock that is not owned by the interested shareholder.

A corporation may elect not to be subject to Section 203 of the DGCL. We have elected to not be subject to the provisions of Section 203 of the DGCL.

Anti-Takeover Effects of Provisions of Our Amended and Restated Certificate of Incorporation and Our Amended and Restated Bylaws

Some provisions of the DGCL, our amended and restated certificate of incorporation and our amended and restated bylaws could make the following transactions more difficult: acquisitions of us by means of a tender offer, a proxy contest or otherwise or removal of our directors. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price for our shares.

Among other things, our amended and restated certificate of incorporation and amended and restated bylaws:

- establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our stockholders. These procedures provide that notice of stockholder proposals must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year. Our amended and restated bylaws specify the requirements as to form and content of all stockholders' notices. These requirements may preclude stockholders from bringing matters before the stockholders at an annual or special meeting;

- provide our board of directors the ability to authorize undesignated preferred stock. This ability makes it possible for the Company's board of directors to issue, without stockholder approval, preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management;
- provide that the authorized number of directors may be changed only by resolution of the board of directors;
- provide that all vacancies, including newly created directorships, may, except as otherwise required by law or, if applicable, the rights of holders of a series of preferred stock, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;
- provide that any action required or permitted to be taken by the stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing in lieu of a meeting of such stockholders, subject to the rights of the holders of any series of preferred stock with respect to such series;
- provide that special meetings of our stockholders may only be called by our board of directors pursuant to a resolution approved by the board of directors;
- provide that the affirmative vote of the holders of at least 66-2/3% of the voting power of all then outstanding common stock entitled to vote generally in the election of directors shall be required to remove any or all of the directors from office; and
- provide that our amended and restated bylaws can be amended by the board of directors.

In addition, our board of directors adopted a short-term stockholder rights plan that would likely discourage a hostile attempt to acquire control of us.

These provisions are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with us. We believe that the benefits of increased protection and our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

The Rights Agreement and Preferred Stock Purchase Rights

On April 10, 2020, the board of directors of the Company declared a dividend of one right (a "Right") for each of the Company's issued and outstanding shares of common stock. The dividend was paid to the common stock stockholders of record at the close of business on April 24, 2020 (the "Record Date"). Each Right entitles the registered holder, subject to the terms of the Rights Agreement (as defined below), to purchase from the Company one one-thousandth of a share of the Company's Series B Junior Participating Preferred Stock, par value $0.001 per share (the "Series B Preferred Stock"), at a price of $16.00, subject to certain adjustments (as adjusted from time to time, the "Exercise Price"). The description and terms of the Rights are set forth in the Rights Agreement, dated as of April 14, 2020 (the "Rights Agreement"), between the Company and American Stock Transfer & Trust Company, LLC (the "Rights Agent").

Subject to certain exceptions, the Rights will not be exercisable until the earlier to occur of (i) the close of business on the tenth business day after a public announcement or filing that a person has, or group of affiliated or associated persons or persons acting in concert have, become an "Acquiring Person," which is defined as a person or group of affiliated or associated persons or persons acting in concert who, at any time after the date of the Rights Agreement, have acquired, or obtained the right to acquire, beneficial ownership of 10% or more of the Company's outstanding shares of common stock, subject to certain exceptions or (ii) the close of business on the tenth business day after the commencement by any person of, or the first public announcement of the intention of any person to commence, a tender offer or exchange offer the consummation of which would result in any person becoming an Acquiring Person (the earlier of such dates being called the "Distribution Date"). Certain synthetic interests in securities created by derivative positions, whether or not such interests are considered to be ownership of the underlying common stock or are reportable for purposes of Regulation 13D of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are treated as beneficial ownership of the number of shares of common stock equivalent to the economic exposure created by the derivative position, to the extent actual shares of the common stock are directly or indirectly held by counterparties to the derivatives contracts or their affiliates or associates or persons acting in concert.

"Acquiring Person" shall not include any person that, together with all affiliates and associates of such person, is the beneficial owner of common stock representing less than 20% of the common stock then outstanding, and is entitled to file, and files, a statement on Schedule 13G pursuant to Rule 13d-1(b) of the General Rules and Regulations under the Exchange Act, with respect to the common stock beneficially owned by such person, subject to certain limitations as provided in the Rights Agreement.

With respect to book entry shares of common stock outstanding as of the Record Date, until the Distribution Date, the Rights will be evidenced by the balances indicated in the book entry account system of the transfer agent for the common stock. Until the earlier of the Distribution Date and the Expiration Date (as defined below), the transfer of any shares of common stock outstanding on the Record Date will also constitute the transfer of the Rights associated with such shares of common stock. As soon as practicable after the Distribution Date, separate certificates evidencing the Rights ("Right Certificates") will be mailed to holders of record of the common stock as of the close of business on the Distribution Date, and such Right Certificates alone will evidence the Rights.

The Rights, which are not exercisable until the Distribution Date, will expire prior to the earliest of (i) the close of business on March 31, 2021; (ii) the time at which the Rights are redeemed pursuant to the Rights Agreement; (iii) the time at which the Rights are exchanged pursuant to the Rights Agreement and (iv) the time at which the Rights are terminated upon the occurrence of certain transactions (the earliest of (i), (ii), (iii) and (iv) is referred to as the "Expiration Date").

Each share of Series B Preferred Stock will be entitled, when, as and if declared, to a preferential per share quarterly dividend payment equal to the greater of (i) $1.00 per share or (ii) 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, in each case, paid to holders of common stock during such period. Each share of Series B Preferred Stock will entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Company. In the event of any merger, consolidation or other transaction in which shares of common stock are converted or exchanged, each share of Series B Preferred Stock will be entitled to receive 1,000 times the amount received per one share of common stock.

The Exercise Price payable, and the number of shares of Series B Preferred Stock or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Series B Preferred Stock, (ii) upon the grant to holders of the Series B Preferred Stock of certain rights or warrants to subscribe for or purchase Series B Preferred Stock or convertible securities at less than the then-current market price of the Series B Preferred Stock or (iii) upon the distribution to holders of the Series B Preferred Stock of evidences of indebtedness or assets (excluding regular periodic cash dividends or dividends payable in Series B Preferred Stock) or of subscription rights or warrants (other than those referred to above). The number of outstanding Rights and the number of one one-thousandths of a Series B Preferred Stock issuable upon exercise of each Right are also subject to adjustment in the event of a stock split, reverse stock split, stock dividends and other similar transactions.

In the event that any person or group of affiliated or associated persons becomes an Acquiring Person, each holder of a Right, other than the Rights beneficially owned by the Acquiring Person, affiliates and associates of, and persons acting in concert with, the Acquiring Person and certain transferees thereof (which will thereupon become null and void), will thereafter have the right to receive upon exercise of a Right that number of shares of common stock having a market value of two times the Exercise Price.

In the event that, after a person or a group of persons has become an Acquiring Person, the Company is acquired in a merger or other business combination transaction, or 50% or more of the Company's assets or earning power are sold, proper provision will be made so that each holder of a Right will thereafter have the right to receive, upon the exercise thereof at the then-current Exercise Price of the Right, that number of shares of common stock of the acquiring company having a market value at the time of that transaction equal to two times the then-current Exercise Price.

With certain exceptions, no adjustment in the Exercise Price will be required unless such adjustment would require an increase or decrease of at least one percent (1%) in the Exercise Price. No fractional shares of Series B Preferred Stock will be issued (other than fractions which are integral multiples of one one-thousandth of a share of Series B Preferred Stock, which may, at the election of the Company, be evidenced by depositary receipts) and, in lieu thereof, an adjustment in cash will be made based on the market price of the Series B Preferred Stock on the trading day immediately prior to the date of exercise.

At any time after any person or group of persons becomes an Acquiring Person and prior to the acquisition of beneficial ownership by such Acquiring Person of 50% or more of the outstanding shares of common stock, the board of directors, at its option, may exchange each Right (other than Rights owned by such person or group of persons which will have become void), in whole or in part, at an exchange ratio of one share of common stock per outstanding Right (subject to adjustment).

At any time before the Distribution Date, the board of directors may redeem the Rights in whole, but not in part, at a price of $0.001 per Right (subject to certain adjustments) (the “Redemption Price”). The redemption of the Rights may be made effective at such time, on such basis and with such conditions as the board of directors in its sole discretion may establish.

In the event the Company receives a Qualifying Offer (as defined in the Rights Agreement) and the Company does not redeem the outstanding Rights, the Company may exempt such Qualifying Offer from the Rights Agreement, or call a special meeting of stockholders to vote on whether or not to exempt such Qualifying Offer from the Rights Agreement, in each case within 90 days of the commencement of the Qualifying Offer (the “Board Evaluation Period”); otherwise, the holders of record of 20% or more of the outstanding common stock may submit a written demand directing the board of directors to propose a resolution exempting the Qualifying Offer from the Rights Agreement to be voted upon at a special meeting to be convened within 90 days following the last day of the Board Evaluation Period (the “Special Meeting Period”). If such written demand is submitted to the Company, the board of directors must take the necessary actions to cause such resolution to be submitted to a vote of stockholders at a special meeting within the Special Meeting Period; however, the board of directors may recommend in favor of or against or take no position with respect to the adoption of the resolution, as it determines to be appropriate in the exercise of the board of directors’ fiduciary duties.

Immediately upon the action of the board of directors electing to redeem or exchange the Rights, the Company shall make announcement thereof, and upon such election, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

Until a Right is exercised or exchanged, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends.

The board of directors may amend or supplement the Rights Agreement without the approval of any holders of Rights, including, without limitation, in order to (a) cure any ambiguity, (b) correct inconsistent provisions, (c) alter time period provisions or (d) make additional changes to the Rights Agreement that the board of directors deems necessary or desirable. However, from and after the time when any person or group of persons becomes an Acquiring Person, the Rights Agreement may not be supplemented or amended in any manner that would adversely affect the interests of the holders of Rights.

Forum Selection

Our amended and restated certificate of incorporation provides that unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or stockholders to us or our stockholders;
- any action asserting a claim against us arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or amended and restated bylaws; or
- any action asserting a claim against us that is governed by the internal affairs doctrine,

in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein.

Our amended and restated certificate of incorporation also provides that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and to have consented to, this forum selection provision. Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against us, our directors, officers, employees and agents. The enforceability of similar exclusive forum provisions in other companies’ certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could rule that this provision in our amended and restated certificate of incorporation is inapplicable or unenforceable.

The choice of forum provisions summarized above are not intended to, and would not, apply to suits brought to enforce any liability or duty created by the Securities Act of 1933, as amended (the “Securities Act”) or the Exchange Act or other claim for which the federal courts have exclusive jurisdiction. To the extent that any such claims may be based upon federal law claims, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Stockholders may be subject to increased costs to bring these claims, and the choice of forum provisions could have the effect of discouraging claims or limiting investors’ ability to bring claims in a judicial forum that they find favorable.

Exhibit 10.23

Amendment to Employment Agreement

This Amendment to the Employment Agreement (the "Amendment"), is entered into as of May 28, 2019, by and between Mark Howell (the "Executive") and ProPetro Holding Corp., a Texas corporation (together with any of its subsidiaries and Affiliates as may employ the Executive from time to time, and any successor(s) thereto, the Company", and together with the Executive, the "Parties").

WHEREAS, the Parties entered into that certain Employment Agreement dated as of February 17, 2017 (the "Employment Agreement");

WHEREAS, the Parties desire to amend the Employment Agreement as hereinafter provided;

NOW, THEREFORE, in consideration of the foregoing recitals, and in consideration of the mutual promises and covenants set forth below, the Parties hereby agree as follows:

1. Notwithstanding anything to the contrary in the Employment Agreement, the Executive shall be entitled to perform his responsibilities and duties outside of Midland, Texas; provided that the Executive shall still be required to work from Midland, Texas as reasonably needed to serve the Company's interests.

2. None of the changes to the Employment Agreement or the Executive's employment arrangement provided for herein constitute Good Reason (as defined in the Employment Agreement) or Cause (as defined in the Employment Agreement).

3. Except as modified by the foregoing, the terms and conditions of the Employment Agreement shall remain in full force and effect.

4. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the date and year first above written.

PROPETRO HOLDING CORP.

By: /s/ Dale Redman______________

Name: Dale Redman
Title: Chief Executive Officer

MARK HOWELL

/s/ Mark Howell______________

Signature Page to the
Amendment to Employment Agreement for Mark Howell

Exhibit 10.26

PROPETRO HOLDING CORP.
2017 INCENTIVE AWARD PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

ProPetro Holding Corp., a Delaware corporation (the "Company"), pursuant to its 2017 Incentive Award Plan, as amended from time to time (the "Plan"), hereby grants to the holder listed below ("Participant") the number of Restricted Stock Units set forth below (the "RSUs"). The RSUs are subject to the terms and conditions set forth in this Restricted Stock Unit Grant Notice (the "Grant Notice"), the Plan and the Restricted Stock Unit Agreement attached as Exhibit A (the "Agreement"), each of which are incorporated into this Grant Notice by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Agreement.

Participant:	[________________]
Grant Date:	[________________]
Number of Restricted Stock Units:	[________________]
Vesting Commencement Date:	[________________]
Vesting Schedule:	Subject to the terms of the Agreement, the Restricted Stock Units shall vest [________________].

Electronic Signature

The Grant Notice may be executed by Participant and the Company by means of electronic or digital signatures, which shall have the same force and effect as manual signatures. By Participant's electronic or digital signature, Participant: (i) agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement; (ii) acknowledges that he or she has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement; (iii) hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement; and (iv) represents that his or her spouse, civil union partner or registered domestic partner (to the extent applicable) has reviewed and consented to the terms and conditions of this Grant Notice, the Plan and the Agreement. The Participant will indemnify and hold harmless the Company and its affiliates, successors and assigns, from and against any and all claims, liabilities, obligations, damages, losses, costs and expenses whatsoever (including reasonable attorney's fees and disbursements) arising out of or resulting from any and all claims, liabilities, obligations, damages, losses, costs and expenses, claimed or demanded by any current or former spouse, civil union partner or registered domestic partner of the Participant and arising of or resulting from this Grant Notice, the Plan, the Agreement or any grants awarded thereunder.

Exhibit A
TO RESTRICTED STOCK UNIT GRANT NOTICE

RESTRICTED STOCK UNIT AGREEMENT

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Participant the number of RSUs set forth in the Grant Notice.

ARTICLE I

GENERAL

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1.2 Incorporation of Terms of Plan. The RSUs and the shares of Common Stock ("Stock") to be issued to Participant hereunder ("Shares") are subject to the terms and conditions set forth in this Agreement and the Plan, each of which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE II

AWARD OF RESTRICTED STOCK UNITS AND DIVIDEND EQUIVALENTS

2.1 Award of RSUs and Dividend Equivalents.

(a) In consideration of Participant's past and/or continued employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the "Grant Date"), the Company has granted to Participant the number of RSUs set forth in the Grant Notice, upon the terms and conditions set forth in the Grant Notice, the Plan and this Agreement, subject to adjustments as provided in Article 13 of the Plan. Each RSU represents the right to receive one Share or, at the option of the Company, an amount of cash as set forth in Section 2.3(b), in either case, at the times and subject to the conditions set forth herein. However, unless and until the RSUs have vested, Participant will have no right to the payment of any Shares subject thereto. Prior to the actual delivery of any Shares, the RSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company.

(b) The Company hereby grants to Participant an Award of Dividend Equivalents with respect to each RSU granted pursuant to the Grant Notice for all ordinary cash dividends which are paid to all or substantially all holders of the outstanding shares of Stock between the Grant Date and the date when the applicable RSU is distributed or paid to Participant or is forfeited or expires. The Dividend Equivalents for each RSU shall be equal to the amount of cash which is paid as a dividend on one share of Stock. All such Dividend Equivalents shall be credited to Participant and be deemed to be reinvested in additional RSUs as of the date of payment of any such dividend based on the Fair Market Value of a share of Stock on such date. Each additional RSU which results from such deemed reinvestment of Dividend Equivalents granted hereunder shall be subject to the same

vesting, distribution or payment, adjustment and other provisions which apply to the underlying RSU to which such additional RSU relates.

2.2 Vesting of RSUs and Dividend Equivalents.

(a) Subject to Participant's continued employment with or service to the Company or a Subsidiary on each applicable vesting date and subject to the terms of this Agreement, the RSUs shall vest in such amounts and at such times as are set forth in the Grant Notice. Each additional RSU which results from deemed reinvestments of Dividend Equivalents pursuant to Section 2.1(b) hereof shall vest whenever the underlying RSU to which such additional RSU relates vests.

[________________].

2.3 Distribution or Payment of RSUs.

(a) Participant's RSUs shall be distributed in Shares (either in book-entry form or otherwise) or, at the option of the Company, paid in an amount of cash as set forth in Section 2.3(b), in either case, as soon as administratively practicable following the vesting of the applicable RSU pursuant to Section 2.2, and, in any event, within sixty (60) days following such vesting. Notwithstanding the foregoing, the Company may delay a distribution or payment in settlement of RSUs if it reasonably determines that such payment or distribution will violate Federal securities laws or any other Applicable Law, provided that such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii), and provided further that no payment or distribution shall be delayed under this Section 2.3(a) if such delay will result in a violation of Section 409A.

(b) In the event that the Company elects to make payment of Participant's RSUs in cash, the amount of cash payable with respect to each RSU shall be equal to the Fair Market Value of a Share on the day immediately preceding the applicable distribution or payment date set forth in Section 2.3(a). All distributions made in Shares shall be made by the Company in the form of whole Shares, and any fractional share shall be distributed in cash in an amount equal to the value of such fractional share determined based on the Fair Market Value as of the date immediately preceding the date of such distribution.

2.4 Conditions to Issuance of Certificates. The Company shall not be required to issue or deliver any certificate or certificates for any Shares prior to the fulfillment of all of the following conditions: (a) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (a) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable, and (a) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable.

2.5 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) The Company and its Subsidiaries have the authority to deduct or withhold, or require Participant to remit to the Company or the applicable Subsidiary, an amount sufficient to satisfy applicable federal, state, local and foreign taxes (including the employee portion of any FICA obligation) required by law to be withheld with respect to any taxable event arising pursuant to this Agreement. The Company and its Subsidiaries may withhold or Participant may make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Company or the Subsidiary with respect to which the withholding obligation arises;

(ii) by the deduction of such amount from other compensation payable to Participant;

(iii) with respect to any withholding taxes arising in connection with the distribution of the RSUs, with the consent of the Administrator, by requesting that the Company and its Subsidiaries withhold a net number of vested shares of Stock otherwise issuable pursuant to the RSUs having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(iv) with respect to any withholding taxes arising in connection with the distribution of the RSUs, with the consent of the Administrator, by tendering to the Company vested shares of Stock having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(v) with respect to any withholding taxes arising in connection with the distribution of the RSUs, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to shares of Stock then issuable to Participant pursuant to the RSUs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company or the Subsidiary with respect to which the withholding obligation arises in satisfaction of such withholding taxes; provided that payment of such proceeds is then made to the Company or the applicable Subsidiary at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(vi) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the RSUs, in the event Participant fails to provide timely payment of all sums required pursuant to Section 2.5(a), the Company shall have the right and option, but not the obligation, to treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 2.5(a)(ii) or Section 2.5(a)(iii) above, or any combination of the foregoing as the Company may determine to be appropriate. The Company shall not be obligated to deliver any certificate representing shares of Stock issuable with respect to the RSUs to Participant or his or

her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the RSUs or any other taxable event related to the RSUs.

(c) In the event any tax withholding obligation arising in connection with the RSUs will be satisfied under Section 2.5(a)(iii), then the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares from those shares of Stock then issuable to Participant pursuant to the RSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Company or the Subsidiary with respect to which the withholding obligation arises. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 2.5(c), including the transactions described in the previous sentence, as applicable. The Company may refuse to issue any shares of Stock in settlement of the RSUs to Participant until the foregoing tax withholding obligations are satisfied, provided that no payment shall be delayed under this Section 2.5(c) if such delay will result in a violation of Section 409A of the Code.

(d) Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the RSUs. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the RSUs to reduce or eliminate Participant's tax liability.

2.6 Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares.

ARTICLE III

RESTRICTIVE COVENANTS

3.1 Restriction on Competition. Participant hereby agrees that Participant shall not, at any time during the Noncompetition Restricted Period, directly or indirectly engage in, have any interest in (including, without limitation, through the investment of capital or lending of money or property), or manage, operate or otherwise render any services to, any Person (whether on his own or in association with others, as a principal, director, officer, employee, agent, representative, partner,

member, security holder, consultant, advisor, independent contractor, owner, investor, participant or in any other capacity) that engages in (either directly or through any Subsidiary or Affiliate thereof) any business or activity, within any of the states or territories within the United States or any other country, territory or state in which the Company Group operates, (a) that creates, designs, invents, engineers, develops, sources, markets, manufactures, distributes or sells any product or provides any service that may be used as a substitute for or otherwise competes with any product or service of the Company Group, or (a) which the Company Group or any of its Affiliates has taken active steps to engage in or acquire, but only if Participant directly or indirectly engages in, has any interest in (including, without limitation, through the investment of capital or lending of money or property), or manages, operates or otherwise renders any services in connection with, such business or activity (whether on his own or in association with others, as a principal, director, officer, employee, agent, representative, partner, member, security holder, consultant, advisor, independent contractor, owner, investor, participant or in any other capacity). Notwithstanding the foregoing, Participant shall be permitted to acquire a passive stock or equity interest in such a business; provided that such stock or other equity interest acquired is not more than five percent (5%) of the outstanding interest in such business.

3.2 Non-Solicitation. Participant hereby agrees that Participant shall not, at any time during the Nonsolicitation Restricted Period, directly or indirectly, either for Participant or on behalf of any other Person, (a) recruit or otherwise solicit or induce any employee, customer or supplier of the Company Group to terminate his, her or its employment or arrangement with the Company Group, or otherwise change his, her or its relationship with the Company Group, or (a) hire, or cause to be hired, any person who was employed by the Company Group at any time during the twelve (12)-month period immediately prior to date of Participant's Termination of Service or who thereafter becomes employed by the Company Group.

