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, 2021
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 001-38183

RANGER ENERGY SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**81-5449572**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

10350 Richmond, Suite 550
Houston, Texas 77042
(713) 935-8900
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant’s Principal Executive Offices)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock, $0.01 par value	RNGR	New York Stock Exchange

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 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 ☒
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. Yes ☐ No ☒

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

As of June 30, 2021, the aggregate market value of the Class A Common Stock of Ranger Energy Services, Inc. held by non-affiliates of the Registrant was $50.4 million, based on the closing market price as reported on the New York Stock Exchange of $8.00. As of March 23, 2022, the Registrant had 18,671,361 shares of Class A Common Stock and zero shares of Class B Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive proxy statement for the 2022 Annual Meeting of Stockholders, to be filed no later than 120 days after the end of the fiscal year to which this Annual Report on Form 10-K relates, are incorporated by reference into Part III of this Annual Report on Form 10-K.

RANGER ENERGY SERVICES, INC.
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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The information in this Annual Report on Form 10-K (“Annual Report”) includes “forward‑looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Exchange Act of 1934, as amended (the “Exchange Act”). All statements, other than statements of historical fact included in this Annual Report, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward‑looking statements. When used in this Annual Report, the words “could,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project” and similar expressions are intended to identify forward‑looking statements, although not all forward‑looking statements contain such identifying words. These forward‑looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events.

Forward‑looking statements may include statements about:

- competition and government regulations, including new and proposed legislation by the Biden Administration aimed at reducing the impact of climate change;
- our business strategy;
- our operating cash flows, the availability of capital and our liquidity;
- our future revenue, income and operating performance;
- the volatility in global crude oil demand and prices for an uncertain period of time that may lead to a significant reduction of domestic crude oil and natural gas production;
- global or national health concerns, including pandemics such as the outbreak of Coronavirus (“COVID-19”);
- political and economic conditions and events in foreign oil, natural gas and NGL producing countries, including embargoes, continued hostilities in the Middle East and other sustained military campaigns, the armed conflict in Ukraine and associated economic sanctions on Russia, conditions in South America, Central America and China and acts of terrorism or sabotage;
- our ability to sustain and improve our utilization, revenues and margins;
- our ability to maintain acceptable pricing for our services;
- our future capital expenditures;
- our ability to finance equipment, working capital and capital expenditures;
- our ability to obtain permits and governmental approvals;
- pending legal or environmental matters;
- marketing of oil and natural gas;
- business or asset acquisitions;
- general economic conditions;
- credit markets;
- our ability to successfully develop our research and technology capabilities and implement technological developments and enhancements;
- uncertainty regarding our future operating results; and
- plans, objectives, expectations and intentions contained in this Annual Report that are not historical.

We caution you that these forward‑looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks include, but are not limited to, the risks described under “Part I, Item 1A. Risk Factors” in this Annual Report. Should one or more of the risks or uncertainties described occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward‑looking statements.

All forward‑looking statements, expressed or implied, included in this Annual Report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward‑looking statements that we or persons acting on our behalf may issue. Except as otherwise required by applicable law, we disclaim any duty to update any forward‑looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Annual Report.

Summary of our Risk Factors

The risk factors summarized below could materially harm our business, operating results and/or financial condition, impair our future prospects and/or cause the price of our common stock to decline. These are not all of the risks we face and other factors not presently known to us or that we currently believe are immaterial may also affect our business if they occur. Material risks that may affect our business, operating results and financial condition include, but are not limited to, those relating to:

Risks Related to our Operations

- the Novel Coronavirus ("COVID-19") outbreak and its potential effect on business operations and financial conditions;
- reductions in capital spending within the oil and natural gas industry;
- the volatility of oil and natural gas pricing, as well as fuel conservation measures, impacting the supply and demand of oil and natural gas;
- significant capital expenditures that we may incur for new equipment as we grow our operations or as technological advances take place within the industry;
- the intense competition we face that may cause us to lose market share and could adversely affect our ability to market our services and expand our operations;
- difficulties we may have managing the growth of our business, which could adversely affect our financial condition and results of operations;
- our reliance upon a few large customers may adversely affect our revenues and operating results;
- customers may be forced to curtail or shut in production due to a lack of storage capacity;
- our reliance on a few key employees whose absence or loss could adversely affect our business;
- unsatisfactory safety performance may negatively affect our current and future customer relationships and, the extent we fail to retain existing customer or attract new customers, adversely impact our revenues;
- claims for personal injury and property damages, which could materially and adversely affect our financial condition, results of operations and prospects;
- Increased attention to environmental, social, and governance ("ESG") matters and conservation measures may adversely impact our or our customers' business; and
- interruptions, failures or attacks in our information technology systems.

Risks Related to our Ownership and Capital Structure

- difficulties in integrating acquired assets, including assets acquired in the Patriot Acquisition, the PerfX Acquisition and the Basic Acquisition, into our business and in realizing the expected benefits of an acquisition;
- difficulties in identifying suitable, accretive acquisition opportunities and integrating businesses, assets and personnel, as well as difficulties in obtaining financing for targeted acquisitions and the potential for increased leverage or debt service requirements;
- certain restrictions under the terms of our Revolving Credit Facility on our ability to pay cash dividends;
- future issuance of additional Class A Common Stock in the public market, or the perception that such sales may occur, could reduce our stock price and any additional capital raised by us through the sale of equity or preferred stock or convertible securities may dilute your ownership in us;
- we may issue additional preferred, the terms of which could adversely affect the voting power or value of our Class A Common Stock;
- we are an emerging growth company and/or a smaller reporting company, we will not be required to comply with certain reporting requirements that apply to other public companies;
- as a result of the delay in completing our financial statements relating to the acquisition of certain assets from Basic Energy, we are currently unable to register securities with the SEC;
- CSL Capital Management ("CSL") and Bayou Wells Holdings Company, LLC ("Bayou Holdings") and their respective affiliates are not limited in their ability to compete with us and they could benefit from corporate opportunities that might otherwise be available to us; and
- certain of our directors have significant duties with, and spend significant time serving, entities that may compete with us in seeking acquisitions and business opportunities and, accordingly, may have conflicts of interest in allocating time or pursuing business opportunities.

PART I

Item 1. Business

Overview

Ranger Energy Services, Inc. (the "Company,""Ranger," "we," "us" or "our") is a provider of onshore high specification ("high-spec") well service rigs, wireline services, and additional processing solutions and ancillary services in the United States. We provide an extensive range of well site services to leading U.S. exploration and production ("E&P") companies that are fundamental to establishing and enhancing the flow of oil and natural gas throughout the productive life of a well. Our focus has been positioning ourselves to serve a high-quality customer base by leveraging our young fleet, improving systems and streamlining processes, making Ranger an operator of choice for U.S. E&P companies that require completion and production services.

Our service offerings consist of well completion and maintenance support and wireline, which includes other complementary services, conducted in three reportable segments, as follows:

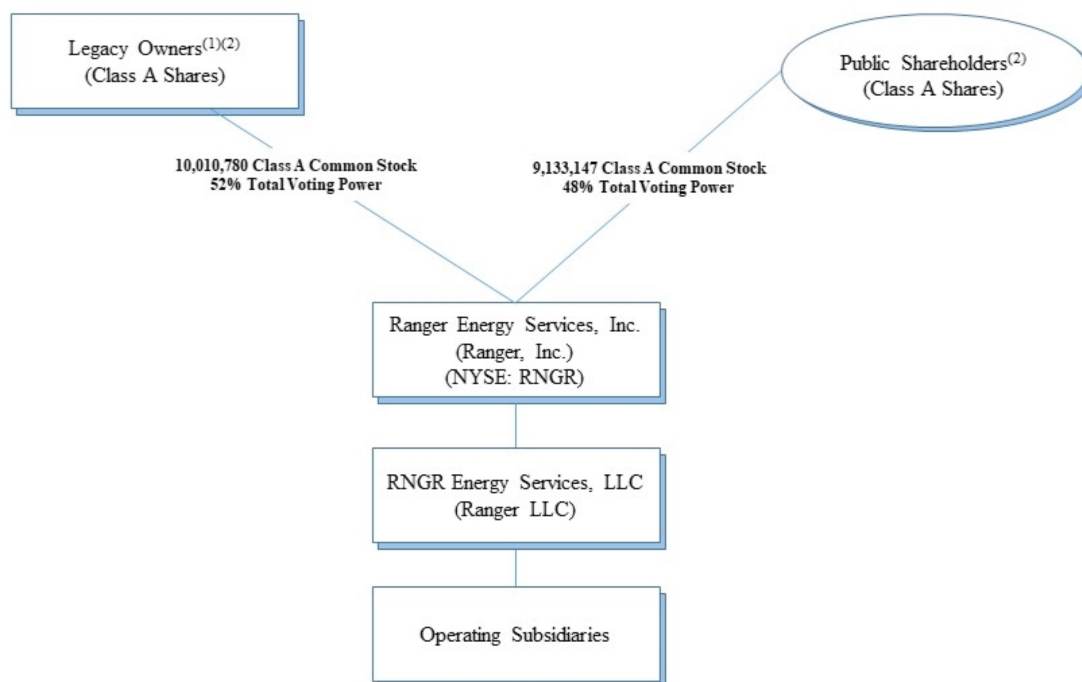
- *High Specification Rigs*. Provides high-spec well service rigs and complementary equipment and services to facilitate operations throughout the lifecycle of a well.
- *Wireline Services*. Provides services necessary to bring and maintain a well on production and consists of our wireline completion, wireline production and pump down lines of business.
- *Processing Solutions and Ancillary Services*. Provides other services often utilized in conjunction with our High Specification Rigs and Wireline Services segments. These services include equipment rentals, plug and abandonment, logistics hauling, processing solutions, as well as snubbing and coil tubing.

We operate in most of the active oil and natural gas basins in the United States, including the Permian Basin, Denver-Julesburg Basin, Bakken Shale, Eagle Ford Shale, Haynesville Shale, Gulf Coast, South Central Oklahoma Oil Province and Sooner Trend Anadarko Basin Canadian and Kingfisher Counties plays. For further information related to our services and financial results of our operating segments, see "Part I, Item 1. Business—Our Segments," "Part II, Item 7. Management Discussion and Analysis—Operating Results," and "Part II, Item 8. Financial Statements and Supplementary Data—Note 16 — Segment Reporting."

Organization

Ranger Inc. was incorporated as a Delaware corporation in February 2017. In conjunction with the initial public offering of Class A Common Stock, par value $0.01 per share ("Class A Common Stock"), which closed on August 16, 2017 (the "Offering"), and the corporate reorganization, we underwent in connection with the Offering, we became a holding company, the sole material assets of which consist of membership interests in RNGR Energy Services, LLC ("Ranger LLC"). Ranger LLC owns all of the outstanding equity interests in Ranger Energy Services, LLC ("Ranger Services") and Torrent Energy Services, LLC ("Torrent Services"), the subsidiaries through which it operates its assets. Through the consummation of the corporate reorganization, Ranger LLC is the sole managing member of, and is responsible for all operational, management and administrative decisions relating to, Ranger Services and Torrent Services' business and consolidates the financial results of Ranger Services and Torrent Services and their subsidiaries.

The following diagram indicates our ownership structure as of March 23, 2022:



(1) CSL and Bayou Well Holdings Company, LLC (collectively the "Legacy Owners") own the equity interests, where CSL holds a majority.

(2) Inclusive of unvested restricted share awards.

Our Segments

We conduct our operations through multiple business lines that are organized into three reporting segments: High Specification Rigs, Wireline Services and Ancillary Services. Our services, when utilized in conjunction with one another, strategically enhance our operating footprint by creating operational efficiencies for our customers and allow us to capture a greater portion of their spending across the lifecycle of a well. The following provides additional detail on our reportable segments and the business lines within each segment.

As a result of three business combinations, coupled with executive management changes, the Company re-evaluated the reportable segments accordingly. During the fourth quarter of 2021, the Company bifurcated the legacy Completion and Other Services segment into Wireline Services and Ancillary Services, where the historical Processing Solutions segment has been consolidated into the Ancillary Services segment. Prior periods have been revised to conform to the current presentation.

High Specification Rigs

Our High Specification Rig segment provides high-spec well and complementary equipment and services to facilitate operations throughout the lifecycle of a well. We provide services to E&P companies, particularly to those operating in unconventional oil and natural gas reservoirs and requiring technically and operationally advanced services. Our high-spec well service rigs are designed to support U.S. horizontal well demands.

Specifically, our high-spec rig services consist of the following:

- *Well completion support*. Our well completion support services are utilized subsequent to hydraulic fracturing operations but prior to placing a well into production, and primarily include unconventional well completion operations, including milling out composite plugs, frac sand or other downhole debris or obstructions that were

introduced in the well as part of the completion process and installing production tubing and other permanent downhole equipment necessary to facilitate production.

- *Workovers*. Our workover services primarily facilitate major well repairs or modifications required to sustain the flow of oil and natural gas in a producing well. Workovers, which may require a few days to several weeks to complete and generally require additional auxiliary equipment, are typically more complex and more time consuming than well maintenance operations. Workover operations include major subsurface repairs such as the repair or replacement of well casing, recovery or replacement of tubing and removal of foreign objects from the wellbore. All of our high-spec well service rigs are designed to perform complex workover operations.

- *Well maintenance*. Our well maintenance services provide periodic maintenance required throughout the life of a well to sustain optimal levels of oil and natural gas production. Our well maintenance services primarily include the removal and replacement of downhole production equipment, including artificial lift components such as sucker rods and downhole pumps, the repair of failed production tubing and the repair and removal of other downhole production-related byproducts such as frac sand or paraffin that impair well productivity. These and similar routine maintenance services involve relatively low-cost, short-duration operations that generally experience relatively stable demand notwithstanding changes in drilling activity.

The composition of our well service rig fleet makes it particularly well-suited to provide both completion-oriented services, the demand for which generally increases along with increased capital spending by E&P operators, and production-oriented services, the demand for which is less influenced, on a comparative basis, by such capital spending. The ability of our well service rigs to accommodate the needs of our E&P customers in a variety of economic conditions has historically allowed us to maintain relatively high rig utilization.

We currently have a fleet of 540 well service rigs, which we believe to be among the newest and most advanced in the industry and are considered to be high-spec rigs, with high operating horsepower (“HP”) (450 HP or greater) and tall mast heights (102 feet or higher).

HP Rating (1)	Mast Height	Mast Rating (2)	Number of High-Spec Rigs
550 — 600	112’ — 117’	250,000 — 300,000’	114
500	104’ — 108’	240,000 — 250,000’	301
450 — 475	102’ — 104’	200,000 — 250,000’	125
Total High-Spec Rigs			**540**

(1) Per manufacturer or historical records obtained through acquisitions.

(2) The mast ratings of our high-spec well service rigs complement their high operating HP and tall mast heights by allowing such rigs to safely support the higher weights associated with the long tubing strings used in long-lateral well completion operations and is measured in pounds.

Wireline Services

Our Wireline Services segment provides wireline completion and production services necessary to bring a well on production Our wireline services involve the use of wireline trucks equipped with a spool of cable that is unwound and lowered into oil and natural gas wells to convey specialized tools or equipment primarily for well completion, but also for well intervention, pipe recovery, plugging and abandonment purposes.

Our wireline services consist of the following:

- *Production Services*. Our wireline production and intervention services provide the information and the means to identify and resolve well production problems through our cased hole logging, perforating, mechanical, and pipe recovery services. Our cased hole logging services including cement bond evaluation, multi-arm calipers and ultrasonic logging services for casing and cement inspection. These are critical services to determine the integrity of the production casing, the cement outside of the production casing, and the production tubing. Our pipe recovery services are used to free drill pipe when it gets stuck in an open hole, or to cut tubing or casing for well intervention operations.

- *Completion Services*. Our wireline completion services are used primarily for pump down perforating operations to create perforations or entry holes through the production casing. These perforations are necessary to allow for hydraulic fracturing and producing from a hydrocarbon formation. In horizontal wellbores, the perforating guns are lowered into the vertical portion of the well and are then pumped out to the end of the horizontal wellbore. Then the perforating guns are detonated to perforate the casing and they are retrieved out of the well. This operation is typically repeated fifty to one hundred times to fully perforate, fracture and complete a one- or two-mile-long horizontal wellbore. Ranger uses innovative technologies to enable cleaner, safer, faster, and environmentally friendly operations.

- *Pump Down.* Our pumping services can be used during completion or intervention operations as a standalone service or in a comprehensive completion pump down perforating solution. Combining Ranger's wireline perforating and pump down services maximizes operational efficiency through integrated safety, quality and communications systems. Our pumping services can be used during intervention operations for pressure testing casing, tubing and plugs, for injecting and pumping acid into the reservoir to stimulate production. Our pumping services can also be used in conjunction with our high-spec rigs or coiled tubing units to circulate composite frac plug cuttings, frac sand, and other debris out of the wellbore during completion operations. Ranger provides a range of high-pressure mobile pumps including the latest tier 4 emissions standards.

We have a fleet of 68 wireline units and four high-pressure pump trucks that are utilized in our wireline services. Our wireline services utilize high-pressure pump trucks to pump fracturing plugs and perforating guns into extended reach horizontal wells for pump down perforating completion purposes.

Processing Solutions and Ancillary Services

Our processing solutions and ancillary services, which are described below, are utilized in conjunction with our High Spec Rigs and Wireline Services to establish and enhance the productive life of a well. Specifically, in connection with the operations of our high-spec well service rigs, we also maintain a supply of additional service and rental equipment, including accumulators, acid and frac tanks, motor vehicles, trailers, tractors, catwalks, cementing units, pipe racks, power swivels, ram block assemblies, fluid pumps and related items.

- *Well Service-Related Equipment Rentals.* Our well service-related equipment rentals consist of a diverse fleet of rental items, including fluid pumps (various horsepower pumping equipment utilized to circulate fluid in and out of wellbores), power swivels (hydraulic motor-driven, pipe-rotating machines used to deliver shock-free torque to the workstring or tubing during well service rig operations), well control packages (equipment used to ensure formation pressure is maintained within the wellbore during well service rig operations), hydraulic catwalks (mechanized lifting devices used to raise and lower drill pipe and tubing to and from the well service rig work floor), frac tanks, pipe racks and pipe handling tools. Our well service-related equipment rentals are typically used in conjunction with the services provided by our high-spec well services.

- *Decommissioning.* Our decommissioning services primarily include plugging and abandonment, in which our well service rigs and wireline and cementing equipment are used to prepare non-economic oil and natural gas wells to be permanently sealed or temporarily shut in. Decommissioning work is typically less sensitive to oil and natural gas prices than our other well service rig operations as a result of decommissioning obligations imposed by state regulations.

- *Fluid Management Services*. Our fluid management services utilizes transport trucks, pumps and other tools and equipment to control and separate completion fluids and to haul oilfield fluids used in production. These services consist of the hauling of oilfield fluids, including drilling mud, fresh water and saltwater used or produced in well drilling, completion and production. Additionally, we rent tanks to store such fluids at the wellsite.

- *Processing Solutions*. Our Processing Solutions services engage in the rental, installation, commissioning, start-up, operation and maintenance of Mechanical Refrigeration Units (“MRU”), Nitrogen Gas Liquid (“NGL”) stabilizer units, NGL storage units and related equipment. Our Processing Solutions segment provides a range of proprietary, modular equipment for the processing of rich natural gas streams at the wellhead or central gathering points in basins where drilling and completion activity has outpaced the development of permanent processing infrastructure.
- *Coil Tubing*. Our coiled tubing services utilize coiled tubing units to perform well intervention and other production services on a well by injecting small diameter steel pipe, unwound from a reel, into an existing production string. Our coiled tubing services provide operators with a cost effective way to workover, drill, or convey tools in live, producing wells and other extended reach, high angle wellbores.
- *Snubbing Services*. Our snubbing services consist of using our snubbing units together with our well service rigs in order to perform well completion, workover or maintenance activities. Our snubbing services enable operators to safely run or remove pipe and other associated downhole tools into pressurized or highly deviated wellbores.

Other

We incur general corporate and administrative costs that are not attributable to any of the operating segments or business lines, which are reported as Other. For further information regarding the results of operations for each segment, please see “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations” and “Part II, Item 8. Financial Statements and Supplementary Data — Note 16 — Segment Reporting.”

Competition

We provide services in various geographic regions across the United States, which are highly competitive. Our competitors include many large and small oilfield service providers. Our largest competitors in the current market include Nine Energy Service, Inc., Forbes Energy Services Ltd., KLX Energy Services, and NexTier Oilfield Solutions, Inc. In addition, our industry is highly fragmented and we compete regionally with a significant number of smaller service providers.

We believe that the principal competitive factors in the markets we serve are technical expertise, equipment capacity, work force competency, efficiency, safety record, reputation, experience and price. Additionally, projects are often awarded on a bid basis, which tends to create a highly competitive environment. We seek to differentiate ourselves from our competitors by delivering the highest-quality services and equipment possible, coupled with superior execution and operating efficiency in a safe working environment.

Cyclical Nature of Industry

We operate in a highly cyclical industry and the key factor driving demand for our services is the level of drilling activity by E&P companies. In turn, the level of drilling depends largely on the current and anticipated economics of new well completions. Global supply and demand for oil and the domestic supply and demand for natural gas are critical in assessing industry outlook. Demand for oil and natural gas is cyclical and subject to large, rapid fluctuations. E&P companies tend to increase capital expenditures in response to increases in oil and natural gas prices, which generally results in greater revenues and profits for oilfield service companies. Increased capital expenditures also lead to greater production, which historically has resulted in increased inventories and reduced prices, consequently reducing demand for oilfield services. The results of our operations, therefore, may fluctuate from period to period, and these fluctuations may distort comparisons of results across periods.

Seasonality

Our results of operations have historically reflected seasonal tendencies relating to holiday seasons, inclement weather and the conclusion of our customers’ annual drilling and completion of capital expenditure budgets. Our most notable declines generally occur in the fourth quarter of the calendar year. Additionally, some of the areas in which we have operations, including the Denver-Julesburg Basin and the Bakken Shale, are adversely affected by seasonal weather conditions, primarily during the winter months. During periods of heavy snow, ice, wind or rain, we may be unable to move our equipment between locations, thereby reducing our ability to provide services and generate revenues, or we could suffer weather-related damage to our facilities and equipment resulting in delays in operations.

Sales and Marketing

Our sales and marketing activities typically are performed through local operations in each geographical region and are supported by sales representatives at our corporate headquarters. Our senior management takes an active role in supporting our sales and marketing personnel. We believe our field sales personnel understand the region-specific issues and customer operating procedures and therefore can more effectively target marketing activities. Our sales representatives work closely with our managers and field sales personnel to target market opportunities.

Significant Customers

We have strong relationships with a broad customer base, including EOG Resources, Inc. (“EOG”), ConocoPhillips (“Conoco”) and Pioneer Natural Resources Company. During the years ended December 31, 2021 and 2020, EOG, accounted for approximately 15% and 21% of our consolidated revenues, respectively. Conoco accounted for approximately 10% of our consolidated revenues for the year ended December 31, 2021 and Concho Resources accounted for approximately 17% of our consolidated revenues for the year ended December 31, 2020. No other customers represented more than 10% of our consolidated revenues and for the years ended December 31, 2021 and 2020, our top five revenue generating customers represented approximately 42% and 57% of our consolidated revenues, respectively. We have a diverse portfolio of customers which included approximately 220 distinct customers that we served during 2021.

Suppliers

Our internal supply chain team manages sourcing and logistics to ensure flexibility and continuity of supply in a cost effective manner across all areas of our operations. We have built long-term relationships with multiple industry leading suppliers of materials and equipment. We purchase a wide variety of materials, parts and components that are manufactured and supplied for our operations. We are not dependent on any single source of supply for those parts, supplies or materials. We have generally been able to obtain the equipment, parts and supplies necessary to support our operations on a timely basis.

Human Capital

We combine our services offerings with a highly skilled and experienced workforce, enabling us to consistently deliver exceptional service while maintaining high health, safety and environmental standards. We invest in attracting, developing and retaining talented personnel and believe we have good relationships with our employees. Our personnel are dedicated to redefining services for our customers, driving new thinking, raising standards and rising to challenges. We believe that our efficient operational performance, executed at a high level of integrity, strong safety record and low leverage provides a competitive advantage. As of December 31, 2021, we had approximately 1,915 full-time and part-time employees and we hire independent contractors on an as-needed basis. We are not a party to collective bargaining agreements, nor did we have any unionized labor.

Environmental and Occupational Safety and Health Matters

Our operations, which support the oil and natural gas exploration, development and production activities pursued by our customers, are subject to stringent and comprehensive federal, regional, state and local laws and regulations governing occupational safety and health, the discharge of materials into the environment, solid and hazardous waste management, fluid transportation and disposal and environmental protection. These laws and regulations may, among other things (i) limit or prohibit our operations on certain lands lying within wilderness, wetlands and other protected areas; (ii) require remedial measures to mitigate or clean-up pollution from former and ongoing operations; (iii) impose restrictions on the types, quantities and concentrations of various substances that can be released into the environment or injected in formations in connection with oil and natural gas drilling and production activities; (iv) impose specific safety and health standards or criteria addressing worker protection; and (v) impose substantial liabilities for pollution resulting from our operations.

Numerous governmental entities, including the U.S. Environmental Protection Agency (“EPA”) and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them. Any failure to comply with these laws and regulations may result in the assessment of sanctions, including administrative, civil and criminal penalties, the imposition of investigatory, remedial or corrective action obligations or the incurrence of capital expenditures; the occurrence of delays in the permitting or performance of projects; the issuance of orders enjoining performance of some or all of our operations in a particular area; and governmental or private claims for personal injury or property or natural resource damages.

The trend in environmental regulation has been to place more restrictions and limitations on activities that may adversely affect the environment, and thus any changes in environmental laws and regulations or re-interpretation of enforcement policies that result in more stringent and costly regulatory requirements could have a material adverse effect on

our business, liquidity position, financial condition, results of operations and prospects. We may be unable to pass on such increased compliance costs to our customers. Moreover, accidental releases or spills may occur in the course of our operations, and we cannot assure you that we will not incur significant costs and liabilities as a result of such releases or spills, including any third-party claims for damage to property, natural resources or persons. Our customers may also incur increased costs or delays or restrictions in permitting or operating activities as a result of more stringent environmental laws and regulations, which may result in a curtailment of exploration, development or production activities that would reduce the demand for our services.

Worker Health and Safety

We are subject to the requirements of the federal Occupational Safety and Health Act ("OSHA"), and comparable state statutes that 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.

Radioactive Materials

Naturally Occurring Radioactive Materials ("NORM") may contaminate extraction and processing equipment used in the oil and natural gas industry, most often in the form of scale. The waste resulting from such contamination is regulated by federal and state laws. Standards have been developed for worker protection, treatment, storage, and disposal of NORM and NORM waste, management of NORM-contaminated waste piles, containers and tanks and limitations on the relinquishment of NORM-contaminated land for unrestricted use under the Resource Conservation and Recovery Act ("RCRA") and state laws. We may incur significant costs or liabilities associated with elevated levels of NORM.

Hazardous Substances and Wastes and Naturally Occurring Radioactive Materials

The RCRA, and comparable state statutes, regulate the generation, treatment, storage, transportation, disposal and clean-up of hazardous and non-hazardous wastes. Pursuant to rules issued by the EPA, individual states can have delegated authority to administer some or all of the provisions of RCRA, sometimes in conjunction with their own, more stringent requirements. In the course of our operations, we generate industrial wastes, such as paint wastes, waste solvents and oils that are regulated as hazardous materials. Drilling fluids, produced waters and other wastes associated with the exploration, development and production of oil or natural gas, if properly handled, are currently exempt from regulation as hazardous waste under RCRA and, instead, are regulated under RCRA's less stringent non-hazardous waste provisions, or other state or federal laws.

However, it is possible that certain oil and natural gas drilling and production wastes now classified as non-hazardous could be classified as hazardous wastes in the future. Reclassification of drilling fluids, produced waters and related wastes as hazardous under RCRA could result in an increase in our, as well as the oil and natural gas E&P industries', costs to manage and dispose of generated wastes, which could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects. Additionally, other wastes handled at E&P sites or generated in the course of providing well services may not fall within this exclusion.

The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") and comparable state laws impose strict, joint and several liability for environmental contamination and damages to natural resources without regard to fault or the legality of the original conduct on certain classes of persons. These persons include owners and operators of real property impacted by a release of hazardous substances and any company that transported, disposed of or arranged for the transport or disposal of hazardous substances to or at the site. Under CERCLA, such persons may be liable for, among other things, the costs of remediating the hazardous substances that have been released into the environment, damages to natural resources and the costs of certain health studies. In addition, where contamination may be present, it is not uncommon for the neighboring landowners and other third parties to file claims for personal injury, property damage and recovery of response costs.

Water Discharges and Discharges into Belowground Formations

The Federal Water Pollution Control Act, also known as the Clean Water Act ("CWA"), and analogous state laws, impose restrictions and strict controls with respect to the discharge of pollutants, including spills and leaks of oil and hazardous substances, into state waters and waters of the United States. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the EPA or an analogous state agency. Spill prevention, control and countermeasure plan requirements imposed under the CWA require appropriate containment berms and similar structures to help prevent the contamination of navigable waters in the event of a petroleum hydrocarbon tank spill, rupture or leak. In addition, the CWA and analogous state laws require individual permits or coverage under general permits for discharges of storm water runoff from certain types of facilities. The CWA also prohibits the discharge of dredge and fill

material in regulated waters, including wetlands, unless authorized by permit. There has been substantial uncertainty regarding the scope of regulated waters in recent years, and any expansion in this scope could result in increased costs or timeframes to complete activities. The CWA and analogous state laws also may impose substantial civil and criminal penalties for non-compliance including spills and other non-authorized discharges.

The Oil Pollution Act of 1990 (“OPA”) sets minimum standards for prevention, containment and cleanup of oil spills. The OPA applies to vessels, offshore facilities and onshore facilities, including exploration and production facilities that may affect waters of the United States. Under the OPA, responsible parties including owners and operators of onshore facilities may be held strictly liable for oil cleanup costs and natural resource damages as well as a variety of public and private damages that may result from oil spills. The OPA also requires owners or operators of certain onshore facilities to prepare Facility Response Plans for responding to a worst-case discharge of oil into waters of the United States.

Our oil and natural gas producing customers dispose of flowback and produced water or certain other oilfield fluids gathered from oil and natural gas producing operations in accordance with permits issued by government authorities overseeing such disposal activities. While these permits are issued pursuant to existing laws and regulations, these legal requirements are subject to change based on concerns of the public or governmental authorities regarding such disposal activities. One such concern relates to recent seismic events near underground disposal wells used for the disposal by injection of flowback and produced water or certain other oilfield fluids resulting from oil and natural gas activities. When caused by human activity, such events are called induced seismicity. 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. States may, from time to time, develop and implement plans directing certain wells where seismic incidents have occurred to restrict or suspend disposal well operations. In addition, ongoing lawsuits allege that disposal well operations have caused damage to neighboring properties or otherwise violated state and federal rules regulating waste disposal. These developments could result in additional regulation and restrictions on the use of injection wells by our customers to dispose of flowback and produced water and certain other oilfield fluids. Increased regulation and attention given to induced seismicity also could lead to greater opposition to, and litigation concerning, oil and natural gas activities utilizing injection wells for waste disposal.

Any one or more of these developments may necessitate that our customers limit disposal well volumes, rates or locations, or may require our customers or third party disposal well operators that dispose of customer wastewater to shut down disposal wells, which could adversely affect our customers’ business and result in a corresponding decrease in the need for our services, which could have a material adverse impact on our business, liquidity position, financial condition, results of operations and prospects.

Air Emissions

Some of our operations also result in emissions of regulated air pollutants. The federal Clean Air Act (“CAA”) and analogous state laws require permits for certain facilities that have the potential to emit substances into the atmosphere that could adversely affect environmental quality. These laws and their implementing regulations also impose limitations on air emissions and require adherence to maintenance, work practice, reporting and record keeping and other requirements. Failure to obtain a permit or to comply with permit or other regulatory requirements could result in the imposition of sanctions, including administrative, civil and criminal penalties. In addition, we or our customers could be required to shut down or retrofit existing equipment, leading to additional capital or operating expenses and operational delays.

Many of these regulatory requirements, including New Source Performance Standards (“NSPS”) and Maximum Achievable Control Technology standards, are expected to be made more stringent over time as a result of stricter ambient air quality standards and other air quality protection goals adopted by the EPA. Compliance with these or other new regulations could, among other things, require installation of new emission controls on some of our equipment, result in longer permitting timelines and significantly increase our capital expenditures and operating costs, which could adversely impact our business. For example, in June 2016, the EPA published additional final rules establishing new emissions standards for methane and additional standards for Volatile Organic Compounds from certain new, modified and reconstructed equipment and processes in the oil and natural gas source category, including production, processing, transmission and storage activities. In September 2020, the EPA finalized amendments which removed the transmission and storage segment from the oil and natural gas source category and rescinded the methane-specific requirements for production and processing facilities. Subsequently, the U.S. Congress approved, and President Biden signed into law, a resolution under the Congressional Review Act to repeal the September 2020 revisions to the methane standards, effectively reinstating the prior standards. Additionally, in November 2021, EPA issued a proposed rule that, if finalized, would establish OOOO(b) new source and OOOO(c) first-time existing source standards of performance for methane and volatile organic compound emissions for oil and gas facilities. Operators of affected facilities will have to comply with specific standards of performance to include leak detection using optical gas imaging and subsequent repair requirement, and reduction of emissions by 95% through capture

and control systems. EPA plans to issue a supplemental proposal in 2022 containing additional requirements not included in the November 2021 proposed rule and anticipates the issuance of a final rule by the end of the year. In addition, some of our customers may operate on federal or tribal lands, and are subject to further regulation, including by tribal authorities and the federal Bureau of Land Management ("BLM"). Potentially applicable regulations include EPA's June 2016 Federal Implementation Plan ("FIP") to implement the Federal Minor New Source Review Program on tribal lands for oil and gas production. The FIP creates a permit-by-rule process for minor sources that also incorporates emission limits and other requirements under various federal air quality standards, applying them to a range of equipment and processes used in oil and gas production. In April 2018, the EPA proposed revisions to reportedly streamline the FIP. Neither the FIP nor the revisions apply in areas of ozone non-attainment, except, as the result of a May 2019 rule, to the Indian country portion of the Uinta Basin Ozone Nonattainment Area. As a result, the EPA may impose area-specific regulations in certain areas identified as tribal lands that may require additional emissions controls on existing equipment. Such requirements will likely result in increased operating and compliance costs for our customers in these regions.

In November 2016, the BLM finalized a rule regulating the venting and flaring of natural gas, leak detection, air emissions from equipment, well maintenance and unloading, drilling and completions and royalties potentially owed for loss of such emissions from oil and natural gas facilities producing on federal and tribal leases. In September 2018, the BLM issued a final rule rescinding the agency's 2016 methane rule. However, in July 2020 and October 2020, federal district courts in California and Wyoming, respectively, vacated these rules, and litigation is ongoing. President Biden has also published an executive order calling for the review and potential revision of the September 2018 rule. Because of the foregoing, methane requirements on federal land remain uncertain at this time. Compliance with this and other air pollution control and permitting requirements has the potential to delay the development of oil and natural gas projects and increase costs for us and our customers. Moreover, our business could be materially affected if these or other similar requirements increase the cost of doing business for us and our customers, or reduce the demand for the oil and natural gas our customers produce, and thus have an adverse effect on the demand for our services.

Climate Change

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 greenhouse gases ("GHG") 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 GHG.

In the United States, no comprehensive climate change legislation has been implemented at the federal level. However, President Biden has highlighted addressing climate change as a priority of his administration, which includes certain initiatives for climate change legislation to be proposed and passed into law. Moreover, following the U.S. Supreme Court finding that GHG emissions constitute a pollutant under the CAA, the EPA has adopted rules 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 together with the U.S. Department of Transportation ("DOT"), implement GHG emissions limits on vehicles manufactured for operation in the United States. The federal regulation of methane emissions from oil and gas facilities has been subject to substantially controversy in recent years; for more information, please see our regulatory disclosure "Air Emissions." 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 as GHG cap and trade programs, carbon taxes, reporting and tracking programs, and restriction of emissions. At the international level, the United Nations-sponsored Paris Agreement requires member states to submit non-binding individually-determined reduction goals every five years after 2020. Following President Biden's executive order in January 2021, the United States rejoined the Paris Agreement and, in April 2021, established a goal of reducing economy-wide net GHG emissions 50-52% below 2005 levels by 2030. Additionally, at the 26th Conference of the Parties ("COP26") in Glasgow in November 2021, the United States and the European Union jointly announced the launch of a Global Methane Pledge; an initiative committing to a collective goal of reducing global methane emissions by at least 30 percent from 2020 levels by 2030, including "all feasible reductions" in the energy sector. However, the impacts of these actions remain unclear at this time.

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 certain candidates for political office. These have included promises to pursue actions to limit emissions and curtail the production of oil and gas on federal land. For more information, see our regulatory disclosure titled "Hydraulic Fracturing." Other actions that could be pursued by the Biden Administration may include the imposition of more restrictive requirements for the

establishment of pipeline infrastructure or the permitting of LNG export facilities, as well as more restrictive GHG emission limitations for oil and gas facilities. Litigation risks are also increasing, as a number of parties have sought to bring suit against certain oil and natural gas companies in state or federal court, alleging, among other things, that such companies created public nuisances by producing fuels that contributed to climate change or alleging that companies have been aware of the adverse effects of climate change for some time but defrauded their investors or customers by failing to adequately disclose those impacts.

There are also increasing financial risks for companies in the fossil fuel sector 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-fossil fuel 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. For example, at COP26, the Glasgow Financial Alliance for Net Zero ("GFANZ") announced that commitments from over 450 firms across 45 countries had resulted in over $130 trillion in capital committed to net zero goals. The various sub-alliances of GFANZ generally require participants to set short-term, sector-specific targets to transition their financing, investing, and/or underwriting activities to net zero emissions by 2050. There is also a risk that financial institutions will be required to adopt policies that have the effect of reducing the funding provided to the fossil fuel sector. In late 2020, the Federal Reserve announced that it has joined the Network for Greening the Financial System, a consortium of financial regulators focused on addressing climate-related risks in the financial sector. Subsequently, the Federal Reserve has issued a statement in support of the efforts of the NGFS to identify key issues and potential solutions for the climate-related challenges most relevant to central banks and supervisory authorities. 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. Additionally, the Securities and Exchange Commission recently proposed new rules relating to the disclosure of a range of climate related risks. We are currently assessing this rule but at this time we cannot predict the costs of implementation or any potential adverse impacts resulting from the rule. To the extent this rule is finalized as proposed, we could incur increased costs related to the assessment and disclosure of climate-related risks. In addition, enhanced climate disclosure requirements could accelerate the trend of certain stakeholders and lenders restricting or seeking more stringent conditions with respect to their investments in certain carbon intensive sectors.

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.

Hydraulic Fracturing

Our customers are reliant on hydraulic fracturing services in connection with their production of oil and natural gas. Hydraulic fracturing stimulates production of oil and/or natural gas from dense subsurface rock formations by injecting water, sand and chemicals under pressure into the formation to fracture the surrounding rock and stimulate production.

Hydraulic fracturing typically is regulated by state oil and natural gas commissions, however the EPA has asserted federal regulatory authority pursuant to the Safe Drinking Water Act over certain hydraulic fracturing activities involving the use of diesel fuel and issued permitting guidance in February 2014 that applies to such activities. The EPA also finalized rules in June 2016 that prohibit the discharge of wastewater from hydraulic fracturing operations to publicly owned wastewater treatment plants. In addition, the EPA released its final report on the potential impacts of hydraulic fracturing on drinking water resources in December 2016. The final report concluded that "water cycle" activities associated with hydraulic fracturing may impact drinking water resources under certain limited circumstances.

Additionally, the BLM finalized a rule in March 2015 establishing standards for hydraulic fracturing on federal and tribal lands, but subsequently repealed the rule in December 2017. Although these rulemakings have been rescinded, modified, or subjected to legal challenge, new or more stringent regulations may be promulgated by the Biden Administration. For example, in January 2021, President Biden issued an executive order suspending new leasing activities, but not operations under existing leases, for oil and gas exploration and production on non-Indian federal lands pending completion of a comprehensive review and reconsideration of federal oil and gas permitting and leasing practices that take into consideration potential climate and other impacts associated with oil and gas activities on such lands and waters. Although the federal court for the Western District of Louisiana issued a preliminary injunction against the leasing pause, in response to the executive order, the Department of Interior issued a report recommending various changes to the federal leasing program, though many such changes would require Congressional action. As a result, we cannot predict the final

scope of regulations or restrictions that may apply to oil and gas operations on federal lands. However, any regulations that ban or effectively ban such operations may adversely impact demand for our products and services. In addition, various state and local governments have implemented, or are considering, increased regulatory oversight of hydraulic fracturing through additional permit requirements, operational restrictions, disclosure requirements, well construction and temporary or permanent bans on hydraulic fracturing in certain areas. For example, Texas, Colorado and North Dakota, among others, have adopted regulations that impose new or more stringent permitting, disclosure, disposal and well construction requirements on hydraulic fracturing operations. State regulators may also take action to address concerns regarding induced seismicity. For example, in September 2021, the Texas Railroad Commission ("TRRC") issued a notice to disposal well operators in the Gardendale Seismic Response Area near Midland, Texas to reduce daily injection volumes following multiple earthquakes above a 3.5 magnitude over an 18 month period. The notice also required disposal well operators to provide injection data to TRRC staff to further analyze seismicity in the area. Subsequently, the TRRC ordered the indefinite suspension of all deep oil and gas produced water injection wells in the area, effective December 31, 2021. While we cannot predict the ultimate outcome of these actions, any action that temporarily or permanently restricts the availability of disposal capacity for produced water or other oilfield fluids may increase our customers' costs or require them to suspend operations, which may adversely impact demand for our products and services.

In addition to state laws, local land use restrictions, such as city ordinances, may restrict drilling in general and/or hydraulic fracturing in particular. If new federal, state or local laws or regulations that significantly restrict hydraulic fracturing are adopted, such legal requirements could result in delays, eliminate certain drilling and injection activities and make it more difficult or costly to perform hydraulic fracturing. Any such regulations limiting or prohibiting hydraulic fracturing could result in decreased oil and natural gas E&P activities and, therefore, adversely affect demand for our services and our business. Such laws or regulations could also materially increase our costs of compliance and doing business.

Historically, our environmental compliance costs have not had a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects, however, there can be no assurance that such costs will not be material in the future. It is possible that substantial costs for compliance or penalties for non-compliance may be incurred in the future. Moreover, it is possible that other developments, such as the adoption of stricter environmental laws, regulations and enforcement policies, could result in additional costs or liabilities that we cannot currently quantify.

State and Local Regulation

Our operations, and the operations of our customers, are subject to a variety of state and local environmental review and permitting requirements. Some states have state laws similar to major federal environmental laws and thus our operations are also subject to state requirements that may be more stringent than those imposed under federal law. For example, initiatives have been underway in the State of Colorado to limit or ban crude oil and natural gas exploration, development or operations. On April 16, 2019, the Governor of Colorado signed Senate Bill 19-181 ("SB 181") into law. The legislation makes sweeping changes in Colorado oil and gas law, including, among other matters, requiring the Colorado Oil and Gas Conservation Commission ("COGCC") to prioritize public health and environmental concerns in its decisions. In keeping with SB 181, COGCC has adopted comprehensive rule changes covering a variety of matters related to public health, safety, welfare, wildlife, and environmental resources. Most significantly, these rule changes establish more stringent setbacks (2,000-feet, instead of the prior 500-foot) on new oil and gas development and eliminate routine flaring and venting of natural gas at new and existing wells across the state, each subject to only limited exceptions. Some local communities have adopted , or are considering adopting, additional restrictions for oil and gas activities, such as requiring even greater setbacks. Additionally, on December 17, 2021, the Colorado Air Quality Control Commission adopted regulations aimed at curbing methane emissions from oil and gas operations to include setting methane emission limits per 1,000 barrels of oil equivalent produced, more frequent inspections, and limits on emissions during maintenance.

Our operations may require state-law based permits in addition to federal permits, requiring state agencies to consider a range of issues, many the same as federal agencies, including, among other things, a project's impact on wildlife and their habitats, historic and archaeological sites, aesthetics, agricultural operations and scenic areas. Texas has specific permitting and review processes for oilfield service operations, and state agencies may impose different or additional monitoring or mitigation requirements than federal agencies. The development of new sites and our existing operations also are subject to a variety of local environmental and regulatory requirements, including land use, zoning, building and transportation requirements.

Motor Carrier Operations

We operate as a motor carrier and therefore are subject to regulation by DOT and various state agencies. These regulatory authorities exercise broad powers, governing activities such as the authorization to engage in motor carrier operations; regulatory safety; hazardous materials labeling, placarding and marking; financial reporting; and certain mergers,

consolidations and acquisitions. There are additional regulations specifically relating to the trucking industry, including requirements related to testing and weight and dimension specifications of equipment, drug testing and product handling. The trucking industry is subject to possible regulatory and legislative changes that may affect the economics of the industry by requiring changes in operating practices or by changing the demand for common or contract carrier services or the cost of providing truckload services. Some of these possible changes include increasingly stringent environmental regulations and fuel economy requirements, changes in the hours of service regulations which govern the amount of time driven in any specific period and requiring onboard black box recorder devices or limits on vehicle weight and size.

Interstate motor carrier operations are subject to safety requirements prescribed by DOT. Intrastate motor carrier operations are subject to safety regulations that often mirror federal regulations. Such matters as weight and dimension of equipment are also subject to federal and state regulations. DOT regulations also mandate drug testing of drivers. 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.

Available Information

Our Annual Report 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 U.S. Securities Exchange Act of 1934 are available free of charge at our website at http://www.rangerenergy.com, as soon as reasonably practicable after having been electronically filed or furnished to the U.S. Securities and Exchange Commission (the “SEC”). The SEC maintains an internet site that contains reports, proxy, information statements and other information regarding issuers that file electronically with the SEC at http:www.sec.gov, including us.