3.3 Confidentiality. Except as Participant reasonably and in good faith determines to be required in the faithful performance of Participant's duties for the Company Group or in accordance with Section 3.5, Participant shall, during the Participant's period of service with the Company Group and after the Cessation Date, maintain in confidence and shall not directly or indirectly, use, disseminate, disclose or publish, for Participant's benefit or the benefit of any other Person, any confidential or proprietary information or trade secrets of or relating to the Company Group, including, without limitation, information with respect to the Company Group's operations, processes, protocols, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, compensation paid to employees or other terms of employment ("Proprietary Information"), or deliver to any Person, any document, record, notebook, computer program or similar repository of or containing any such Proprietary Information. Participant's obligation to maintain and not use, disseminate, disclose or publish, or use for Participant's benefit or the benefit of any other Person, any Proprietary Information after the Cessation Date will continue so long as such Proprietary Information is not, or has not by legitimate means become, generally known and in the public domain (other than by means of Participant's direct or indirect disclosure of such Proprietary Information) and continues to be maintained as Proprietary Information by the Company Group. The parties hereby stipulate and agree that as between them, the Proprietary Information identified herein is important, material and affects the successful conduct of the businesses of the Company Group (and any successor or assignee of the Company Group). In accordance with 18 U.S.C. Section 1833, the Company hereby notifies Participant that, notwithstanding anything to the contrary herein, (a) Participant shall not be in breach of this Section 3.3 and shall not be held criminally or civilly liable under any federal or state trade secret law (i) for the disclosure of a trade secret that is made in confidence to a federal, state or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (i) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (a) if Participant files a lawsuit for retaliation by the Company Group for reporting a suspected violation of law, Participant may disclose a trade secret to Participant's attorney, and may use trade secret information in the court proceeding, if Participant files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

3.4 Return of Company Group Property. Upon Participant's Termination of Service for any reason, Participant will promptly deliver to the Company Group (a) all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents that are Proprietary Information, including all physical and digital copies thereof, and (a) all other Company Group property (including, without limitation, any personal computer or wireless device and related accessories, keys, credit cards and other similar items) which is in his or her possession, custody or control.

3.5 Response to Subpoena; Whistleblower Protection. Participant may respond to a lawful and valid subpoena or other legal process but shall give the Company Group the earliest possible notice thereof, and shall, as much in advance of the return date as possible, make available to the Company Group and its counsel the documents and other information sought, and shall assist such counsel in resisting or otherwise responding to such process. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall be interpreted so as to impede Participant (or any other individual) from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures under the whistleblower provisions of federal law or regulation. Participant does not need the prior authorization of the Company Group to make any such reports or disclosures and Participant shall not be not required to notify the Company Group that such reports or disclosures have been made.

3.6 Non-Disparagement. Participant agrees not to disparage the Company Group, any of its products or practices, or any of its directors, officers, agents, representatives, partners, members, equity holders or Affiliates, either orally or in writing, at any time; provided that Participant may confer in confidence with Participant's legal representatives and make truthful statements as required by law.

3.7 Restrictions Upon Subsequent Employment. Prior to accepting other employment or any other service relationship during the Noncompetition Restricted Period, Participant shall provide a copy of this Article III to any recruiter who assists Participant in obtaining other employment or any other service relationship and to any employer or other Person with which Participant discusses potential employment or any other service relationship.

3.8 Enforcement. In the event the terms of this Article III shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to extend only over the maximum period of time for which it may be enforceable, over the maximum geographical area as to which it may be enforceable, or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action. Any breach or violation by Participant of the provisions of this Article III shall toll the running of any time periods set forth in this Article III for the duration of any such breach or violation.

3.9 Forfeiture Upon Violation. Notwithstanding any other provision of this Agreement that may provide to the contrary, in the event of Participant's violation of any restrictive covenant within this Article III or any other agreement by and between Participant and any Company Group Member, as determined by the Company, in its sole discretion, then (a) the RSUs shall immediately be terminated and forfeited in its entirety and (a) Participant shall pay to the Company in cash any amounts paid to Participant in respect of the RSUs during the 12-month period immediately preceding (or at any time after) the date of such violation. By accepting these RSUs, Participant hereby acknowledges, agrees and authorizes the Company to reduce any amounts owed by any Company Group Member (including amounts owed as wages or other compensation, fringe benefits, or vacation pay, as well as any other amounts owed to Participant by any Company Group Member), by the amounts Participant owes to the Company under this Section 3.9. To the extent such amounts are not recovered by the Company through such set-off, Participant agrees to pay such amounts immediately to the Company upon demand. This right of set-off is in addition to any other remedies the Company may have against Participant for Participant's breach of this Agreement or any other agreement. Participant's obligations under this Section 3.9 shall be cumulative (but not duplicative) of any similar obligations Participant may have pursuant to this Agreement or any other agreement with any Company Group Member.

3.10 Injunctive Relief. Participant recognizes and acknowledges that a breach of the covenants contained in this Article III will cause irreparable damage to the Company Group and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, Participant agrees that in the event of a breach of any of the covenants contained in this Article III, in addition to any other remedy which may be available at law or in equity, the Company Group will be entitled to specific performance and injunctive relief.

3.11 Special Definition. As used in this Article III, the following terms shall have the ascribed meanings:

(a) "Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person where "control" shall have the meaning given such term under Rule 405 of the Securities Act.

(b) "Cessation Date" shall mean the date of Participant's Termination of Service (regardless of the reason for such termination).

(c) "Noncompetition Restricted Period" shall mean the period from the Grant Date through the first (1st) anniversary of the Cessation Date.

(d) "Nonsolicitation Restricted Period" shall mean the period from the Grant Date through the second (2nd) anniversary of the Cessation Date.

ARTICLE IV

OTHER PROVISIONS

4.1 Administration. The Administrator shall have the power to interpret the Plan, the Grant Notice and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan, the Grant Notice and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested Persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan, the Grant Notice or this Agreement.

4.2 RSUs Not Transferable. The RSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the RSUs have been issued, and all restrictions applicable to such Shares have lapsed. No RSUs or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

4.3 Adjustments. The Administrator may accelerate the vesting of all or a portion of the RSUs in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Section 13.2 of the Plan.

4.4 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 4.4, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

4.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

4.7 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs are granted, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan, the Grant Notice and this Agreement shall be deemed amended to the extent necessary to conform to Applicable Law.

4.8 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, provided that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs in any material way without the prior written consent of Participant.

4.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 4.2 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the RSUs (including RSUs which result from the deemed reinvestment of Dividend Equivalents), the Dividend Equivalents, the Grant Notice and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

4.11 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of the Company or any of its Subsidiaries shall interfere with or restrict in any way the rights of the Company or any of its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, (as such term is defined in the sole discretion of the Administrator) except to the extent expressly provided otherwise in a written agreement between the Company or any of its Subsidiaries and Participant.

4.12 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.13 Section 409A. This Award is not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A. However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

4.14 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.15 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs and Dividend Equivalents.

4.16 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic or digital signature, subject to Applicable Law, each of which shall be deemed an original and all of which together shall constitute one instrument.

4.17 Broker-Assisted Sales. In the event of any broker-assisted sale of shares of Stock in connection with the payment of withholding taxes as provided in Section 2.5(a)(iii) or Section 2.5(a)(v): (a) any shares of Stock to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation arises or as soon thereafter as practicable; (a) such shares of Stock may be sold as part of a block trade with other participants in the Plan in which all participants receive an average price; (a) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (a) to the extent the proceeds of such sale exceed the applicable tax withholding obligation, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (a) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation; and (a) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company or its Subsidiary with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the Company’s or the applicable Subsidiary’s withholding obligation.

* * *

Exhibit 10.27

PROPETRO HOLDING CORP.
2017 INCENTIVE AWARD PLAN

PERFORMANCE RESTRICTED STOCK UNIT GRANT NOTICE

Capitalized terms not specifically defined in this Performance Restricted Stock Unit Grant Notice (the "Grant Notice") have the meanings given to them in the 2017 Incentive Award Plan (as amended from time to time, the " Plan") of ProPetro Holding Corp., a Delaware corporation (the "Company").

The Company has granted to the participant listed below ("Participant") the Performance Restricted Stock Units described in this Grant Notice (the "PSUs"), subject to the terms and conditions of the Plan and the Performance Restricted Stock Unit Agreement attached as Exhibit A (the "Agreement"), both of which are incorporated into this Grant Notice by reference.

Participant:	[________________]	
Grant Date:	[________________]	
Performance Period	[________________] [________________]	through
Target Number of PSUs:	[________________]	

Electronic Signature

The Grant Notice may be executed by Participant and the Company by means of electronic or digital signatures, which shall have the same force and effect as manual signatures. By Participant's electronic or digital signature, Participant: (i) agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement; (ii) acknowledges that he or she has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement; (iii) hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement; and (iv) represents that his or her spouse, civil union partner or registered domestic partner (to the extent applicable) has reviewed and consented to the terms and conditions of this Grant Notice, the Plan and the Agreement. The Participant will indemnify and hold harmless the Company and its affiliates, successors and assigns, from and against any and all claims, liabilities, obligations, damages, losses, costs and expenses whatsoever (including reasonable attorney's fees and disbursements) arising out of or resulting from any and all claims, liabilities, obligations, damages, losses, costs and expenses, claimed or demanded by any current or former spouse, civil union partner or registered domestic partner of the Participant and arising of or resulting from this Grant Notice, the Plan, the Agreement or any grants awarded thereunder.

Exhibit A
TO PERFORMANCE RESTRICTED STOCK UNIT GRANT NOTICE

PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I

GENERAL

1.1 Award of PSUs and Dividend Equivalents.

(a) The Company has granted the PSUs to Participant effective as of the grant date set forth in the Grant Notice (the "Grant Date"). Each PSU represents the right to receive one Share or, at the option of the Company, an amount of cash, in either case, as set forth in this Agreement. Participant will have no right to the distribution of any shares of Common Stock ("Stock") or payment of any cash until the time (if ever) the PSUs have vested.

(b) The Company hereby grants to Participant, with respect to each PSU, a Dividend Equivalent for ordinary cash dividends paid to the holders of outstanding Stock with a record date after the Grant Date and prior to the date the applicable PSU is settled, forfeited or otherwise expires. Each Dividend Equivalent entitles Participant to receive the equivalent value of any such ordinary cash dividends paid on a single Share. The Company will establish a separate Dividend Equivalent bookkeeping account (a "Dividend Equivalent Account") for each Dividend Equivalent and credit the Dividend Equivalent Account (without interest) on the applicable dividend payment date with the amount of any such cash paid.

1.2 Incorporation of Terms of Plan. The PSUs are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

1.3 Unsecured Promise. The PSUs and Dividend Equivalents will at all times prior to settlement represent an unsecured Company obligation payable only from the Company's general assets.

ARTICLE II

VESTING; FORFEITURE; SETTLEMENT AND RESTRICTIVE COVENANTS

2.1 Vesting; Forfeiture.

(a) Generally. The PSUs will be earned based on the Company's achievement of the performance conditions set forth in Appendix A. To the extent earned, the PSUs will vest in accordance with the schedule and terms set forth in Section 2.1(b), subject to Section 2.1(c). Any fraction of a PSU that would otherwise be vested will be rounded up to the next whole share. Any

PSUs that are not earned in accordance with the performance conditions set forth in Appendix A will immediately and automatically be cancelled and forfeited without consideration as of the date of determination. In addition, in the event of Participant's Termination of Service for any reason, all unvested PSUs will immediately and automatically be cancelled and forfeited without consideration, except (i) as otherwise determined by the Administrator or (i) as provided in a separate binding written agreement between Participant and the Company. Dividend Equivalents (including any Dividend Equivalent Account balance) will vest or be forfeited, as applicable, upon the vesting or forfeiture of the PSU with respect to which the Dividend Equivalent (including the Dividend Equivalent Account) relates.

(b) PSUs Earned. The PSUs will be earned at a level of up to [___]% of the number of PSUs awarded based on the Company's achievement of the performance conditions set forth in Appendix A for the Performance Period. When practicable following the completion of the Performance Period, the Administrator shall determine the extent to which the performance conditions set forth in Appendix A have been satisfied (such date of determination, the "Final Determination Date"). To the extent earned, the PSUs will vest on the Final Determination Date, subject to [________________].

[________________].

2.2 Settlement of PSUs.

(a) PSUs and Dividend Equivalents (including any Dividend Equivalent Account balance) will be paid in Stock or cash at the Company's option in the year following the last year of the Performance Period and as soon as administratively practicable after the vesting of the applicable PSU. Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Law until the earliest date the Company reasonably determines the making of the payment will not cause such a violation, provided that such payment shall be made at the earliest date at which the Company reasonably determines that the making of such payment will not cause such violation, in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii), and provided further that no payment shall be delayed under this Section 2.2(a) if such delay will result in a violation of Section 409A.

(b) If a PSU is paid in cash, the amount of cash paid with respect to the PSU will equal the Fair Market Value of a Share. If a Dividend Equivalent is paid in Stock, the number of shares of Stock paid with respect to the Dividend Equivalent will equal the quotient, rounded up to the nearest whole Share, of the Dividend Equivalent Account balance divided by the Fair Market Value of a Share.

ARTICLE III

TAXATION AND TAX WITHHOLDING

3.1 Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this Award and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) The Company shall have the right to (A) require payment, by or on behalf of Participant, of all sums required by federal, state or local tax law to be withheld with respect to the grant, vesting or payment of the Award and (A) determine the manner in which such payment shall be made, including, if approved by the Chief Executive Officer of the Company in his or her discretion (or, if Participant is the Chief Executive Officer, by the Committee), the withholding of a portion of the vested Shares that have an aggregate market value not in excess of the applicable federal, state and local income, employment and any other applicable taxes required to be withheld.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the PSUs and the Dividend Equivalents, regardless of any action the Company or any parent or Subsidiary takes with respect to any tax withholding obligations that arise in connection with the PSUs or Dividend Equivalents. Neither the Company nor any parent or Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the PSUs or the Dividend Equivalents or the subsequent sale of Stock. The Company and its parents and Subsidiaries do not commit and are under no obligation to structure the PSUs or Dividend Equivalents to reduce or eliminate Participant's tax liability.

ARTICLE IV

RESTRICTIVE COVENANTS

4.1 Restriction on Competition. Participant hereby agrees that Participant shall not, at any time during the Noncompetition Restricted Period, directly or indirectly engage in, have any interest in (including, without limitation, through the investment of capital or lending of money or property), or manage, operate or otherwise render any services to, any Person (whether on his own or in association with others, as a principal, director, officer, employee, agent, representative, partner, member, security holder, consultant, advisor, independent contractor, owner, investor, participant or in any other capacity) that engages in (either directly or through any Subsidiary or Affiliate thereof) any business or activity, within any of the states or territories within the United States or any other country, territory or state in which the Company Group operates, (i) that creates, designs, invents, engineers, develops, sources, markets, manufactures, distributes or sells any product or provides any service that may be used as a substitute for or otherwise competes with any product or service of the Company Group, or (i) which the Company Group or any of its Affiliates has taken active steps to engage in or acquire, but only if Participant directly or indirectly engages in, has any interest in (including, without limitation, through the investment of capital or lending of money or property), or manages, operates or otherwise renders any services in connection with, such business or activity (whether on his own or in association with others, as a principal, director, officer, employee, agent, representative, partner, member, security holder, consultant, advisor, independent contractor, owner, investor, participant or in any other capacity). Notwithstanding the foregoing, Participant shall be permitted to acquire a passive stock or equity interest in such a business; provided that such stock or other equity interest acquired is not more than five percent (5%) of the outstanding interest in such business.

4.2 Non-Solicitation. Participant hereby agrees that Participant shall not, at any time during the Nonsolicitation Restricted Period, directly or indirectly, either for Participant or on behalf of any other Person, (i) recruit or otherwise solicit or induce any employee, customer or supplier of the Company Group to terminate his, her or its employment or arrangement with the Company Group, or otherwise change his, her or its relationship with the Company Group, or (i) hire, or cause to be hired, any person who was employed by the Company Group at any time during the twelve (12)-month period immediately prior to date of Participant's Termination of Service or who thereafter becomes employed by the Company Group.

4.3 Confidentiality. Except as Participant reasonably and in good faith determines to be required in the faithful performance of Participant's duties for the Company Group or in accordance with Section 4.5, Participant shall, during the Participant's period of service with the Company Group and after the Cessation Date, maintain in confidence and shall not directly or indirectly, use, disseminate, disclose or publish, for Participant's benefit or the benefit of any other Person, any confidential or proprietary information or trade secrets of or relating to the Company Group, including, without limitation, information with respect to the Company Group's operations, processes, protocols, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, compensation paid to employees or other terms of employment ("Proprietary Information"), or deliver to any Person, any document, record, notebook, computer program or similar repository of or containing any such Proprietary Information. Participant's obligation to maintain and not use, disseminate, disclose or publish, or use for Participant's benefit or the benefit of any other Person, any Proprietary Information after the Cessation Date will continue so long as such Proprietary Information is not, or has not by legitimate means become, generally known and in the public domain (other than by means of Participant's direct or indirect disclosure of such Proprietary Information) and continues to be maintained as Proprietary Information by the Company Group. The parties hereby stipulate and agree that as between them, the Proprietary Information identified herein is important, material and affects the successful conduct of the businesses of the Company Group (and any successor or assignee of the Company Group). In accordance with 18 U.S.C. Section 1833, the Company hereby notifies Participant that, notwithstanding anything to the contrary herein, (a) Participant shall not be in breach of this Section 4.3 and shall not be held criminally or civilly liable under any federal or state trade secret law (i) for the disclosure of a trade secret that is made in confidence to a federal, state or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (i) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (a) if Participant files a lawsuit for retaliation by the Company Group for reporting a suspected violation of law, Participant may disclose a trade secret to Participant's attorney, and may use trade secret information in the court proceeding, if Participant files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

4.4 Return of Company Group Property. Upon Participant's Termination of Service for any reason, Participant will promptly deliver to the Company Group (i) all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents that are Proprietary Information, including all physical and digital copies thereof, and (i) all other Company Group property (including, without limitation, any personal computer or wireless device and related accessories, keys, credit cards and other similar items) which is in his or her possession, custody or control.

4.5 Response to Subpoena; Whistleblower Protection. Participant may respond to a lawful and valid subpoena or other legal process but shall give the Company Group the earliest possible notice thereof, and shall, as much in advance of the return date as possible, make available to the Company Group and its counsel the documents and other information sought, and shall assist such counsel in resisting or otherwise responding to such process. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall be interpreted so as to impede Participant (or any other individual) from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures under the whistleblower provisions of federal law or regulation. Participant does not need the prior authorization of the Company Group to make any such reports or disclosures and Participant shall not be not required to notify the Company Group that such reports or disclosures have been made.

4.6 Non-Disparagement. Participant agrees not to disparage the Company Group, any of its products or practices, or any of its directors, officers, agents, representatives, partners, members, equity holders or Affiliates, either orally or in writing, at any time; provided that Participant may confer in confidence with Participant's legal representatives and make truthful statements as required by law.

4.7 Restrictions Upon Subsequent Employment. Prior to accepting other employment or any other service relationship during the Noncompetition Restricted Period, Participant shall provide a copy of this Article IV to any recruiter who assists Participant in obtaining other employment or any other service relationship and to any employer or other Person with which Participant discusses potential employment or any other service relationship.

4.8 Enforcement. In the event the terms of this Article IV shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to extend only over the maximum period of time for which it may be enforceable, over the maximum geographical area as to which it may be enforceable, or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action. Any breach or violation by Participant of the provisions of this Article IV shall toll the running of any time periods set forth in this Article IV for the duration of any such breach or violation.

4.9 Forfeiture Upon Violation. Notwithstanding any other provision of this Agreement that may provide to the contrary, in the event of Participant's violation of any restrictive covenant within this Article IV or any other agreement by and between Participant and any Company Group Member, as determined by the Company, in its sole discretion, then (a) the PSUs shall immediately be terminated and forfeited in its entirety and (a) Participant shall pay to the Company in cash any amounts paid to Participant in respect of the PSUs during the 12-month period immediately preceding (or at any time after) the date of such violation. By accepting these PSUs, Participant hereby acknowledges, agrees and authorizes the Company to reduce any amounts owed by any Company Group Member (including amounts owed as wages or other compensation, fringe benefits, or vacation pay, as well as any other amounts owed to Participant by any Company Group Member), by the amounts Participant owes to the Company under this Section 4.9. To the extent such amounts are not recovered by the Company through such set-off, Participant agrees to pay such amounts immediately to the Company upon demand. This right of set-off is in addition to any other remedies the Company may have against Participant for Participant's breach of this Agreement or any other agreement. Participant's obligations under this Section 4.9 shall be cumulative (but not duplicative) of any similar obligations Participant may have pursuant to this Agreement or any other agreement with any Company Group Member.

4.10 Injunctive Relief. Participant recognizes and acknowledges that a breach of the covenants contained in this Article IV will cause irreparable damage to the Company Group and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, Participant agrees that in the event of a breach of any of the covenants contained in this Article IV, in addition to any other remedy which may be available at law or in equity, the Company Group will be entitled to specific performance and injunctive relief.

4.11 Special Definition. As used in this Article IV, the following terms shall have the ascribed meanings:

(a) "Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person where "control" shall have the meaning given such term under Rule 405 of the Securities Act.

(b) "Cessation Date" shall mean the date of Participant's Termination of Service (regardless of the reason for such termination).

(c) "Noncompetition Restricted Period" shall mean the period from the Grant Date through the first (1st) anniversary of the Cessation Date.

(d) "Nonsolicitation Restricted Period" shall mean the period from the Grant Date through the second (2nd) anniversary of the Cessation Date.

ARTICLE V

OTHER PROVISIONS

5.1 Adjustments. Participant acknowledges that the PSUs, the shares of Stock subject to the PSUs and the Dividend Equivalents are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

5.2 Notices. Notices required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid, addressed to Participant at his or her address shown in the Company records, and to the Company at its principal executive office.

5.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

5.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

5.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

5.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement, the PSUs and the Dividend Equivalents will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

5.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit and appendix hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, subject to the last sentence of Section 4.9 hereof.

5.8 Section 409A. This Award is not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A. However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

5.9 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

5.10 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the PSUs and Dividend Equivalents, and rights no greater than the right to receive cash or shares of Stock as a general unsecured creditor with respect to the PSUs and Dividend Equivalents, as and when settled pursuant to the terms of this Agreement.

5.11 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any parent or Subsidiary or interferes with or restricts in any way the rights of the Company and its parents and Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a parent or Subsidiary and Participant.

5.12 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic or digital signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

* * *

Appendix A

[_________________].

PROPETRO HOLDING CORP.
2017 INCENTIVE AWARD PLAN

FORM OF DIRECTOR RESTRICTED STOCK UNIT GRANT NOTICE

ProPetro Holding Corp., a Delaware corporation (the "Company"), pursuant to its 2017 Incentive Award Plan, as amended from time to time (the "Plan"), hereby grants to the holder listed below ("Participant") the number of Restricted Stock Units set forth below (the "RSUs"). The RSUs are subject to the terms and conditions set forth in this Restricted Stock Unit Grant Notice (the "Grant Notice"), the Plan and the Restricted Stock Unit Agreement attached as Exhibit A (the "Agreement"), each of which are incorporated into this Grant Notice by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Agreement.

Participant:	[________________]
Grant Date:	[________________]
Number of Restricted Stock Units:	[________________]
Vesting Schedule:	Subject to the terms of the Agreement, the Restricted Stock Units shall vest [________________].

Electronic Signature

The Grant Notice may be executed by Participant and the Company by means of electronic or digital signatures, which shall have the same force and effect as manual signatures. By Participant's electronic or digital signature, Participant: (i) agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement; (ii) acknowledges that he or she has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement; (iii) hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement and (iv) represents that his or her spouse, civil union partner or registered domestic partner (to the extent applicable) has reviewed and consented to the terms and conditions of this Grant Notice, the Plan and the Agreement. The Participant will indemnify and hold harmless the Company and its affiliates, successors and assigns, from and against any and all claims, liabilities, obligations, damages, losses, costs and expenses whatsoever (including reasonable attorney's fees and disbursements) arising out of or resulting from any and all claims, liabilities, obligations, damages, losses, costs and expenses, claimed or demanded by any current or former spouse, civil union partner or registered domestic partner of the Participant and arising of or resulting from this Grant Notice, the Plan, the Agreement or any grants awarded thereunder.

EXHIBIT A
TO RESTRICTED STOCK UNIT GRANT NOTICE

RESTRICTED STOCK UNIT AGREEMENT

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Participant the number of RSUs set forth in the Grant Notice.

ARTICLE I.

GENERAL

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1.2 Incorporation of Terms of Plan. The RSUs and the shares of Common Stock ("Stock") to be issued to Participant hereunder ("Shares") are subject to the terms and conditions set forth in this Agreement and the Plan, each of which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE II.

AWARD OF RESTRICTED STOCK UNITS AND DIVIDEND EQUIVALENTS

2.1 Award of RSUs and Dividend Equivalents.

(a) In consideration of Participant's past and/or continued employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the "Grant Date"), the Company has granted to Participant the number of RSUs set forth in the Grant Notice, upon the terms and conditions set forth in the Grant Notice, the Plan and this Agreement, subject to adjustments as provided in Article 13 of the Plan. Each RSU represents the right to receive one Share or, at the option of the Company, an amount of cash as set forth in Section 2.3(b), in either case, at the times and subject to the conditions set forth herein. However, unless and until the RSUs have vested, Participant will have no right to the payment of any Shares subject thereto. Prior to the actual delivery of any Shares, the RSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company.

(b) The Company hereby grants to Participant an Award of Dividend Equivalents with respect to each RSU granted pursuant to the Grant Notice for all ordinary cash dividends which are paid to all or substantially all holders of the outstanding shares of Stock between the Grant Date and the date when the applicable RSU is distributed or paid to Participant or is forfeited or expires. The Dividend Equivalents for each RSU shall be equal to the amount of cash which is paid as a dividend on one share of Stock. All such Dividend Equivalents shall be credited to Participant and be deemed to be reinvested in additional RSUs as of the date of payment of any such dividend based on the Fair Market Value of a share of Stock on such date. Each additional RSU which results from such deemed reinvestment of Dividend Equivalents granted hereunder shall be subject to the same vesting, distribution or payment, adjustment and other provisions which apply to the underlying RSU to which such additional RSU relates.

2.2 Vesting of RSUs and Dividend Equivalents.

(a) Subject to Participant's continued employment with or service to the Company or a Subsidiary on each applicable vesting date and subject to the terms of this Agreement, the RSUs shall vest in such amounts and at such times as are set forth in the Grant Notice. Each additional RSU which results from deemed reinvestments of Dividend Equivalents pursuant to Section 2.1(b) hereof shall vest whenever the underlying RSU to which such additional RSU relates vests.

[________________].

2.3 Distribution or Payment of RSUs.

(a) Participant's RSUs shall be distributed in Shares (either in book-entry form or otherwise) or, at the option of the Company, paid in an amount of cash as set forth in Section 2.3(b), in either case, as soon as administratively practicable following the vesting of the applicable RSU pursuant to Section 2.2, and, in any event, within sixty (60) days following such vesting. Notwithstanding the foregoing, the Company may delay a distribution or payment in settlement of RSUs if it reasonably determines that such payment or distribution will violate Federal securities laws or any other Applicable Law, *provided* that such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii), and provided further that no payment or distribution shall be delayed under this Section 2.3(a) if such delay will result in a violation of Section 409A.

(b) In the event that the Company elects to make payment of Participant's RSUs in cash, the amount of cash payable with respect to each RSU shall be equal to the Fair Market Value of a Share on the day immediately preceding the applicable distribution or payment date set forth in Section 2.3(a). All distributions made in Shares shall be made by the Company in the form of whole Shares, and any fractional share shall be distributed in cash in an amount equal to the value of such fractional share determined based on the Fair Market Value as of the date immediately preceding the date of such distribution.

2.4 Conditions to Issuance of Certificates. The Company shall not be required to issue or deliver any certificate or certificates for any Shares prior to the fulfillment of all of the following conditions: (A) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (B) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable, and (C) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable.

2.5 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) The Company and its Subsidiaries have the authority to deduct or withhold, or require Participant to remit to the Company or the applicable Subsidiary, an amount sufficient to satisfy applicable federal, state, local and foreign taxes (including the employee portion of any FICA obligation) required by law to be withheld with respect to any taxable event arising pursuant to this Agreement. The Company and its Subsidiaries may withhold or Participant may make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Company or the Subsidiary with respect to which the withholding obligation arises;

(ii) by the deduction of such amount from other compensation payable to Participant;

(iii) with respect to any withholding taxes arising in connection with the distribution of the RSUs, with the consent of the Administrator, by requesting that the Company and its Subsidiaries withhold a net number of vested shares of Stock otherwise issuable pursuant to the RSUs having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(iv) with respect to any withholding taxes arising in connection with the distribution of the RSUs, with the consent of the Administrator, by tendering to the Company vested shares of Stock having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(v) with respect to any withholding taxes arising in connection with the distribution of the RSUs, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to shares of Stock then issuable to Participant pursuant to the RSUs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company or the Subsidiary with respect to which the withholding obligation arises in satisfaction of such withholding taxes; *provided* that payment of such proceeds is then made to the Company or the applicable Subsidiary at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(vi) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the RSUs, in the event Participant fails to provide timely payment of all sums required pursuant to Section 2.5(a), the Company shall have the right and option, but not the obligation, to treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 2.5(a)(ii) or Section 2.5(a)(iii) above, or any combination of the foregoing as the Company may determine to be appropriate. The Company shall not be obligated to deliver any certificate representing shares of Stock issuable with respect to the RSUs to Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the RSUs or any other taxable event related to the RSUs.

(c) In the event any tax withholding obligation arising in connection with the RSUs will be satisfied under Section 2.5(a)(iii), then the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares from those shares of Stock then issuable to Participant pursuant to the RSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Company or the Subsidiary with respect to which the withholding obligation arises. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 2.5(c), including the transactions described in the previous sentence, as applicable. The Company may refuse to issue any shares of Stock in settlement of the RSUs to Participant until the foregoing tax withholding obligations are satisfied, provided that no payment shall be delayed under this Section 2.5(c) if such delay will result in a violation of Section 409A of the Code.

(d) Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the RSUs. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the RSUs to reduce or eliminate Participant's tax liability.

2.6 Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares.

ARTICLE III.

OTHER PROVISIONS

3.1 Administration. The Administrator shall have the power to interpret the Plan, the Grant Notice and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan, the Grant Notice and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested Persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan, the Grant Notice or this Agreement.

3.2 RSUs Not Transferable. The RSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the RSUs have been issued, and all restrictions applicable to such Shares have lapsed. No RSUs or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

3.3 Adjustments The Administrator may accelerate the vesting of all or a portion of the RSUs in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Section 13.2 of the Plan..

3.4 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 3.4, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

3.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.7 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs are granted, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan, the Grant Notice and this Agreement shall be deemed amended to the extent necessary to conform to Applicable Law.

3.8 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board*, provided* that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs in any material way without the prior written consent of Participant.

3.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 4.2 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the RSUs (including RSUs which result from the deemed reinvestment of Dividend Equivalents), the Dividend Equivalents, the Grant Notice and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.11 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of the Company or any of its Subsidiaries shall interfere with or restrict in any way the rights of the Company or any of its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, (as such term is defined in the sole discretion of the Administrator) except to the extent expressly provided otherwise in a written agreement between the Company or any of its Subsidiaries and Participant.

3.12 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

3.13 Section 409A. This Award is not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A. However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

3.14 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

3.15 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs and Dividend Equivalents.

3.16 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic or digital signature, subject to Applicable Law, each of which shall be deemed an original and all of which together shall constitute one instrument.

3.17 Broker-Assisted Sales. In the event of any broker-assisted sale of shares of Stock in connection with the payment of withholding taxes as provided in Section 2.5(a)(iii) or Section 2.5(a)(v): (A) any shares of Stock to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation arises or as soon thereafter as practicable; (B) such shares of Stock may be sold as part of a block trade with other participants in the Plan in which all participants receive an average price; (C) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (D) to the extent the proceeds of such sale exceed the applicable tax withholding obligation, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (E) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation; and (F) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company or its Subsidiary with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the Company's or the applicable Subsidiary's withholding obligation.

* * *

PROPETRO HOLDING CORP.
2017 INCENTIVE AWARD PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

ProPetro Holding Corp., a Delaware corporation (the "Company"), pursuant to its 2017 Incentive Award Plan, as amended from time to time (the "Plan"), hereby grants to the holder listed below ("Participant") the number of Restricted Stock Units set forth below (the "RSUs"). The RSUs are subject to the terms and conditions set forth in this Restricted Stock Unit Grant Notice (the "Grant Notice"), the Plan and the Restricted Stock Unit Agreement attached as Exhibit A (the "Agreement"), each of which are incorporated into this Grant Notice by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Agreement.

Participant:	[________________]
Grant Date:	[________________]
Number of Restricted Stock Units:	[________________]
Vesting Commencement Date:	[________________]
Vesting Schedule:	Subject to the terms of the Agreement, the Restricted Stock Units shall vest [________________].

Electronic Signature

The Grant Notice may be executed by Participant and the Company by means of electronic or digital signatures, which shall have the same force and effect as manual signatures. By Participant's electronic or digital signature, Participant: (i) agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement; (ii) acknowledges that he or she has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement; (iii) hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement; and (iv) represents that his or her spouse, civil union partner or registered domestic partner (to the extent applicable) has reviewed and consented to the terms and conditions of this Grant Notice, the Plan and the Agreement. The Participant will indemnify and hold harmless the Company and its affiliates, successors and assigns, from and against any and all claims, liabilities, obligations, damages, losses, costs and expenses whatsoever (including reasonable attorney's fees and disbursements) arising out of or resulting from any and all claims, liabilities, obligations, damages, losses, costs and expenses, claimed or demanded by any current or former spouse, civil union partner or registered domestic partner of the Participant and arising of or resulting from this Grant Notice, the Plan, the Agreement or any grants awarded thereunder.

Exhibit A
TO RESTRICTED STOCK UNIT GRANT NOTICE

RESTRICTED STOCK UNIT AGREEMENT

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Participant the number of RSUs set forth in the Grant Notice.

ARTICLE I

GENERAL

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1.2 Incorporation of Terms of Plan. The RSUs and the shares of Common Stock ("Stock") to be issued to Participant hereunder ("Shares") are subject to the terms and conditions set forth in this Agreement and the Plan, each of which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE II

AWARD OF RESTRICTED STOCK UNITS AND DIVIDEND EQUIVALENTS

2.1 Award of RSUs and Dividend Equivalents.

(a) In consideration of Participant's past and/or continued employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the "Grant Date"), the Company has granted to Participant the number of RSUs set forth in the Grant Notice, upon the terms and conditions set forth in the Grant Notice, the Plan and this Agreement, subject to adjustments as provided in Article 13 of the Plan. Each RSU represents the right to receive one Share or, at the option of the Company, an amount of cash as set forth in Section 2.3(b), in either case, at the times and subject to the conditions set forth herein. However, unless and until the RSUs have vested, Participant will have no right to the payment of any Shares subject thereto. Prior to the actual delivery of any Shares, the RSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company.

(b) The Company hereby grants to Participant an Award of Dividend Equivalents with respect to each RSU granted pursuant to the Grant Notice for all ordinary cash dividends which are paid to all or substantially all holders of the outstanding shares of Stock between the Grant Date and the date when the applicable RSU is distributed or paid to Participant or is forfeited or expires. The Dividend Equivalents for each RSU shall be equal to the amount of cash which is paid as a dividend on one share of Stock. All such Dividend Equivalents shall be credited to Participant and be deemed to be reinvested in additional RSUs as of the date of payment of any such dividend based on the Fair Market Value of a share of Stock on such date. Each additional RSU which results from such deemed reinvestment of Dividend Equivalents granted hereunder shall be subject to the same

vesting, distribution or payment, adjustment and other provisions which apply to the underlying RSU to which such additional RSU relates.

2.2 Vesting of RSUs and Dividend Equivalents.

(a) Subject to Participant's continued employment with or service to the Company or a Subsidiary on each applicable vesting date and subject to the terms of this Agreement, the RSUs shall vest in such amounts and at such times as are set forth in the Grant Notice. Each additional RSU which results from deemed reinvestments of Dividend Equivalents pursuant to Section 2.1(b) hereof shall vest whenever the underlying RSU to which such additional RSU relates vests.

[________________].

2.3 Distribution or Payment of RSUs.

(a) Participant's RSUs shall be distributed in Shares (either in book-entry form or otherwise) or, at the option of the Company, paid in an amount of cash as set forth in Section 2.3(b), in either case, as soon as administratively practicable following the vesting of the applicable RSU pursuant to Section 2.2, and, in any event, within sixty (60) days following such vesting. Notwithstanding the foregoing, the Company may delay a distribution or payment in settlement of RSUs if it reasonably determines that such payment or distribution will violate Federal securities laws or any other Applicable Law, provided that such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii), and provided further that no payment or distribution shall be delayed under this Section 2.3(a) if such delay will result in a violation of Section 409A.

(b) In the event that the Company elects to make payment of Participant's RSUs in cash, the amount of cash payable with respect to each RSU shall be equal to the Fair Market Value of a Share on the day immediately preceding the applicable distribution or payment date set forth in Section 2.3(a). All distributions made in Shares shall be made by the Company in the form of whole Shares, and any fractional share shall be distributed in cash in an amount equal to the value of such fractional share determined based on the Fair Market Value as of the date immediately preceding the date of such distribution.

2.4 Conditions to Issuance of Certificates. The Company shall not be required to issue or deliver any certificate or certificates for any Shares prior to the fulfillment of all of the following conditions: (a) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (a) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable, and (a) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable.

2.5 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) The Company and its Subsidiaries have the authority to deduct or withhold, or require Participant to remit to the Company or the applicable Subsidiary, an amount sufficient to satisfy applicable federal, state, local and foreign taxes (including the employee portion of any FICA obligation) required by law to be withheld with respect to any taxable event arising pursuant to this Agreement. The Company and its Subsidiaries may withhold or Participant may make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Company or the Subsidiary with respect to which the withholding obligation arises;

(ii) by the deduction of such amount from other compensation payable to Participant;

(iii) with respect to any withholding taxes arising in connection with the distribution of the RSUs, with the consent of the Administrator, by requesting that the Company and its Subsidiaries withhold a net number of vested shares of Stock otherwise issuable pursuant to the RSUs having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(iv) with respect to any withholding taxes arising in connection with the distribution of the RSUs, with the consent of the Administrator, by tendering to the Company vested shares of Stock having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(v) with respect to any withholding taxes arising in connection with the distribution of the RSUs, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to shares of Stock then issuable to Participant pursuant to the RSUs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company or the Subsidiary with respect to which the withholding obligation arises in satisfaction of such withholding taxes; provided that payment of such proceeds is then made to the Company or the applicable Subsidiary at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(vi) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the RSUs, in the event Participant fails to provide timely payment of all sums required pursuant to Section 2.5(a), the Company shall have the right and option, but not the obligation, to treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 2.5(a)(ii) or Section 2.5(a)(iii) above, or any combination of the foregoing as the Company may determine to be appropriate. The Company shall not be obligated to deliver any certificate representing shares of Stock issuable with respect to the RSUs to Participant or his or

her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the RSUs or any other taxable event related to the RSUs.

(c) In the event any tax withholding obligation arising in connection with the RSUs will be satisfied under Section 2.5(a)(iii), then the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares from those shares of Stock then issuable to Participant pursuant to the RSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Company or the Subsidiary with respect to which the withholding obligation arises. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 2.5(c), including the transactions described in the previous sentence, as applicable. The Company may refuse to issue any shares of Stock in settlement of the RSUs to Participant until the foregoing tax withholding obligations are satisfied, provided that no payment shall be delayed under this Section 2.5(c) if such delay will result in a violation of Section 409A of the Code.

(d) Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the RSUs. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the RSUs to reduce or eliminate Participant's tax liability.

2.6 Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares.

ARTICLE III

RESTRICTIVE COVENANTS

3.1 Restriction on Competition. Participant hereby agrees that Participant shall not, at any time during the Noncompetition Restricted Period, directly or indirectly engage in, have any interest in (including, without limitation, through the investment of capital or lending of money or property), or manage, operate or otherwise render any services to, any Person (whether on his own or in association with others, as a principal, director, officer, employee, agent, representative, partner,

member, security holder, consultant, advisor, independent contractor, owner, investor, participant or in any other capacity) that engages in (either directly or through any Subsidiary or Affiliate thereof) any business or activity, within any of the states or territories within the United States or any other country, territory or state in which the Company Group operates, (a) that creates, designs, invents, engineers, develops, sources, markets, manufactures, distributes or sells any product or provides any service that may be used as a substitute for or otherwise competes with any product or service of the Company Group, or (a) which the Company Group or any of its Affiliates has taken active steps to engage in or acquire, but only if Participant directly or indirectly engages in, has any interest in (including, without limitation, through the investment of capital or lending of money or property), or manages, operates or otherwise renders any services in connection with, such business or activity (whether on his own or in association with others, as a principal, director, officer, employee, agent, representative, partner, member, security holder, consultant, advisor, independent contractor, owner, investor, participant or in any other capacity). Notwithstanding the foregoing, Participant shall be permitted to acquire a passive stock or equity interest in such a business; provided that such stock or other equity interest acquired is not more than five percent (5%) of the outstanding interest in such business.

3.2 Non-Solicitation. Participant hereby agrees that Participant shall not, at any time during the Nonsolicitation Restricted Period, directly or indirectly, either for Participant or on behalf of any other Person, (a) recruit or otherwise solicit or induce any employee, customer or supplier of the Company Group to terminate his, her or its employment or arrangement with the Company Group, or otherwise change his, her or its relationship with the Company Group, or (a) hire, or cause to be hired, any person who was employed by the Company Group at any time during the twelve (12)-month period immediately prior to date of Participant's Termination of Service or who thereafter becomes employed by the Company Group.

3.3 Confidentiality. Except as Participant reasonably and in good faith determines to be required in the faithful performance of Participant's duties for the Company Group or in accordance with Section 3.5, Participant shall, during the Participant's period of service with the Company Group and after the Cessation Date, maintain in confidence and shall not directly or indirectly, use, disseminate, disclose or publish, for Participant's benefit or the benefit of any other Person, any confidential or proprietary information or trade secrets of or relating to the Company Group, including, without limitation, information with respect to the Company Group's operations, processes, protocols, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, compensation paid to employees or other terms of employment ("Proprietary Information"), or deliver to any Person, any document, record, notebook, computer program or similar repository of or containing any such Proprietary Information. Participant's obligation to maintain and not use, disseminate, disclose or publish, or use for Participant's benefit or the benefit of any other Person, any Proprietary Information after the Cessation Date will continue so long as such Proprietary Information is not, or has not by legitimate means become, generally known and in the public domain (other than by means of Participant's direct or indirect disclosure of such Proprietary Information) and continues to be maintained as Proprietary Information by the Company Group. The parties hereby stipulate and agree that as between them, the Proprietary Information identified herein is important, material and affects the successful conduct of the businesses of the Company Group (and any successor or assignee of the Company Group). In accordance with 18 U.S.C. Section 1833, the Company hereby notifies Participant that, notwithstanding anything to the contrary herein, (a) Participant shall not be in breach of this Section 3.3 and shall not be held criminally or civilly liable under any federal or state trade secret law (i) for the disclosure of a trade secret that is made in confidence to a federal, state or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (i) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (a) if Participant files a lawsuit for retaliation by the Company Group for reporting a suspected violation of law, Participant may disclose a trade secret to Participant's attorney, and may use trade secret information in the court proceeding, if Participant files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

3.4 Return of Company Group Property. Upon Participant's Termination of Service for any reason, Participant will promptly deliver to the Company Group (a) all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents that are Proprietary Information, including all physical and digital copies thereof, and (a) all other Company Group property (including, without limitation, any personal computer or wireless device and related accessories, keys, credit cards and other similar items) which is in his or her possession, custody or control.

3.5 Response to Subpoena; Whistleblower Protection. Participant may respond to a lawful and valid subpoena or other legal process but shall give the Company Group the earliest possible notice thereof, and shall, as much in advance of the return date as possible, make available to the Company Group and its counsel the documents and other information sought, and shall assist such counsel in resisting or otherwise responding to such process. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall be interpreted so as to impede Participant (or any other individual) from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures under the whistleblower provisions of federal law or regulation. Participant does not need the prior authorization of the Company Group to make any such reports or disclosures and Participant shall not be not required to notify the Company Group that such reports or disclosures have been made.