Item 1A. Risk Factors

You should carefully consider the information in this Annual Report, including the matters addressed under “Cautionary Statement Regarding Forward‑Looking Statements” and the following risks before making an investment decision. If any of the following risks actually occur, the trading price of our Class A Common Stock could decline, and you may lose all or part of your investment. Additional risks not presently known to us or that we currently deem immaterial could also materially affect our business.

Risks Related to Our Operations

Macroeconomic Conditions

Our operations are subject to inherent risks, some of which are beyond our control. These risks may be self‑insured, or may not be fully covered under our insurance policies.

Our operations are subject to hazards inherent in the oil and natural gas industry, such as, but not limited to, accidents, blowouts, explosions, craterings, fires, oil spills and releases of drilling, completion or fracturing fluids or hazardous materials into the environment. These conditions can cause:

- disruption or suspension of operations;
- substantial repair or replacement costs;
- personal injury or loss of human life;
- significant damage to or destruction of property and equipment;
- environmental pollution, including groundwater contamination;
- unusual or unexpected geological formations or pressures and industrial accidents; and
- substantial revenue loss.

In addition, our operations are subject to, and exposed to, employee/employer liabilities and risks such as wrongful termination, discrimination, labor organizing, retaliation claims and general human resource‑related matters.

The occurrence of a significant event or adverse claim in excess of the insurance coverage that we maintain or that is not covered by insurance could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects and may increase our costs. Claims for loss of oil and natural gas production and damage to formations can occur in the well services industry. Litigation arising from a catastrophic occurrence at a location where our equipment and services are being used may result in our being named as a defendant in lawsuits asserting large claims. Similarly, our operations involve the storage, handling and use of explosives. Accidents resulting from the use of explosives in our operations could expose us to reputational risks and liability for damages or otherwise adversely impact our operations or the operations of our customers. Any such occurrences could have a material adverse effect on our operating results, financial condition and cash flows.

We do not have insurance against all risks, either because insurance is not available or because of the high premium costs. The occurrence of an event not fully insured against or the failure of an insurer to meet its insurance obligations could result in substantial losses. In addition, we may not be able to maintain adequate insurance in the future at rates we consider reasonable. Insurance may not be available to cover any or all of the risks to which we are subject, or, even if available, it may be inadequate, or insurance premiums or other costs could rise significantly in the future so as to make such insurance prohibitively expensive.

Seasonal weather conditions and natural disasters could severely disrupt normal operations and harm our business.

Our operations are located in different regions of the United States. Some of these areas, including the Denver‑Julesburg Basin and the Bakken Shale, are adversely affected by seasonal weather conditions. During periods of heavy snow, ice, wind or rain, we may be unable to move our equipment between locations, thereby reducing our ability to provide services and generate revenues, or we could suffer weather‑related damage to our facilities and equipment, resulting in delays in operations. The exploration activities of our customers may also be affected during such periods of adverse weather conditions. Additionally, extended drought conditions in our operating regions could impact our ability or our customers’ ability to source sufficient water or increase the cost for such water. As a result, a natural disaster or inclement

weather conditions could severely disrupt the normal operation of our business and adversely impact our financial condition and results of operations.

Moreover, climate change may result in various physical risks, such as the increased frequency or intensity of extreme weather events or changes in meteorological and hydrological patterns, that could adversely impact us, our customers', and our suppliers' operations. Such physical risks may result in damage to our customers' facilities or otherwise adversely impact our operations, such as if facilities are subject to water use curtailments in response to drought, or demand for our customers' products, such as to the extent warmer winters reduce the demand for energy for heating purposes, which may ultimately reduce demand for the products and services we provide. Such physical risks may also impact our suppliers, which may adversely affect our ability to provide our products and services. Extreme weather conditions can interfere with our operations and increase our costs, and damage resulting from extreme weather may not be fully insured.

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

The occurrence or threat of terrorist attacks in the United States or other countries, anti-terrorist efforts and other armed conflicts involving the United States or other countries, including continued hostilities in the Middle East or domestic civil unrest, may adversely affect the United States and global economies and could prevent us from meeting our financial and other obligations. For example, on February 24, 2022, Russia launched a large-scale invasion of Ukraine that has led to significant armed hostilities. As a result, the United States, the United Kingdom, the member states of the European Union and other public and private actors have levied severe sanctions on Russia. The geopolitical and macroeconomic consequences of this invasion and associated sanctions cannot be predicted, and such events, or any further hostilities in Ukraine or elsewhere, could severely impact the world economy. If any of these events occur, the resulting political instability and societal disruption could reduce overall demand for oil and natural gas, potentially putting downward pressure on demand for our services and causing a reduction in our revenues. Oil and natural gas-related facilities could be direct targets of terrorist attacks, and our operations could be adversely impacted if infrastructure integral to our customers' operations is destroyed or damaged. Costs for insurance and other security may increase as a result of these threats, and some insurance coverage may become more difficult to obtain, if available at all.

The COVID-19 outbreak and its potential adverse effect on business operations and financial condition.

The outbreak of COVID-19 spread across the globe and was declared a public health emergency by the WHO and a National Emergency by the President of the United States in March of 2020. Significant progress has been made to combat COVID-19 and its multiple variants, however, it remains a global challenge and continues to have an impact on our financial results. The extent of the COVID-19 outbreak on the Company's operational and financial performance will significantly depend on further developments, including the duration and spread of the outbreak and continued impact on our personnel, customer activity and third-party providers.

The COVID-19 pandemic resulted, and is likely to continue to result, in significant economic disruption and has, and will likely continue to, adversely affect the operations of the Company's business, as the significantly reduced global and national economic activity has resulted in reduced demand for oil and natural gas and an oversupply of crude oil. The direct impact to the Company's operations began to take affect at the close of the first quarter ended March 31, 2020, and have continued through the year ended December 31, 2021, however, the extent to which the COVID-19 outbreak impacts our results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the virus and the actions to contain its impact, newly discovered strains of the virus and uncertainty surrounding the vaccine supplies and implementation. At the time of this filing, cases of COVID-19 in the U.S. remain high, particularly in Texas, where we conduct significant operations.

Industry Conditions and Competition

Our business depends on domestic capital spending by the oil and natural gas industry, and reductions in such capital spending could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects.

Our business is directly affected by our customers' capital spending to explore for, develop and produce oil and natural gas in the United States. The significant decline in oil and natural gas prices that began in mid-2014 has caused a reduction in the exploration, development and production activities of most of our customers and their spending on our services. These cuts in spending have curtailed drilling programs, which resulted in a reduction in the demand for our services as compared to activity levels in early 2014, as well as in the prices we can charge. In addition, certain of our customers could become unable to pay their vendors and service providers, including us, as a result of the decline in commodity prices. Reduced discovery rates of new oil and natural gas reserves in our areas of operation as a result of decreased capital spending may also have a negative long-term impact on our business, even in an environment of stronger oil and natural gas prices, to the extent the

reduced number of wells that need our services or equipment more than offsets new drilling and completion activity and complexity. Any of these conditions or events could adversely affect our operating results. If the recent recovery does not continue or our customers fail to further increase their capital spending, it could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects.

Industry conditions are influenced by numerous factors over which we have no control, including:

- domestic and foreign economic conditions and supply of and demand for oil and natural gas;
- the level of prices, and expectations about future prices, of oil and natural gas;
- the level and cost of global and domestic oil and natural gas exploration, production, transportation of reserves and delivery;
- taxes and governmental regulations, including the policies of governments regarding the exploration for and production and development of their oil and natural gas reserves;
- political and economic conditions in oil and natural gas producing countries;
- actions by the members of the Organization of Petroleum Exporting Countries (“OPEC”) and other countries, such as Russia and Saudi Arabia, with respect to oil production levels and announcements of potential changes in such levels, including the failure of such countries to comply with production cuts;
- sanctions and other restrictions placed on oil producing countries, such as Iran and Venezuela;
- global weather conditions and natural disasters;
- worldwide political, military and economic conditions;
- the discovery rates of new oil and natural gas reserves;
- shareholder activism or activities by non-governmental organizations to restrict the exploration, development and production of oil and natural gas; and
- uncertainty in capital and commodities markets.

The volatility of oil and natural gas prices may adversely affect the demand for our services and negatively impact our results of operations.

The demand for our services is primarily determined by current and anticipated oil and natural gas prices and the related levels of capital spending and drilling activity in the areas in which we have operations. Volatility, or the perception that oil or natural gas prices will decrease, affects the spending patterns of our customers and may result in the drilling of fewer new wells. This could lead to decreased demand for our services and lower utilization of our assets. We have, and may in the future, experience significant fluctuations in operating results as a result of the reactions of our customers to changes in oil and natural gas prices.

Prices for oil and natural gas historically have been extremely volatile and are expected to continue to be volatile. During the year ended December 31, 2020, the posted West Texas Intermediate (“WTI”) price for oil has ranged from a low of negative $37 per Barrel (“Bbl”) in April 2020. This negative pricing resulted from the holders of expiring front month oil purchase contracts being unable or unwilling to take physical delivery of crude oil and accordingly forced to make payments to purchasers of such contracts in order to transfer the corresponding purchase obligations. During the second half of 2020, there was a partial recovery as the closing price of oil reached $49 per Bbl in December 2020. During the year ended December 31, 2021, the lowest price for oil was $47 per Bbl in January 2021, however increased significantly with the closing price of oil reaching a high of $85 per Bbl in October 2021.

In May 2020, the Texas Railroad Commission decided against imposing oil production cuts, however, waived fees related to new crude oil storage projects. Several other state agencies have made similar decisions. We cannot predict whether any of these activities will reduce the global supply and demand imbalance or whether or when oil and natural gas production and economic activities will return to normalized levels. In the absence of additional reductions to global production, oil, natural gas and NGLs prices could remain at current levels, or decline further, for an extended period of time, which will adversely impact the demand for our services. If the prices of oil and natural gas continue to be volatile, reverse their recent

increases or decline, our operations, financial condition, cash flows and level of expenditures may be materially and adversely affected.

Fuel conservation measures could reduce demand for oil and natural gas which would in turn reduce the demand for our services.

Fuel conservation measures, alternative fuel requirements and increasing consumer demand for alternatives to oil and natural gas products could reduce demand for oil and natural gas. The impact of the changing demand for oil and natural gas may have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects. Additionally, the increased competitiveness of alternative energy sources (such as wind, solar, geothermal, tidal, and biofuels) could reduce demand for hydrocarbons and therefore for our services, which would lead to a reduction in our revenues.

We may incur significant capital expenditures for new equipment as we grow our operations and may be required to incur further capital expenditures as a result of advancements in oilfield services technologies.

As we grow our operations we may be required to incur significant capital expenditures to build, acquire, update or replace our existing fixed assets and other equipment. Such demands on our capital and the increase in cost of labor necessary to operate such assets and other equipment could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects and may increase our costs. To the extent we are unable to fund such projects, we may have less equipment available for service or our equipment may not be attractive to current or potential customers.

In addition, because the oilfield services industry is characterized by significant technological advancements and introductions of new products and services using new technologies, we may lose market share or be placed at a competitive disadvantage as competitors and others use or develop new technologies or technologies comparable to ours in the future. Further, we may face competitive pressure to implement or acquire certain new technologies at a substantial cost. Some of our competitors may have greater financial, technical and personnel resources than we do, which may allow them to gain technological advantages or implement new technologies before we can. Additionally, we may be unable to implement new technologies or services at all, on a timely basis or at an acceptable cost.

In addition to technological advancements by our competitors, new technology could also make it easier for our customers to vertically integrate their operations or otherwise conduct their activities without the need for our equipment and services, thereby reducing or eliminating the need for our services. For example, if further advancements in drilling and completion techniques cause our E&P customers to require well service rigs with different or higher specifications than those in our existing and expected future fleet, or to otherwise require well service equipment that we do not currently own or operate, we may be required to incur significant additional capital expenditures to obtain any such new rigs or other equipment in an effort to meet customer demand. Limits on our ability to effectively obtain, use, implement or integrate new technologies may have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects.

We may have difficulty managing growth in our business, which could adversely affect our financial condition and results of operations.

Growth in accordance with our business plan, if achieved, could place a significant strain on our financial, operational and management resources. As we expand the scope of our activities and our geographic coverage through both organic growth and acquisitions, there will be additional demands on our financial, technical, operational and management resources. The failure to continue to upgrade our technical, administrative, operating and financial control systems or the occurrences of unexpected expansion difficulties, including the failure to recruit and retain experienced managers, engineers and other professionals in the oilfield services industry, could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects and our ability to successfully or timely execute our business plan.

We face intense competition that may cause us to lose market share and could negatively affect our ability to market our services and expand our operations.

The oilfield services business is highly competitive and fragmented. Some of our competitors are small companies capable of competing effectively in our markets on a local basis, while others have a broader geographic scope, greater financial and other resources, or other cost efficiencies. Our competitors may be able to respond more quickly to new or emerging technologies and services and changes in customer requirements. Additionally, there may be new companies that enter our business, or re-enter our business with significantly reduced indebtedness following emergence from bankruptcy, or our existing and potential customers may develop their own oilfield services business. Our ability to maintain current revenues and cash flows, and our ability to market our services and expand our operations, could be adversely affected by the activities of our competitors and our customers. If our competitors substantially increase the resources they devote to the

development and marketing of competitive services or substantially decrease the prices at which they offer their services, we may be unable to effectively compete. Many contracts are awarded on a bid basis, which may further increase competition based primarily on price. 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. All of these competitive pressures could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects. Some of our larger competitors provide a broader range of services on a regional, national or worldwide basis. These companies may have a greater ability to continue oilfield service activities during periods of low commodity prices and to absorb the burden of present and future federal, state, local and other laws and regulations. Any inability to compete effectively could have a material adverse impact on our financial condition and results of operations.

Increasing competition for workers, as well as labor shortages, could adversely affect our business.

A number of factors may adversely affect the labor force available to us or increase labor costs, including high employment levels, increased competition for employees both within the oilfield service industry and the larger labor market, federal unemployment subsidies, including unemployment benefits offered in response to the ongoing COVID-19 pandemic, and other government regulations. Although we have not experienced any material labor shortages to date, we have observed an increasingly competitive labor market. The increasing competition for employees could result in higher compensation costs and difficulties in maintaining a capable workforce to operate our equipment. If we are unable to hire and retain employees, or if mitigation measures we may take to respond to a decrease in labor availability have unintended negative effects, our business could be adversely affected. A sustained labor shortage, lack of skilled labor force, increased turnover, or labor cost inflation, caused by the ongoing COVID-19 pandemic or as a result of general macroeconomic factors, could lead to increased costs, such as increased overtime to meet demand and increased wage rates to attract and retain employees, which could negatively affect our ability to efficiently staff and operate our equipment, deploy additional assets to meet customer demand, and have other adverse effects on our results of operations and financial condition.

Customers and Employees

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

If a major customer fails to pay us, our revenues would be impacted and our operating results and financial condition could be materially harmed. During times when the natural gas or crude oil markets weaken, our customers are more likely to experience financial difficulties, including being unable to access debt or equity financing, which could result in a reduction in our customers' spending for our services and their non-payment or inability to perform obligations owed to us. Further, if a customer was to enter into bankruptcy, it could also result in the cancellation of all or a portion of our service contracts with such customer at significant expense or loss of expected revenues to us. If we were to lose any material customer, we may not be able to redeploy our equipment at similar utilization or pricing levels or within a short period of time and such loss could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects until the equipment is redeployed at similar utilization or pricing levels. It is likely that we will continue to derive a significant portion of our revenue from a relatively small number of customers in the future.

During the year ended December 31, 2021, EOG and Conoco, accounted for approximately 15% and 10% of our consolidated revenues, respectively. The table below presents the percentage of revenues, for each respective segment, from our top five customers for the years ended December 31, 2021 and 2020.

	Year Ended December 31,	
	2021	2020
High Specification Rigs	47 %	56 %
Wireline Services	68 %	100 %
Processing Solutions and Ancillary Services	38 %	44 %
Consolidated	42 %	57 %

Our customers may be forced to curtail or shut in production due to a lack of storage capacity.

The marketing of oil, natural gas and NGLs production depends in large part on the availability, proximity and capacity of trucks, pipelines and storage facilities, gas gathering systems and other transportation, processing and refining facilities, as well as the existence of adequate markets. Because of the significantly reduced demand for oil and natural gas as a result of the COVID-19 pandemic and the current oversupply of oil and natural gas in the market, available storage and transportation capacity for our customers' production may be limited or completely unavailable in the future. If there is insufficient capacity available on these systems, if these systems are unavailable to our customers, or if these systems are unavailable to our customers on commercially reasonable terms, the prices our customers receive for their production could

be significantly depressed. In April 2020, extreme shortages of transportation and storage capacity caused the WTI oil futures closing price to go as low as a negative $37 per Bbl. This negative pricing resulted from the holders of expiring front month oil purchase contracts being unable or unwilling to take physical delivery of crude oil and accordingly forced to make payments to purchasers of such contracts in order to transfer the corresponding purchase obligations.

As a result of any further storage and/or transportation shortages, our customers could be forced to shut in some or all of their production or delay or discontinue drilling plans and commercial production following a discovery of hydrocarbons while they construct or purchase their own facilities or system. If our customers are forced to shut in production, it would result in decreased demand for our services and lower utilization of our assets.

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, including our President and Chief Executive Officer or Chief Financial Officer, 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.

Unsatisfactory safety performance may negatively affect our current and future customer relationships and, to the extent we fail to retain existing customers or attract new customers, adversely impact our revenues.

Our ability to retain existing customers and attract new business is dependent on many factors, including our ability to demonstrate that we can reliably and safely operate our business in a manner that is consistent with applicable laws, rules and permits, which legal requirements are subject to change. Existing and potential customers consider the safety record of their third-party service providers to be of high importance in their decision to engage such providers. If one or more accidents were to occur at one of our operating sites, the affected customer may seek to terminate or cancel its use of our equipment or services and may be less likely to continue to use our services, which could cause us to lose substantial revenues. Furthermore, our ability to attract new customers may be impaired if they view our safety record as unacceptable. In addition, it is possible that we will experience multiple or particularly severe accidents in the future, causing our safety record to deteriorate. This may be more likely as we continue to grow, if we experience high employee turnover or labor shortage, or hire inexperienced personnel to bolster our staffing needs.

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

Our services are subject to inherent risks that can cause personal injury or loss of life, damage to or destruction of property, equipment or the environment or the suspension of our operations. Litigation arising from operations where our services are provided may cause us to be named as a defendant in lawsuits asserting potentially large claims including claims for exemplary damages. We maintain what we believe is customary and reasonable insurance to protect our business against these potential losses, but such insurance may not be adequate to cover our liabilities, and we are not fully insured against all risks.

In addition, and subject to certain exceptions, our customers typically assume responsibility for, including control and removal of, all other pollution or contamination which may occur during operations, including that which may result from seepage or any other uncontrolled flow of drilling and completion fluids. We may have liability in such cases if we are negligent or commit willful acts. Our customers generally agree to indemnify us against claims arising from their employees’ personal injury or death to the extent that, in the case of our operations, their employees are injured or their properties are damaged by such operations, unless resulting from our gross negligence or willful misconduct. Our customers also generally agree to indemnify us for loss or destruction of customer-owned property or equipment. In turn, we agree to indemnify our customers for loss or destruction of property or equipment we own and for liabilities arising from personal injury to or death of any of our employees, unless resulting from gross negligence or willful misconduct of the customer. However, we might not succeed in enforcing such contractual allocation or might incur an unforeseen liability falling outside the scope of such allocation. As a result, we may incur substantial losses which could materially and adversely affect our financial condition and results of operation.

We provide services to customers who operate on federal and tribal lands, which are subject to additional regulations.

We provide services to companies operating on federal and tribal lands. Various federal agencies within the U.S. Department of the Interior, particularly the BLM and the Bureau of Indian Affairs, along with certain Native American tribes, promulgate and enforce regulations pertaining to oil and natural gas operations on Native American tribal lands and minerals where some of our customers operate. Such operations are subject to additional regulatory requirements, including lease provisions, drilling and production requirements, surface use restrictions, environmental standards, royalty considerations and taxes. Operations on federal and tribal lands are frequently subject to delays.

In November 2016, the BLM finalized a rule regulating the venting and flaring of natural gas, leak detection, air emissions from equipment, well maintenance and unloading, drilling and completions and royalties potentially owed for loss of such emissions from oil and natural gas facilities producing on federal and tribal leases. In September 2018, the BLM published a revised rule which rescinded and revised several components of the 2016 rule. However, in July 2020 and October 2020, federal district courts in California and Wyoming, respectively, vacated these rulemakings, and on January 20, 2021, President Biden published an executive order calling for the review and potential revision of the September 2018 rule. Because of the foregoing, methane requirements on federal land remain uncertain at this time.

The EPA also issued a FIP in June 2016 to implement the Federal Minor New Source Review Program on tribal lands for oil and natural gas production. The FIP creates a permit-by-rule process for minor air sources that also incorporates emission limits and other requirements under various federal air quality standards, applying them to a range of equipment and processes used in oil and natural gas production. Neither the FIP nor the revisions apply in areas of ozone non-attainment, except, as the result of a May 2019 rule, to the Indian country portion of the Uinta Basin Ozone Nonattainment Area. As a result, the EPA may impose area-specific regulations in certain areas identified as tribal lands that may require additional emissions controls on existing equipment. Such requirements will likely result in increased operating and compliance costs for our customers in these regions. Additionally, the Biden Administration has taken several actions to curtail oil and gas development on federal lands; for more information, see our regulatory disclosure titled “Hydraulic Fracturing.”

Depending on the ultimate outcome of any agency reviews and pending litigation, these regulations could result in increased compliance costs or additional operating restrictions for us and our customers, and could have a material adverse effect on our business, liquidity position, cash flows, financial condition, results of operations, prospects, and demand for our services.

Governmental and Regulatory Changes

Increases in the scope or pace of midstream infrastructure development, or decreased federal or state regulation of natural gas pipelines, could decrease demand for our services.

Increases in the scope or pace of midstream infrastructure development could decrease demand for our services. Our processing solutions are designed for the processing of rich natural gas streams at the wellhead or central gathering points in basins where drilling and completion activity has outpaced the development of permanent processing infrastructure. Specifically, our modular MRUs are used by our customers to meet pipeline specifications, extract higher value NGLs, provide fuel gas for well sites and facilities and reduce emissions at the flare tip, services that are generally required when E&P companies drill oil and natural gas wells in basins without immediate access to sufficient midstream infrastructure and takeaway capacity. To the extent that permanent midstream infrastructure is developed in the basins in which we operate, or the pace of existing development is accelerated as a result of customer demand, the demand for our processing solutions could decrease.

In addition, there has recently been increasing public controversy regarding construction of new natural gas pipelines and the stringency of current regulation of natural gas pipelines, creating uncertainty as to the probability and timing of such construction. Decreases to the stringency of regulation of existing natural gas pipelines at either the state or federal level could reduce the demand for our services and could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects.

Delays or restrictions in obtaining permits by us for our operations or by our customers for their operations could impair our business.