3.6 Non-Disparagement. Participant agrees not to disparage the Company Group, any of its products or practices, or any of its directors, officers, agents, representatives, partners, members, equity holders or Affiliates, either orally or in writing, at any time; provided that Participant may confer in confidence with Participant's legal representatives and make truthful statements as required by law.

3.7 Restrictions Upon Subsequent Employment. Prior to accepting other employment or any other service relationship during the Noncompetition Restricted Period, Participant shall provide a copy of this Article III to any recruiter who assists Participant in obtaining other employment or any other service relationship and to any employer or other Person with which Participant discusses potential employment or any other service relationship.

3.8 Enforcement. In the event the terms of this Article III shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to extend only over the maximum period of time for which it may be enforceable, over the maximum geographical area as to which it may be enforceable, or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action. Any breach or violation by Participant of the provisions of this Article III shall toll the running of any time periods set forth in this Article III for the duration of any such breach or violation.

3.9 Forfeiture Upon Violation. Notwithstanding any other provision of this Agreement that may provide to the contrary, in the event of Participant's violation of any restrictive covenant within this Article III or any other agreement by and between Participant and any Company Group Member, as determined by the Company, in its sole discretion, then (a) the RSUs shall immediately be terminated and forfeited in its entirety and (a) Participant shall pay to the Company in cash any amounts paid to Participant in respect of the RSUs during the 12-month period immediately preceding (or at any time after) the date of such violation. By accepting these RSUs, Participant hereby acknowledges, agrees and authorizes the Company to reduce any amounts owed by any Company Group Member (including amounts owed as wages or other compensation, fringe benefits, or vacation pay, as well as any other amounts owed to Participant by any Company Group Member), by the amounts Participant owes to the Company under this Section 3.9. To the extent such amounts are not recovered by the Company through such set-off, Participant agrees to pay such amounts immediately to the Company upon demand. This right of set-off is in addition to any other remedies the Company may have against Participant for Participant's breach of this Agreement or any other agreement. Participant's obligations under this Section 3.9 shall be cumulative (but not duplicative) of any similar obligations Participant may have pursuant to this Agreement or any other agreement with any Company Group Member.

3.10 Injunctive Relief. Participant recognizes and acknowledges that a breach of the covenants contained in this Article III will cause irreparable damage to the Company Group and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, Participant agrees that in the event of a breach of any of the covenants contained in this Article III, in addition to any other remedy which may be available at law or in equity, the Company Group will be entitled to specific performance and injunctive relief.

3.11 Special Definition. As used in this Article III, the following terms shall have the ascribed meanings:

(a) "Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person where "control" shall have the meaning given such term under Rule 405 of the Securities Act.

(b) "Cessation Date" shall mean the date of Participant's Termination of Service (regardless of the reason for such termination).

(c) "Noncompetition Restricted Period" shall mean the period from the Grant Date through the first (1st) anniversary of the Cessation Date.

(d) "Nonsolicitation Restricted Period" shall mean the period from the Grant Date through the second (2nd) anniversary of the Cessation Date.

ARTICLE IV

OTHER PROVISIONS

4.1 Administration. The Administrator shall have the power to interpret the Plan, the Grant Notice and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan, the Grant Notice and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested Persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan, the Grant Notice or this Agreement.

4.2 RSUs Not Transferable. The RSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the RSUs have been issued, and all restrictions applicable to such Shares have lapsed. No RSUs or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

4.3 Adjustments. The Administrator may accelerate the vesting of all or a portion of the RSUs in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Section 13.2 of the Plan.

4.4 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 4.4, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

4.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

4.7 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs are granted, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan, the Grant Notice and this Agreement shall be deemed amended to the extent necessary to conform to Applicable Law.

4.8 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, provided that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs in any material way without the prior written consent of Participant.

4.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 4.2 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the RSUs (including RSUs which result from the deemed reinvestment of Dividend Equivalents), the Dividend Equivalents, the Grant Notice and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

4.11 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of the Company or any of its Subsidiaries shall interfere with or restrict in any way the rights of the Company or any of its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, (as such term is defined in the sole discretion of the Administrator) except to the extent expressly provided otherwise in a written agreement between the Company or any of its Subsidiaries and Participant.

4.12 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.13 Section 409A.

(a) Notwithstanding any provision of this Agreement to the contrary, all provisions of this Agreement are intended to comply with Section 409A or an exemption therefrom and shall be construed and administered in accordance with such intent. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary termination or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. Any payments to be made under this Agreement upon a termination of Participant's employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A.

(b) Notwithstanding any provision in this Agreement to the contrary, if any payment or benefit provided for herein would be subject to additional taxes and interest under Section 409A if Participant's receipt of such payment or benefit is not delayed until the earlier of (i) the date of Participant's death or (ii) the date that is six (6) months after the date of the Termination of Service (such date, the "Section 409A Payment Date"), then such payment or benefit shall not be provided to Participant (or Participant's estate, if applicable) until the Section 409A Payment Date. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement are exempt from, or compliant with, Section 409A and in no event shall any member of the Company Group be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Participant on account of non-compliance with Section 409A.

4.14 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.15 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs and Dividend Equivalents.

4.16 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic or digital signature, subject to Applicable Law, each of which shall be deemed an original and all of which together shall constitute one instrument.

4.17 Broker-Assisted Sales. In the event of any broker-assisted sale of shares of Stock in connection with the payment of withholding taxes as provided in Section 2.5(a)(iii) or Section 2.5(a)(v): (a) any shares of Stock to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation arises or as soon thereafter as practicable; (a) such shares of Stock may be sold as part of a block trade with other participants in the Plan in which all participants receive an average price; (a) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (a) to the extent the proceeds of such sale exceed the applicable tax withholding obligation, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (a) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation; and (a) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company or its Subsidiary with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the Company's or the applicable Subsidiary's withholding obligation.

* * *

PROPETRO HOLDING CORP.
2017 INCENTIVE AWARD PLAN

PERFORMANCE RESTRICTED STOCK UNIT GRANT NOTICE

Capitalized terms not specifically defined in this Performance Restricted Stock Unit Grant Notice (the "Grant Notice") have the meanings given to them in the 2017 Incentive Award Plan (as amended from time to time, the "Plan") of ProPetro Holding Corp., a Delaware corporation (the "Company").

The Company has granted to the participant listed below ("Participant") the Performance Restricted Stock Units described in this Grant Notice (the "PSUs"), subject to the terms and conditions of the Plan and the Performance Restricted Stock Unit Agreement attached as Exhibit A (the "Agreement"), both of which are incorporated into this Grant Notice by reference.

Participant:	[_________________]	
Grant Date:	[_________________]	
Performance Period	[_________________]	through
	[_________________]	
Target Number of PSUs:	[_________________]	

Electronic Signature

The Grant Notice may be executed by Participant and the Company by means of electronic or digital signatures, which shall have the same force and effect as manual signatures. By Participant's electronic or digital signature, Participant: (i) agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement; (ii) acknowledges that he or she has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement; (iii) hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement; and (iv) represents that his or her spouse, civil union partner or registered domestic partner (to the extent applicable) has reviewed and consented to the terms and conditions of this Grant Notice, the Plan and the Agreement. The Participant will indemnify and hold harmless the Company and its affiliates, successors and assigns, from and against any and all claims, liabilities, obligations, damages, losses, costs and expenses whatsoever (including reasonable attorney's fees and disbursements) arising out of or resulting from any and all claims, liabilities, obligations, damages, losses, costs and expenses, claimed or demanded by any current or former spouse, civil union partner or registered domestic partner of the Participant and arising of or resulting from this Grant Notice, the Plan, the Agreement or any grants awarded thereunder.

Exhibit A
TO PERFORMANCE RESTRICTED STOCK UNIT GRANT NOTICE

PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I

GENERAL

1.1 Award of PSUs and Dividend Equivalents.

(a) The Company has granted the PSUs to Participant effective as of the grant date set forth in the Grant Notice (the "Grant Date"). Each PSU represents the right to receive one Share or, at the option of the Company, an amount of cash, in either case, as set forth in this Agreement. Participant will have no right to the distribution of any shares of Common Stock ("Stock") or payment of any cash until the time (if ever) the PSUs have vested.

(b) The Company hereby grants to Participant, with respect to each PSU, a Dividend Equivalent for ordinary cash dividends paid to the holders of outstanding Stock with a record date after the Grant Date and prior to the date the applicable PSU is settled, forfeited or otherwise expires. Each Dividend Equivalent entitles Participant to receive the equivalent value of any such ordinary cash dividends paid on a single Share. The Company will establish a separate Dividend Equivalent bookkeeping account (a "Dividend Equivalent Account") for each Dividend Equivalent and credit the Dividend Equivalent Account (without interest) on the applicable dividend payment date with the amount of any such cash paid.

1.2 Incorporation of Terms of Plan. The PSUs are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

1.3 Unsecured Promise. The PSUs and Dividend Equivalents will at all times prior to settlement represent an unsecured Company obligation payable only from the Company's general assets.

ARTICLE II

VESTING; FORFEITURE; SETTLEMENT AND RESTRICTIVE COVENANTS

2.1 Vesting; Forfeiture.

(a) Generally. The PSUs will be earned based on the Company's achievement of the performance conditions set forth in Appendix A. To the extent earned, the PSUs will vest in accordance with the schedule and terms set forth in Section 2.1(b), subject to Sections 2.1(c) and (d). Any fraction of a PSU that would otherwise be vested will be rounded up to the next whole share. Any PSUs that are not earned in accordance with the performance conditions set forth in Appendix A will immediately and automatically be cancelled and forfeited without consideration as of the date of determination. In addition, except as otherwise provided in Section 2.1(c) or (d), in the event of Participant's Termination of Service for any reason prior to the end of the Performance Period, all unvested PSUs will immediately and automatically be cancelled and forfeited without consideration, except (i) as provided in Section 2.1(b), below, (ii) as otherwise determined by the Administrator, or (iii) as provided in a separate binding written agreement between Participant and the Company. Dividend Equivalents (including any Dividend Equivalent Account balance) will vest or be forfeited, as applicable, upon the vesting or forfeiture of the PSU with respect to which the Dividend Equivalent (including the Dividend Equivalent Account) relates.

(b) PSUs Earned. The PSUs will be earned at a level of up to [___]% of the target number of PSUs awarded based on the Company's achievement of the performance conditions set forth in Appendix A for the Performance Period. When practicable following the completion of the Performance Period, the Administrator shall determine the extent to which the performance conditions set forth in Appendix A have been satisfied (such date of determination, the "Final Determination Date"). To the extent earned, the PSUs will vest on the Final Determination Date, subject to [_________________].

[_________________].

2.2 Settlement of PSUs.

(a) PSUs and Dividend Equivalents (including any Dividend Equivalent Account balance) will be paid in Stock or cash at the Company's option in the year following the last year of the Performance Period and as soon as administratively practicable after the vesting of the applicable PSU. Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Law until the earliest date the Company reasonably determines the making of the payment will not cause such a violation, provided that such payment shall be made at the earliest date at which the Company reasonably determines that the making of such payment will not cause such violation, in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii), and provided further that no payment shall be delayed under this Section 2.2(a) if such delay will result in a violation of Section 409A.

(b) If a PSU is paid in cash, the amount of cash paid with respect to the PSU will equal the Fair Market Value of a Share. If a Dividend Equivalent is paid in Stock, the number of shares of Stock paid with respect to the Dividend Equivalent will equal the quotient, rounded up to the nearest whole Share, of the Dividend Equivalent Account balance divided by the Fair Market Value of a Share.

ARTICLE III

TAXATION AND TAX WITHHOLDING

3.1 Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this Award and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) The Company shall have the right to (A) require payment, by or on behalf of Participant, of all sums required by federal, state or local tax law to be withheld with respect to the grant, vesting or payment of the Award and (A) determine the manner in which such payment shall be made, including, if approved by the Chief Executive Officer of the Company in his or her discretion (or, if Participant is the Chief Executive Officer, by the Committee), the withholding of a portion of the vested Shares that have an aggregate market value not in excess of the applicable federal, state and local income, employment and any other applicable taxes required to be withheld.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the PSUs and the Dividend Equivalents, regardless of any action the Company or any parent or Subsidiary takes with respect to any tax withholding obligations that arise in connection with the PSUs or Dividend Equivalents. Neither the Company nor any parent or Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the PSUs or the Dividend Equivalents or the subsequent sale of Stock. The Company and its parents and Subsidiaries do not commit and are under no obligation to structure the PSUs or Dividend Equivalents to reduce or eliminate Participant's tax liability.

ARTICLE IV

RESTRICTIVE COVENANTS

4.1 Restriction on Competition. Participant hereby agrees that Participant shall not, at any time during the Noncompetition Restricted Period, directly or indirectly engage in, have any interest in (including, without limitation, through the investment of capital or lending of money or property), or manage, operate or otherwise render any services to, any Person (whether on his own or in association with others, as a principal, director, officer, employee, agent, representative, partner, member, security holder, consultant, advisor, independent contractor, owner, investor, participant or in any other capacity) that engages in (either directly or through any Subsidiary or Affiliate thereof) any business or activity, within any of the states or territories within the United States or any other country, territory or state in which the Company Group operates, (i) that creates, designs, invents, engineers, develops, sources, markets, manufactures, distributes or sells any product or provides any service that may be used as a substitute for or otherwise competes with any product or service of the Company Group, or (i) which the Company Group or any of its Affiliates has taken active steps to engage in or acquire, but only if Participant directly or indirectly engages in, has any interest in (including, without limitation, through the investment of capital or lending of money or property), or manages, operates or otherwise renders any services in connection with, such business or activity (whether on his own or in association with others, as a principal, director, officer, employee, agent, representative, partner, member, security holder, consultant, advisor, independent contractor, owner, investor, participant or in any other capacity). Notwithstanding the foregoing, Participant shall be permitted to acquire a passive stock or equity interest in such a business; provided that such stock or other equity interest acquired is not more than five percent (5%) of the outstanding interest in such business.

4.2 Non-Solicitation. Participant hereby agrees that Participant shall not, at any time during the Nonsolicitation Restricted Period, directly or indirectly, either for Participant or on behalf of any other Person, (i) recruit or otherwise solicit or induce any employee, customer or supplier of the Company Group to terminate his, her or its employment or arrangement with the Company Group, or otherwise change his, her or its relationship with the Company Group, or (i) hire, or cause to be hired, any person who was employed by the Company Group at any time during the twelve (12)-month period immediately prior to date of Participant's Termination of Service or who thereafter becomes employed by the Company Group.

4.3 Confidentiality. Except as Participant reasonably and in good faith determines to be required in the faithful performance of Participant's duties for the Company Group or in accordance with Section 4.5, Participant shall, during the Participant's period of service with the Company Group and after the Cessation Date, maintain in confidence and shall not directly or indirectly, use, disseminate, disclose or publish, for Participant's benefit or the benefit of any other Person, any confidential or proprietary information or trade secrets of or relating to the Company Group, including, without limitation, information with respect to the Company Group's operations, processes, protocols, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, compensation paid to employees or other terms of employment ("Proprietary Information"), or deliver to any Person, any document, record, notebook, computer program or similar repository of or containing any such Proprietary Information. Participant's obligation to maintain and not use, disseminate, disclose or publish, or use for Participant's benefit or the benefit of any other Person, any Proprietary Information after the Cessation Date will continue so long as such Proprietary Information is not, or has not by legitimate means become, generally known and in the public domain (other than by means of Participant's direct or indirect disclosure of such Proprietary Information) and continues to be maintained as Proprietary Information by the Company Group. The parties hereby stipulate and agree that as between them, the Proprietary Information identified herein is important, material and affects the successful conduct of the businesses of the Company Group (and any successor or assignee of the Company Group). In accordance with 18 U.S.C. Section 1833, the Company hereby notifies Participant that, notwithstanding anything to the contrary herein, (a) Participant shall not be in breach of this Section 4.3 and shall not be held criminally or civilly liable under any federal or state trade secret law (i) for the disclosure of a trade secret that is made in confidence to a federal, state or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (i) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (a) if Participant files a lawsuit for retaliation by the Company Group for reporting a suspected violation of law, Participant may disclose a trade secret to Participant's attorney, and may use trade secret information in the court proceeding, if Participant files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

4.4 Return of Company Group Property. Upon Participant's Termination of Service for any reason, Participant will promptly deliver to the Company Group (i) all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents that are Proprietary Information, including all physical and digital copies thereof, and (i) all other Company Group property (including, without limitation, any personal computer or wireless device and related accessories, keys, credit cards and other similar items) which is in his or her possession, custody or control.

4.5 Response to Subpoena; Whistleblower Protection. Participant may respond to a lawful and valid subpoena or other legal process but shall give the Company Group the earliest possible notice thereof, and shall, as much in advance of the return date as possible, make available to the Company Group and its counsel the documents and other information sought, and shall assist such counsel in resisting or otherwise responding to such process. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall be interpreted so as to impede Participant (or any other individual) from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures under the whistleblower provisions of federal law or regulation. Participant does not need the prior authorization of the Company Group to make any such reports or disclosures and Participant shall not be not required to notify the Company Group that such reports or disclosures have been made.

4.6 Non-Disparagement. Participant agrees not to disparage the Company Group, any of its products or practices, or any of its directors, officers, agents, representatives, partners, members, equity holders or Affiliates, either orally or in writing, at any time; provided that Participant may confer in confidence with Participant's legal representatives and make truthful statements as required by law.

4.7 Restrictions Upon Subsequent Employment. Prior to accepting other employment or any other service relationship during the Noncompetition Restricted Period, Participant shall provide a copy of this Article IV to any recruiter who assists Participant in obtaining other employment or any other service relationship and to any employer or other Person with which Participant discusses potential employment or any other service relationship.

4.8 Enforcement. In the event the terms of this Article IV shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to extend only over the maximum period of time for which it may be enforceable, over the maximum geographical area as to which it may be enforceable, or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action. Any breach or violation by Participant of the provisions of this Article

IV shall toll the running of any time periods set forth in this Article IV for the duration of any such breach or violation.

4.9 Forfeiture Upon Violation. Notwithstanding any other provision of this Agreement that may provide to the contrary, in the event of Participant's violation of any restrictive covenant within this Article IV or any other agreement by and between Participant and any Company Group Member, as determined by the Company, in its sole discretion, then (a) the PSUs shall immediately be terminated and forfeited in its entirety and (a) Participant shall pay to the Company in cash any amounts paid to Participant in respect of the PSUs during the 12-month period immediately preceding (or at any time after) the date of such violation. By accepting these PSUs, Participant hereby acknowledges, agrees and authorizes the Company to reduce any amounts owed by any Company Group Member (including amounts owed as wages or other compensation, fringe benefits, or vacation pay, as well as any other amounts owed to Participant by any Company Group Member), by the amounts Participant owes to the Company under this Section 4.9. To the extent such amounts are not recovered by the Company through such set-off, Participant agrees to pay such amounts immediately to the Company upon demand. This right of set-off is in addition to any other remedies the Company may have against Participant for Participant's breach of this Agreement or any other agreement. Participant's obligations under this Section 4.9 shall be cumulative (but not duplicative) of any similar obligations Participant may have pursuant to this Agreement or any other agreement with any Company Group Member.

4.10 Injunctive Relief. Participant recognizes and acknowledges that a breach of the covenants contained in this Article IV will cause irreparable damage to the Company Group and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, Participant agrees that in the event of a breach of any of the covenants contained in this Article IV, in addition to any other remedy which may be available at law or in equity, the Company Group will be entitled to specific performance and injunctive relief.

4.11 Special Definition. As used in this Article IV, the following terms shall have the ascribed meanings:

(a) "Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person where "control" shall have the meaning given such term under Rule 405 of the Securities Act.

(b) "Cessation Date" shall mean the date of Participant's Termination of Service (regardless of the reason for such termination).

(c) "Noncompetition Restricted Period" shall mean the period from the Grant Date through the first (1st) anniversary of the Cessation Date.

(d) "Nonsolicitation Restricted Period" shall mean the period from the Grant Date through the second (2nd) anniversary of the Cessation Date.

ARTICLE V

OTHER PROVISIONS

5.1 Adjustments. Participant acknowledges that the PSUs, the shares of Stock subject to the PSUs and the Dividend Equivalents are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

5.2 Notices. Notices required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid, addressed to Participant at his or her address shown in the Company records, and to the Company at its principal executive office.

5.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

5.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

5.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

5.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement, the PSUs and the Dividend Equivalents will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

5.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit and appendix hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, subject to the last sentence of Section 4.9 hereof.

5.8 Section 409A.

(a) Notwithstanding any provision of this Agreement to the contrary, all provisions of this Agreement are intended to comply with Section 409A or an exemption therefrom and shall be construed and administered in accordance with such intent. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary termination or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. Any payments to be made under this Agreement upon a termination of Participant's employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A.

(b) Notwithstanding any provision in this Agreement to the contrary, if any payment or benefit provided for herein would be subject to additional taxes and interest under Section 409A if Participant's receipt of such payment or benefit is not delayed until the earlier of (i) the date of Participant's death or (ii) the date that is six (6) months after the date of the Termination of Service (such date, the "Section 409A Payment Date"), then such payment or benefit shall not be provided to Participant (or Participant's estate, if applicable) until the Section 409A Payment Date. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement are exempt from, or compliant with, Section 409A and in no event shall any member of the Company Group be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Participant on account of non-compliance with Section 409A.

5.9 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

5.10 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the PSUs and Dividend Equivalents, and rights no greater than the right to receive cash or shares of Stock as a general unsecured creditor with respect to the PSUs and Dividend Equivalents, as and when settled pursuant to the terms of this Agreement.

5.11 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any parent or Subsidiary or interferes with or restricts in any way the rights of the Company and its parents and Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a parent or Subsidiary and Participant.

5.12 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic or digital signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

* * *

Appendix A

[_________________].

EMPLOYMENT AGREEMENT

This Employment Agreement ("**Agreement**") is made and entered into by and between ProPetro Holding Corp., a Delaware corporation (the "**Company**"), and Newton W. Wilson III ("**Employee**") effective as of September 25, 2019 (the "**Effective Date**").

1. **Employment**. During the Employment Period (as defined in Section 4), the Company or another member of the Company Group (as defined in Section 2) shall employ Employee, and beginning on September 30, 2019, Employee shall serve as the General Counsel and Corporate Secretary of the Company and in such other position or positions as may be assigned from time to time by the Board of Directors of the Company (the "**Board**").

2. **Duties and Responsibilities of Employee**.

(a) During the Employment Period, Employee shall devote Employee's best efforts and full business time and attention to the businesses of the Company and its direct and indirect subsidiaries as may exist from time to time (collectively, the "**Company Group**"). Employee's duties and responsibilities shall include those normally incidental to the position(s) identified in Section 1, as well as such additional duties as may be assigned to Employee by the Board or the Company's Principal Executive Officer from time to time, which duties and responsibilities may include providing services to other members of the Company Group in addition to the Company. Employee may, without violating this Section 2(a), (i) as a passive investment, own publicly traded securities in such form or manner as will not require any services by Employee in the operation of the entities in which such securities are owned; (i) engage in charitable and civic activities; and (i) with the prior written consent of the Board, engage in other personal and passive investment activities, in each case, so long as such ownership, interests, or activities do not interfere with Employee's ability to fulfill Employee's duties and responsibilities under this Agreement and are not inconsistent with Employee's obligations to any member of the Company Group or competitive with the business of any member of the Company Group and are otherwise in compliance with applicable law and all policies and codes of conduct established by any member of the Company Group and applicable to Employee.

(b) Employee hereby represents and warrants that Employee is not the subject of, or a party to, any non-competition, non-solicitation, restrictive covenant, or non-disclosure agreement, or any other agreement, obligation, restriction, or understanding that would prohibit Employee from executing this Agreement or fully performing each of Employee's duties and responsibilities hereunder, or would in any manner, directly or indirectly, limit or affect any of the duties and responsibilities that may now or in the future be assigned to Employee hereunder. Employee expressly acknowledges and agrees that Employee is strictly prohibited from using or disclosing any confidential information belonging to any prior employer in the course of performing services for any member of the Company Group, and Employee promises that Employee shall not do so. Employee shall not introduce documents or other materials containing confidential information of any prior employer to the premises or property (including computers and computer systems) of any member of the Company Group.

(c) Employee owes each member of the Company Group fiduciary duties (including (i) duties of loyalty and disclosure, including the duty of loyalty as an attorney for each member of the Company Group, as required under Texas law, and (i) such fiduciary duties that an officer of the Company has under Delaware law), and the obligations described in this Agreement are in addition to, and not in lieu of, the obligations Employee owes each member of the Company Group under statutory and common law.

3. **Compensation**.

(a) Base Salary. During the Employment Period, Employee shall be paid an annualized base salary of $400,000 (the "**Base Salary**") in consideration for Employee's services under this Agreement, payable in substantially equal installments in conformity with customary payroll practices for Company officers ("**Officers**"), but no less frequently than monthly. Notwithstanding the foregoing, the Base Salary may be reduced as part of a general reduction in base salaries that affects all Officers in substantially the same proportions.

(b) Annual Bonus. Beginning in 2020, Employee shall be eligible to earn an annual cash bonus with a target value of 75% of Employee's Base Salary for each complete calendar year that Employee is employed by any member of the Company Group hereunder (the "**Annual Bonus**"). Notwithstanding the foregoing, Employee shall be eligible to receive a *pro rata* bonus for the portion of the 2019 calendar year that Employee is employed by any member of the Company Group hereunder (the "**2019 Bonus**"). The amount of the Annual Bonus (and the 2019 Bonus) actually paid to Employee for any given calendar year remains subject to the terms and conditions of the ProPetro Holding Corp. Senior Executive Incentive Bonus Plan, as in effect from time to time, and the attainment of the applicable performance targets established by the Board (or a committee thereof) annually, in its sole discretion. Each Annual Bonus (and the 2019 Bonus), if any, shall be paid as soon as administratively feasible after the Board (or a committee thereof) certifies whether the applicable performance targets for the applicable year have been achieved, but in no event later than March 15 following the end of the year for which the bonus was earned (the "**Bonus Year**"). Notwithstanding anything in this Section 3(b) to the contrary, no Annual Bonus (or the 2019 Bonus), if any, nor any portion thereof, shall be payable for any Bonus Year unless Employee remains continuously employed by any member of the Company Group from the Effective Date through December 31 of the applicable Bonus Year.

(c) Retention Bonuses. Employee shall be paid a cash retention bonus equal to $25,000 on each of the first and second anniversaries of the Effective Date, provided that Employee remains continuously employed by any member of the Company Group through the applicable anniversary date.

(d) Benefits. During the Employment Period, Employee shall be eligible to participate in the same benefit plans and programs in which other Officers or similarly situated executives of the Company are eligible to participate (including, for the avoidance of doubt, the Company's vehicle allowance program), subject to the terms and conditions of the applicable plans and programs in effect from time to time. No member of the Company Group shall, by reason of this Section 6, be obligated to institute, maintain, or refrain from changing, amending, or discontinuing, any such plan or policy, so long as such changes are applicable to the Officers and similarly situated executives of the Company generally.

(e) Vacation. Employee will be eligible to receive four (4) weeks of paid vacation for each full calendar year that Employee is employed by any member of the Company Group. Any vacation shall be taken at the reasonable and mutual convenience of the Company and Employee and in accordance with any applicable Company policy, as in effect from time to time.

4. **Term of Employment**. The initial term of Employee's employment under this Agreement shall be for the period beginning on the Effective Date and ending on the second anniversary of the Effective Date (the "**Initial Term**"). On the second anniversary of the Effective Date and on each subsequent anniversary thereafter, the term of Employee's employment under this Agreement shall automatically renew and extend for a period of twelve (12) months (each such twelve (12)-month period being a "**Renewal Term**") unless written notice of non-renewal is delivered by either party to the other not less than thirty (30) days prior to the expiration of the then-existing Initial Term or Renewal Term, as applicable. Notwithstanding any other provision of this Agreement, Employee's employment pursuant to this Agreement may be terminated at any time in accordance with Section 6. The period from the Effective Date through the expiration of this Agreement or, if sooner, the termination of Employee's employment pursuant to this Agreement, regardless of the time or reason for such termination, shall be referred to herein as the "**Employment Period**."

5. **Business Expenses**. Subject to Section 22, the Company shall reimburse Employee for Employee's reasonable out-of-pocket business-related expenses actually incurred in the performance of Employee's duties under this Agreement so long as Employee timely submits all documentation for such expenses, as required by Company policy in effect from time to time. Any such reimbursement of expenses shall be made upon or as soon as practicable following receipt of such documentation (but in any event not later than the close of Employee's taxable year following the taxable year in which the expense is incurred by Employee). In no event shall any reimbursement be made to Employee for any expenses incurred after the date of Employee's termination of employment with all of the members of the Company Group.

6. **Termination of Employment**.

(a) Company's Right to Terminate Employee's Employment for Cause . The Company shall have the right to terminate Employee's employment hereunder at any time for Cause. For purposes of this Agreement, "**Cause**" shall mean:

(i) Employee's material breach of this Agreement or any other written agreement between Employee and any member of the Company Group, including Employee's material breach of any representation, warranty, or covenant made under any such agreement;

(ii) Employee's material breach of any policy or code of conduct established by any member of the Company Group and applicable to Employee;

(iii) Employee's violation of any law applicable to the workplace (including any law regarding anti-harassment, anti-discrimination, or anti-retaliation);

(iv) Employee's gross negligence, material misconduct reflecting negatively on the Company, breach of fiduciary duty, fraud, theft, or embezzlement;

(v) the conviction by a court of competent jurisdiction of Employee for, or plea of *nolo contendere* by Employee to, any felony (or state law equivalent) or any crime involving moral turpitude;

(vi) Employee's material failure or refusal, other than due to Disability, to perform Employee's obligations pursuant to this Agreement or to follow any lawful directive from the Board or the Company's Principal Executive Officer, as determined by the Board;

(vii) Employee's unlawful use (including being under the influence) or possession of illegal drugs on the Company's premises or while performing Employee's duties and responsibilities hereunder;

(viii) failure of Employee, in connection with his work on behalf of the Company Group, to exercise that degree of care, skill, and diligence as lawyers of ordinary skill and knowledge commonly possess and exercise, or the failure of Employee to act with undivided loyalty on behalf of the Company Group; or

(ix) Employee's failure to maintain a license to practice law in the State of Texas or failure to maintain good standing with the State Bar of Texas.

For items (i), (ii), (iii), (vi), (viii), and (ix) above, such item will not be considered a breach unless the Company provides Employee written notice of the existence of such condition(s) within thirty

(30) days after the initial occurrence of such condition(s) and the condition(s) specified in such notice are not corrected for fifteen (15) days following Employee's receipt of such written notice; *provided, however*, that Employee shall not be provided with an opportunity to correct such condition(s) if the Board determines, in its sole and absolute discretion, that such condition(s) cannot be corrected.

(b) Company's Right to Terminate without Cause. The Company shall have the right to terminate Employee's employment hereunder without Cause at any time and for any reason, or no reason at all, upon thirty (30) days' advance written notice to Employee or continued payment of Employee's Base Salary in lieu of such notice. For the avoidance of doubt, the Company's non-renewal of the then-existing Initial Term or Renewal Term, as applicable, shall not constitute a termination without Cause by the Company.

(c) Employee's Right to Terminate for Good Reason. Employee shall have the right to terminate Employee's employment hereunder at any time for Good Reason. For purposes of this Agreement, "**Good Reason**" shall mean:

(i) a material diminution in Employee's Base Salary or authority, duties, and responsibilities with the Company or its Subsidiaries, including his removal as an Officer; *provided, however*, that if Employee is serving as an officer or a member of the board of directors (or similar governing body) of any member of the Company Group or any other entity in which a member of the Company Group holds an equity interest, in no event shall the removal of Employee as an officer or a board member of a member of the Company Group other than the Company, regardless of the reason for such removal, constitute Good Reason; *provided, further,* that a reduction in Employee's Base Salary in connection with a general reduction in base salaries that affects all Officers and similarly situated executives of the Company in substantially the same proportions will not constitute Good Reason; *provided, further,* that a temporary reduction in Employee's authority, duties, and responsibilities in connection with any internal investigation by the Company, including an investigation into whether circumstances constituting Cause exist, shall not constitute Good Reason;

(ii) a material breach by the Company of any of its obligations under this Agreement; or

(iii) the relocation of the geographic location of Employee's principal place of employment by more than fifty (50) miles from the location of Employee's principal place of employment as of the Effective Date.

Notwithstanding the foregoing provisions of this Section 6(c) or any other provision of this Agreement to the contrary, any assertion by Employee of a termination for Good Reason shall not be effective unless all of the following conditions are satisfied: **(A)** the condition described in Section 6(c)(i), (ii) or (iii) giving rise to Employee's termination of employment must have arisen without Employee's consent; **(B)** Employee must provide written notice to the Board of the existence of such condition(s) within thirty (30) days after the initial occurrence of such condition(s); **(C)** the condition(s) specified in such notice must remain uncorrected for fifteen (15) days following the Board's receipt of such written notice; and **(D)** the date of Employee's termination of employment must occur within seventy-five (75) days after the initial occurrence of the condition(s) specified in such notice.

(d) Death or Disability. Upon the death or Disability of Employee, Employee's employment with all members of the Company Group shall automatically (and without any further action by any person or entity) terminate with no further obligation under this Agreement of either party hereunder. For purposes of this Agreement, a "**Disability**" shall exist if the Board determines that Employee is unable to perform the essential functions of Employee's position (after accounting for reasonable accommodation, if applicable and required by applicable law), due to physical or mental impairment that continues, or can reasonably be expected to continue, for a period in excess of one hundred twenty (120) consecutive days or one hundred eighty (180) days, whether or not consecutive (or for any longer period as may be required by applicable law), in any twelve (12)-month period.

(e) Employee's Right to Terminate for Convenience. In addition to Employee's right to terminate Employee's employment for Good Reason, Employee shall have the right to terminate Employee's employment hereunder for convenience at any time and for any other reason, or no reason at all, upon thirty (30) days' advance written notice to the Company; *provided*, *however*, that if Employee has provided notice to the Company of Employee's termination of employment, the Company may determine, in its sole discretion, that such termination shall be effective on any date prior to the effective date of termination provided in such notice (and, if such earlier date is so required, then it shall not change the basis for Employee's termination of employment nor be construed or interpreted as a termination of employment pursuant to Section 6(b)).

(f) Effect of Termination.

(i) If Employee's employment hereunder is terminated prior to the expiration of the then-existing Initial Term or Renewal Term, as applicable, by the Company without Cause pursuant to Section 6(b), or if this Agreement is terminated by Employee for Good Reason pursuant to Section 6(c), then so long as (and only if) Employee: (A) executes on or before the Release Expiration Date (as defined in Section 6(f)(iii)), and does not revoke within any time provided by the Company to do so, a release of all claims in a form acceptable to the Company (the "**Release**"), which Release shall release each member of the Company Group and their respective affiliates, and the foregoing entities' respective shareholders, members, partners, officers, managers, directors, fiduciaries, employees, representatives, agents, and benefit plans (and fiduciaries of such plans) from any and all claims, including any and all causes of action arising out of Employee's employment with the Company and any other member of the Company Group or the termination of such employment, but excluding all claims to severance payments Employee may have under this Section 6 and further excluding any right Employee had for indemnification as an employee or officer of the Company; and (A) abides by the terms of each of Sections 8, 9 and 10, then the Company shall make severance payments to Employee in a total amount equal to the sum of equal to one (1) times (or, if such termination occurs within twelve (12) months following a Change in Control (as defined below in this Section 6(f)(i)), one and one-half (1.5) times) the sum of Employee's (i) target Annual Bonus and (i) Base Salary, in each case, for the year in which such termination occurs (such total severance amount being referred to as the "**Severance Amount**"). Subject to the provisions of Section 22, the Severance Amount shall be paid in equal installments over the twelve (12)-month period (the "**Severance Period**") following the date on which Employee's employment terminates (the "**Termination Date**"), at the same time and in the same manner as the Annual Base Salary would have been paid had the Employee remained in active employment during the Severance Period, in accordance with the Company's normal payroll practices in effect on the Date of Termination; provided that any installment that would otherwise have been paid prior to the first normal payroll payment date occurring on or after the sixtieth (60th) day following the Date of Termination (such payroll date, the "**First Payment Date**") shall instead be paid on the First Payment Date. Notwithstanding anything to the contrary in this Section 6(f)(i), to the extent, if any, that the aggregate value of the Severance Amount that would otherwise be paid pursuant to this Section 6(f)(i) after March 15 of the calendar year following the calendar year in which the Termination Date occurs (the "**Applicable March 15**") exceeds the maximum exemption amount under 1.409A-1(b)(9)(iii)(A), then such excess shall be paid to Employee in a lump-sum on the Applicable March 15 (or the first Business Day (as defined below in this Section 6(f)(i)) preceding the Applicable March 15 if the Applicable March 15 is not a Business Day) and the installments of the Severance Amount payable after the Applicable March 15 shall be reduced by such excess (beginning with the installment first payable after the Applicable March 15 and continuing with the next succeeding installment until the aggregate reduction equals such excess). "**Change in Control**" shall mean any event that constitutes both a "Change in Control" within the meaning of the ProPetro Holding Corp. 2017 Incentive Award Plan (the "**Plan**") and a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5). "**Business Day**" shall mean any day except a Saturday, Sunday, or other day on which commercial banks in New York, New York are authorized or required by law to be closed.

(ii) For the avoidance of doubt, the Severance Amount (and any portion thereof) shall not be payable if Employee's employment hereunder terminates upon (i) the expiration of the then existing Initial Term or Renewal Term, as applicable, as a result of a non-renewal of the term of Employee's employment under this Agreement by the Company or Employee pursuant to Section 4, (i) the Company's termination of Employee's employment for Cause, as described in Section 6(a), (i) Employee's termination of employment for convenience (i.e., without Good Reason), as described in Section 6(e), or (i) termination of Employee's employment by reason of death or Disability. Notwithstanding the above, if Employee's employment terminates due to the non-renewal of this Agreement by the Company, so long as (and only if) Employee: (A) executes on or before the Release Expiration Date, and does not revoke within any time provided by the Company to do so, a Release (as described in Section 6(f)(i)) and (B) abides by the terms of each of Sections 8, 9 and 10, then the Company shall pay Employee a *pro rata* portion of the target value of his Annual Bonus for the year of his termination of employment, which amount shall be paid on the First Payment Date.

(iii) If the Release is not executed and returned to the Company on or before the Release Expiration Date, and the required revocation period has not fully expired without revocation of the Release by Employee, then Employee shall not be entitled to any portion of the Severance Amount. As used herein, the "**Release Expiration Date**" is that date that is twenty-one (21) days following the date upon which the Company delivers the Release to Employee (which shall occur no later than seven (7) days after the Termination Date) or, in the event that such termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is forty-five (45) days following such delivery date.

(g) After-Acquired Evidence. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that Employee is eligible to receive the Severance Amount pursuant to Section 6(f) but, after such determination, the Company subsequently acquires evidence or determines that: (i) Employee has failed to abide by the terms of Sections 8, 9 or 10; or (ii) a Cause condition existed prior to the Termination Date that, had the Company been fully aware of such condition, would have given the Company the right to terminate Employee's employment pursuant to Section 6(a), then the Company shall have the right to cease the payment of any future installments of the Severance Amount and Employee shall promptly return to the Company all installments of the Severance Amount received by Employee prior to the date that the Company determines that the conditions of this Section 6(g) have been satisfied.

7. **Disclosures**.

(a) Conflicts of Interest.

(i) Employee hereby represents and warrants that as of the Effective Date there exist (A) no actual or potential Conflicts of Interest and (A) no current or pending lawsuits, claims or arbitrations filed against or involving Employee or any trust or vehicle owned or controlled by Employee.

(ii) Promptly (and in any event, within three (3) Business Days) upon becoming aware of (A) any actual or potential Conflict of Interest or (A) any lawsuit, claim or arbitration filed against or involving Employee or any trust or vehicle owned or controlled by Employee, in each case, Employee shall disclose such actual or potential Conflict of Interest or such lawsuit, claim or arbitration to the Board.

(iii) A "**Conflict of Interest**" shall exist when Employee engages in, or plans to engage in, any activities, associations, or interests that conflict with, or create an appearance of a conflict with, Employee's duties, responsibilities, authorities, or obligations for and to any member of the Company Group.

(b) License to Practice Law.

(i) Employee hereby represents and warrants that as of the Effective Date Employee is licensed to practice law in the State of Texas, is in good standing with the State Bar of Texas, and is not subject to any disciplinary proceedings.

(ii) Promptly (and in any event, within three (3) Business Days) upon becoming aware that (A) Employee's license to practice law in the State of Texas has been or will be revoked or suspended or (A) Employee has become subject to a disciplinary proceeding with the State Bar of Texas, Employee shall disclose such information to the Board.

8. **Confidentiality**. In the course of Employee's employment with the Company and any other member of the Company Group and the performance of Employee's duties on behalf of the Company Group hereunder, Employee will be provided with, and will have access to, Confidential Information (as defined in Section 8(d)). In consideration of Employee's receipt and access to such Confidential Information, and as a condition of Employee's employment, Employee shall comply with this Section 8.

(a) Both during the Employment Period and thereafter, except as expressly permitted by this Agreement or by directive of the Board, Employee shall not disclose any Confidential Information to any person or entity and shall not use any Confidential Information except for the benefit of the Company Group. Employee recognizes the attorney-client privilege that exists between Employee and each member of the Company Group, which protects communications between Employee and each member of the Company Group and understands that nothing herein shall constitute a waiver of such privilege by any member of the Company Group. Further, Employee agrees to maintain all applicable attorney-client and attorney work product privileges that apply as a result of his employment under this Agreement. Employee shall follow all Company Group policies and protocols regarding the security of all documents and other materials containing Confidential Information (regardless of the medium on which Confidential Information is stored). The covenants of this Section 8(a) shall apply to all Confidential Information, whether now known or later to become known to Employee during the period that Employee is employed by or affiliated with any member of the Company Group.

(b) Notwithstanding any provision of Section 8(a) to the contrary, Employee may make the following disclosures and uses of Confidential Information:

(i) disclosures to other employees of a member of the Company Group who have a need to know the information in connection with the businesses of the Company Group;

(ii) disclosures to customers and suppliers when, in the reasonable and good faith belief of Employee, such disclosure is in connection with Employee's performance of Employee's duties under this Agreement and is in the best interests of the Company Group;

(iii) disclosures and uses that are approved in writing by the Board; or

(iv) disclosures to a person or entity that has (x) been retained by a member of the Company Group to provide services to one or more members of the Company Group, and (y) agreed in writing to abide by the terms of a confidentiality agreement.

(c) Upon the expiration of the Employment Period, and at any other time upon request of the Company, Employee shall promptly surrender and deliver to the Company all documents (including electronically stored information) and all copies thereof and all other materials of any nature containing or pertaining to all Confidential Information and any other Company Group property (including any Company Group-issued computer, mobile device, or other equipment) in Employee's possession, custody, or control and Employee shall not retain any such documents or other materials or property of the Company Group. Within ten (10) days of any such request, Employee shall certify to the Company in writing that all such documents, materials, and property have been returned to the Company.

(d) All trade secrets, non-public information, designs, ideas, concepts, improvements, product developments, discoveries, and inventions, whether patentable or not, that are conceived, made, developed, or acquired by or disclosed to Employee, individually or in conjunction with others, during the period that Employee is employed by any member of the Company Group (whether during business hours or otherwise and whether on the Company's premises or otherwise) that relate to any member of the Company Group's businesses or properties, products, or services (including all such information relating to corporate opportunities, operations, future plans, methods of doing business, business plans, strategies for developing business and market share, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or acquisition targets or their requirements, the identity of key contacts within customers' organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names and marks) is defined as "**Confidential Information**." Moreover, all documents, videotapes, written presentations, brochures, drawings, memoranda, notes, records, files, correspondence, manuals, models, specifications, computer programs, e-mail, voice mail, electronic databases, maps, drawings, architectural renditions, models, and all other writings or materials of any type including or embodying any of such information, ideas, concepts, improvements, discoveries, inventions, and other similar forms of expression are and shall be the sole and exclusive property of the applicable member of the Company Group and be subject to the same restrictions on disclosure applicable to all Confidential Information pursuant to this Agreement. For purposes of this Agreement, Confidential Information shall not include any information that (i) is or becomes generally available to the public other than as a result of a disclosure or wrongful act of Employee or any of Employee's agents; (i) was available to Employee on a non-confidential basis before its disclosure by a member of the Company Group; or (i) becomes available to Employee on a non-confidential basis from a source other than a member of the Company Group; *provided*, *however*, that such source is not bound by a confidentiality agreement with, or other obligation with respect to confidentiality to, a member of the Company Group.