In most states, our operations and the operations of our customers require permits from one or more governmental agencies in order to perform drilling and completion activities, secure water rights, or other regulated activities. Such permits are typically issued by state agencies, but federal and local governmental permits may also be required. The requirements for such permits vary depending on the location where such regulated activities will be conducted. As with all governmental permitting processes, there is a degree of uncertainty as to whether a permit will be granted, the time it will take for a permit

to be issued, and the conditions that may be imposed in connection with the granting of the permit. In addition, some of our customers' drilling and completion activities may take place on federal land or Native American lands, requiring leases and other approvals from the federal government or Native American tribes to conduct such drilling and completion activities or other regulated activities. Under certain circumstances, federal agencies may cancel proposed leases for federal lands and refuse to grant or delay required approvals. Therefore, our customers' operations in certain areas of the United States may be interrupted or suspended for varying lengths of time, causing a loss of revenues to us and adversely affecting our results of operations in support of those customers.

Federal or state legislative and regulatory initiatives related to induced seismicity could result in operating restrictions or delays in the drilling and completion of oil and natural gas wells that may reduce demand for our services and could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects.

Our oil and natural gas customers dispose of flowback and produced water or certain other oilfield fluids gathered from oil and natural gas producing operations in accordance with permits issued by government authorities overseeing such disposal activities. While these permits are issued pursuant to existing laws and regulations, these legal requirements are subject to change based on concerns of the public or governmental authorities regarding such disposal activities. One such concern relates to seismic events near underground disposal wells used for the disposal by injection of flow back and produced water or certain other oilfield fluids resulting from oil and natural gas activities. When caused by human activity, such events are called induced seismicity.

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. From time to time regulators develop and implement plans directing certain wells located in proximity to seismic incidents to restrict or suspend disposal well operations. For example, in September 2021, the TRRC issued a notice to disposal well operators in the Gardendale Seismic Response Area near Midland, Texas to reduce daily injection volumes following multiple earthquakes above a 3.5 magnitude over an 18 month period. The notice also required disposal well operators to provide injection data to TRRC staff to further analyze seismicity in the area. Subsequently, the TRRC ordered the indefinite suspension of all deep oil and gas produced water injection wells in the area, effective December 31, 2021. In addition, ongoing lawsuits allege that disposal well operations have caused damage to neighboring properties or otherwise violated state and federal rules regulating waste disposal. These developments could result in additional regulation and restrictions on the use of injection wells by our customers to dispose of flowback and produced water and certain other oilfield fluids. Increased regulation and attention given to induced seismicity also could lead to greater opposition to, and litigation concerning, oil and natural gas activities utilizing injection wells for waste disposal.

Any one or more of these developments may result in our customers having to limit disposal well volumes, disposal rates or locations, or require our customers or third party disposal well operators that are used to disposals of customers' wastewater to shut down disposal wells, which developments could adversely affect our customers' business and result in a corresponding decrease in the need for our services, which could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects.

Changes in transportation regulations may increase our costs and negatively impact our results of operations.

We are subject to various transportation regulations including as a motor carrier by the DOT and by various federal, state and tribal agencies, whose regulations include certain permit requirements of highway and safety authorities. These regulatory authorities exercise broad powers over our trucking operations, generally governing such matters as the authorization to engage in motor carrier operations, safety, equipment testing, driver requirements and specifications and insurance requirements. The trucking industry is subject to possible regulatory and legislative changes that may impact our operations, such as changes in fuel emissions limits, hours of service regulations that govern the amount of time a driver may drive or work in any specific period, requirements for on-board black box recorder devices or limits on vehicle weight and size. To the extent the federal government continues to develop and propose regulations relating to fuel quality, engine efficiency and greenhouse gas emissions, we may experience an increase in costs related to truck purchases and maintenance, impairment of equipment productivity, a decrease in the residual value of vehicles, unpredictable fluctuations in fuel prices and an increase in operating expenses. Increased truck traffic may contribute to deteriorating road conditions in some areas where our operations are performed.

Further, our operations could be affected by road construction, road repairs, detours and state and local regulations and ordinances restricting access to certain roads, including through routing and weight restrictions. In recent years, certain states, such as North Dakota and Texas, and certain counties have increased enforcement of weight limits on trucks used to transport raw materials, such as the fluids that we transport in connection with our fluids management services, on their public roads. It

is possible that the states, counties and cities in which we operate our business may modify their laws to further reduce truck weight limits or impose curfews or other restrictions on the use of roadways. Such legislation and enforcement efforts could result in delays in, and increased costs to, transport fluids and otherwise conduct our business. Proposals to increase federal, state or local taxes, including taxes on motor fuels, are also made from time to time, and any such increase would increase our operating costs. Also, state and local regulation of permitted routes and times on specific roadways could adversely affect our operations. We cannot predict whether, or in what form, any legislative or regulatory changes or municipal ordinances applicable to our logistics operations will be enacted and to what extent any such legislation or regulations could increase our costs or otherwise adversely affect our business or operations.

We are subject to environmental and occupational health and safety laws and regulations that may expose us to significant costs and liabilities.

Our operations are subject to numerous federal, regional, state and local laws and regulations relating to protection of natural resources and the environment, occupational health and safety, air emissions and water discharges, and the management, transportation and disposal of solid and hazardous wastes and other materials. These laws and regulations impose numerous obligations that may impact our operations, including the acquisition of permits to conduct regulated activities, the imposition of restrictions on the types, quantities and concentrations of various substances that can be released into the environment or injected in formations in connection with oil and natural gas drilling and production activities, the incurrence of capital expenditures to mitigate or prevent releases of materials from our equipment, facilities or from customer locations where we are providing services, the imposition of substantial liabilities for pollution resulting from our operations, and the application of specific health and safety standards or criteria addressing worker protection. Any failure on our part or the part of our customers to comply with these laws and regulations could result in prohibitions or restrictions on operations, assessment of sanctions including administrative, civil and criminal penalties, issuance of corrective action orders requiring the performance of investigatory, remedial or curative activities or enjoining performance of some or all of our operations in a particular area, the occurrence of delays in the permitting or performance of projects and/or government or private claims for personal injury or property or natural resources damages.

Our business activities present risks of incurring significant environmental costs and liabilities, including costs and liabilities resulting from our handling and disposal of oilfield and other wastes, air emissions and wastewater discharges related to our operations and the historical operations and waste disposal practices of our predecessors. Moreover, accidental releases or spills may occur in the course of our operations, and we could incur significant costs and liabilities as a result of such releases or spills, including any third-party claims for damage to property, natural resources or persons. In addition, private parties, including the owners of properties upon which we perform services and facilities where our wastes are taken for reclamation or disposal, also may have the right to pursue legal actions to enforce compliance as well as to seek damages for non-compliance with environmental laws and regulations or for personal injury or property or natural resource damages. Some environmental laws and regulations may impose strict liability, which means that in some situations we could be exposed to liability even if our conduct was lawful at the time it occurred or the conduct of, or conditions caused by, prior operators or other third parties.

The trend in environmental regulation has been to place more restrictions and limitations on activities that may adversely affect the environment, and thus any changes in environmental laws and regulations or re-interpretation of enforcement policies that result in more stringent and costly regulatory requirements could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects if we are unable to pass on such increased compliance costs to our customers. Our customers may also incur increased costs or delays or restrictions in permitting or operating activities as a result of more stringent environmental laws and regulations, which may result in a curtailment of exploration, development or production activities that would reduce the demand for our services.

Federal and state legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays as well as adversely affect demand for our support services.

Hydraulic fracturing is an important and common practice that is used to stimulate production of natural gas and/or oil from dense subsurface rock formations. The hydraulic fracturing process involves the injection of water, sand and chemicals under pressure into the formation to fracture the surrounding rock and stimulate production. While we do not perform hydraulic fracturing, many of our customers do.

Hydraulic fracturing typically is regulated by state oil and natural gas commissions, but the EPA has asserted federal regulatory authority pursuant to the federal Safe Drinking Water Act over certain hydraulic fracturing activities involving the use of diesel fuel and issued permitting guidance in 2014 that applies to such activities. In addition, in June 2016, the EPA finalized regulations that prohibit the discharge of wastewater from hydraulic fracturing operations to publicly owned wastewater treatment plants.

In December 2016, the EPA released its final report on the potential impacts of hydraulic fracturing on drinking water resources. The final report concluded that "water cycle" activities associated with hydraulic fracturing may impact drinking water resources under certain limited circumstances. Since the report did not find a direct link between hydraulic fracturing itself and contamination of groundwater resources, this years-long study report does not appear to provide any basis for further regulation of hydraulic fracturing at the federal level at this time.

However, certain of our customers have operations on federal or tribal lands. The Biden Administration has announced that it is considering more stringent regulations for operations on such lands, and in January 2021, President Biden issued an executive order suspending new leasing activities, but not operations under existing leases, for oil and gas exploration and production on non-Indian federal lands pending completion of a comprehensive review and reconsideration of federal oil and gas permitting and leasing practices that take into consideration potential climate and other impacts associated with oil and gas activities on such lands and waters. Although the federal court for the Western District of Louisiana issued a preliminary injunction against the leasing pause, in response to the executive order, the Department of Interior issued a report recommending various changes to the federal leasing program, though many such changes would require Congressional action. As a result, we cannot predict the final scope of regulations or restrictions that may apply to oil and gas operations on federal lands. However, any regulations that ban or effectively ban such operations may adversely impact demand for our products and services.

Various state and local governments have also implemented, or are considering, increased regulatory oversight of hydraulic fracturing through additional permit requirements, operational restrictions, disclosure requirements, well construction, and temporary or permanent bans on hydraulic fracturing in certain areas. For example, in April 2019, the State of Colorado adopted Senate Bill 19-181 which made sweeping changes to Colorado oil and gas law to include the adopting of rules to minimize emissions of methane and other air contaminants and the prioritization of public health and environmental concerns in decisions made by the COGCC. In keeping with these changes, in November 2020, COGCC made substantial revisions to several regulations concerning protections for public health, safety, welfare, wildlife, and environmental resources. For further information, see our disclosure "Part I, Item 1. Business — State and Local Regulations." In addition, state and federal regulatory agencies have recently focused on a possible connection between the disposal of wastewater in underground injection wells and the increased occurrence of seismic activity, and regulatory agencies at all levels are continuing to study the possible linkage between oil and gas activity and induced seismicity. In response to these concerns, regulators in some states are seeking to impose additional requirements on hydraulic fracturing fluid disposal practices, including restrictions on the operations of produced water disposal wells and imposing more stringent requirements on the permitting of such wells. For more information, see our regulatory disclosure titled "Hydraulic Fracturing." The adoption and implementation of any new laws or regulations that restrict our customers' ability to dispose of produced water could result in increased operating costs for the customer, which in turn could indirectly reduce demand for our services.

Local governments also may seek to adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular or prohibit the performance of well drilling in general or hydraulic fracturing in particular. If new federal, state or local laws or regulations that significantly restrict hydraulic fracturing are adopted, such legal requirements could result in delays, eliminate certain drilling and injection activities and make it more difficult or costly to perform hydraulic fracturing. Any such regulations limiting or prohibiting hydraulic fracturing could result in decreased oil and natural gas E&P activities and, therefore, adversely affect demand for our services and our business. Such laws or regulations could also materially increase our costs of compliance and doing business.

Our operations, and those of our customers, are subject to a series of risks arising from climate change.

The threat of climate change continues to attract considerable attention in the United States and in foreign countries. 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 GHG.

In the United States, no comprehensive climate change legislation has been implemented at the federal level. However, President Biden has highlighted addressing climate change as a priority of his administration, which includes certain potential initiatives for climate change legislation to be proposed and passed into law. Moreover, following the U.S. Supreme Court finding that GHG emissions constitute a pollutant under the CAA, the EPA has adopted rules 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 together with the DOT, implement GHG emissions limits on vehicles manufactured for operation in the United States. The federal regulation of methane emissions from oil and gas facilities has been subject to substantially controversy in recent years; for more information, please see our regulatory disclosure "Air Emissions." 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 as GHG cap and trade programs, carbon taxes, reporting and tracking programs, and restriction of emissions. At the international level, the United Nations-sponsored Paris Agreement, requires member states to submit non-binding individually-determined reduction goals every five years after 2020. Following President Biden's executive order in January 2021, the United States rejoined the Paris Agreement and, in April 2021, established a goal of reducing economy-wide net GHG emissions 50-52% below 2005 levels by 2030. Additionally, at the 26th Conference of the Parties ("COP26") in Glasgow in November 2021, the United States and the European Union jointly announced the launch of a Global Methane Pledge; an initiative committing to a collective goal of reducing global methane emissions by at least 30 percent from 2020 levels by 2030, including "all feasible reductions" in the energy sector. However, the impacts of these actions remain unclear at this time.

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 certain candidates for political office. These have included promises to pursue actions to limit emissions and curtail the production of oil and gas on federal land. For more information, see our regulatory disclosure titled "Hydraulic Fracturing." Other actions that could be pursued by the Biden Administration may include the imposition of more restrictive requirements for the establishment of pipeline infrastructure or the permitting of LNG export facilities, as well as more restrictive GHG emission limitations for oil and gas facilities. Litigation risks are also increasing, as a number of parties have sought to bring suit against certain oil and natural gas companies in state or federal court, alleging, among other things, that such companies created public nuisances by producing fuels that contributed to climate change or alleging that companies have been aware of the adverse effects of climate change for some time but defrauded their investors or customers by failing to adequately disclose those impacts.

There are also increasing financial risks for companies in the fossil fuel sector as shareholders currently invested in fossil-fuel related companies may elect in the future to shift some or all of their investments to other 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. For example, at COP26, the Glasgow Financial Alliance for Net Zero ("GFANZ") announced that commitments from over 450 firms across 45 countries had resulted in over $130 trillion in capital committed to net zero goals. The various sub-alliances of GFANZ generally require participants to set short-term, sector-specific targets to transition their financing, investing, and/or underwriting activities to net zero emissions by 2050. There is also a risk that financial institutions will be required to adopt policies that have the effect of reducing the funding provided to the fossil fuel sector. In late 2020, the Federal Reserve announced that it has joined the Network for Greening the Financial System, a consortium of financial regulators focused on addressing climate-related risks in the financial sector. Subsequently, the Federal Reserve has issued a statement in support of the efforts of the NGFS to identify key issues and potential solutions for the climate-related challenges most relevant to central banks and supervisory authorities. 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. Additionally, the Securities and Exchange Commission announced its intention to promulgate rules requiring climate disclosures. Although the form and substance of these requirements is not yet known, this may result in additional costs to comply with any such disclosure requirements.

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 result in various physical risks, such as the increased frequency or intensity of extreme weather events or changes in meteorological and hydrological patterns, that could adversely impact us, our customers', and our suppliers' operations. For more information, see our risk factor titled "Seasonal weather conditions and natural disasters could severely disrupt normal operations and harm our business."

Increased attention to environmental, social, and governance ("ESG") matters and conservation measures may adversely impact our or our customers' business.

Increasing attention to, and societal expectations on companies to address, climate change and other environmental and social impacts, investor and societal expectations regarding voluntary ESG disclosures, and consumer demand for alternative forms of energy may result in increased costs, reduced demand for our customers' products, reduced profits, increased investigations and litigation, and negative impacts on our stock price and access to capital markets. Increasing attention to climate change and environmental conservation, for example, may result in demand shifts for oil and natural gas products and additional governmental investigations and private litigation against us or our customers. To the extent that societal pressures or political or other factors are involved, it is possible that such liability could be imposed without regard to our causation of or contribution to the asserted damage, or to other mitigating factors. For more information, see our risk factor titled "Our operations, and those of our suppliers and customers, are subject to a series of risks arising from climate change."

Moreover, while we may create and publish voluntary disclosures regarding ESG matters from time to time, certain statements in those voluntary disclosures may be based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many ESG matters. Additionally, we may announce various targets or product and service offerings in an attempt to improve our ESG profile. However, we cannot guarantee that we will be able to meet any such targets or that such targets or offerings will have the intended results on our ESG profile, including but not limited to as a result of unforeseen 27 costs, consequences, or technical difficulties associated with such targets or offerings. Also, despite any voluntary actions, we may receive pressure from certain investors, lenders, or other groups to adopt more aggressive climate or other ESG-related goals or policies, but we cannot guarantee that we will be able to implement such goals because of potential costs or technical or operational obstacles.

In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings and recent activism directed at shifting funding away from companies with energy-related assets could lead to increased negative investor sentiment toward us and our industry and to the diversion of investment to other industries, which could have a negative impact on our stock price and our access to and costs of capital. Additionally, to the extent ESG matters negatively impact our reputation, we may not be able to compete as effectively to recruit or retain employees, which may adversely affect our operations.

The Endangered Species Act and Migratory Bird Treaty Act and other restrictions intended to protect certain species of wildlife govern our and our customers' operations and additional restrictions may be imposed in the future, which constraints could have an adverse impact on our ability to expand some of our existing operations or limit our customers' ability to develop new oil and natural gas wells.

Oil and natural gas operations in our operating areas can be adversely affected by seasonal or permanent restrictions on drilling activities designed to protect various wildlife, which may limit our ability to operate in protected areas. Permanent restrictions imposed to protect endangered species could prohibit drilling in certain areas or require the implementation of expensive mitigation measures.

For example, to the extent species that are listed under the Endangered Species Act or similar state laws, or are protected under the Migratory Bird Treaty Act, or the designation of previously unprotected species as threatened or endangered in areas where we or our customers operate could cause us or our customers to incur increased costs arising from species protection measures and could result in delays or limitations in our or our customers' performance of operations, which could adversely affect or reduce demand for our services.

Anti-indemnity provisions enacted by many states may restrict or prohibit a party's indemnification of us.

We typically enter into agreements with our customers governing the provision of our services, which usually include certain indemnification provisions for losses resulting from operations. Such agreements may require each party to indemnify the other against certain claims regardless of the negligence or other fault of the indemnified party; however, many states place limitations on contractual indemnity agreements, particularly agreements that indemnify a party against the consequences of its own negligence. Furthermore, certain states, including Louisiana, New Mexico, Texas and Wyoming, have enacted statutes generally referred to as "oilfield anti-indemnity acts" expressly prohibiting certain indemnity agreements contained in or related to oilfield services agreements. Such anti-indemnity acts may restrict or void a party's indemnification of us, which could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects.

Cybersecurity and Data Privacy

We may be subject to interruptions or failures in our information technology systems.

We rely on sophisticated information technology systems and infrastructure to support our business, including process control technology. Any of these systems are susceptible to outages due to fire, floods, power loss, telecommunications failures, usage errors by employees, computer viruses, cyber-attacks or other security breaches or similar events. The failure of any of our information technology systems may cause disruptions in our operations, which could adversely affect our revenues and profitability.

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.

We depend on information technology systems that we manage, and others that are managed by our third-party service and equipment providers, to conduct our day-to-day operations, including critical systems, and these systems are subject to risk associated with cyber incidents or attacks, especially originating from countries such as China, Russia, Iran, and North Korea as broadly reported in the media. Our technology systems and networks, and those of our vendors, suppliers and other business partners, may become the target of cyber-attacks or information security breaches. These cyber security risks could disrupt our operations and result in downtime or the loss, theft, corruption or unauthorized release of intellectual property, proprietary information, customer and vendor data or other critical data, as well as result in higher costs to correct and remedy the effects of such incidents. Certain cyber incidents, such as surveillance, may remain undetected for an extended period of time. As the sophistication of cyber incidents continues to evolve, we will likely be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerability to cyber incidents. Our insurance coverage for cyber-attacks may not be sufficient to cover all the losses we may experience as a result of such cyber-attacks.

Risks Related to Our Ownership and Capital Structure

Financial Leverage and Liquidity

We have debt obligations, and any additional future indebtedness, could adversely affect our financial condition.

As of December 31, 2021 and 2020 our total debt was $63.2 million and $25.2 million, respectively.

We may also incur additional indebtedness in the future. If we do so, the risks related to our level of debt could intensify. Our indebtedness could have adverse consequences, including:

- we may fail to comply with the various covenants in instruments governing any existing or future indebtedness;
- we may be unable to obtain financing in the future for working capital, capital expenditures, acquisitions, share repurchases, general corporate or other purposes;
- we may be unable to use operating cash flow in other areas of our business because we must dedicate a substantial portion of these funds to service the debt;
- we could become more vulnerable to general adverse economic and industry conditions, including increases in interest rates, to the extent that we incur variable rate indebtedness; or
- we may be competitively disadvantaged compared to our competitors that have greater access to capital resources.

Our Revolving Credit Facility subjects us to various financial and other restrictive covenants. These restrictions may limit our operational or financial flexibility and could subject us to potential defaults under our Revolving Credit Facility.

Our Revolving Credit Facility subjects us to significant financial and other restrictive covenants, such that our ability to comply with financial condition tests can be affected by events beyond our control, including economic, financial and industry conditions. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. Further, the borrowing base of our Revolving Credit Facility is dependent upon our receivables, which may be significantly lower in the future due to reduced activity levels or decreases in pricing for our services. 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 Revolving Credit Facility. If we are unable to remain in compliance with the financial covenants of our Revolving Credit Facility, then amounts outstanding thereunder may be accelerated and become due immediately. Any such acceleration could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects.

In the event that we are unable to access sufficient capital to fund our business and planned capital expenditures, we may be required to curtail potential acquisitions, strategic growth projects, portions of our current operations and other activities. A lack of capital could result in a decrease in our operations, subject us to claims of breach under customer and supplier contracts and may force us to sell some of our assets or issue additional equity on an untimely or unfavorable basis, each of which could adversely affect our business, financial condition, results of operations and cash flows.

Our Revolving Credit Facility contains certain financial and other restrictive covenants, including a certain minimum fixed charge coverage ratio during certain testing periods. The Revolving Credit Facility is subject to a borrowing base that is calculated based upon a percentage of the value of the Company’s eligible accounts receivable less certain reserves. The Revolving Credit Facility includes cash dominion provisions where the Administrative Agent sweeps cash daily from the Company’s bank accounts into an account of the Administrative Agent to repay the Company’s obligations under the Revolving Credit Facility.

We may experience difficulties in integrating acquired assets, including assets acquired in the Patriot Acquisition, the PerfX Acquisition and the Basic Acquisition, into our business and in realizing the expected benefits of an acquisition.

The success of an acquisition, if completed, will depend in part on our ability to realize anticipated business opportunities from combining acquired assets, including assets acquired in the Patriot Acquisition, the PerfX Acquisition and the Basic Acquisition, with our business in an efficient and effective manner. The integration process could take longer than anticipated and could result in the loss of key employees, the disruption of each company’s ongoing businesses, tax costs or inefficiencies or inconsistencies in standards, controls, information technology systems, procedures and policies, any of which could adversely affect our ability to maintain relationships with customers, employees or other third parties or our ability to achieve the anticipated benefits, and could harm our financial performance. If we are unable to successfully or timely integrate acquired assets with our business, we may incur unanticipated liabilities and be unable to realize the anticipated benefits, and our business, results of operations and financial condition could be materially and adversely affected.

The growth of our business through potential future acquisitions may expose us to various risks, including those relating to difficulties in identifying suitable, accretive acquisition opportunities and integrating businesses, assets and personnel, as well as difficulties in obtaining financing for targeted acquisitions and the potential for increased leverage or debt service requirements.