(e) Notwithstanding the foregoing, nothing in this Agreement shall prohibit or restrict Employee from lawfully: (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental authority regarding a possible violation of any law; (i) responding to any inquiry or legal process directed to Employee from any such governmental authority; (i) testifying, participating or otherwise assisting in any action or proceeding by any such governmental authority relating to a possible violation of law; or (i) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (1) solely for the purpose of reporting or investigating a suspected violation of law; (A) is made to the individual's attorney in relation to a lawsuit for retaliation against the individual for reporting a suspected violation of law; or (A) is made in a complaint or other document filed in a lawsuit or proceeding, if such filing is made under seal. Nothing in this Agreement requires Employee to obtain prior authorization before engaging in any conduct described in this paragraph, or to notify the Company that Employee has engaged in any such conduct.

9. **Non-Competition; Non-Solicitation**.

(a) The Company shall provide Employee access to Confidential Information for use only during the Employment Period, and Employee acknowledges and agrees that the Company Group will be entrusting Employee, in Employee's unique and special capacity, with developing the goodwill of the Company Group, and in consideration of (i) the Company providing Employee with access to Confidential Information, (i) the Company granting certain equity awards to Employee pursuant to the Plan concurrent with effectiveness of this Agreement, and (i) as an express incentive for the Company to enter into this Agreement and employ Employee, Employee has voluntarily agreed to the covenants set forth in this Section 9. Employee agrees and acknowledges that the limitations and restrictions set forth herein, including geographical and temporal restrictions on certain competitive activities, are reasonable in all respects, do not interfere with public interests, will not cause Employee undue hardship, and are material and substantial parts of this Agreement intended and necessary to prevent unfair competition and to protect the Company Group's Confidential Information, goodwill, and legitimate business interests.

(b) During the Prohibited Period, Employee shall not, without the prior written approval of the Board, directly or indirectly, for Employee or on behalf of or in conjunction with any other person or entity of any nature:

(i) engage in or participate within the Market Area in competition with any member of the Company Group in any aspect of the Business, which prohibition shall prevent Employee from directly or indirectly: (A) owning, managing, operating, or being an officer or director of, any business that competes with any member of the Company Group in the Market Area or (A) joining, becoming an employee or consultant of, or otherwise being affiliated with, any person or entity engaged in, or planning to engage in, the Business in the Market Area in competition, or anticipated competition, with any member of the Company Group in any capacity (with respect to this clause (B)) in which Employee's duties or responsibilities are the same as or similar to the duties or responsibilities that Employee had on behalf of any member of the Company Group; or

(ii) appropriate any Business Opportunity of, or relating to, any member of the Company Group located in the Market Area;

(c) During the Prohibited Period Employee shall not, without prior written approval of the Board, directly or indirectly, for Employee or on behalf of or in conjunction with any other person or entity of any nature:

(i) solicit, canvass, approach, encourage, entice, or induce any customer or supplier of any member of the Company Group to cease or lessen such customer's or supplier's business with any member of the Company Group; or

(ii) solicit, canvass, approach, encourage, entice, or induce any employee or contractor of any member of the Company Group to terminate his, her, or its employment or engagement with any member of the Company Group.

(d) Because of the difficulty of measuring economic losses to the Company Group as a result of a breach or threatened breach of the covenants set forth in Section 8 and in this Section 9, and because of the immediate and irreparable damage that would be caused to the members of the Company Group for which they would have no other adequate remedy, the Company and each other member of the Company Group shall be entitled to enforce the foregoing covenants, in the event of a breach or threatened breach, by injunctions and restraining orders from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall not be the Company's or any other member of the Company Group's exclusive remedy for a breach but instead shall be in addition to all other rights and remedies available to the Company and each other member of the Company Group at law and equity.

(e) The covenants in this Section 9, and each provision and portion hereof, are severable and separate, and the unenforceability of any specific covenant (or portion thereof) shall not affect the provisions of any other covenant (or portion thereof). Moreover, in the event any arbitrator or court of competent jurisdiction shall determine that the scope, time or territorial restrictions set forth are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent which such arbitrator or court deems reasonable, and this Agreement shall thereby be reformed.

(f) The following terms shall have the following meanings:

(i) "**Business**" shall mean the business and operations that are the same or substantially similar to those performed by the Company and any other member of the Company Group for which Employee provides services or about which Employee obtains Confidential Information during the Employment Period, which business and operations include hydraulic fracturing services, cementing and acidizing operations, coiled tubing operations, flowback-control and methanol pumping equipment rentals, and pre-set surface drilling services.

(ii) "**Business Opportunity**" shall mean any commercial, investment, or other business opportunity relating to the Business.

(iii) "**Market Area**" shall mean a one hundred mile radius surrounding any location at which any member of the Company Group operates.

(iv) "**Prohibited Period**" shall mean the period during which Employee is employed by any member of the Company Group and continuing for a period of twelve (12) months following the date that Employee is no longer employed by any member of the Company Group.

(g) Nothing in this Section 9 shall be interpreted or applied in a manner to prevent or restrict Employee from practicing law, as it is the intent of this Section 9 to create certain limitations on Employee's business activities only, and not to create limitations that would restrict Employee from practicing law. Employee acknowledges and agrees that, both before and after the Termination Date, Employee shall be bound by all ethical and professional obligations (including those with respect to conflicts and confidentiality) that arise from Employee's provision of legal services to, and acting as legal counsel for, the Company and, as applicable, the other members of the Company Group.

10. **Ownership of Intellectual Property.** Employee agrees that the Company shall own, and Employee shall (and hereby does) assign, all right, title, and interest (including patent rights, copyrights, trade secret rights, mask work rights, trademark rights, and all other intellectual and industrial property rights of any sort throughout the world) relating to any and all inventions (whether or not patentable), works of authorship, mask works, designs, know-how, ideas, and information authored, created, contributed to, made, or conceived or reduced to practice, in whole or in part, by Employee during the period in which Employee is or has been employed by or affiliated with any member of the Company Group that either (a) relate, at the time of conception, reduction to practice, creation, derivation, or development, to any member of the Company Group's businesses or actual or anticipated research or development, or (a) were developed on any amount of the Company's or any other member of the Company Group's time or with the use of any member of the Company Group's equipment, supplies, facilities, or trade secret information (all of the foregoing collectively referred to herein as "**Company Intellectual Property**"), and Employee shall promptly disclose all Company Intellectual Property to the Company. All of Employee's works of authorship and associated copyrights created during the period in which Employee is employed by or affiliated with any member of the Company Group and in the scope of Employee's employment or engagement shall be deemed to be "works made for hire" within the meaning of the Copyright Act. Employee shall perform, during, and after the period in which Employee is or has been employed by or affiliated with any member of the Company Group, all acts deemed necessary by the Company to assist each member of the Company Group, at the Company's expense, in obtaining and enforcing its rights throughout the world in the Company Intellectual Property. Such acts may include execution of

documents and assistance or cooperation (i) in the filing, prosecution, registration, and memorialization of assignment of any applicable patents, copyrights, mask work, or other applications, (i) in the enforcement of any applicable patents, copyrights, mask work, moral rights, trade secrets, or other proprietary rights, and (i) in other legal proceedings related to the Company Intellectual Property.

11. **Arbitration**.

(a) Subject to Section 11(b), any dispute, controversy, or claim between Employee and any member of the Company Group arising out of or relating to this Agreement or Employee's employment or engagement with any member of the Company Group ("**Disputes**") will be finally settled by arbitration in Midland County, Texas in accordance with the then-existing American Arbitration Association ("**AAA**") Employment Arbitration Rules. The arbitration award shall be final and binding on both parties. Any arbitration conducted under this Section 11 shall be private, and shall be heard by a single arbitrator (the "**Arbitrator**") selected in accordance with the then-applicable rules of the AAA. The Arbitrator shall expeditiously hear and decide all matters concerning the Dispute. Except as expressly provided to the contrary in this Agreement, the Arbitrator shall have the power to (i) gather such materials, information, testimony, and evidence as the Arbitrator deems relevant to the Dispute before him or her (and each party will provide such materials, information, testimony, and evidence requested by the Arbitrator), and (i) grant injunctive relief and enforce specific performance. All Disputes shall be arbitrated on an individual basis, and each party hereto hereby foregoes and waives any right to arbitrate any Dispute as a class action or collective action or on a consolidated basis or in a representative capacity on behalf of other persons or entities who are claimed to be similarly situated, or to participate as a class member in such a proceeding. The decision of the Arbitrator shall be reasoned, rendered in writing, be final and binding upon the disputing parties, and the parties agree that judgment upon the award may be entered by any court of competent jurisdiction. The party whom the Arbitrator determines is the prevailing party in such arbitration shall receive, in addition to any other award pursuant to such arbitration or associated judgment, reimbursement from the other party of all reasonable legal fees and costs associated with such arbitration and associated judgment.

(b) Notwithstanding Section 11(a), either party may make a timely application for, and obtain, judicial emergency or temporary injunctive relief to enforce any of the provisions of Sections 8 through 10; *provided, however*, that the remainder of any such Dispute (beyond the application for emergency or temporary injunctive relief) shall be subject to arbitration under this Section 11.

(c) By entering into this Agreement and entering into the arbitration provisions of this Section 11, THE PARTIES EXPRESSLY ACKNOWLEDGE AND AGREE THAT THEY ARE KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVING THEIR RIGHTS TO A JURY TRIAL.

(d) Nothing in this Section 11 shall prohibit a party to this Agreement from (i) instituting litigation to enforce any arbitration award or (i) joining the other party to this Agreement in a litigation initiated by a person or entity that is not a party to this Agreement. Further, nothing in this Section 11 precludes Employee from filing a charge or complaint with a federal, state or other governmental administrative agency.

12. **Defense of Claims**. During the Employment Period and thereafter, upon request from the Company, Employee shall cooperate with the Company Group, at the Company Group's expense, in the defense of any claims or actions that may be made by or against any member of the Company Group that relate to Employee's actual or prior areas of responsibility.

13. **Withholdings; Deductions**. The Company Group may withhold and deduct from any benefits and payments made or to be made pursuant to this Agreement (a) all federal, state, local, and other taxes as may be required pursuant to any law or governmental regulation or ruling and (a) any deductions consented to in writing by Employee.

14. **Title and Headings; Construction**. Titles and headings to Sections hereof are for the purpose of reference only and shall in no way limit, define, or otherwise affect the provisions hereof. Any and all Exhibits or Attachments referred to in this Agreement are, by such reference, incorporated herein and made a part hereof for all purposes. Unless the context requires otherwise, all references to laws, regulations, contracts, documents, agreements, and instruments refer to such laws, regulations, contracts, documents, agreements, and instruments as they may be amended from time to time, and references to particular provisions of laws or regulations include a reference to the corresponding provisions of any succeeding law or regulation. All references to "dollars" or "$" in this Agreement refer to United States dollars. The words "herein", "hereof", "hereunder", and other compounds of the word "here" shall refer to the entire Agreement, including all Exhibits attached hereto, and not to any particular provision hereof. Unless the context requires otherwise, the word "or" is not exclusive. Wherever the context so requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural and conversely. All references to "including" shall be construed as meaning "including without limitation." Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any party hereto, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the parties hereto and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties hereto.

15. **Applicable Law; Submission to Jurisdiction**. This Agreement shall in all respects be construed according to the laws of the State of Texas without regard to its conflict of laws principles that would result in the application of the laws of another jurisdiction. With respect to any claim or dispute related to or arising under this Agreement, the parties hereby consent to the arbitration provisions of Section 11 and recognize and agree that should any resort to a court be

necessary and permitted under this Agreement, then they consent to the exclusive jurisdiction, forum, and venue of the state and federal courts (as applicable) located in Midland County, Texas.

16. **Entire Agreement and Amendment**. This Agreement contains the entire agreement of the parties with respect to the matters covered herein and supersede all prior and contemporaneous agreements and understandings, oral or written, between the parties hereto concerning the subject matter hereof. This Agreement may be amended only by a written instrument executed by both parties hereto.

17. **Waiver of Breach**. Any waiver of this Agreement must be executed by the party to be bound by such waiver. No waiver by either party hereto of a breach of any provision of this Agreement by the other party, or of compliance with any condition or provision of this Agreement to be performed by such other party, will operate or be construed as a waiver of any subsequent breach by such other party or any similar or dissimilar provision or condition at the same or any subsequent time. The failure of either party hereto to take any action by reason of any breach will not deprive such party of the right to take action at any time.

18. **Assignment**. This Agreement is personal to Employee, and neither this Agreement nor any rights or obligations hereunder shall be assignable or otherwise transferred by Employee. The Company may assign this Agreement without Employee's consent, including to any member of the Company Group and to any successor to or acquirer of (whether by merger, purchase, or otherwise) all or substantially all of the equity, assets or businesses of the Company.

19. **Notices**. Notices provided for in this Agreement shall be in writing and shall be deemed to have been duly received (a) when delivered in person, (a) when sent by facsimile transmission (with confirmation of transmission) on a Business Day to the number set forth below, if applicable; *provided*, *however*, that if a notice is sent by facsimile transmission after normal business hours of the recipient or on a non-Business Day, then it shall be deemed to have been received on the next Business Day after it is sent, (a) on the first Business Day after such notice is sent by express overnight courier service, or (a) on the second Business Day following deposit with an internationally-recognized second-day courier service with proof of receipt maintained, in each case, to the following address, as applicable:

If to the Company, addressed to:

ProPetro Holding Corp.
1706 Midkiff, Bldg. B
Midland, Texas 79107

If to Employee, addressed to:

Newton W. Wilson III

1403 Community Lane
Midland, Texas 79701

20. **Counterparts**. This Agreement may be executed in any number of counterparts, including by electronic mail or facsimile, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a copy hereof containing multiple signature pages, each signed by one party, but together signed by both parties hereto.

21. **Deemed Resignations**. Except as otherwise determined by the Board or as otherwise agreed to in writing by Employee and any member of the Company Group prior to the termination of Employee's employment with the Company or any member of the Company Group, any termination of Employee's employment shall constitute, as applicable, an automatic resignation of Employee: (a) as an officer of the Company and each member of the Company Group; (a) from the Board; and (a) from the board of directors or board of managers (or similar governing body) of any member of the Company Group and from the board of directors or board of managers (or similar governing body) of any corporation, limited liability entity, unlimited liability entity, or other entity in which any member of the Company Group holds an equity interest and with respect to which board of directors or board of managers (or similar governing body) Employee serves as such Company Group member's designee or other representative.

22. **Section 409A**.

(a) Notwithstanding any provision of this Agreement to the contrary, all provisions of this Agreement are intended to comply with Section 409A of the Internal Revenue Code of 1986 (the "**Code**"), and the applicable Treasury regulations and administrative guidance issued thereunder (collectively, "**Section 409A**") or an exemption therefrom and shall be construed and administered in accordance with such intent. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of Employee's employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A.

(b) To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A), (i) any such expense reimbursement shall be made no later than the last day of Employee's taxable year following the taxable year in which such expense was incurred by Employee, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (i) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; *provided*, that the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period in which the arrangement is in effect.

(c) Notwithstanding any provision in this Agreement to the contrary, if any payment or benefit provided for herein would be subject to additional taxes and interest under Section 409A if Employee's receipt of such payment or benefit is not delayed until the earlier of (i) the date of Employee's death or (i) the date that is six (6) months after the Termination Date (such date, the "**Section 409A Payment Date**"), then such payment or benefit shall not be provided to Employee (or Employee's estate, if applicable) until the Section 409A Payment Date. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement are exempt from, or compliant with, Section 409A and in no event shall any member of the Company Group be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by Employee on account of non-compliance with Section 409A.

23. **Effect of Termination**. The provisions of Sections 6, 8-13 and 21 and those provisions necessary to interpret and enforce them, shall survive any termination of this Agreement and any termination of the employment relationship between Employee and any member of the Company Group.

24. **Third-Party Beneficiaries**. Each member of the Company Group that is not a signatory to this Agreement shall be a third-party beneficiary of Employee's obligations under Sections 7, 8, 9, 10, 11, and 21 and shall be entitled to enforce such obligations as if a party hereto.

25. **Severability**. If an arbitrator or court of competent jurisdiction determines that any provision of this Agreement (or portion thereof) is invalid or unenforceable, then the invalidity or unenforceability of that provision (or portion thereof) shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect.

IN WITNESS WHEREOF, Employee and the Company each have caused this Agreement to be executed and effective as of the Effective Date.

EMPLOYEE

/s/ Newton W. Wilson III
Newton W. Wilson III

PROPETRO HOLDING CORP.

By: /s/ Dale Redman
Name: Dale Redman
Title: Chief Executive Officer

Exhibit 10.51

March 16, 2020

Newton W. Wilson III

Re: Participation Agreement – ProPetro Services, Inc. Executive Severance Plan

Dear Trey:

We are pleased to inform you that you have been designated as eligible to participate in the ProPetro Services, Inc. Executive Severance Plan (as it may be amended from time to time, the "***Plan***") as a Tier 3 Executive. Pursuant to your participation in the Plan, you are eligible to receive certain payments upon a Qualifying Termination, your death, or your Disability.

Your participation in the Plan is subject to the terms and conditions of the Plan and your execution and delivery of this agreement, which constitutes a Participation Agreement (as defined in the Plan). A copy of the Plan is attached hereto as Annex A and is incorporated herein and deemed to be part of this Participation Agreement for all purposes.

In signing below, you expressly agree to be bound by, and promise to abide by, the terms of the Plan, which sets forth certain obligations with respect to post-termination cooperation. You agree that the terms of the Plan are reasonable in all respects. You further acknowledge that receipt of severance benefits following a Qualifying Termination under the Plan is contingent upon your execution of a general release of claims at the time of such Qualifying Termination and continued compliance with your obligations pursuant to any other written agreement between you and any member of the Company Group, including the restrictive covenants set forth in the award agreements entered into with the Company pursuant to the Incentive Plan.

You acknowledge and agree that the Plan and this Participation Agreement supersede all prior employment agreements or letters containing change in control and/or severance provisions, change in control and/or severance benefit policies, plans and arrangements of the Company or any other member of the Company Group, if any, (and supersede all prior oral or written communications by the Company or any of other member of the Company Group with respect to change in control benefits or severance benefits, if any), and any such prior policies, plans, arrangements and communications are hereby null and void and of no further force and effect with respect to your participation therein. Notwithstanding the termination of all prior agreements pertaining to change in control and/or severance provisions, you acknowledge and agree that your Awards (as defined in the Incentive Plan) will continue to be governed by the terms of the Incentive Plan and the award agreements thereunder, and your obligation to continue to comply with your obligations pursuant to the award agreements under the Incentive Plan will survive the termination of all prior agreements pertaining to change in control and/or severance provisions.

You acknowledge and agree that all obligations of the Company and its affiliates pursuant to that certain Employment Agreement entered into as of September 25, 2019, by and between you and the Company (the "***Employment Agreement***") have been fully and finally satisfied and, therefore, except as provided in the last sentence of this paragraph, the Employment Agreement is hereby terminated effective as of the date of this letter and that neither the Company nor any other person or entity has any other future obligations to you thereunder. Notwithstanding the termination of the Employment Agreement, you acknowledge and agree that your obligation to continue to comply with your obligations pursuant to Sections 7, 8, and 9 of the Employment Agreement, will survive the termination of the Employment Agreement according to their respective terms.

You further acknowledge and agree that (i) you have fully read, understand and voluntarily enter into this Participation Agreement and (ii) you have had a sufficient opportunity to consult with your personal tax, financial planning advisor and attorney about the tax, financial and legal consequences of your participation in the Plan before signing this Participation Agreement.

Unless otherwise defined herein, capitalized terms used in this Participation Agreement shall have the meanings set forth in the Plan. This Participation Agreement may be executed in separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

Please execute this Participation Agreement in the space provided below and send a fully executed copy to Roxana Hernandez no later than March 23, 2020.

[*Signature Page Follows*]

Sincerely,

PROPETRO SERVICES, INC.

By: /s/ Phillip A. Gobe

Name: Phillip A. Gobe

Title: Chief Executive Officer and Chairman of the Board

AGREED AND ACCEPTED
this 30th day of March, 2020 by:
/s/ Newton W. Wilson III
Newton W. Wilson III

SIGNATURE PAGE TO
PARTICIPATION AGREEMENT

ANNEX A

PROPETRO SERVICES, INC.
EXECUTIVE SEVERANCE PLAN

[See attached.]

Exhibit 10.53

AMENDED AND RESTATED PROPETRO HOLDING CORP.

NON-EMPLOYEE DIRECTOR COMPENSATION POLICY

Effective as of October 3, 2019

Non-employee members of the board of directors (the "Board") of ProPetro Holding Corp. (the "Company") shall be eligible to receive cash and equity compensation as set forth in this Amended and Restated Non-Employee Director Compensation Policy (this "Policy"). The cash and equity compensation described in this Policy shall be paid or be made, as applicable, automatically and without further action of the Board, to each member of the Board who is not an employee of the Company or any parent or subsidiary of the Company (each, a "Non-Employee Director") and who may be eligible to receive such cash or equity compensation, unless such Non-Employee Director declines the receipt of such cash or equity compensation by written notice to the Company. This Policy became effective as of the date set forth above (the "Effective Date") and shall remain in effect until it is revised or rescinded by further action of the Board. This Policy may be amended, modified or terminated by the Board at any time in its sole discretion. The terms and conditions of this Policy shall supersede any prior cash and/or equity compensation arrangements for service as a member of the Board between the Company and any of its Non-Employee Directors and between any subsidiary of the Company and any of its non-employee directors.

1. Annual Retainers. Unless otherwise determined by the Board, Non-Employee Directors shall be paid the retainers described below.

(a) Annual Retainers. Each Non-Employee Director shall receive an annual retainer of $70,000 for service on the Board.

(b) Additional Annual Retainers. In addition, a Non-Employee Director shall receive the following annual retainers, as applicable:

(i) Chairperson of the Board. A Non-Employee Director serving as Chairperson of the Board shall receive an additional annual retainer of $50,000 for such service.

(ii) Independent Lead Director of the Board. If a Non-Employee Director is named Independent Lead Director of the Board, such Non-Employee Director shall receive an additional annual retainer of $20,000 for such service.

(iii) Audit Committee. A Non-Employee Director serving as Chairperson of the Audit Committee shall receive an additional annual retainer of $15,000 for such service.

(iv) Compensation Committee. A Non-Employee Director serving as Chairperson of the Compensation Committee shall receive an additional annual retainer of $15,000 for such service.

(v) Nominating and Corporate Governance Committee. A Non-Employee Director serving as Chairperson of the Nominating and Corporate Governance Committee shall receive an additional annual retainer of $10,000 for such service.

(c) Payment of Retainers. The annual retainers described in Sections 1(a) and 1(b) shall be earned on a quarterly basis based on a calendar quarter and shall be paid in arrears by the Company not later than the fifteenth day following the end of each calendar quarter. In the event a Non-Employee Director does not serve as a Non-Employee Director, or in the applicable positions described in Section 1(b), for an entire calendar quarter, such Non-Employee Director shall receive a prorated portion of the retainer(s) otherwise payable to such Non-Employee Director for such calendar quarter pursuant to Sections 1(a) and 1(b), with such prorated portion determined by multiplying such otherwise payable retainer(s) by a fraction, the numerator of which is the number of days during which the Non-Employee Director serves as a Non-Employee Director or in the applicable positions described in Section 1(b) during the applicable calendar quarter and the denominator of which is the number of days in the applicable calendar quarter.

2. Equity Compensation. Unless otherwise determined by the Board, Non-Employee Directors shall be eligible to receive the equity awards described below.

(a) Annual Awards. Each Non-Employee Director who (i) serves on the Board as of the date of any annual meeting of the Company's stockholders (an "Annual Meeting") after the Effective Date and (i) will continue to serve as a Non-Employee Director immediately following such Annual Meeting shall be granted, on or about the date of such Annual Meeting, restricted stock units with respect to a number of shares of the Company's common stock (the "Common Stock") that have an aggregate fair value on the date of grant of $140,000. The awards described in this Section 2(a) shall be referred to as the "Annual Awards." For the avoidance of doubt, a Non-Employee Director elected for the first time to the Board at an Annual Meeting shall receive only an Annual Award in connection with such election, and shall not receive any Initial Award on the date of such Annual Meeting as well.

(b) Initial Awards. Each Non-Employee Director who is initially elected or appointed to the Board on or after the Effective Date on any date other than the date of an Annual Meeting shall be granted, on or about the date of such Non-Employee Director's initial election or appointment (such Non-Employee Director's "Start Date"), an award of restricted stock units with respect to a number of shares of Common Stock that have an aggregate fair value on the date of grant equal to the product of (i) $140,000 and (i) a fraction, the numerator of which is (1) 365 minus (1) the number of days in the period beginning on the date of the Annual Meeting immediately preceding such Non-Employee Director's Start Date and ending on such Non-Employee Director's Start Date and the denominator of which is 365. The awards described in this Section 2(b) shall be referred to as "Initial Awards." For the avoidance of doubt, no Non-Employee Director shall be granted more than one Initial Award.

(c) Termination of Employment of Employee Directors. Members of the Board who are employees of the Company or any parent or subsidiary of the Company who subsequently terminate their employment with the Company and any parent or subsidiary of the Company and remain on the Board will not receive an Initial Award pursuant to Section 2(b) above, but to the extent that they are otherwise eligible, will be eligible to receive, after termination from service with the Company and any parent or subsidiary of the Company, Annual Awards as described in Section 2(a) above.

(d) Vesting of Awards Granted to Non-Employee Directors. Each Annual Award and Initial Award (collectively, the "Awards") shall vest and become exercisable on the earlier of (i) the day immediately preceding the date of the first Annual Meeting following the date of grant and (i) the first anniversary of the date of grant, subject to the Non-Employee Director continuing in service through the applicable vesting date. No portion of an Award that is unvested or unexercisable at the time of a Non-Employee Director's termination of service on the Board shall become vested and exercisable thereafter. Notwithstanding the foregoing, in the event a Non-Employee Director incurs a termination of service by reason of the Non-Employee Director's death or Disability (as defined in the applicable award agreement), the Non-Employee director will, immediately prior to such termination of service, vest in any Award that would have become vested had the Non-Employee Director continued providing services to the Company or its subsidiaries until the first anniversary of the date of the termination of service. All of a Non-Employee Director's Awards shall vest in full immediately prior to the occurrence of a Change in Control (as defined in the Equity Plan (as defined below)), to the extent outstanding at such time.

3. General. The annual retainers and Awards described herein shall be granted under and shall be subject to the terms and provisions, including the limitations on the numbers of shares and cash that may be granted to Non-Employee Directors each calendar year, of the Company's 2017 Incentive Award Plan or any other applicable Company equity incentive plan then-maintained by the Company (such plan, as may be amended from time to time, the "Equity Plan"). The Awards shall be granted subject to the execution and delivery of award agreements, including attached exhibits, in substantially the forms most recently approved by the Board for Non-Employee Directors. All numbers of Awards determined hereunder shall be rounded down to the nearest whole share and subject to adjustment as provided in the Equity Plan. Notwithstanding the terms of this Policy, the Board shall retain the discretion to approve additional or different cash or equity compensation for one or more members of the Board on a short-term or extended basis to compensate such member or members of the Board for the provision of additional services to the Board without amending the terms of this Policy.

4. Reimbursement of Expenses. The Company shall reimburse each Non-Employee Director for his or her reasonable business expenses incurred in connection with the performance of his or her duties on the Board, including reasonable travel and other expenses. Each Non-Employee Director shall provide to the Company such receipts and other records related to such reimbursable expenses as the Company may require.

* * * * *

Exhibit 10.54

PROPETRO HOLDING CORP.
2017 INCENTIVE AWARD PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

ProPetro Holding Corp., a Delaware corporation (the "Company"), pursuant to its 2017 Incentive Award Plan, as amended from time to time (the "Plan"), hereby grants to the holder listed below ("Participant") the number of Restricted Stock Units set forth below (the "RSUs"). The RSUs are subject to the terms and conditions set forth in this Restricted Stock Unit Grant Notice (the "Grant Notice"), the Plan and the Restricted Stock Unit Agreement attached as Exhibit A (the "Agreement"), each of which are incorporated into this Grant Notice by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Agreement.

Participant:	[________________]
Grant Date:	[________________]
Number of Restricted Stock Units:	[________________]
Vesting Commencement Date:	[________________]
Vesting Schedule:	Subject to the terms of the Agreement, the Restricted Stock Units shall vest [________________].

Electronic Signature

The Grant Notice may be executed by Participant and the Company by means of electronic or digital signatures, which shall have the same force and effect as manual signatures. By Participant's electronic or digital signature, Participant: (i) agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement; (ii) acknowledges that he or she has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement; (iii) hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement; and (iv) represents that his or her spouse, civil union partner or registered domestic partner (to the extent applicable) has reviewed and consented to the terms and conditions of this Grant Notice, the Plan and the Agreement. The Participant will indemnify and hold harmless the Company and its affiliates, successors and assigns, from and against any and all claims, liabilities, obligations, damages, losses, costs and expenses whatsoever (including reasonable attorney's fees and disbursements) arising out of or resulting from any and all claims, liabilities, obligations, damages, losses, costs and expenses, claimed or demanded by any current or former spouse, civil union partner or registered domestic partner of the Participant and arising of or resulting from this Grant Notice, the Plan, the Agreement or any grants awarded thereunder.

Exhibit A
TO RESTRICTED STOCK UNIT GRANT NOTICE

RESTRICTED STOCK UNIT AGREEMENT

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Participant the number of RSUs set forth in the Grant Notice.

ARTICLE I

GENERAL

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1.2 Incorporation of Terms of Plan. The RSUs and the shares of Common Stock ("Stock") to be issued to Participant hereunder ("Shares") are subject to the terms and conditions set forth in this Agreement and the Plan, each of which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE II

AWARD OF RESTRICTED STOCK UNITS AND DIVIDEND EQUIVALENTS

2.1 Award of RSUs and Dividend Equivalents.

(a) In consideration of Participant's past and/or continued employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the "Grant Date"), the Company has granted to Participant the number of RSUs set forth in the Grant Notice, upon the terms and conditions set forth in the Grant Notice, the Plan and this Agreement, subject to adjustments as provided in Article 13 of the Plan. Each RSU represents the right to receive one Share or, at the option of the Company, an amount of cash as set forth in Section 2.3(b), in either case, at the times and subject to the conditions set forth herein. However, unless and until the RSUs have vested, Participant will have no right to the payment of any Shares subject thereto. Prior to the actual delivery of any Shares, the RSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company.

(b) The Company hereby grants to Participant an Award of Dividend Equivalents with respect to each RSU granted pursuant to the Grant Notice for all ordinary cash dividends which are paid to all or substantially all holders of the outstanding shares of Stock between the Grant Date and the date when the applicable RSU is distributed or paid to Participant or is forfeited or expires. The Dividend Equivalents for each RSU shall be equal to the amount of cash which is paid as a dividend on one share of Stock. All such Dividend Equivalents shall be credited to Participant and be deemed to be reinvested in additional RSUs as of the date of payment of any such dividend based on the Fair Market Value of a share of Stock on such date. Each additional RSU which results from such deemed reinvestment of Dividend Equivalents granted hereunder shall be subject to the same

vesting, distribution or payment, adjustment and other provisions which apply to the underlying RSU to which such additional RSU relates.

2.2 Vesting of RSUs and Dividend Equivalents.

(a) Subject to Participant's continued employment with or service to the Company or a Subsidiary on each applicable vesting date and subject to the terms of this Agreement, the RSUs shall vest in such amounts and at such times as are set forth in the Grant Notice. Each additional RSU which results from deemed reinvestments of Dividend Equivalents pursuant to Section 2.1(b) hereof shall vest whenever the underlying RSU to which such additional RSU relates vests.

[________________].

2.3 Distribution or Payment of RSUs.

(a) Participant's RSUs shall be distributed in Shares (either in book-entry form or otherwise) or, at the option of the Company, paid in an amount of cash as set forth in Section 2.3(b), in either case, as soon as administratively practicable following the vesting of the applicable RSU pursuant to Section 2.2, and, in any event, within sixty (60) days following such vesting. Notwithstanding the foregoing, the Company may delay a distribution or payment in settlement of RSUs if it reasonably determines that such payment or distribution will violate Federal securities laws or any other Applicable Law, provided that such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii), and provided further that no payment or distribution shall be delayed under this Section 2.3(a) if such delay will result in a violation of Section 409A.

(b) In the event that the Company elects to make payment of Participant's RSUs in cash, the amount of cash payable with respect to each RSU shall be equal to the Fair Market Value of a Share on the day immediately preceding the applicable distribution or payment date set forth in Section 2.3(a). All distributions made in Shares shall be made by the Company in the form of whole Shares, and any fractional share shall be distributed in cash in an amount equal to the value of such fractional share determined based on the Fair Market Value as of the date immediately preceding the date of such distribution.

2.4 Conditions to Issuance of Certificates. The Company shall not be required to issue or deliver any certificate or certificates for any Shares prior to the fulfillment of all of the following conditions: (a) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (a) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable, and (a) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable.

2.5 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) The Company and its Subsidiaries have the authority to deduct or withhold, or require Participant to remit to the Company or the applicable Subsidiary, an amount sufficient to satisfy applicable federal, state, local, and foreign taxes (including the employee portion of any FICA obligation) required by law to be withheld with respect to any taxable event arising pursuant to this Agreement. The Company and its Subsidiaries may withhold or Participant may make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Company or the Subsidiary with respect to which the withholding obligation arises;

(ii) by the deduction of such amount from other compensation payable to Participant;

(iii) with respect to any withholding taxes arising in connection with the distribution of the RSUs, with the consent of the Administrator, by requesting that the Company and its Subsidiaries withhold a net number of vested shares of Stock otherwise issuable pursuant to the RSUs having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(iv) with respect to any withholding taxes arising in connection with the distribution of the RSUs, with the consent of the Administrator, by tendering to the Company vested shares of Stock having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(v) with respect to any withholding taxes arising in connection with the distribution of the RSUs, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to shares of Stock then issuable to Participant pursuant to the RSUs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company or the Subsidiary with respect to which the withholding obligation arises in satisfaction of such withholding taxes; provided that payment of such proceeds is then made to the Company or the applicable Subsidiary at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(vi) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the RSUs, in the event Participant fails to provide timely payment of all sums required pursuant to Section 2.5(a), the Company shall have the right and option, but not the obligation, to treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 2.5(a)(ii) or Section 2.5(a)(iii) above, or any combination of the foregoing as the Company may determine to be appropriate. The Company shall not be obligated to deliver any certificate representing shares of Stock issuable with respect to the RSUs to Participant or his or

her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the RSUs or any other taxable event related to the RSUs.

(c) In the event any tax withholding obligation arising in connection with the RSUs will be satisfied under Section 2.5(a)(iii), then the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares from those shares of Stock then issuable to Participant pursuant to the RSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Company or the Subsidiary with respect to which the withholding obligation arises. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 2.5(c), including the transactions described in the previous sentence, as applicable. The Company may refuse to issue any shares of Stock in settlement of the RSUs to Participant until the foregoing tax withholding obligations are satisfied, provided that no payment shall be delayed under this Section 2.5(c) if such delay will result in a violation of Section 409A of the Code.

(d) Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the RSUs. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the RSUs to reduce or eliminate Participant's tax liability.

2.6 Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares.

ARTICLE III

RESTRICTIVE COVENANTS

3.1 Restriction on Competition. Participant hereby agrees that Participant shall not, at any time during the Noncompetition Restricted Period, directly or indirectly engage in, have any interest in (including, without limitation, through the investment of capital or lending of money or property), or manage, operate or otherwise render any services to, any Person (whether on his own or in association with others, as a principal, director, officer, employee, agent, representative, partner,

member, security holder, consultant, advisor, independent contractor, owner, investor, participant or in any other capacity) that engages in (either directly or through any Subsidiary or Affiliate thereof) any business or activity, within any of the states or territories in which any member of the Company Group operates within the United States or any other country, (a) involving the creation, design, invention, engineering, marketing, manufacture, distribution, or sale of any product or the provision of any service that may be used as a substitute for or otherwise competes with any product or service of the Company Group, or (a) if the Company Group or any of its Affiliates has taken active steps to engage in or acquire an interest in the same or substantially similar business or activity; but, with respect to both clauses (a) and (b) of this Section 3.1, only if Participant, in the course of rendering services to such Person, directly or indirectly engages in, has any interest in (including, without limitation, through the investment of capital or lending of money or property), or manages, operates or otherwise renders any services in connection with, such business or activity (whether on his own or in association with others, as a principal, director, officer, employee, agent, representative, partner, member, security holder, consultant, advisor, independent contractor, owner, investor, participant or in any other capacity). Notwithstanding the foregoing, Participant shall be permitted to acquire a passive stock or equity interest in such a business; provided that such stock or other equity interest acquired is not more than five percent (5%) of the outstanding interest in such business. Further, notwithstanding the foregoing, this Section 3.1 and clause (a) of Section 3.2 below shall not apply following the Cessation Date within the State of Oklahoma. Instead, following the Cessation Date, within the State of Oklahoma, the restrictions on Participant's engagement in business or activities (in addition to all restrictions set forth in clauses (b) and (c) of Section 3.2 below, and the rest of this Article III) shall be as follows: during that portion of the Noncompetition Restricted Period and Nonsolicitation Restricted Period that begins on the Cessation Date, the Participant shall not directly solicit the sale of goods, services or a combination of goods and services from established customers of the Company or any other member of the Company Group.

3.2 Non-Solicitation. Participant hereby agrees that Participant shall not, at any time during the Nonsolicitation Restricted Period, directly or indirectly, either for Participant or on behalf of any other Person, (a) recruit or otherwise solicit or induce any customer or supplier of the Company Group, who or which is or was a customer or supplier of the Company Group during the period that Participant is or was employed or engaged by any member of the Company Group or about whom or which Participant had access to Proprietary Information, to terminate his, her or its arrangement with the Company Group, or otherwise change his, her or its relationship with the Company Group, (a) recruit or otherwise solicit or induce any employee of the Company Group to terminate his, her or its employment or arrangement with the Company Group, or (a) hire, or cause to be hired, any person who was employed by the Company Group at any time during the twelve (12)-month period immediately prior to date of Participant's Termination of Service or who thereafter becomes employed by the Company Group.

3.3 Confidentiality. Except as Participant reasonably and in good faith determines to be required in the faithful performance of Participant's duties for the Company Group or in accordance with Section 3.5, Participant shall, during the Participant's period of service with the Company Group and after the Cessation Date, maintain in confidence and shall not directly or indirectly, use, disseminate, disclose, or publish, for Participant's benefit or the benefit of any other Person, any confidential or proprietary information or trade secrets of or relating to the Company Group, including, without limitation, information with respect to the Company Group's operations, processes, protocols, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, compensation paid to employees or other terms of employment ("Proprietary Information"), or deliver to any Person, any document, record, notebook, computer program or similar repository of or containing any such Proprietary Information. Participant's obligation to maintain and not use, disseminate, disclose or publish, or use for Participant's benefit or the benefit of any other Person, any Proprietary Information after the Cessation Date will continue so long as such Proprietary Information is not, or has not by legitimate means become, generally known and in the public domain (other than by means of Participant's direct or indirect disclosure of such Proprietary Information) and continues to be maintained as Proprietary Information by the Company Group. The parties hereby stipulate and agree that as between them, the Proprietary Information identified herein is important, material and affects the successful conduct of the businesses of the Company Group (and any successor or assignee of the Company Group). In accordance with 18 U.S.C. Section 1833, the Company hereby notifies Participant that, notwithstanding anything to the contrary herein, (a) Participant shall not be in breach of this Section 3.3 and shall not be held criminally or civilly liable under any federal or state trade secret law (i) for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (i) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (a) if Participant files a lawsuit for retaliation by the Company Group for reporting a suspected violation of law, Participant may disclose a trade secret to Participant's attorney, and may use trade secret information in the court proceeding, if Participant files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

3.4 Return of Company Group Property. Upon Participant's Termination of Service for any reason, Participant will promptly deliver to the Company Group (a) all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents that are Proprietary Information, including all physical and digital copies thereof, and (a) all other Company Group property (including, without limitation, any personal computer or wireless device and related accessories, keys, credit cards, and other similar items) which is in his or her possession, custody, or control.

3.5 Response to Subpoena; Whistleblower Protection. Participant may respond to a lawful and valid subpoena or other legal process but shall give the Company Group the earliest possible notice thereof, and shall, as much in advance of the return date as possible, make available to the Company Group and its counsel the documents and other information sought, and shall assist such counsel in resisting or otherwise responding to such process. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall be interpreted so as to impede Participant (or any other individual) from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures under the whistleblower provisions of federal law or regulation. Participant does not need the prior authorization of the Company Group to make any such reports or disclosures and

Participant shall not be not required to notify the Company Group that such reports or disclosures have been made.

3.6 Non-Disparagement. Participant agrees not to disparage the Company Group, any of its products or practices, or any of its directors, officers, agents, representatives, partners, members, equity holders or Affiliates, either orally or in writing, at any time; provided that Participant may confer in confidence with Participant's legal representatives and make truthful statements as required by law.

3.7 Restrictions Upon Subsequent Employment. Prior to accepting other employment or any other service relationship during the Noncompetition Restricted Period, Participant shall provide a copy of this Article III to any recruiter who assists Participant in obtaining other employment or any other service relationship and to any employer or other Person with which Participant discusses potential employment or any other service relationship.

3.8 Enforcement. Participant acknowledges and agrees that the covenants in this Article III are reasonable and enforceable in all respects and are necessary and essential to protect the Proprietary Information and goodwill of each member of the Company Group. In the event the terms of this Article III shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to extend only over the maximum period of time for which it may be enforceable, over the maximum geographical area as to which it may be enforceable, or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action. Any breach or violation by Participant of the provisions of this Article III shall toll the running of any time periods set forth in this Article III for the duration of any such breach or violation.

3.9 Forfeiture Upon Violation. Participant acknowledges and agrees that the grant of the RSUs further aligns Participant's interests with those of the Company Group, and as a condition of the Company's grant of RSUs to Participant, in addition to any other consideration provided to Participant pursuant to this Agreement, Participant agrees to abide by the terms of this Agreement, including Article III hereof, and any other agreement by and between Participant and any Company Group Member. Notwithstanding any other provision of this Agreement that may provide to the contrary, in the event of Participant's violation of any restrictive covenant within this Article III or any other agreement by and between Participant and any Company Group Member, as determined by the Company, in its sole discretion, then (a) the RSUs shall immediately be terminated and forfeited in its entirety and (a) Participant shall pay to the Company in cash any amounts paid to Participant in respect of the RSUs during the 12-month period immediately preceding (or at any time after) the date of such violation. By accepting these RSUs, Participant hereby acknowledges, agrees and authorizes the Company to reduce any amounts owed by any Company Group Member (including amounts owed as wages or other compensation, fringe benefits, or vacation pay, as well as any other amounts owed to Participant by any Company Group Member), by the amounts Participant owes to the Company under this Section 3.9. To the extent such amounts are not recovered by the Company through such set-off, Participant agrees to pay such amounts immediately to the Company upon demand. This right of set-off is in addition to any other remedies the Company may have against Participant for Participant's breach of this Agreement or any other agreement. Participant's obligations under this Section 3.9 shall be cumulative (but not duplicative) of any similar obligations Participant may have pursuant to this Agreement or any other agreement with any Company Group Member.