We will continue to pursue selected, accretive acquisitions of complementary assets and businesses. Acquisitions involve numerous risks, including:

- unanticipated costs and exposure to liabilities assumed in connection with the acquired business or assets, including but not limited to environmental liabilities;
- difficulties in integrating the operations and assets of the acquired business and the acquired personnel;
- limitations on our ability to properly assess and maintain an effective internal control environment over an acquired business;
- potential losses of key employees and customers of the acquired business;
- risks of entering markets in which we have limited prior experience; and
- increases in our expenses and working capital requirements.

Our ability to achieve the anticipated benefits of any acquisition will depend, in part, upon whether we can integrate the acquired business and/or assets into our existing business in an efficient and effective manner. The process of integrating an acquired business, including in connection with our corporate reorganization, may involve unforeseen costs and delays or other operational, technical and financial difficulties and may require a significant amount of time and resources. Our failure to incorporate the acquired business and assets into our existing operations successfully or to minimize any unforeseen operational difficulties could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects. Further, any acquisition may involve other risks that may cause our business to suffer, including:

- diversion of our management's attention to evaluating, negotiating for and integrating acquired assets;
- the challenge and cost of integrating acquired assets with those of ours while carrying on our ongoing business; and
- the failure to realize the full benefits anticipated from the acquisition or to realize these benefits within our expected time frame.

Because the historical utilization rates of any acquired assets may be lower than ours in recent periods, our utilization could decrease during the course of an initial integration period. Accordingly, there can be no assurance the utilization for acquired assets will align with the utilization of our existing fleet or on our anticipated timeline or at all. Furthermore, there is intense competition for acquisition opportunities in our industry. Competition for acquisitions may increase the cost of, or cause us to refrain from, completing acquisitions.

In addition, we may not have sufficient capital resources to complete any additional acquisitions. We may incur substantial indebtedness to finance future acquisitions and also may issue equity, debt or convertible securities in connection with such acquisitions. Debt service requirements could represent a significant burden on our results of operations and financial condition, and the issuance of additional equity or convertible securities could be dilutive to our existing shareholders. Furthermore, we may not be able to obtain additional financing as needed or on satisfactory terms.

Our ability to continue to grow through acquisitions and manage growth will require us to continue to invest in operational, financial and management information systems and to attract, retain, motivate and effectively manage our employees. The inability to effectively manage the integration of acquisitions, including in connection with our corporate reorganization, could reduce our focus on current operations, which, in turn, could negatively impact our earnings and growth. Our financial position and results of operations may fluctuate significantly from period to period, based on whether or not significant acquisitions are completed in particular periods.

Changes in interest rates could adversely impact the price of our shares, our ability to issue equity or incur debt for acquisitions or other purposes.

Interest rates on future borrowings, credit facilities and debt offerings could be higher than current levels, causing our financing costs to increase accordingly. In addition, the London Interbank Offered Rate ("LIBOR") and other "benchmark" rates are subject to ongoing national and international regulatory scrutiny and reform. On July 27, 2017, the U.K. Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR rates after 2021 (the "FCA Announcement"). The Alternative Reference Rate Committee, a committee convened by the Federal Reserve that includes major market participants, has selected an alternative rate to replace U.S. Dollar LIBOR: the Secured Overnight Financing Rate, or "SOFR." Lenders are considering We are unable to predict the effect of the FCA Announcement or other reforms, whether currently enacted or enacted in the future. The outcome of reforms may result in increased interest expense to us. 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 for acquisitions or other purposes.

Equity and Common Stock

We have identified a material weakness 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 material misstatements of our financial statements or cause us to fail to meet our periodic reporting obligations.

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in those internal controls, subject to any exemptions that we avail ourselves to under the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). We and our independent registered public accounting firm identified a material weakness in our internal control over financial reporting as of December 31, 2021. 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 our annual or interim financial statements will not be prevented or detected on a timely basis. The Company is working to remediate the material weakness in internal control over financial reporting and is taking steps to improve the internal control environment. Specifically, the Company is enhancing processes, and designing and implementing additional internal controls to properly account for complex transactions. Additionally, the Company is hiring additional accounting personnel and implementing training of new and existing personnel on proper execution of designed control procedures.

Our failure to implement and maintain effective internal control over financial reporting could result in errors in our financial statements that could result in a restatement of our financial statements and cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our Class A Common Stock.

If we were to pay cash dividends in the future on our Class A Common Stock, our Revolving Credit Facility places certain restrictions on our ability to do so. Consequently, your only opportunity to achieve a return on your investment is if the price of our Class A Common Stock appreciates.

We have not paid any dividends since our inception to holders of our Class A Common Stock and currently intend to retain any future earnings to finance the growth of our business. Additionally, our Revolving Credit Facility places certain restrictions on our ability to pay cash dividends. Consequently, your only opportunity to achieve a return on your investment in us will be if you sell your Class A Common Stock at a price greater than you paid for it. There is no guarantee that the price of our Class A Common Stock that will prevail in the market will ever exceed the price that you paid for it.

Future sales of our Class A Common Stock in the public market, or the perception that such sales may occur, could reduce our stock price, and any additional capital raised by us through the sale of equity or preferred stock or convertible securities may dilute your ownership in us.

We may sell additional shares of Class A Common Stock or preferred stock that is convertible into Class A Common Stock in subsequent public offerings. As of March 23, 2022, we had 18,671,361 shares of Class A Common Stock outstanding, which may be resold immediately in the public market, and 6,000,001 shares of preferred stock outstanding. The Legacy Owners and the Bridge Loan Lenders are parties to a registration rights agreement, which requires us to effect the registration of any shares of Class A Common Stock held by a Legacy Owner or Bridge Loan Lender or that a Legacy Owner or Bridge Loan Lender receives upon redemption of its shares of Class B Common Stock.

We cannot predict the size of future issuances of our Class A Common Stock or preferred stock convertible into Class A Common Stock or the effect, if any, that future issuances and sales of shares of our Class A Common Stock will have on the market price of our Class A Common Stock. Sales of substantial amounts of our Class A Common Stock, or the perception that such sales could occur, may adversely affect prevailing market prices of our Class A Common Stock.

We may issue additional preferred stock, the terms of which could adversely affect the voting power or value of our Class A Common Stock.

Our amended and restated certificate of incorporation authorizes us to issue, without the approval of our shareholders, one or more classes or series of preferred stock having such designations, preferences, limitations and relative rights, including preferences over our Class A Common Stock respecting dividends and distributions, as our Board of Directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our Class A Common Stock. For example, we may grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of the Class A Common Stock.

Risks Associated with Owning Our Common Stock

For as long as we are an emerging growth company and/or a smaller reporting company, we will not be required to comply with certain reporting requirements that apply to other public companies.

We are classified as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") and as a "smaller reporting company" under the Exchange Act. For as long as we are an emerging growth company ("EGC"), which may be up to five full fiscal years, unlike other public companies, we will not be required to, among other things: (i) provide an auditor's attestation report on management's assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404(b) of Sarbanes-Oxley; (ii) comply with any new requirements adopted by the Public Company Accounting Oversight Board (United States) ("PCAOB") requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer; (iii) provide certain disclosures regarding executive compensation required of larger public companies; or (iv) hold nonbinding advisory votes on executive compensation. We will remain an EGC for up to five years, although we will lose that status sooner if we have more than $1.07 billion of revenues in a fiscal year, have more than $700.0 million in market value of our Class A Common Stock held by non-affiliates or issue more than $1.0 billion of non-convertible debt over a three-year period. The Company will lose its EGC status during the year ending December 31, 2022, as this will represent the fiscal year following the fifth anniversary of our initial Form S-1, which was filed in August 2017.

For as long as we are a smaller reporting company, we will have certain reduced disclosure requirements with the SEC, including the ability to provide two years of audited financial statements and corresponding Management's Discussion and Analysis disclosures. We will lose our EGC status at the end of that five-year period, we will be required to comply with all the reporting requirements applicable to other public companies including, but not limited to, the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002. We will remain a smaller reporting company until the aggregate market value of our outstanding common stock held by non-affiliates, calculated as of the end of our most recently complete second fiscal quarter, exceeds $250 million. We cannot predict whether investors will find our common stock less attractive because of our reliance on any of these exemptions. If some investors find our common stock less attractive, there may be a less active trading market for our common stock and our stock price may be more volatile.

To the extent that we rely on any of the exemptions available to EGC's and/or SRC's, you will receive less information about our executive compensation and internal control over financial reporting than issuers that are not emerging growth companies. If some investors find our Class A Common Stock to be less attractive as a result, there may be a less active trading market for our Class A Common Stock and our stock price may be more volatile.

As a result of the delay in completing the Rule 3-05 financial statements related to the Basic Energy acquisition, we are currently unable to register securities with the SEC.

This may adversely affect our ability to raise capital and the cost of raising future capital. As a result of the delay in completing the Rule 3-05 financial statements required by the Current Report on Form 8-K relating to the acquisition of certain assets of Basic, we have been, and remain, unable to register securities for sale by us or for resale by other security holders, which adversely affects our ability to raise capital. Additionally, following the filing of this Form 10-K we will remain ineligible to use Form S-3 to register securities until we have timely filed all periodic reports under the Exchange Act for at least 12 calendar months. Should we wish to register the offer and sale of our securities to the public when we are ineligible to use Form S-3, both our transaction costs and the amount of time required to complete the transaction could increase as a result of having to use Form S-1, making it more difficult to execute any such transaction quickly and successfully, and as a result potentially harming our financial condition.

If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our Class A Common Stock or if our operating results do not meet their expectations, our stock price could decline.

The trading market for our Class A Common Stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover our company adversely changes his or her recommendation with respect to our Class A Common Stock or if our operating results do not meet their expectations, our stock price could decline.

CSL and Other Directors

CSL, Bayou Holdings and their respective affiliates are not limited in their ability to compete with us, and the corporate opportunity provisions in our amended and restated certificate of incorporation could enable CSL and Bayou Holdings to benefit from corporate opportunities that might otherwise be available to us.

Our governing documents provide that CSL, Bayou Holdings and their respective affiliates (including portfolio investments of CSL and its affiliates) are not restricted from owning assets or engaging in businesses that compete directly or indirectly with us. In particular, subject to the limitations of applicable law, our amended and restated certificate of incorporation, among other things:

- permits CSL, Bayou Holdings and their respective affiliates to conduct business that competes with us and to make investments in any kind of property in which we may make investments; and
- provides that if CSL, Bayou Holdings or their respective affiliates, or any employee, partner, member, manager, officer or director of CSL, Bayou Holdings or their respective affiliates who is also one of our directors or officers, becomes aware of a potential business opportunity, transaction or other matter, they will have no duty to communicate or offer that opportunity to us.

CSL, Bayou Holdings or their respective affiliates may become aware, from time to time, of certain business opportunities and may direct such opportunities to other businesses in which they have invested, in which case we may not become aware of or otherwise have the ability to pursue such opportunity. Furthermore, such businesses may choose to compete with us for these opportunities, possibly causing these opportunities to not be available to us or causing them to be more expensive for us to pursue. In addition, CSL, Bayou Holdings and their respective affiliates may dispose of equipment or other assets in the future, without any obligation to offer us the opportunity to purchase any of those assets. As a result, our renouncing our interest and expectancy in any business opportunity that may be from time to time presented to CSL, Bayou Holdings and their respective affiliates could adversely impact our business or prospects if attractive business opportunities are procured by such parties for their own benefit rather than for ours.

CSL controls a large portion of our voting stock, and their interests may conflict with those of our other shareholders.

CSL and its affiliates beneficially own an aggregate of approximately 38% of the outstanding shares of our Common Stock. As long as CSL controls a large portion of our voting stock, it may be able to significantly influence the election of the Board of Directors and the outcome of all matters involving a shareholder vote. Moreover, CSL's concentration of stock ownership may adversely affect the trading price of our Class A Common Stock to the extent investors perceive a disadvantage in owning stock of a company with a significant shareholder. CSL's interests may differ from the interests of other shareholders and the status of their ownership could change at their discretion.

A significant reduction of CSL's ownership interests in us could adversely affect us.

We believe that CSL's ownership interest in us provides with it an economic incentive to assist us to be successful. CSL is not subject to any obligation to maintain its ownership interest in us and may elect at any time to sell all or a substantial portion of or otherwise reduce its ownership interest in us. If CSL sells all or a substantial portion of its ownership interest in us, it may have less incentive to assist in our success and its affiliate(s) that are expected to serve as members of our Board of Directors may resign.

Certain of our directors have significant duties with, and spend significant time serving, entities that may compete with us in seeking acquisitions and business opportunities and, accordingly, may have conflicts of interest in allocating time or pursuing business opportunities.

Certain of our directors, who are responsible for managing the direction of our operations, hold positions of responsibility with other entities (including affiliated entities) that are in the oil and natural gas industry. These executive officers and directors may become aware of business opportunities that may be appropriate for presentation to us as well as to the other entities with which they are or may become affiliated. Due to these existing and potential future affiliations, these individuals may present potential business opportunities to other entities prior to presenting them to us, which could cause additional conflicts of interest. They may also decide that certain opportunities are more appropriate for other entities with which they are affiliated, and as a result, they may elect not to present those opportunities to us. These conflicts may not be resolved in our favor.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We lease our principal executive offices, which are located at 10350 Richmond, Suite 550, Houston, Texas 77042. As of December 31, 2021, we owned or leased maintenance facilities, yards and field offices around the U.S. and our material properties include the following:

Facility Location and Description	Size of Location		Leased / Owned	Lease Expiration
High Specification Rigs	(square feet)	(acres)		
Milliken, Colorado	131,390	23.0	Leased	2036
Pleasanton, Texas	7,800	3.0	Owned	*
Hobbs, New Mexico	25,950	4.5	Owned	*
Andrews, Texas	13,000	9.0	Owned	*
Belfield, North Dakota	34,280	34.5	Owned	*
Big Spring, Texas	21,420	7.5	Owned	*
Denver City, Texas	23,000	60.4	Owned	*
Midland, Texas	14,000	16.7	Owned	*
Midland, Texas	47,000	25.9	Owned	*
Midland, Texas	20,330	11.0	Owned	*
Midland, Texas	23,010	8.0	Owned	*
Odessa, Texas	17,500	1.3	Owned	*
Wireline Services				
Milliken, Colorado	131,390	23.3	Leased	2036
Midland, Texas	36,230	12.0	Leased	2027

* Not applicable.

In addition to the properties listed above, we own and lease several smaller facilities, which generally have shorter terms. We do not believe that any single facility is material to our operations and, if necessary, we could readily obtain a replacement facility.

Item 3. Legal Proceedings

Our operations are subject to a variety of risks and disputes normally incident to our business. As a result, we may, at any given time, be a defendant in various legal proceedings and litigation arising in the ordinary course of business. We are not currently a party to any legal proceedings that, if determined adversely against us, individually or in the aggregate, would have a material adverse effect on our business, liquidity position, financial condition, results of operations or prospects. We are, however, named defendants in certain lawsuits, investigations and claims arising in the ordinary course of conducting our business, including employee-related matters, and we expect that we will be named defendants in similar lawsuits, investigations and claims in the future. We maintain insurance policies with insurers in amounts and with coverage and deductibles that we, with the advice of our insurance advisers and brokers, believe are reasonable and prudent. We cannot, however, assure you that this insurance will be adequate to protect us from all material expenses related to potential future claims for personal injury and property damage or that these levels of insurance will be available in the future at economical prices. While the outcome of these lawsuits, investigations and claims cannot be predicted with certainty, we do not expect these matters to have a material adverse impact on our business, results of operations, cash flows or financial condition. Information regarding legal proceedings is presented in "Part II, Item 8. Financial Statements and Supplementary Data—Note 14 — Commitments and Contingencies."

Item 4. Mine Safety Disclosure

Not applicable.

PART II

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

Market Information

Our Class A Common Stock is listed on the NYSE under the symbol "RNGR," and there is no public market for our Class B Common Stock. We have a significant number of beneficial shareholders or shareholders whose shares are held in "street name," where such shares are held by a broker or other nominee, thereby increasing the number holders of record. As of March 23, 2022, there were approximately 50 and no shareholders of record of our Class A Common Stock and Class B Common Stock, respectively.

We have not paid any dividends since our inception to holders of our Class A Common Stock. We currently intend to retain any future earnings to finance the growth of our business.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

We had no sales of unregistered equity securities during the period covered by this Annual Report that were not previously reported in a Current Report on Form 8-K or Quarterly Report on Form 10-Q.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information with respect to Class A Common Stock purchases made by the Company during the three months ended December 31, 2021.

Period	Total Number of Shares Repurchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
October 1, 2021 - October 31, 2021	5,460	$ 10.35		
November 1, 2021 - November 30, 2021	1,926	10.00		
December 1, 2021 - December 31, 2021	—	—		
Total	7,386	$ 10.26	—	—

(1) Total number of shares repurchased in the fourth quarter of 2021 consists of 7,386 shares withheld by us in satisfaction of withholding taxes due upon the vesting of restricted shares granted to our employees under our Long-Term Incentive Plan.

Item 6. Selected Financial Data

Reserved.

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

The following discussion and analysis should be read in conjunction with the historical financial statements and related notes included elsewhere in this Annual Report. This discussion contains "forward-looking statements" reflecting our current expectations, estimates and assumptions concerning events and financial trends that may affect our future operating results or financial position. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors. Factors that could cause or contribute to such differences include, but are not limited to, market prices for oil and natural gas, capital expenditures, economic and competitive conditions, regulatory changes and other uncertainties, as well as those factors discussed below and elsewhere in this report. Please read Cautionary Statement Regarding Forward-Looking Statements. Also, please read the risk factors and other cautionary statements described under "Part I, Item 1A.-Risk Factors." We assume no obligation to update any of these forward-looking statements, except as required by applicable law.

Recent Events and Outlook

Business Combinations

Basic Energy Services, Inc. ("Basic") Acquisition

On September 15, 2021, Ranger Energy Acquisition, LLC, entered into an Asset Purchase Agreement for certain assets of Basic, closing on October 1, 2021. The Company purchased assets associated with Basic's well servicing, fishing and rental, coiled tubing operations and rolling stock assets required to support the operating assets being purchased and real property locations located in New Mexico, Oklahoma and Texas, among others. The material financial and operating results of Basic are included within the High Specification Rigs segment, and other immaterial results are included within the

Processing Solutions and Ancillary Services segment. Please see “—Results of Operations” below and “Part II—Item 8.—Note 3 — Business Combinations” for further information.

As consideration for the assets acquired, the Company paid $36.7 million in cash, where such cash was generated through the issuance of Series A Preferred Stock.

PerfX Wireline Services (“PerfX”) Acquisition

On July 8, 2021, the Company completed the acquisition of PerfX, a provider of wireline services that operate in Williston, North Dakota and Midland, Texas. Following the acquisition of PerfX, the Company significantly expanded its scale and scope of the existing wireline business into production-related services through this acquisition. The financial results of PerfX are included in the Wireline Services reporting segment.

The aggregate consideration was $20.1 million, which included 1,000,000 shares of Class A Common Stock and a Secured Promissory Note of $11.4 million. The Class A Common Stock issuance includes 100,000 shares that will be issued by the Company on the 12-month anniversary of the acquisition date.

The PerfX purchase price includes a warrant to acquire a 30% ownership in the XConnect Business (“XConnect”), which expires on July 8, 2031. XConnect is the manufacturer of a perforating gun system developed by the PerfX sellers alongside the PerfX wireline service business. The warrant requires the Company to maintain a specific minimum level of purchases of XConnect’s manufactured products. Should the Company fail to maintain the specified minimum level of purchases, a forfeiture event would occur. The Company may elect to cure the forfeiture event through a cash payment to XConnect. If the Company elects to not cure the forfeiture event, the ownership percentage would reduce to 15%. Upon the occurrence of a second uncured forfeiture event, the warrant is deemed to be cancelled.

Patriot Well Solutions (“Patriot”) Acquisition

On May 14, 2021, the Company completed the acquisition of Patriot, a provider of wireline evaluation and intervention services that operate in the Permian, Denver-Julesburg and Powder River Basins and Bakken Shale. The financial results of Patriot are included in the Wireline Services reporting segment.

As consideration for the Patriot Acquisition the Company paid an aggregate of $11.0 million, which included 1.3 million shares of Class A Common Stock and cash payments of $3.3 million, net of cash acquired.

Coronavirus (“COVID-19”)

During the year ended December 31, 2021 and through the issuance of these financial statements, significant progress has been made to combat COVID-19 and its multiple variants, however, it remains a global challenge and continues to have an impact on our financial results. The extent of the COVID-19 outbreak on the Company’s operational and financial performance will significantly depend on further developments, including the duration and spread of the outbreak and continued impact on our personnel, customer activity and third-party providers.

While commodity prices, as well as our stock price and operational activity, have improved during the year ended December 31, 2021, we expect this global market volatility to continue at least until the outbreak of COVID-19, including any new variants, stabilizes, if not longer.

The U.S. government implemented a number of programs in the early wake of the impacts of COVID-19, including the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), the largest relief package in U.S. history, and the Main Street Lending Program established by the Federal Reserve. We qualified for limited aid under the CARES Act and have deferred payroll tax payments of $1.1 million as of December 31, 2021 under the CARES Act, which will become due on December 31, 2022.

Internal Controls and Procedures

We and our independent registered public accounting firm identified a material weakness in our internal control over financial reporting as of December 31, 2021. 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 our annual or interim financial statements will not be prevented or detected on a timely basis. The Company is working to remediate the material weakness in internal control over financial reporting and is taking steps to improve the internal control environment. Specifically, the Company is enhancing processes, and designing and implementing additional internal controls to properly account for complex transactions. Additionally, the Company is hiring additional accounting personnel and implementing training of new and existing personnel on proper execution of designed control procedures.

We can give no assurance that these actions will remediate this deficiency in internal control or that additional material weaknesses or significant deficiencies in our internal control over financial reporting will not be identified in the future. Our failure to implement and maintain effective internal control over financial reporting could result in errors in our financial statements that could result in a restatement of our financial statements and cause us to fail to meet our reporting obligations.

We are required to comply with the SEC's rules implementing Section 302 of Sarbanes-Oxley, which requires our management to certify financial and other information in our quarterly and Annual Reports. We will not be required to have our independent registered public accounting firm attest to the effectiveness of our internal control over financial reporting under Section 404 until our first Annual Report subsequent to our ceasing to be an "emerging growth company" within the meaning of Section 2(a)(19) of the Securities Act.

How We Evaluate Our Operations

We provide services within the United States that are organized into three reporting segments, which include: High Specification Rigs, Wireline Services, and Processing Solutions and Ancillary Services, which are described below. The reportable segments have been categorized based on the nature of services provided in each line of business.

The reportable segments comprise the structure used by the Chief Operating Decision Maker ("CODM") to make key operational decisions and assess performance. The CODM evaluates operating performance based on multiple measures for each reportable segment. As a result of three business combinations, coupled with executive management changes, primarily the hiring of a new chief executive officer, in September 2021, the Company reevaluated its segment reporting. Based on that review, the Company updated the reportable segments according to how the CODM reviews the financial results during the fourth quarter.