3.10 Injunctive Relief. Participant recognizes and acknowledges that a breach of the covenants contained in this Article III will cause irreparable damage to the Company Group and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, Participant agrees that in the event of a breach of any of the covenants contained in this Article III, in addition to any other remedy which may be available at law or in equity, the Company Group will be entitled to specific performance and injunctive relief.

3.11 Special Definition. As used in this Article III, the following terms shall have the ascribed meanings:

(a) "Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person where "control" shall have the meaning given such term under Rule 405 of the Securities Act.

(b) "Cessation Date" shall mean the date of Participant's Termination of Service (regardless of the reason for such termination).

(c) "Noncompetition Restricted Period" shall mean the period from the Grant Date through the first (1st) anniversary of the Cessation Date.

(d) "Nonsolicitation Restricted Period" shall mean the period from the Grant Date through the second (2nd) anniversary of the Cessation Date.

ARTICLE IV

OTHER PROVISIONS

4.1 Administration. The Administrator shall have the power to interpret the Plan, the Grant Notice and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan, the Grant Notice and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested Persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan, the Grant Notice or this Agreement.

4.2 RSUs Not Transferable. The RSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the RSUs have been issued, and all restrictions applicable to such Shares have lapsed. No RSUs or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

4.3 Adjustments. The Administrator may accelerate the vesting of all or a portion of the RSUs in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Section 13.2 of the Plan.

4.4 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 4.4, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

4.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

4.7 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs are granted, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan, the Grant Notice and this Agreement shall be deemed amended to the extent necessary to conform to Applicable Law.

4.8 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, provided that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs in any material way without the prior written consent of Participant.

4.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 4.2 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the RSUs (including RSUs which result from the deemed reinvestment of Dividend Equivalents), the Dividend Equivalents, the Grant Notice and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

4.11 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of the Company or any of its Subsidiaries shall interfere with or restrict in any way the rights of the Company or any of its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, (as such term is defined in the sole discretion of the Administrator) except to the extent expressly provided otherwise in a written agreement between the Company or any of its Subsidiaries and Participant.

4.12 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.13 Section 409A. This Award is not intended to constitute “nonqualified deferred compensation” within the meaning of Section 409A. However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

4.14 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.15 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs and Dividend Equivalents.

4.16 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic or digital signature, subject to Applicable Law, each of which shall be deemed an original and all of which together shall constitute one instrument.

4.17 Broker-Assisted Sales. In the event of any broker-assisted sale of shares of Stock in connection with the payment of withholding taxes as provided in Section 2.5(a)(iii) or Section 2.5(a)(v): (a) any shares of Stock to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation arises or as soon thereafter as practicable; (a) such shares of Stock may be sold as part of a block trade with other participants in the Plan in which all participants receive an average price; (a) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (a) to the extent the proceeds of such sale exceed the applicable tax withholding obligation, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (a) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation; and (a) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company or its Subsidiary with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the Company's or the applicable Subsidiary's withholding obligation.

* * *

Exhibit 10.55

PROPETRO HOLDING CORP.
2017 INCENTIVE AWARD PLAN

PERFORMANCE RESTRICTED STOCK UNIT GRANT NOTICE

Capitalized terms not specifically defined in this Performance Restricted Stock Unit Grant Notice (the "Grant Notice") have the meanings given to them in the 2017 Incentive Award Plan (as amended from time to time, the "Plan") of ProPetro Holding Corp., a Delaware corporation (the "Company").

The Company has granted to the participant listed below ("Participant") the Performance Restricted Stock Units described in this Grant Notice (the "PSUs"), subject to the terms and conditions of the Plan and the Performance Restricted Stock Unit Agreement attached as Exhibit A (the "Agreement"), both of which are incorporated into this Grant Notice by reference.

Participant:	[_________________]	
Grant Date:	[_________________]	
Performance Period	[_________________] [_________________]	through
Target Number of PSUs:	[_________________]	

Electronic Signature

The Grant Notice may be executed by Participant and the Company by means of electronic or digital signatures, which shall have the same force and effect as manual signatures. By Participant's electronic or digital signature, Participant: (i) agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement; (ii) acknowledges that he or she has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement; (iii) hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement; and (iv) represents that his or her spouse, civil union partner or registered domestic partner (to the extent applicable) has reviewed and consented to the terms and conditions of this Grant Notice, the Plan and the Agreement. The Participant will indemnify and hold harmless the Company and its affiliates, successors and assigns, from and against any and all claims, liabilities, obligations, damages, losses, costs and expenses whatsoever (including reasonable attorney's fees and disbursements) arising out of or resulting from any and all claims, liabilities, obligations, damages, losses, costs and expenses, claimed or demanded by any current or former spouse, civil union partner or registered domestic partner of the Participant and arising of or resulting from this Grant Notice, the Plan, the Agreement or any grants awarded thereunder.

Exhibit A
TO PERFORMANCE RESTRICTED STOCK UNIT GRANT NOTICE

PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I

GENERAL

1.1 Award of PSUs and Dividend Equivalents.

(a) The Company has granted the PSUs to Participant effective as of the grant date set forth in the Grant Notice (the "Grant Date"). Each PSU represents the right to receive one Share or, at the option of the Company, an amount of cash, in either case, as set forth in this Agreement. Participant will have no right to the distribution of any shares of Common Stock ("Stock") or payment of any cash until the time (if ever) the PSUs have vested.

(b) The Company hereby grants to Participant, with respect to each PSU, a Dividend Equivalent for ordinary cash dividends paid to the holders of outstanding Stock with a record date after the Grant Date and prior to the date the applicable PSU is settled, forfeited or otherwise terminates. Each Dividend Equivalent entitles Participant to receive the equivalent value of any such ordinary cash dividends paid on a single Share. The Company will establish a separate Dividend Equivalent bookkeeping account (a "Dividend Equivalent Account") for each Dividend Equivalent and credit the Dividend Equivalent Account (without interest) on the applicable dividend payment date with the amount of any such cash paid.

1.2 Incorporation of Terms of Plan. The PSUs are subject to the terms and conditions set forth in this Agreement and the Plan, which are incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

1.3 Unsecured Promise. The PSUs and Dividend Equivalents will at all times prior to settlement represent an unsecured Company obligation payable only from the Company's general assets.

ARTICLE II

VESTING; FORFEITURE; SETTLEMENT AND RESTRICTIVE COVENANTS

2.1 Vesting; Forfeiture.

(a) Generally. The PSUs will be earned based on the Company's achievement of the performance conditions set forth in Appendix A. To the extent earned, the PSUs will vest in accordance with the schedule and terms set forth in Section 2.1(b), subject to Section 2.1(c). Any fraction of a PSU that would otherwise be vested will be rounded up to the next whole share. Any

PSUs that are not earned in accordance with the performance conditions set forth in Appendix A will immediately and automatically be cancelled and forfeited without consideration as of the date of determination. In addition, in the event of Participant's Termination of Service for any reason prior to the end of the Performance Period, all unvested PSUs will immediately and automatically be cancelled and forfeited without consideration, except (i) as provided in Section 2.1(b), below, (ii) as otherwise determined by the Administrator, or (iii) as provided in a separate binding written agreement between Participant and the Company. Dividend Equivalents (including any Dividend Equivalent Account balance) will vest or be forfeited, as applicable, upon the vesting or forfeiture of the PSU with respect to which the Dividend Equivalent (including the Dividend Equivalent Account) relates.

(b) PSUs Earned. The PSUs will be earned at a level of up to [____]% of the target number of PSUs awarded based on the Company's achievement of the performance conditions set forth in Appendix A for the Performance Period. When practicable following the completion of the Performance Period, the Administrator shall determine the extent to which the performance conditions set forth in Appendix A have been satisfied (such date of determination, the "Final Determination Date"). To the extent earned, the PSUs will vest on the Final Determination Date, subject to [________________].

[________________].

2.2 Settlement of PSUs.

(a) PSUs and Dividend Equivalents (including any Dividend Equivalent Account balance) will be paid in Stock or cash at the Company's option as soon as administratively practicable after the vesting of the applicable PSU, but in no event later than sixty (60) days following the end of the Performance Period or, if the PSUs vest pursuant to Section 2.1(c)(ii), no later than sixty (60) days following the Participant's termination without Cause, subject to any "six (6) month delay" as may be required under Section 13.10 of the Plan. Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Law until the earliest date the Company reasonably determines the making of the payment will not cause such a violation, provided that such payment shall be made at the earliest date at which the Company reasonably determines that the making of such payment will not cause such violation, in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii), and provided further that no payment shall be delayed under this Section 2.2(a) if such delay will result in a violation of Section 409A.

(b) If a PSU is paid in cash, the amount of cash paid with respect to the PSU will equal the Fair Market Value of a Share on the day immediately preceding the applicable payment date. If a Dividend Equivalent is paid in Stock, the number of shares of Stock paid with respect to the Dividend Equivalent will equal the quotient, of the Dividend Equivalent Account balance divided by the Fair Market Value of a Share on the day immediately preceding the settlement date. All distributions made in Shares shall be made by the Company in the form of whole Shares, and any fractional Share shall be distributed in cash in an amount equal to the value of such fractional Share determined based on the Fair Market Value as of the date immediately preceding the date of settlement.

2.3 Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to any Shares delivered in settlement of the PSUs, including, without limitation, the right to receipt of dividends and distributions on such Shares.

ARTICLE III

TAXATION AND TAX WITHHOLDING

3.1 Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this Award and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) The Company shall have the right to (i) require payment, by or on behalf of Participant, of all sums required by federal, state or local tax law to be withheld with respect to the grant, vesting or payment of the Award and (ii) consistent with the terms of Section 11.1 and 11.2 of the Plan, determine the manner in which such payment shall be made, including, if approved by the Principal Executive Officer of the Company in his or her discretion (or, if Participant is then subject to Section 16 of the Exchange Act, by the Committee), the withholding of a portion of the vested Shares that have an aggregate market value not in excess of the applicable federal, state and local income, employment and any other applicable taxes required to be withheld.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the PSUs and the Dividend Equivalents, regardless of any action the Company or any parent or Subsidiary takes with respect to any tax withholding obligations that arise in connection with the PSUs or Dividend Equivalents. Neither the Company nor any parent or Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the PSUs or the Dividend Equivalents or the subsequent sale of Stock. The Company and its parents and Subsidiaries do not commit and are under no obligation to structure the PSUs or Dividend Equivalents to reduce or eliminate Participant's tax liability.

ARTICLE IV

RESTRICTIVE COVENANTS

4.1 Restriction on Competition. Participant hereby agrees that Participant shall not, at any time during the Noncompetition Restricted Period, directly or indirectly engage in, have any interest in (including, without limitation, through the investment of capital or lending of money or property), or manage, operate or otherwise render any services to, any Person (whether on his own or in association with others, as a principal, director, officer, employee, agent, representative, partner, member, security holder, consultant, advisor, independent contractor, owner, investor, participant or in any other capacity) that engages in (either directly or through any Subsidiary or Affiliate thereof) any business or activity, within any of the states or territories in which any member of the Company Group operates within the United States or any other country, (a) involving the creation, design, invention, engineering, marketing, manufacture, distribution, or sale of any product or the provision of any service that may be used as a substitute for or otherwise competes with any product or service of the Company Group, or (b) if the Company Group or any of its Affiliates has taken active steps to engage in or acquire an interest in the same or substantially similar business or activity; but, with respect to both clauses (a) and (b) of this Section 4.1, only if Participant, in the course of rendering services to such Person, directly or indirectly engages in, has any interest in (including, without limitation, through the investment of capital or lending of money or property), or manages, operates or otherwise renders any services in connection with, such business or activity (whether on his own or in association with others, as a principal, director, officer, employee, agent, representative, partner, member, security holder, consultant, advisor, independent contractor, owner, investor, participant or in any other capacity). Notwithstanding the foregoing, Participant shall be permitted to acquire a passive stock or equity interest in such a business; provided that such stock or other equity interest acquired is not more than five percent (5%) of the outstanding interest in such business. Further, notwithstanding the foregoing, this Section 4.1 and clause (a) of Section 4.2 below shall not apply following the Cessation Date within the State of Oklahoma. Instead, following the Cessation Date, within the State of Oklahoma, the restrictions on Participant's engagement in business or activities (in addition to all restrictions set forth in clauses (b) and (c) of Section 4.2 below, and the rest of this Article IV) shall be as follows: during that portion of the Noncompetition Restricted Period and Nonsolicitation Restricted Period that begins on the Cessation Date, the Participant shall not directly solicit the sale of goods, services or a combination of goods and services from established customers of the Company or any other member of the Company Group.

4.2 Non-Solicitation. Participant hereby agrees that Participant shall not, at any time during the Nonsolicitation Restricted Period, directly or indirectly, either for Participant or on behalf of any other Person, (a) recruit or otherwise solicit or induce any customer or supplier of the Company Group, who or which is or was a customer or supplier of the Company Group during the period that Participant is or was employed or engaged by any member of the Company Group or about whom or which Participant had access to Proprietary Information, to terminate his, her or its arrangement with the Company Group, or otherwise change his, her or its relationship with the Company Group, (b) recruit or otherwise solicit or induce any employee of the Company Group to terminate his, her or its employment or arrangement with the Company Group, or (c) hire, or cause to be hired, any person who was employed by the Company Group at any time during the twelve (12)-month period immediately prior to date of Participant's Termination of Service or who thereafter becomes employed by the Company Group.

4.3 Confidentiality. Except as Participant reasonably and in good faith determines to be required in the faithful performance of Participant's duties for the Company Group or in accordance with Section 4.5, Participant shall, during the Participant's period of service with the

Company Group and after the Cessation Date, maintain in confidence and shall not directly or indirectly, use, disseminate, disclose, or publish, for Participant's benefit or the benefit of any other Person, any confidential or proprietary information or trade secrets of or relating to the Company Group, including, without limitation, information with respect to the Company Group's operations, processes, protocols, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, compensation paid to employees or other terms of employment ("Proprietary Information"), or deliver to any Person, any document, record, notebook, computer program or similar repository of or containing any such Proprietary Information. Participant's obligation to maintain and not use, disseminate, disclose or publish, or use for Participant's benefit or the benefit of any other Person, any Proprietary Information after the Cessation Date will continue so long as such Proprietary Information is not, or has not by legitimate means become, generally known and in the public domain (other than by means of Participant's direct or indirect disclosure of such Proprietary Information) and continues to be maintained as Proprietary Information by the Company Group. The parties hereby stipulate and agree that as between them, the Proprietary Information identified herein is important, material and affects the successful conduct of the businesses of the Company Group (and any successor or assignee of the Company Group). In accordance with 18 U.S.C. Section 1833, the Company hereby notifies Participant that, notwithstanding anything to the contrary herein, (a) Participant shall not be in breach of this Section 4.3 and shall not be held criminally or civilly liable under any federal or state trade secret law (i) for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (i) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (a) if Participant files a lawsuit for retaliation by the Company Group for reporting a suspected violation of law, Participant may disclose a trade secret to Participant's attorney, and may use trade secret information in the court proceeding, if Participant files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

4.4 Return of Company Group Property. Upon Participant's Termination of Service for any reason, Participant will promptly deliver to the Company Group (a) all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents that are Proprietary Information, including all physical and digital copies thereof, and (b) all other Company Group property (including, without limitation, any personal computer or wireless device and related accessories, keys, credit cards, and other similar items) which is in his or her possession, custody, or control.

4.5 Response to Subpoena; Whistleblower Protection. Participant may respond to a lawful and valid subpoena or other legal process but shall give the Company Group the earliest possible notice thereof, and shall, as much in advance of the return date as possible, make available to the Company Group and its counsel the documents and other information sought, and shall assist such counsel in resisting or otherwise responding to such process. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall be interpreted so as to impede Participant (or any other individual) from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the

Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures under the whistleblower provisions of federal law or regulation. Participant does not need the prior authorization of the Company Group to make any such reports or disclosures and Participant shall not be not required to notify the Company Group that such reports or disclosures have been made.

4.6 Non-Disparagement. Participant agrees not to disparage the Company Group, any of its products or practices, or any of its directors, officers, agents, representatives, partners, members, equity holders or Affiliates, either orally or in writing, at any time; provided that Participant may confer in confidence with Participant's legal representatives and make truthful statements as required by law.

4.7 Restrictions Upon Subsequent Employment. Prior to accepting other employment or any other service relationship during the Noncompetition Restricted Period, Participant shall provide a copy of this Article IV to any recruiter who assists Participant in obtaining other employment or any other service relationship and to any employer or other Person with which Participant discusses potential employment or any other service relationship.

4.8 Enforcement. Participant acknowledges and agrees that the covenants in this Article IV are reasonable and enforceable in all respects and are necessary and essential to protect the Proprietary Information and goodwill of each member of the Company Group. In the event the terms of this Article IV shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to extend only over the maximum period of time for which it may be enforceable, over the maximum geographical area as to which it may be enforceable, or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action. Any breach or violation by Participant of the provisions of this Article IV shall toll the running of any time periods set forth in this Article IV for the duration of any such breach or violation.

4.9 Forfeiture Upon Violation. Participant acknowledges and agrees that the grant of the PSUs further aligns Participant's interests with those of the Company Group, and as a condition of the Company's grant of PSUs to Participant, in addition to any other consideration provided to Participant pursuant to this Agreement, Participant agrees to abide by the terms of this Agreement, including Article IV hereof, and any other agreement by and between Participant and any Company Group Member. Notwithstanding any other provision of this Agreement that may provide to the contrary, in the event of Participant's violation of any restrictive covenant within this Article IV or any other agreement by and between Participant and any Company Group Member, as determined by the Company, in its sole discretion, then (a) the PSUs shall immediately be terminated and forfeited in its entirety and (a) Participant shall pay to the Company in cash any amounts paid to Participant in respect of the PSUs during the twelve (12)-month period immediately preceding (or at any time after) the date of such violation. By accepting these PSUs, Participant hereby acknowledges, agrees and authorizes the Company to reduce any amounts owed by any Company Group Member (including amounts owed as wages or other compensation, fringe benefits, or vacation pay, as well as any other amounts owed to Participant by any Company Group Member), by the amounts Participant owes to the Company under this Section 4.9. To the extent such amounts are not recovered by the Company through such set-off, Participant agrees to pay such amounts immediately to the Company upon demand. This right of set-off is in addition to any other remedies the Company may have against Participant for Participant's breach of this Agreement or any other agreement. Participant's obligations under this Section 4.9 shall be cumulative (but not duplicative) of any similar obligations Participant may have pursuant to this Agreement or any other agreement with any Company Group Member.

4.10 Injunctive Relief. Participant recognizes and acknowledges that a breach of the covenants contained in this Article IV will cause irreparable damage to the Company Group and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, Participant agrees that in the event of a breach of any of the covenants contained in this Article IV, in addition to any other remedy which may be available at law or in equity, the Company Group will be entitled to specific performance and injunctive relief.

4.11 Special Definition. As used in this Article IV, the following terms shall have the ascribed meanings:

(a) "Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person where "control" shall have the meaning given such term under Rule 405 of the Securities Act.

(b) "Cessation Date" shall mean the date of Participant's Termination of Service (regardless of the reason for such termination).

(c) "Noncompetition Restricted Period" shall mean the period from the Grant Date through the first (1st) anniversary of the Cessation Date.

(d) "Nonsolicitation Restricted Period" shall mean the period from the Grant Date through the second (2nd) anniversary of the Cessation Date.

ARTICLE V

OTHER PROVISIONS

5.1 Administration. The Administrator shall have the power to interpret the Plan, the Grant Notice and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan, the Grant Notice and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested Persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan, the Grant Notice or this Agreement.

5.2 PSUs Not Transferable. The PSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the PSUs have been issued, and all restrictions applicable to such Shares have lapsed. No PSUs or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

5.3 Adjustments. The Administrator may accelerate the vesting of all or a portion of the PSUs, consistent with the terms of the Plan. Participant acknowledges that the PSUs, the shares of Stock subject to the PSUs and the Dividend Equivalents are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

5.4 Notices. Notices required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid, addressed to Participant at his or her address shown in the Company records, and to the Company at its principal executive office.

5.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

5.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

5.7 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

5.8 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, provided that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs in any material way without the prior written consent of Participant.

5.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

5.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement, the PSUs and the Dividend Equivalents will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

5.11 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit and appendix hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, subject to the last sentence of Section 4.9 hereof.

5.12 Section 409A. This Award is not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A. However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

5.13 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

5.14 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the PSUs and Dividend Equivalents, and rights no greater than the right to receive cash or shares of Stock as a general unsecured creditor with respect to the PSUs and Dividend Equivalents, as and when settled pursuant to the terms of this Agreement.

5.15 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any parent or Subsidiary or interferes with or restricts in any way the rights of the Company and its parents and Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a parent or Subsidiary and Participant.

5.16 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic or digital signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

* * *

Appendix A

[_________________].

Exhibit 21

Subsidiary of ProPetro Holding Corp.

Subsidiary	State of Organization
ProPetro Services, Inc.	Texas

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-216946 on Form S-8 and Registration Statement No. 333-224824 on Form S-3ASR of our reports dated June 19, 2020, relating to the financial statements of ProPetro Holding Corp. and Subsidiary (the “Company”) and the effectiveness of the Company’s internal control over financial reporting appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2019.

/S/ DELOITTE & TOUCHE LLP

Houston, Texas

June 19, 2020

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Phillip A. Gobe, certify that:

1. I have reviewed this Annual Report on Form 10-K of ProPetro Holding Corp.;

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.

Dated: June 19, 2020

/s/ Phillip A. Gobe

Phillip A. Gobe
Chief Executive Officer and Chairman
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Darin G. Holderness, certify that:

1. I have reviewed this Annual Report on Form 10-K of ProPetro Holding Corp.;

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.

Dated: June 19, 2020

/s/ Darin G. Holderness

Darin G. Holderness
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Annual Report on Form 10-K of ProPetro Holding Corp. (the "Company"), for the year ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Phillip A. Gobe, Chief Executive Officer and Chairman of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 19, 2020

/s/ Phillip A. Gobe
Phillip A. Gobe
Chief Executive Officer and Chairman
(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Annual Report on Form 10-K of ProPetro Holding Corp. (the "Company"), for the year ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Darin G. Holderness, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 19, 2020

/s/ Darin G. Holderness
Darin G. Holderness,
Chief Financial Officer
(Principal Financial Officer)