The key financial metrics the CODM reviews for each reportable segment include: (i) Revenue, (ii) Cost of Services & Depreciation, (iii) Operating Income or Loss and (iv) Adjusted EBITDA, all of which are described further below.

As a result of three business combinations, coupled with executive management changes, the Company re-evaluated the

reportable segments accordingly. During the fourth quarter of 2021, the Company bifurcated the legacy Completion and Other Services segment into Wireline Services and Ancillary Services, where the historical Processing Solutions segment has been consolidated into the Ancillary Services segment. Prior periods have been revised to conform to the current presentation.

Following such re-evaluation, our reporting segments include:

- *High Specification Rigs*. Provides high-spec well service rigs to facilitate operations throughout the life cycle of a well.
- *Wireline Services*. Provides services necessary to bring and maintain a well on production and consists of our completion and production businesses.
- *Processing Solutions and Ancillary Services*. Provides complimentary services often utilized in conjunction with our High Specification Rigs and Wireline Services segments. The services primarily include logistics, equipment rentals, plug and abandonment and processing solutions.
- *Other*. Our Other segment represents costs not allocable to the reporting segments and includes corporate general and administrative expense and depreciation of corporate furniture and fixtures, amortization, impairments, debt retirements and other items similar in nature.

Financial Metrics

How we Generate Revenue

Rig hours and stage counts, as it relates to our High Specification Rigs and Wireline Services segments, respectively, are important indicators of our activity levels and profitability. The stage count metric has become increasingly important with the update in our external reporting segments. Rig hours represent the aggregate number of hours that our well service rigs actively worked, whereas stage counts represent the number of completed stages during the periods presented. Generally, during the period our services are being provided, our customers are billed on an hourly basis for our high-spec rig services or, as it relates to our wireline services, they are billed upon the earlier of the completion of the well or on a monthly basis. The rates for such rig hours and completed wells at which the customer is billed is generally predetermined based upon a contractual agreement.

Costs of Conducting Our Business

The principal costs associated with conducting our business are personnel, repairs and maintenance, general and administrative, and depreciation expense.

Cost of Services. Our primary costs associated with our cost of services are related to personnel expenses, repairs and maintenance of our fixed assets and perforating and gun costs. A significant portion of these expenses are variable, and therefore typically managed, based on industry conditions and demand for our services. Further, there is generally a correlation between our revenues generated and personnel and repairs and maintenance costs, which are dependent upon the operational activity.

Personnel costs associated with our operational employees represent a significant cost of our business. A substantial portion of our labor costs is attributable to our field crews and is partly variable based on the requirements of specific customers. A key component of personnel costs relates to the ongoing training of our employees, which improves safety rates and reduces attrition.

General & Administrative. As described above general and administrative expenses are corporate in nature and are included within the Other segment. These costs are not attributable to any of our lines of businesses nor reporting segments.

Operating Income or Loss

We analyze our operating income or loss by segment, which we have defined as revenues less cost of services and depreciation expense. We believe this is a key financial metric as it provides insight on profitability and operational performance based on the historical cost basis of our assets.

Adjusted EBITDA

We view Adjusted EBITDA, which is a non-GAAP financial measure, as an important indicator of performance. We define Adjusted EBITDA as net income or loss before net interest expense, income tax provision or benefit, depreciation and amortization, equity-based compensation, acquisition-related and severance costs, impairment of goodwill and other non-cash and certain other items that we do not view as indicative of our ongoing performance. See "—Results of Operations" and "—Note Regarding Non-GAAP Financial Measure" for more information and reconciliations of net income (loss) to Adjusted EBITDA, the most directly comparable financial measure calculated and presented in accordance with GAAP.

Results of Operations

The Year Ended December 31, 2021 compared to the Year Ended December 31, 2020

The following is an analysis of our operating results. See "—How We Evaluate Our Operations" for how we measure our operating results and key performance indicators. The significant increases in operational activity, across all segments, as well as corporate-related expenses, are related to the business combinations that took place, coupled with increased crude oil pricing and demand for our services during the year ended December 31, 2021, as described in "—Recent Events and Outlook." During the fourth quarter 2021, the Company re-evaluated its reporting segments and bifurcated the legacy Completions and Other Services segment into Wireline Services, Processing Solutions and Ancillary Services. As such, prior period amounts were recast to conform with the new segment reporting presentation. The information presented below is in millions.

	Year Ended December 31,		Variance	
	2021	2020	$	%
Revenues				
High specification rigs	$ 140.1	$ 82.5	$ 57.6	70 %
Wireline Services	117.9	79.0	38.9	49 %
Processing Solutions and Ancillary Services	35.1	26.3	8.8	33 %
Total revenues	293.1	187.8	105.3	56 %
Operating expenses				
Cost of services (exclusive of depreciation and amortization):				
High specification rigs	118.8	71.5	47.3	66 %
Wireline Services	115.6	57.0	58.6	103 %
Processing Solutions and Ancillary Services	28.9	19.4	9.5	49 %
Total cost of services	263.3	147.9	115.4	78 %
General and administrative	33.5	22.1	11.4	52 %
Depreciation and amortization	36.8	35.0	1.8	5 %
Total operating expenses	333.6	205.0	128.6	63 %
Operating income (loss)	(40.5)	(17.2)	(23.3)	135 %
Other income and expenses				
Interest expense, net	4.8	3.4	1.4	41 %
(Gain) loss on debt retirement	0.2	(2.1)	2.3	(110)%
Gain on bargain purchase	(37.2)	—	(37.2)	100 %
Total other income and expenses	(32.2)	1.3	(33.5)	(2,577)%
Income (loss) before income tax expense	(8.3)	(18.5)	10.2	(55)%
Income tax expense	(6.2)	—	(6.2)	100 %
Net income (loss)	$ (2.1)	$ (18.5)	$ 16.4	(89)%

Revenues. Revenues increased $105.3 million, or 56%, to $293.1 million for the year ended December 31, 2021 from $187.8 million for the year ended December 31, 2020. The change in revenues by segment was as follows:

High Specification Rigs. High Specification Rig revenues increased $57.6 million, or 70%, to $140.1 million for the year ended December 31, 2021 from $82.5 million for the year ended December 31, 2020. The increased rig services revenue included a 61% increase in total rig hours to 257,900 for the year ended December 31, 2021 from 160,300 for the year ended December 31, 2020. The average revenue per rig hour increased 6% to $543 compared to $514 for the year ended December 31, 2020. Of the total segment revenue increase, $29.5 million is attributable to the assets acquired in the Basic Acquisition. The increase in revenue, rig hours and average revenue per rig hour is also related to increased crude oil pricing and industry activity.

Wireline Services. Wireline Services revenues increased $38.9 million, or 49%, to $117.9 million for the year ended December 31, 2021 from $79.0 million for the year ended December 31, 2020. The increased wireline services revenue was primarily attributable to completion services which included a 96% increase in completed stage count to 27,200 for the year

ended December 31, 2021 from 13,900 for the year ended December 31, 2020. The increase in wireline services revenue included a 229% increase in average active wireline units to 23 units from seven units for the year ended December 31, 2020. Of the segment revenue increase, $55.5 million and $11.6 million is attributable to the assets acquired in the PerfX and Patriot Acquisitions, respectively.

Processing Solutions and Ancillary Services. Processing Solutions and Ancillary Services revenues increased $8.8 million, or 33%, to $35.1 million for the year ended December 31, 2021 from $26.3 million for the year ended December 31, 2020. Of the total segment revenue increase, $8.5 million is attributable to the Basic Acquisition.

The increase in processing solutions and ancillary services is primarily attributable to a $5.5 million increase in both of our equipment rentals and plugging and abandonment services to $7.4 million and $7.3 million, respectively.

Cost of services. Cost of services (exclusive of depreciation and amortization) increased $115.4 million, or 78%, to $263.3 million for the year ended December 31, 2021 from $147.9 million for the year ended December 31, 2020. As a percentage of revenue, cost of services was approximately 89% and 78% for the years ended December 31, 2021 and 2020. The change in cost of services by segment was as follows:

High Specification Rigs. High Specification Rig cost of services increased $47.3 million, or 66%, to $118.8 million for the year ended December 31, 2021 from $71.5 million for the year ended December 31, 2020. The increase was primarily attributable to an increase in variable expenses, notably employee costs and repair and maintenance costs, which amounted to $29.0 million and $4.3 million, respectively. Additionally, the increase corresponds with the increase in rig hours and revenues. Of the segment cost of services increase, $22.3 million is attributable to the Basic Acquisition.

Wireline Services. Wireline Services cost of services increased $58.6 million, or 103%, to $115.6 million for the year ended December 31, 2021 from $57.0 million for the year ended December 31, 2020. The increase was primarily attributable to increased employee costs due to the acquisitions of PerfX and Patriot, and, to a lesser extent, maintenance costs. Of the total segment cost of services increase, $29.1 million and $5.5 million is attributable to the assets acquired in the PerfX and Patriot Acquisitions, respectively, whereas the increased maintenance costs amounted to $5.9 million.

Processing Solutions and Ancillary Services. Processing Solutions and Ancillary Services cost of services increased $9.5 million, or 49%, to $28.9 million for the year ended December 31, 2021 from $19.4 million for the year ended December 31, 2020. The increase was primarily attributable to increased variable employee costs with the upturn of operational activity, which amounted to $5.0 million. Of the segment cost of services increase, $7.6 million is attributable to the Basic Acquisition.

General and administrative. General and administrative expenses increased $11.4 million, or 52%, to $33.5 million for the year ended December 31, 2021 from $22.1 million for the year ended December 31, 2020. The increase in general and administrative expenses is primarily due to corporate employee costs and increased professional fees during the year ended December 31, 2021. The increased professional fees included $8.6 million of costs associated with the acquisitions of Patriot, PerfX and Basic and $3.8 million related to the termination of the tax receivable agreement during the year ended December 31, 2021.

Depreciation and amortization. Depreciation and amortization increased $1.8 million, or 5%, to $36.8 million for the year ended December 31, 2021 from $35.0 million for the year ended December 31, 2020. The increase was attributable to assets acquired through the business combinations during the year ended December 31, 2021. This was partially offset by depreciation expense related to fixed assets disposed of during the last half of the year ended December 31, 2020.

Gain (loss) on debt retirement. Gain on debt retirement decreased $2.3 million, or 110%, to a loss of 0.2 million for the year ended December 31, 2021, which is attributable to the settlement of the ESCO Seller's Notes during the year ended December 31, 2021.

Gain on bargain purchase. Gain on bargain purchase increased $37.2 million, or 100%, to a gain of $37.2 million for the year ended December 31, 2021, which is attributable to the Basic Acquisition during the year ended December 31, 2021.

Interest expense, net. Net interest expense increased $1.4 million, or 41%, to $4.8 million for the year ended December 31, 2021 from $3.4 million for the year ended December 31, 2020. The increase to net interest expense was attributable to increased principal balances on our Revolving Credit Facility (as defined below), coupled with higher interest rates on each tranche of the Loan and Security Agreement that closed on September 27, 2021.

Note Regarding Non-GAAP Financial Measure

Adjusted EBITDA is not a financial measure determined in accordance with generally accepted accounting principles in the United States ("US GAAP"). We define Adjusted EBITDA as net income or loss before net interest expense, income

tax expense, depreciation and amortization, equity-based compensation, gain or loss on retirement of debt, gain or loss on disposal of property and equipment, severance and reorganization costs, acquisition-related costs, legal fees and settlements, TRA termination expense, allowance for AR write-offs, and gain on bargain purchase.

We believe Adjusted EBITDA is a useful performance measure because it allows for an effective evaluation of our operating performance when compared to our peers, without regard to our financing methods or capital structure. We exclude the items listed above from net income or loss in arriving at Adjusted EBITDA because these amounts can vary substantially within our industry depending upon accounting methods, book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net income or loss determined in accordance with US GAAP. Certain items excluded from Adjusted EBITDA are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historic costs of depreciable assets, none of which are reflected in Adjusted EBITDA. Our presentation of Adjusted EBITDA should not be construed as an indication that our results will be unaffected by the items excluded from Adjusted EBITDA. Our computations of Adjusted EBITDA may not be identical to other similarly titled measures of other companies. The following table presents reconciliations of net income or loss, our most directly comparable financial measure calculated and presented in accordance with US GAAP, to Adjusted EBITDA.

The Year Ended December 31, 2021 compared to The Year Ended December 31, 2020

	Year Ended December 31, 2021				
	High Specification Rigs	**Wireline Services**	**Processing Solutions and Ancillary Services**	**Other**	**Total**
			(in millions)		
Net income (loss)	$ 37.0	$ (5.8)	$ 0.3	$ (33.6)	$ (2.1)
Interest expense, net	—	—	—	4.8	4.8
Income tax benefit	—	—	—	(6.2)	(6.2)
Depreciation and amortization	21.5	8.1	5.9	1.3	36.8
Equity based compensation	—	—	—	3.2	3.2
Gain (loss) on retirement of debt	—	—	—	0.2	0.2
Gain (loss) on disposal of property and equipment	—	—	—	(1.1)	(1.1)
Severance and reorganization costs	—	—	—	(0.4)	(0.4)
Acquisition related costs	—	—	—	8.6	8.6
Legal fees and settlements	—	—	—	0.9	0.9
TRA termination expense	—	—	—	3.8	3.8
Allowance for AR write-off	—	—	—	1.5	1.5
Gain on bargain purchase, net of tax	(37.2)	—	—	—	(37.2)
Adjusted EBITDA	$ 21.3	$ 2.3	$ 6.2	$ (17.0)	$ 12.8

	Year Ended December 31, 2020				
	High Specification Rigs	Wireline Services	Processing Solutions and Ancillary Services	Other	Total
	(in millions)				
Net income (loss)	$ (9.2)	$ 16.4	$ (0.9)	$ (24.8)	$ (18.5)
Interest expense, net	—	—	—	3.4	3.4
Income tax benefit	—	—	—	—	—
Depreciation and amortization	20.2	5.6	7.8	1.4	35.0
Equity based compensation	—	—	—	3.7	3.7
Gain (loss) on retirement of debt	—	—	—	(2.1)	(2.1)
Gain (loss) on disposal of property and equipment	0.6	(0.2)	—	(0.3)	0.1
Severance and reorganization costs	0.4	0.2	—	—	0.6
Acquisition related costs	—	—	—	—	—
Legal fees and settlements	—	—	—	—	—
TRA termination expense	—	—	—	—	—
Allowance for AR write-off	—	—	—	—	—
Wireline cost of sales	—	—	—	—	—
Gain on bargain purchase, net of tax	—	—	—	—	—
Adjusted EBITDA	$ 12.0	$ 22.0	$ 6.9	$ (18.7)	$ 22.2

	$ Variance				
	High Specification Rigs	Wireline Services	Processing Solutions and Ancillary Services	Other	Total
	(in millions)				
Net income (loss)	$ 46.2	$ (22.2)	$ 1.2	$ (8.8)	$ 16.4
Interest expense, net	—	—	—	1.4	1.4
Income tax benefit	—	—	—	(6.2)	(6.2)
Depreciation and amortization	1.3	2.5	(1.9)	(0.1)	1.8
Equity based compensation	—	—	—	(0.5)	(0.5)
Gain (loss) on retirement of debt	—	—	—	2.3	2.3
Gain (loss) on disposal of property and equipment	(0.6)	0.2	—	(0.8)	(1.2)
Severance and reorganization costs	(0.4)	(0.2)	—	(0.4)	(1.0)
Acquisition related costs	—	—	—	8.6	8.6
Legal fees and settlements	—	—	—	0.9	0.9
TRA termination expense	—	—	—	3.8	3.8
Allowance for AR write-off	—	—	—	1.5	1.5
Wireline cost of sales	—	—	—	—	—
Gain on bargain purchase, net of tax	(37.2)	—	—	—	(37.2)
Adjusted EBITDA	$ 9.3	$ (19.7)	$ (0.7)	$ 1.7	$ (9.4)

Adjusted EBITDA for the year ended December 31, 2021 decreased $9.4 million to $12.8 million from $22.2 million for the year ended December 31, 2020. The change by segment was as follows:

High Specification Rigs. High Specification Rigs Adjusted EBITDA increased $9.3 million to $21.3 million from $12.0 million primarily due to an increase in revenues of $57.6 million partially offset by a corresponding increase in cost of services of 47.3 million.

Wireline Services. Wireline Services Adjusted EBITDA decreased $19.7 million to $2.3 million from $22.0 million due to an increase in revenues of $38.9 million partially offset by a corresponding increase in cost of services of $58.6 million.

Processing Solutions and Ancillary Services. Processing Solutions and Ancillary Services Adjusted EBITDA decreased $0.7 million to $6.2 million from $6.9 million due to an increase in revenue of $8.8 million partially offset by a corresponding increase in cost of services of $9.5 million.

Other. Other Adjusted EBITDA increased for the year ended December 31, 2021 to a loss of $17.0 million from a loss $18.7 million due to increased general and administrative expenses, which was related to increased employee costs and professional fees. The balances included in Other reflect the general and administrative costs, interest expense, net and tax expense or benefit not directly attributable to any of our Segments.

Liquidity and Capital Resources

Overview

We require capital to fund ongoing operations, including maintenance expenditures on our existing fleet and equipment, organic growth initiatives, investments and acquisitions. Historically, our primary sources of liquidity have been cash generated from operations and borrowings under our Credit Facility. During the year ended December 31, 2021, we refinanced all of our outstanding debt and as of December 31, 2021, we had total liquidity of $18.6 million, consisting of $0.6 million of cash on hand and availability under our Revolving Credit Facility of $18.0 million.

As of December 31, 2021, our borrowing base, under the Credit Facility, increased to $45.0 million, compared to $20.7 million as of December 31, 2020, as a result of increased operational activity, and accounts receivable, during the period. We strive to maintain financial flexibility and proactively monitor potential capital sources to meet our investment and target liquidity requirements and to permit us to manage the cyclicality associated with our business. We currently expect to have sufficient funds to meet the Company's liquidity requirements and comply with our covenants of our debt agreements for at least the next 12 months from the date of issuance of these financial statements. For further details, see "—Our Debt Obligations."

Cash Flows

The following table presents our cash flows for the periods indicated:

	Year Ended December 31,		Variance	
	2021	2020	$	%
		(in millions)		
Net cash (used in) provided by operating activities	$ (39.4)	$ 25.5	$ (64.9)	(255)%
Net cash used in investing activities	(36.4)	(5.4)	(31.0)	(574)%
Net cash (used in) provided by financing activities	73.6	(24.2)	97.8	404 %
Net change in cash	$ (2.2)	$ (4.1)	$ 1.9	46 %

Operating Activities

Net cash flows from operating activities decreased $64.9 million to cash used of $39.4 million for the year ended December 31, 2021 compared to cash generated of $25.5 million for the year ended December 31, 2020. The change in cash flows provided by operating activities is attributable to the bargain purchase of $37.2 million related to the Basic Acquisition. Also included were cash payments related to accounts payable and accrued expenses, partially offset by cash receipts related to our accounts receivable. Cash used from working capital decreased to $38.6 million for the year ended December 31, 2021 from cash generated of $4.0 million for the year ended December 31, 2020.

the bargain purchase related to the Basic Acquisition accounted for $37.2 million of the decline.

Investing Activities

Net cash used in investing activities increased $31.0 million to a use of $36.4 million for the year ended December 31, 2021 compared to $5.4 million for the year ended December 31, 2020. The change in cash flows used in investing activities is attributable to the cash used for the acquisition of Basic and Patriot assets. To a lesser extent, during the year ended December 31, 2020, there was a significant reduction to capital expenditures in response to the severe economic events that had taken place.

Financing Activities

Net cash flows from financing activities increased $97.8 million, or 404%, to cash provided of $73.6 million for the year ended December 31, 2021 compared to cash used of $24.2 million for the year ended December 31, 2020. The change in cash flow is attributable to $42 million of capital raised for the issuance of the Series A Preferred Stock, which was used to finance the purchase of the Basic assets. Additionally, with the refinancing of our debt, there were net increased borrowings under our Credit Facilities of $19.5 million and additional net borrowings of $22.4 million under Term Loans. The Company

received $15.6 million from sale-leaseback transactions, all of which were partially offset by recurring debt payments related to Encina of $17.7 million and finance lease obligations of $5.4 million.

Supplemental Cash Flow Disclosures

During the year ended December 31, 2021, the Company acquired Patriot and PefX by issuing $16.4 million of Class A Common Stock and $11.4 million Secured Promissory Note. Additionally, the Company entered into installment agreements, thereby increasing our current and long-term debt obligations by $1.5 million and added fixed assets of $1.6 million for finance leases, all of which were non-cash additions.

Working Capital

Our working capital, which we define as total current assets less total current liabilities, was $2.5 million and $2.7 million as of December 31, 2021 and 2020, respectively. The reduction in the Company's operational activity is due to the timing of cash receipts and payments as described above.

Our Debt Agreements

Credit Facility

On August 16, 2017, Ranger, LLC entered into a $50.0 million senior secured revolving credit facility (the "Credit Facility") by and among certain of Ranger's subsidiaries, as borrowers, each of the lenders party thereto and Wells Fargo Bank, N.A., as administrative agent. The Credit Facility was subject to a borrowing base that was calculated based upon a percentage of the Company's eligible accounts receivable less certain reserves.

The applicable margin for LIBOR loans ranges from 1.5% to 2.0% and the applicable margin for Base Rate loans ranges from 0.5% to 1.0%, in each case, depending on Ranger LLC's average excess availability under the Credit Facility. The weighted average interest rate for the borrowings under the Credit Facility was 2.3% for the year ended December 31, 2021. The Credit Facility was extinguished as of September 30, 2021 in connection with the Eclipse Loan Security Agreement, which is described further below.

Encina Master Financing and Security Agreement

June 22, 2018, the Company entered into a Financing Agreement (the "Financing Agreement") with Encina Equipment Finance SPV, LLC (the "Lender"). The Company received an aggregate of $40 million to acquire certain capital equipment. The Financing Agreement was secured by a lien on certain high-spec rig assets.

Borrowings under the Financing Agreement bear interest at a rate per annum equal to the sum of 8.0% plus LIBOR, subject to a floor of 1.5%. As of December 31, 2021, LIBOR was 1.5%. The outstanding balance of the Financing Agreement was paid in full as of September 30, 2021 in connection with the Eclipse Loan and Security Agreement. Please see below for further details.

Eclipse Loan and Security Agreement

On September 27, 2021, the Company entered into a loan and security agreement with Eclipse Business Capital LLC ("EBC") and Eclipse Business Capital SPV, LLC, as administrative agent providing the Company with a senior secured credit facility in an aggregate principal amount of $77.5 million (the "EBC Credit Facility"), consisting of (i) a revolving credit facility in an aggregate principal amount of up to $50.0 million (the "Revolving Credit Facility"), (ii) a machinery and equipment term loan facility in an aggregate principal amount of up to $12.5 million (the "M&E Term Loan Facility") and (iii) a term loan B facility in an aggregate principal amount of up to $15.0 million (the "Term Loan B Facility"). The Company capitalized fees of $2.7 million associated with the EBC Credit Facility, which are included in the Consolidated Balance Sheets as a discount to the EBC Credit Facility. Such fees will continue to be amortized through maturity and are included in Interest Expense, net on the Consolidated Statement of Operations. The Company was in compliance with the Eclipse Loan and Security Agreement covenants as of December 31, 2021.

Revolving Credit Facility

The Revolving Credit Facility was drawn in part on September 27, 2021, to repay existing Credit Facility, and to pay for the fees, costs and expenses incurred in connection with the EBC Credit Facility. The undrawn portion of the Revolving Credit Facility is available to fund working capital and other general corporate expenses and for other-permitted uses, including the financing of permitted investments and restricted payments. The Revolving Credit Facility is subject to a borrowing base that is calculated based upon a percentage of the Company’s eligible accounts receivable less certain reserves. The Company’s eligible accounts receivable serves as collateral for the borrowings under the Revolving Credit Facility and is scheduled to mature in September 2025. The Revolving Credit Facility includes a subjective acceleration clause and cash dominion provisions that permits the administrative agent to sweep cash daily from certain bank accounts into an account of the administrative agent to repay the Company’s obligations under the Revolving Credit Facility. Therefore, the borrowings of the Revolving Credit Facility will be classified as current maturities of long-term debt indefinitely.

Under the Revolving Credit Facility, the maximum borrowing capacity was $45.0 million, which was based on a borrowing base certificate in effect as of December 31, 2021. The Company had outstanding borrowings of $27.0 million under the Revolving Credit Facility, leaving a residual $18.0 million available for borrowings as of December 31, 2021. Borrowings under the Revolving Credit Facility bear interest at a rate per annum equal to 5% in excess of the LIBOR Rate and 4% in excess of the Base Rate through April 1, 2022. The weighted average applicable margin for the loan was 5.1% for the three months ended December 31, 2021.

M&E Term Loan Facility

Under the M&E Term Loan Facility, the Company had outstanding borrowings of $12.5 million where the monthly installments commence on March 1, 2022. Borrowings under the M&E Term Loan Facility bear interest at a rate per annum equal to 8% in excess of the LIBOR Rate and 7% in excess of the Base Rate. The weighted average interest rate for the loan was 8.1% for the three months ended December 31, 2021. The Financing Agreement is secured by a lien on certain high-spec rig assets. The M&E Term Loan Facility is scheduled to mature in September 2025. Any principal amounts repaid may not be reborrowed.

On September 27, 2021, the M&E Term Loan Facility was drawn in full to repay existing Encina Master Financing Agreement and Credit Facility.

Term Loan B

On October 1, 2021, the Term Loan B, was finalized in connection with the closing of the Basic Acquisition. Borrowings under Term Loan B bear interest at a rate per annum equal to 12% in excess of the LIBOR Rate and 11% in excess of the Base Rate. Term Loan B is scheduled to mature in September 2022. The Financing Agreement is secured by a lien on certain Basic acquired assets. On October 1, 2021, Term Loan B was drawn in full to repay borrowings under the Revolving Credit Facility and as of December 31, 2021 the principal balance outstanding was $12.4 million. Any principal amounts repaid may not be reborrowed.

Secured Promissory Note

In connection with the PerfX Acquisition, on July 8, 2021, Bravo Wireline, LLC, a wholly owned subsidiary of Ranger, entered into a security agreement with Chief Investments, LLC, as administrative agent, for the financing of certain assets acquired. Certain of the assets acquired serve as collateral under the Secured Promissory Note. As of December 31, 2021, the aggregate principal balance outstanding was $10.4 million. Borrowings under the Secured Promissory Note bear interest at a rate of 8.5% per annum and is scheduled to mature in January 2024.

Other Installment Purchases

During the three and twelve months ended December 31, 2021, the Company entered into various Installment and Security Agreements (collectively, the “Installment Agreements”) in connection with the purchase of certain ancillary equipment, where such assets are being held as collateral. As of December 31, 2021, the aggregate principal balance outstanding under the Installment Agreements was $1.0 million and is payable ratably over 36 months from the time of each purchase. The monthly installment payments contain an imputed interest rate that are consistent with the Company’s incremental borrowing rate and is not significant to the Company.

ESCO Notes Payable

In connection with the initial public offering (the “Offering”) and the ESCO Leasing, LLC (“ESCO”) acquisition, both of which occurred on August 16, 2017, the Company issued $7.0 million of Seller’s Notes as partial consideration for the

ESCO acquisition. These notes included a note for $5.8 million, which was settled in March 2020. During the year ended December 31, 2020, the Company paid $3.8 million to settle the note and any unpaid interest, in full, and recognized a gain on the retirement of debt of $2.1 million, which is included in the Consolidated Statement of Operations within General and administrative expenses.

Future Cash Obligations

Our operating cash requirements, scheduled debt and finance lease repayments and interest payments for the fiscal year 2022 are expected to be funded through current cash and cash to be provided from operating activities. We will obtain additional funding from our Revolving Credit Facility on an as needed basis. The table below presents our current significant cash requirements over the next five years.

	Total	2022	2023	2024	2024	2026
			(in millions)			
Debt obligations [1]	$ 68.7	$ 50.0	$ 6.1	$ 6.7	$ 5.9	$ —
Finance lease obligations [1]	14.6	7.2	3.7	1.5	1.1	1.1
Operating lease obligations[2]	9.3	2.6	1.4	1.4	1.4	2.5
Total	$ 92.6	$ 59.8	$ 11.2	$ 9.6	$ 8.4	$ 3.6

(1) Debt and finance lease obligations include estimated interest to be paid in future periods.

(2) In addition to our right-of-use asset obligation, the operating leases include our obligations for contracts with terms of less than 12 months.

Critical Accounting Estimates and Policies

Our financial statements are prepared in accordance with US GAAP. In connection with preparing our financial statements, we are required to make assumptions and estimates about future events, and apply judgments that affect the reported amounts of assets, liabilities, revenue, expense and the related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors that management believes to be relevant at the time we prepare our consolidated financial statements. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our consolidated financial statements are presented fairly and in accordance with US GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ materially from our assumptions and estimates.

Our significant accounting policies are discussed in our audited consolidated financial statements included elsewhere in this Annual Report. Management believes that the following accounting estimates are those most critical to fully understanding and evaluating our reported financial results, and they require management's most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain.

Property and Equipment

Policy description

Property and equipment is stated at cost or estimated fair market value at the acquisition date less accumulated depreciation. Depreciation is charged to expense on the straight-line basis over the estimated useful life of each asset, with estimated useful lives reviewed by management on an annual basis. Expenditures for major renewals and betterments are capitalized while expenditures for maintenance and repairs are charged to expenses as incurred. Assets under finance lease obligations and leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives. Depreciation does not begin until property and equipment is placed in service. Once placed in service, depreciation on property and equipment continues while being repaired, refurbished or between periods of deployment.

Judgments and assumptions

Accounting for our property and equipment requires us to estimate the expected useful lives of our fleet and related equipment and any related salvage value. The range of estimated useful lives is based on overall size and specifications of the fleet, expected utilization along with continuous repairs and maintenance that may or may not extend the estimated useful lives. To the extent the expenditures extends the expected useful life, these expenditures are capitalized and depreciated over the extended useful life.

Assets Acquired and Liabilities Assumed in Business Combinations

Policy description

The Company accounts for its business combinations under the provisions of Accounting Standards Codification Topic 805-10, Business Combinations ("ASC 805-10"), which requires that the purchase method of accounting be used for all business combinations. Assets acquired and liabilities assumed are recorded at the date of acquisition at their respective fair values. For transactions that are business combinations, the Company evaluates the existence of goodwill. Goodwill represents the excess purchase price over the fair value of the tangible net assets and intangible assets acquired in a business combination. ASC 805-10 also specifies criteria that intangible assets acquired in a business combination must meet to be recognized and reported apart from goodwill. Acquisition-related expenses are recognized separately from the business combinations and are expensed as incurred.

Judgements and assumptions

The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed are based on various assumptions and valuation methodologies requiring considerable management judgment. The most significant variables in these valuations are discount rates and the number of years on which to base the cash flow projections, as well as other assumptions and estimates used to determine the cash inflows and outflows. Management determines discount rates based on the risk inherent in the acquired assets, specific risks, industry beta and capital structure of guideline companies. The valuation of an acquired business is based on available information at the acquisition date and assumptions that are believed to be reasonable. However, a change in facts and circumstances as of the acquisition date can result in subsequent adjustments during the measurement period, but no later than one year from the acquisition date.

Long-lived Asset Impairment

Policy description

We evaluate the recoverability of the carrying value of long-lived assets, including property and equipment and intangible assets, whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Judgments and assumptions

Our impairment analysis requires us to apply judgment in identifying impairment indicators and estimating future undiscounted cash flows of our fleets. If actual results are not consistent with our assumptions and estimates or our assumptions and estimates change due to new information, we may be exposed to an impairment charge. Key assumptions used to determine the undiscounted future cash flows include estimates of future fleet utilization and demands based on our assumptions around future commodity prices and capital expenditures of our customers.

During the first and second quarter of 2020, the Company noted a sustained decline in stock price due to the reduced demand and oversupply of oil and natural gas, which was an indication that the fair value of the Company’s long-lived assets could have fallen below their carrying values. As a result, an impairment analysis was performed and it was determined that no impairment existed.

Revenue Recognition

Policy description

In determining the appropriate amount of revenue to be recognized as the Company fulfills the obligations under its contracts with customers, the following steps must be performed at contract inception: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when, or as, the Company satisfies each performance obligation.

We satisfy our performance obligation over time as the services are performed. The Company believes the output method is a reasonable measure of progress for the satisfaction of our performance obligations, which are satisfied over time, as it provides a faithful depiction of (i) our performance toward complete satisfaction of the performance obligation under the contract and (ii) the value transferred to the customer of the services performed under the contract. The Company has elected the right to invoice practical expedient for recognizing revenue. The Company invoices customers upon completion of the specified services and collection generally occurs within the payment terms agreed with customers. Accordingly, there is no financing component to our arrangements with customers.

Judgments and assumptions

Recording revenue involves the use of estimates and management judgment. We must make a determination at the time our services are provided whether the customer has the ability to make payments to us. While we do utilize past payment history, and, to the extent available for new customers, public credit information in making our assessment, the determination of whether collection of the consideration is probable is ultimately a judgment decision that must be made by management.

Income Taxes

Policy description

The Company provides for income tax expense based on the liability method of accounting for income taxes. Deferred tax assets and liabilities are recorded based upon differences between the tax basis of assets and liabilities and their carrying values for financial reporting purposes and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized. A release of a valuation allowance would result in the recognition of an increase in deferred tax assets and an income tax benefit in the period in which the release occurs, although the exact timing and amount of the release is subject to change based on numerous factors, including our projections of future taxable income, which we continue to assess based on available information each reporting period.

Judgments and assumptions

The establishment of a valuation allowance requires significant judgment and is impacted by various estimates. Both positive and negative evidence, as well as the objectivity and verifiability of that evidence, is considered in determining the appropriateness of recording a valuation allowance on deferred tax assets. Under US GAAP, the valuation allowance is recorded to reduce the Company’s deferred tax assets to an amount that is more likely than not to be realized and is based upon the uncertainty of the realization of certain federal and state deferred tax assets related to net operating loss carryforwards and other tax attributes.

Equity-Based Compensation

Policy description

We record equity-based payments at fair value on the date of the grant, and expense the value of these awards in compensation expense over the applicable vesting periods.

Judgments and assumptions

We estimate the fair value of our performance stock units using an option pricing model that includes certain assumptions, such as volatility, dividend yield and the risk free interest rate. Changes in these assumptions could change the fair value of our unit based awards and associated compensation expense in our consolidated statements of operations.

Recent Accounting Pronouncements

For information regarding new accounting policies or updates to existing accounting policies as a result of new accounting pronouncements, please refer to Recent Accounting Pronouncements included in “Item 8. Financial Statements and Supplementary Data—Note 2 — Summary of Significant Accounting Policies”

Emerging Growth Company and Smaller Reporting Company Status

The Company is an “emerging growth company” as defined in the JOBS Act. The Company will remain an emerging growth company until the earlier of (1) the last day of its fiscal year (a) following the fifth anniversary of the completion of the Offering, (b) in which its total annual gross revenue is at least $1.07 billion, or (c) in which the Company is deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds $700.0 million as of the last business day of its most recently completed second fiscal quarter, or (2) the date on which the Company has issued more than $1.0 billion in non-convertible debt securities during the prior three-year period. An emerging growth company may take advantage of specified reduced reporting and other burdens that are otherwise applicable to public companies. The Company has irrevocably opted out of the extended transition period and, as a result, the Company will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies. The Company will lose its EGC status on December 31, 2022, as this will represent the last day of the fiscal year following the fifth anniversary of our first Form S-1, which was filed in August 2017.

The Company is also a “smaller reporting company” as defined by Rule 12b-2 of the Exchange Act. Smaller reporting company means an issuer that is not an investment company, an asset-back issuer, or a majority-owned subsidiary of a parent that is not a smaller reporting company and that (i) has a market value of common stock held by non-affiliates of less than

$250 million; or (i) has annual revenues of less than $100 million and either no common stock held by non-affiliates or a market value of common stock held by non-affiliates of less than $700 million. Smaller reporting company status is determined on an annual basis.

Item 7A. Quantitative and Qualitative Disclosures about Market Risks

The demand, pricing and terms for oil and natural gas services provided by us are largely dependent upon the level of activity for the U.S. oil and natural gas industry. Industry conditions are influenced by numerous factors over which we have no control, including, but not limited to: the supply of and demand for oil and natural gas; the level of prices, and expectations about future prices of oil and natural gas; the cost of exploring for, developing, producing and delivering oil and natural gas; the expected rates of declining current production; the discovery rates of new oil and natural gas reserves; available pipeline and other transportation capacity; weather conditions; domestic and worldwide economic conditions; political instability in oil-producing countries; environmental regulations; technical advances affecting energy consumption; the price and availability of alternative fuels; the ability of oil and natural gas producers to raise equity capital and debt financing; and merger and divestiture activity among oil and natural gas producers.

Interest Rate Risk

We are exposed to interest rate risk, primarily associated with our Revolving Credit Facility and our Term Loans. As of December 31, 2021, we had $27.0 million outstanding under our Revolving Credit Facility, with a weighted average interest rate of 5.1%. As of December 31, 2021, the aggregate principal balance outstanding under the M&E Term Loan was $12.5 million, with an interest rate of 8.1%. As of December 31, 2021, the aggregate principal balance outstanding under the Term Loan B was $12.4 million, with an interest rate of 12.1%. A hypothetical 1.0% increase or decrease in the weighted average interest rates would cause our interest expense to fluctuate by approximately $0.5 million per year. We do not currently hedge our interest rate exposure. We do not engage in derivative transactions for speculative or trading purposes.

During 2017, policymakers announced that LIBOR will cease subsequent to 2021 and alternative reference rates (“ARRs”) are being developed to replace current LIBOR. In the United States, the Alternative Rates Committee selected the Secured Overnight Financing Rate (“SOFR”) as the preferred alternative reference rate to the US dollar LIBOR. ARRs are structured differently than LIBOR rates, as they are a backward-looking overnight rate. Additionally, SOFR will be based on overnight Treasury General Collateral repossession rates, whereas LIBOR is based on unsecured transactions. We will monitor the continuous emergence of SOFR, as it could adversely impact our interest rate risk and therefore the amount of interest we pay on certain of our liabilities currently measured at LIBOR.

Credit Risk

The majority of our trade receivables have payment terms of 30 days or less. As of December 31, 2021, the top three trade net receivable balances represented 8%, 6% and 6%, respectively, of consolidated accounts receivable. Within our High Specification Rig segment, the top three net trade receivable balances represented 16%, 9% and 8%, respectively, of total High Specification Rig net accounts receivable. Within our Wireline Services segment, the top three net trade receivable balances represented 14%, 14% and 10%, respectively, of total Wireline Services net accounts receivable. Within our Processing Solutions and Ancillary Services segment, the top three trade receivable balances represented 11%, 11% and 7%, respectively, of total Proessing Solutions and Ancillary Services net accounts receivable. We mitigate the associated credit risk by performing credit evaluations and monitoring the payment patterns of our customers.

Commodity Price Risk

The market for our services is indirectly exposed to fluctuations in the prices of oil and natural gas to the extent such fluctuations impact the activity levels of our E&P customers. Any prolonged substantial reduction in oil and natural gas prices would likely affect oil and natural gas production levels and therefore affect demand for our services. We do not currently intend to hedge our indirect exposure to commodity price risk.

Item 8. Financial Statements and Supplementary Data

RANGER ENERGY SERVICES, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and the Stockholders of
Ranger Energy Services, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Ranger Energy Services, Inc. (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years then ended and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("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 consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ BDO USA, LLP

We have served as the Company's auditor since 2016.

Houston, Texas
March 30, 2022

RANGER ENERGY SERVICES, INC.
CONSOLIDATED BALANCE SHEETS
(in millions, except share and per share amounts)

	December 31,	
	2021	**2020**
Assets		
Cash and cash equivalents	$ 0.6	$ 2.8
Accounts receivable, net	80.8	25.9
Contract assets	13.0	1.1
Inventory	2.5	2.3
Prepaid expenses	8.3	3.6
Total current assets	105.2	35.7
Property and equipment, net	270.6	189.4
Intangible assets, net	7.8	8.5
Operating leases, right-of-use assets	6.8	5.8
Other assets	2.7	1.2
Total assets	$ 393.1	$ 240.6
Liabilities and Stockholders' Equity		
Accounts payable	$ 20.7	$ 10.5
Accrued expenses	30.3	9.3
Other financing liability, current portion	2.2	—
Long-term debt, current portion	44.1	10.0
Other current liabilities	5.4	3.2
Total current liabilities	102.7	33.0
Operating leases, right-of-use obligations	5.8	5.2
Other financing liability	12.5	—
Long-term debt, net	18.4	14.5
Other long-term liabilities	5.0	3.1
Total liabilities	144.4	55.8
Commitments and contingencies (Note 14)		
Stockholders' equity		
Preferred stock, $0.01 per share; 50,000,000 shares authorized; 6,000,001 Series A shares issued and outstanding as of December 31, 2021; no shares issued and outstanding as of December 31, 2020	0.1	—
Class A Common Stock, $0.01 par value, 100,000,000 shares authorized; 18,981,172 shares issued and 18,429,344 shares outstanding as of December 31, 2021; 9,093,743 shares issued and 8,541,915 shares outstanding as of December 31, 2020	0.2	0.1
Class B Common Stock, $0.01 par value, 100,000,000 shares authorized; no shares and 6,866,154 shares issued and outstanding as of December 31, 2021 and 2020, respectively	—	0.1
Less: Class A Common Stock held in treasury at cost; 551,828 treasury shares as of both December 31, 2021 and 2020	(3.8)	(3.8)
Accumulated deficit	(8.0)	(18.4)
Additional paid-in capital	260.2	123.9
Total controlling stockholders' equity	248.7	101.9
Noncontrolling interest	—	82.9
Total stockholders' equity	248.7	184.8
Total liabilities and stockholders' equity	$ 393.1	$ 240.6

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

RANGER ENERGY SERVICES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except share and per share amounts)

	Years Ended December 31,	
	2021	**2020**
Revenues		
High specification rigs	$ 140.1	$ 82.5
Wireline services	117.9	79.0
Processing solutions and ancillary services	35.1	26.3
Total revenues	293.1	187.8
Operating expenses		
Cost of services (exclusive of depreciation and amortization):		
High specification rigs	118.8	71.5
Wireline services	115.6	57.0
Processing solutions and ancillary services	28.9	19.4
Total cost of services	263.3	147.9
General and administrative	33.5	22.1
Depreciation and amortization	36.8	35.0
Total operating expenses	333.6	205.0
Operating loss	(40.5)	(17.2)
Other income and expenses		
Interest expense, net	4.8	3.4
(Gain) loss on debt retirement	0.2	(2.1)
Gain on bargain purchase, net of tax	(37.2)	—
Total other income and expenses	(32.2)	1.3
Loss before income tax expense	(8.3)	(18.5)
Income tax benefit	(6.2)	—
Net loss	(2.1)	(18.5)
Less: Net loss attributable to non-controlling interests	(10.7)	(8.2)
Net income (loss) attributable to Ranger Energy Services, Inc.	$ 8.6	$ (10.3)
Income (loss) per common share		
Basic	$ 0.73	$ (1.21)
Diluted	$ 0.63	$ (1.21)
Weighted average common shares outstanding		
Basic	11,860,312	8,532,923
Diluted	13,552,166	8,532,923

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

RANGER ENERGY SERVICES, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(in millions, except shares)

	Years Ended December 31,			
	2021	2020	2021	2020
	Quantity		Amount	
Series A Preferred Stock				
Balance, beginning of period	—	—	—	—
Issuance of Series A Preferred Stock	6,000,001	—	0.1	—
Balance, end of period	6,000,001	—	$ 0.1	$ —
Shares, Class A Common Stock				
Balance, beginning of period	9,093,743	8,839,788	$ 0.1	$ 0.1
Issuance of shares under share-based compensation plans	636,403	340,110	—	—
Shares withheld for taxes on equity transactions	(147,313)	(86,155)	—	—
Issuance of shares in connection with acquisitions	2,156,000	—	—	—
Issuance Class A Common Stock in connection with TRA Termination	376,185	—	—	—
Share redemption to Class A Common Stock from related party	6,866,154	—	0.1	$ —
Balance, end of period	18,981,172	9,093,743	$ 0.2	$ 0.1
Shares, Class B Common Stock				
Balance, beginning of period	6,866,154	6,866,154	$ 0.1	$ 0.1
Share redemption to Class A Common Stock from related party	(6,866,154)	—	(0.1)	—
Balance, end of period	—	6,866,154	$ —	$ 0.1
Treasury Stock				
Balance, beginning of period	(551,828)	(113,937)	$ (3.8)	$ (0.7)
Repurchase of Class A Common Stock	—	(437,891)	—	(3.1)
Balance, end of period	(551,828)	(551,828)	$ (3.8)	$ (3.8)
Accumulated deficit				
Balance, beginning of period			$ (18.4)	$ (8.1)
Income (loss) attributable to controlling interest			8.6	(10.3)
Benefit from release of valuation allowance			1.5	—
Tax step-up related to non-controlling interest exchange			0.3	—
Balance, end of period			$ (8.0)	$ (18.4)
Additional paid-in capital				
Balance, beginning of period			$ 123.9	$ 121.8
Issuance of Series A Preferred Stock			41.9	—
Equity based compensation			3.2	3.6
Shares withheld for taxes on equity transactions			(1.2)	(0.3)
Issuance of Class A Common Stock in connection with acquisitions			16.4	—
Issuance of Class A Common Stock to related party			3.8	—
Impact of transactions affecting non-controlling interest			72.2	(1.2)
Balance, end of period			$ 260.2	$ 123.9
Total controlling interest stockholders' equity				
Balance, beginning of period			$ 101.9	$ 113.2
Net income (loss) attributable to controlling interest			8.6	(10.3)
Issuance of Series A Preferred Stock			42.0	—
Equity based compensation			3.2	3.6
Shares withheld for taxes on equity transactions			(1.2)	(0.3)
Issuance of Class A Common Stock in connection with acquisitions			16.4	—
Issuance of Class A Common Stock to related party			3.8	—
Benefit from release of valuation allowance			1.5	—
Tax step-up related to non-controlling interest exchange			0.3	—
Impact of transactions affecting non-controlling interest			72.2	(1.2)
Repurchase of Class A Common Stock			—	(3.1)
Balance, end of period			$ 248.7	$ 101.9
Non-controlling interest				
Balance, beginning of period			$ 82.9	$ 89.8
Net loss attributable to non-controlling interest			(10.7)	(8.2)
Equity based compensation			—	0.1
Impact of transactions affecting non-controlling interest			(72.2)	1.2
Balance, end of period			$ —	$ 82.9
Total Stockholders' Equity				
Balance, beginning of period			$ 184.8	$ 203.0
Net loss			(2.1)	(18.5)
Issuance of Series A Preferred Stock			42.0	—
Equity based compensation			3.2	3.7
Shares withheld for taxes on equity transactions			(1.2)	(0.3)
Issuance of Class A Common Stock in connection with acquisitions			16.4	—
Issuance of Class A Common Stock to related party			3.8	—
Tax related step-up related to non-controlling interest exchange			1.5	—
Impact of transactions affecting non-controlling interest			0.3	—

Repurchase of Class A Common Stock	—	(3.1)
Balance, end of period	$ 248.7	$ 184.8

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

RANGER ENERGY SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Years Ended December 31,	
	2021	**2020**
Cash Flows from Operating Activities		
Net loss	$ (2.1)	$ (18.5)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Gain on bargain purchase, net of tax	(37.2)	—
Deferred income tax benefit	(6.2)	—
Depreciation and amortization	36.8	35.0
Equity based compensation	3.2	3.7
(Gain) loss on debt retirement	0.2	(2.1)
Share issuance to related party for termination of TRA	3.8	—
Other costs, net	1.7	2.6
Changes in operating assets and liabilities, net effects of business combinations		
Accounts receivable	(49.0)	15.6
Contract assets	(11.9)	0.1
Inventory	2.7	0.4
Prepaid expenses	(4.0)	1.7
Other assets	(1.7)	(1.1)
Accounts payable	4.1	(3.3)
Accrued expenses	19.6	(9.1)
Other current liabilities	(0.1)	(0.6)
Other long-term liabilities	0.7	1.1
Net cash (used in) provided by operating activities	(39.4)	25.5
Cash Flows from Investing Activities		
Purchase of property and equipment	(5.6)	(7.2)
Proceeds from disposal of property and equipment	9.1	1.8
Purchase of businesses, net of cash received	(39.9)	—
Net cash used in investing activities	(36.4)	(5.4)
Cash Flows from Financing Activities		
Borrowings under Credit Facility	177.5	44.6
Principal payments on Credit Facility	(158.0)	(47.1)
Borrowings under Eclipse M&E Term Loan	12.5	—
Borrowings under Eclipse Term Loan B	15.0	—
Principal payments under Eclipse Term Loan B	(2.6)	—
Deferred financing costs on Eclipse	(2.5)	—
Principal payments on Secured Promissory Note	(1.0)	—
Principal payments on Encina Master Financing Agreement	(17.7)	(10.0)
Payments on Installment Purchases	(0.6)	—
Proceeds from financing of sale-leasebacks	15.6	—
Principal payments on financing lease obligations	(5.4)	(4.7)
Shares withheld on equity transactions	(1.2)	(0.3)
Proceeds from series A Preferred Stock issuance	42.0	—
Principal payments on ESCO Note Payable	—	(3.6)
Repurchase of Class A Common Stock	—	(3.1)
Net cash (used in) provided by financing activities	73.6	(24.2)
Decrease in Cash and Cash equivalents	(2.2)	(4.1)
Cash and Cash Equivalents, Beginning of Year	2.8	6.9
Cash and Cash Equivalents, End of Year	$ 0.6	$ 2.8
Supplemental Cash Flow Information		
Interest paid	$ 1.6	$ 2.9
Supplemental Disclosure of Non-cash Investing and Financing Activities		
Capital expenditures	$ (1.5)	$ 0.1
Additions to fixed assets through installment purchases and financing leases	$ (1.6)	$ (1.0)
Issuance of Class A Common Stock for acquisitions	$ (16.4)	$ —
Secured Promissory Note	$ (11.4)	$ —
Early termination of financing leases	$ —	$ 1.3

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

RANGER ENERGY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Organization and Business Operations

Business

Ranger Energy Services, Inc. ("Ranger, Inc.," or the "Company") is a provider of onshore high specification ("high-spec") well service rigs and complementary services in the United States. We provide an extensive range of well site services to leading U.S. exploration and production ("E&P") companies that are fundamental to establishing and enhancing the flow of oil and natural gas throughout the productive life of a well.

Our service offerings consist of well completion support, workover, well maintenance, wireline, fluid management, other complementary services, as well as installation, commissioning and operating of modular equipment, which are conducted in three reportable segments, as follows:

- *High Specification Rigs*. Provides high-spec well service rigs and complementary equipment and services to facilitate operations throughout the lifecycle of a well.
- *Wireline Services*. Provides services necessary to bring and maintain a well on production and consists of our wireline completion, wireline production, and pump down lines of business.
- *Processing Solutions and Ancillary Services*. Provides other services often utilized in conjunction with our High Specification Rigs and Wireline Services segments. These services include equipment rentals, plug and abandonment, logistics hauling, processing solutions, as well as snubbing and coil tubing.

We operate in most of the active oil and natural gas basins in the United States, including the Permian Basin, Denver-Julesburg Basin, Bakken Shale, Eagle Ford Shale, Haynesville Shale, Gulf Coast, South Central Oklahoma Oil Province and Sooner Trend Anadarko Basin Canadian and Kingfisher Counties plays.

Organization

Ranger Inc. was incorporated as a Delaware corporation in February 2017. Ranger Inc. is a holding company, the sole material assets of which consist of membership interests in RNGR Energy Services, LLC a Delaware limited liability company ("Ranger LLC"). Ranger LLC owns all of the outstanding equity interests in Ranger Energy Services, LLC ("Ranger Services") and Torrent Energy Services, LLC ("Torrent Services"), the subsidiaries through which it operates its assets. Ranger LLC is the sole managing member of Ranger Services and Torrent Services, and is responsible for all operational, management and administrative decisions relating to Ranger Services and Torrent Services' business and consolidates the financial results of Ranger Services and Torrent Services and their subsidiaries.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying audited consolidated financial statements of the Company have been prepared in accordance with US GAAP and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). In the opinion of management, all material adjustments, which are of a normal and recurring nature, necessary for the fair presentation of the financial results for all periods presented have been reflected. All intercompany balances and transactions have been eliminated.

Investments in which the Company exercises control are consolidated and the noncontrolling interests of such investments, which are not attributable directly or indirectly to the Company, are presented as a separate component of net income or loss and equity in the accompanying consolidated financial statements. The Company had ownership interests in Ranger LLC, which was consolidated within the Company's consolidated financial statements, but was not wholly owned by the Company. Upon the conversion of the Class B Common Stock, all noncontrolling interests were eliminated. Changes in the Company's ownership interest in Ranger LLC, while it retains its controlling interest, are accounted for as equity transactions.

We have made certain reclassifications to our prior period operating revenue and cost of sales amounts due to the change in reportable segments whereby our Wireline Services, and Processing Solutions and Ancillary Services were bifurcated from our historical Completion and Other Services segment as a result of our fourth quarter operating segment changes. In addition, there has been a reclassification of finance lease obligations, disclosed in the prior year, to other current and other long-term liabilities. None of these reclassifications have an impact on our consolidated operations results, cash flows or financial position.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Management uses historical and other pertinent information to determine these estimates. Actual results could differ from such estimates. Areas where critical accounting estimates are made by management include:

- Depreciation and amortization of property and equipment and intangible assets;
- Assets acquired and liabilities assumed in business combinations;
- Impairment of property and equipment and intangible assets;
- Revenue recognition;
- Income taxes; and
- Equity-based compensation.

Significant Accounting Policies

Cash and Cash Equivalents

All highly liquid investments with an original maturity of three months or less are considered cash equivalents. The Company maintains its cash accounts in financial institutions that are insured by the Federal Deposit Insurance Corporation. From time to time cash balances may exceed the insured amounts, however, the Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risks.

Accounts Receivable, net

Accounts receivable, net are stated at the amount management expects to collect from outstanding balances. Before extending credit, the Company reviews a customer's credit history and generally does not require collateral from its customers. The allowance for doubtful accounts is established as losses are estimated and are recorded through a provision for bad debts. Losses are charged against the allowance when management believes the uncollectibility of a receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and based on past experience and other factors, which, in management's judgment, deserve current recognition in estimating possible bad debts. Such factors include growth and composition of accounts receivable, the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions. The allowance for doubtful accounts was $2.8 million and $1.6 million for the years ended December 31, 2021 and 2020, respectively. Bad debt expense recorded for the years ended December 31, 2021 and 2020 was $1.5 million and $0.1 million, respectively.

Allowance for Doubtful Accounts Receivable	Balance at Beginning of Year	Charged to Operations	Written Off	Balance at End of Year
2021	$ 1.6	$ 1.5	$ (0.3)	$ 2.8
2020	$ 1.6	$ 0.1	$ (0.1)	$ 1.6

Inventories

Inventories are carried at the lower of cost or net realizable value and primarily consists of supplies held for the Wireline Services segment. The Company accounts for inventory using the weighted average cost method.

Leases

Right-of-use ("ROU") assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease, discounted at our annual incremental borrowing rate ("IBR"). ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Variable lease payments are excluded from the ROU asset and lease liabilities and are recognized in the period in which the obligation for those payments is incurred. For certain leases, where variable lease payments are incurred and

relate primarily to common area maintenance, in substance fixed payments are included in the ROU asset and lease liability. For those leases that do not provide an implicit rate, we use an IBR based on the estimated rate of interest for a fully collateralized, fully amortizing loan over a similar term of the lease payments at commencement date. ROU assets also include any lease payments made and exclude lease incentives. Lease terms do not include options to extend or terminate the lease, as management does not consider them reasonably certain to exercise at this time. Leases with terms of 12 months or less are considered short-term leases and therefore payments are recorded as an expense on a straight line basis over the lease term. Any lease and non-components are combined.

Operating Leases

The Company enters into operating leases, primarily for real estate, with terms that vary from less than 12 months to seven years, where certain of the leases contain escalation clauses. The operating leases are included in Operating lease right-of-use assets, Other current liabilities and Operating lease right-of-use obligations in the Consolidated Balance Sheets. Lease costs associated with our yards and field offices are included in Cost of Services and our executive offices are included in General and Administrative expenses in the Consolidated Statements of Operations.

Finance Leases

The Company enters into lease arrangements for certain equipment, which are considered finance leases and generally have a term of three to five years. The assets and liabilities under finance leases are recorded at the lower of present value of the minimum lease payments or the fair value of the assets. The assets are amortized over the shorter of the estimated useful lives or over the lease term. The finance leases are included in Property and equipment, net, Other current liabilities and Other long-term liabilities in our Consolidated Balance Sheets.

Property and Equipment, net

Property and equipment is stated at cost or estimated fair market value at the acquisition date less accumulated depreciation. Depreciation is charged to expense on the straight-line basis over the estimated useful life of each asset. Expenditures for major renewals and betterments are capitalized while expenditures for maintenance and repairs are charged to expenses as incurred. Depreciation does not begin until property and equipment is placed in service. Once placed in service, depreciation on property and equipment continues while being repaired, refurbished or between periods of deployment.

Long-Lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets, including property and equipment and intangible assets, whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Intangible Assets

Identified intangible assets with determinable lives consist of customer relationships. Customer relationships are straight-line amortized over their estimated useful lives.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. In valuing certain assets and liabilities, the inputs used to measure fair value may fall into different levels of the fair value hierarchy, which are summarized, as follows:

Level 1—Quoted prices in active markets for identical assets and liabilities.

Level 2—Other significant observable inputs.

Level 3—Significant unobservable inputs.

The Company's financial instruments consist of cash and cash equivalents, trade receivables and trade payables, where the carrying amount approximates fair value due to the short-term nature of each instrument. The fair value of long-term debt approximates its carrying value based on the borrowing rates currently available to the Company for bank loans with similar terms and maturities. The Company did not have any assets or liabilities that were measured at fair value on a recurring basis at December 31, 2021 and 2020. See "Note 3 — Business Combinations," for information regarding the estimated fair value of non-recurring items.

Revenue Recognition

In determining the appropriate amount of revenue to be recognized as the Company fulfills the obligations under its contracts with customers, the following steps must be performed at contract inception: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when, or as the Company satisfies each performance obligation.

The services of each segment are based on mutually agreed upon pricing with the customer prior to the services being performed and, given the nature of the services, do not include any warranty or right of return. Pricing for services are offered at hourly or daily rates, where the rates are, in part, determined by when services are performed and the nature of the specific job, with consideration for the extent of equipment, labor and consumables needed. Accordingly, the agreed upon pricing is considered to be variable consideration. Pricing for equipment rentals is based on fixed monthly service fees.

We satisfy our performance obligation over time as the services are performed. The Company believes the output method is a reasonable measure of progress for the satisfaction of our performance obligations, which are satisfied over time, as it provides a faithful depiction of (i) our performance toward complete satisfaction of the performance obligation under the contract and (ii) the value transferred to the customer of the services performed under the contract. The Company elected the “right to invoice” practical expedient for recognizing revenue. The Company invoices customers upon completion of the specified services and collection generally occurs within the payment terms agreed with customers. Accordingly, there is no financing component to our arrangements with customers.

All revenue transactions are presented on a net of sales tax in the Consolidated Statement of Operations.

Contract Balances

Contract assets representing the Company’s rights to consideration for work completed but not billed amounted to $13.0 million and $1.1 million as of December 31, 2021 and 2020, respectively. Substantially all of the contract assets as of December 31, 2021 and 2020 were invoiced during the subsequent periods.

The Company does not have any contract liabilities included in the Consolidated Balance Sheets as of December 31, 2021 and 2020.

Income Taxes

The Company provides for income tax expense based on the liability method of accounting for income taxes. Deferred tax assets and liabilities are recorded based upon differences between the tax basis of assets and liabilities and their carrying values for financial reporting purposes and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The establishment of a valuation allowance requires significant judgment and is impacted by various estimates. Both positive and negative evidence, as well as the objectivity and verifiability of that evidence, is considered in determining the appropriateness of recording a valuation allowance on deferred tax assets. Under US GAAP, the valuation allowance is recorded to reduce the Company’s deferred tax assets to an amount that is more likely than not to be realized and is based upon the uncertainty of the realization of certain federal and state deferred tax assets related to net operating loss carryforwards and other tax attributes. The ultimate realization of the deferred tax assets depends on the generation of sufficient taxable income. Deferred tax expense or benefit is the result of changes in deferred tax assets and liabilities and associated valuation allowances during the period. The impact of an uncertain tax position taken or expected to be taken on an income tax return is recognized in the financial statements at the largest amount that is more likely than not to be sustained upon examination by the relevant taxing authority.

The income tax provision reflects the full benefit of all positions that have been taken in the Company's income tax returns, except to the extent that such positions are uncertain and fall below the recognition requirements. In the event that the Company determines that a tax position meets the uncertainty criteria, an additional liability or benefit will result. The amount of unrecognized tax benefit requires management to make significant assumptions about the expected outcomes of certain tax positions included in filed or yet to be filed tax returns. As of December 31, 2021 and 2020, the Company did not have any uncertain tax positions. The Company is subject to income taxes in the United States and in numerous state tax jurisdictions. The Company’s tax filings for 2020, 2019 and 2018 are subject to audit by the federal and state taxing authorities in most jurisdictions where we conduct business. None of the Company’s federal or state tax returns are currently under examination. These audits may result in assessments of additional taxes that are resolved with the authorities or through the courts.

The Company records income tax related interest and penalties, if applicable, as a component of tax expense. However, there were no such amounts recognized in the consolidated statements of operations in 2021 and 2020.

Equity-Based Compensation

The Consolidated Financial Statements reflect various equity-based compensation awards granted by Ranger Inc. These awards include restricted stock awards and performance stock units. The Company recognizes compensation expense related to equity-based awards based on the estimated fair value of the awards on the date of grant. The fair value of the equity-based awards on the grant date is generally recognized on a straight-line basis over the requisite service period, which is generally the vesting period of the respective awards. The fair value of the restricted stock awards are estimated using the market price of the Company's shares on the grant date. The fair value of the performance stock units are estimated using an option pricing model that includes certain assumptions, such as volatility, dividend yield and the risk free interest rate. Changes in these assumptions could change the fair value of our unit based awards and associated compensation expense in our Consolidated Statements of Operations. Forfeitures of all equity-based compensation are recognized as they occur.

Emerging Growth Company and Smaller Reporting Company Status

The Company is an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). The Company will remain an emerging growth company until the earlier of (1) the last day of its fiscal year (a) following the fifth anniversary of the completion of the Offering, (b) in which its total annual gross revenue is at least $1.07 billion, or (c) in which the Company is deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds $700.0 million as of the last business day of its most recently completed second fiscal quarter, or (2) the date on which the Company has issued more than $1.0 billion in non-convertible debt securities during the prior three-year period. An emerging growth company may take advantage of specified reduced reporting and other burdens that are otherwise applicable to public companies. The Company will lose its EGC during the year ending December 31, 2022, as this will be the last fiscal year following the fifth anniversary of the first Form S-1, which was filed with the SEC in August 2017.

The Company is also a "smaller reporting company" as defined by Rule 12b-2 of the Exchange Act. Smaller reporting company means an issuer that is not an investment company, an asset-back issuer, or a majority-owned subsidiary of a parent that is not a smaller reporting company and that (i) has a market value of common stock held by non-affiliates of less than $250 million; or (i) has annual revenues of less than $100 million and either no common stock held by non-affiliates or a market value of common stock held by non-affiliates of less than $700 million.

Recent Accounting Pronouncements

Recently issued accounting standards

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses*, which replaces the incurred loss impairment methodology to reflect expected credit losses. The amendment requires the measurement of all expected credit losses for financial assets held at the reporting date to be performed based on historical experience, current conditions and reasonable and supportable forecasts. ASU 2016-13 is effective for annual and interim periods beginning after December 15, 2022, with early adoption permitted. The Company is evaluating the effect of this accounting standard on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform - Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions for accounting contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships and other transactions that reference the London Interbank Offering Rate ("LIBOR") or another reference rate expected to be discontinued due to the reference rate reform. ASU 2020-04 became effective as of March 12, 2020 and can be applied through December 31, 2022. The Company has not made any contract modifications as of the date of this report to transition to a different reference rate, however it will consider this guidance as future modifications are made.

With the exception of the standards above, there have been no new accounting pronouncements not yet effective that have significance, or potential significance, to the Company's consolidated financial statements.

Note 3 — Business Combinations

The Company completed three acquisitions during the year ended December 31, 2021 where all purchases were accounted for using the acquisition method of accounting under the FASB Accounting Standards Codification 805, *Business Combinations* (“ASC 805”). The results of operations for each of the acquisitions are included in the accompanying Consolidated Statements of Operations from the respective date of each acquisition. Under the acquisition method of accounting, the assets and liabilities have been recorded at their respective estimated fair values as of the date of completion of the acquisition and reported into Ranger’s Consolidated Balance Sheets.

The preliminary purchase price assessment and fair value estimations are subject to change for up to one year subsequent to the closing date of each respective acquisition. The Company uses valuation techniques consistent with the market and income approach to measure the fair value of the assets acquired and liabilities assumed in each of the business combinations. The Company’s market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets. The Company’s income approach uses valuation techniques to convert future projected cash flows to a single discounted present value amount. The estimates of fair value required the use of significant unobservable inputs, representative of a Level 3 fair value measurement, including assumptions related to the future performance of the assets.

The supplemental unaudited pro forma information presented below are being provided for information purposes only and may not necessarily reflect the future results of operations of the Company or what the results of operations would have been had the Company owned and operated the assets since January 1, 2020. There were no material non-recurring pro-forma adjustments present.

Patriot Well Solutions (“Patriot”) Acquisition

On May 14, 2021, the Company acquired all of the assets of Patriot, a provider of wireline evaluation and intervention services that operate in the Permian, Denver-Julesburg and Powder River Basins and Bakken Shale.

As consideration for the Patriot Acquisition the Company paid an aggregate of $11.0 million, which included 1.3 million shares of Class A Common Stock and cash payments of $3.3 million, net of cash acquired. The financial results of Patriot are included within the Wireline Services reporting segment. The pro forma results of operations for the Patriot Acquisition are not presented because the pro forma effects, individually and in the aggregate, are not material to the Company’s consolidated results of operations. The Company finalized the purchase price allocation in the fourth quarter of 2021.

PerfX Wireline Services (“PerfX”) Acquisition

On July 8, 2021, the Company acquired all of the assets of PerfX, a provider of wireline services that operate in Williston, North Dakota and Midland, Texas. Following the acquisition of PerfX, the Company significantly expanded its scale and scope of the existing wireline business, which now includes production services. The financial results of PerfX are included within the Wireline Services reporting segment.

The aggregate consideration paid was $20.1 million, which included 1,000,000 shares of Class A Common Stock and a Secured Promissory Note of $11.4 million. The Class A Common Stock issuance includes 100,000 shares that will be issued by the Company on the 12-month anniversary of the acquisition date. The Secured Promissory Note bears an interest rate of 8.5% per annum and holds certain assets as collateral through the scheduled maturity date of January 31, 2024. Refer to “Note 9 — Debt” for further details related to the Secured Promissory Note.

The PerfX purchase price includes a warrant to acquire a 30% ownership in the XConnect Business (“XConnect”), which expires on July 8, 2031. XConnect is the manufacturer of a perforating gun system developed by the PerfX sellers alongside the PerfX wireline service business. The warrant requires the Company to maintain a specific minimum level of purchases of XConnect’s manufactured products. Should the Company fail to maintain the specified minimum level of purchases, a forfeiture event would occur, however the Company may elect to cure the forfeiture event through a cash payment to XConnect. If the Company elects not to cure the forfeiture event, the ownership percentage would reduce to 15%. Upon the occurrence of a second uncured forfeiture event, the warrant is deemed to be cancelled. The value assigned to the warrant by the Company is negligible. The Company finalized the purchase price allocation in the fourth quarter of 2021.

The following table presents the fair value of assets acquired and liabilities assumed in accordance with ASC 805 (in millions):

Cash	$	1.0
Accounts receivable		4.6
Inventory		2.4
Prepaid and other current assets		0.1
Operating leases, right-of-use asset		1.1
Property and equipment		18.4
Total assets acquired		**27.6**
Accounts payable		5.4
Accrued expenses		1.0
Operating lease right-of-use obligation		1.1
Total liabilities assumed		**7.5**
Purchase price	**$**	**20.1**

The following unaudited pro-forma financial results considers that the PerfX Acquisition occurred as of January 1, 2020 (in millions):

	Year Ended December 31,			
	2021		2020	
Revenue	$	348.0	$	290.5
Operating loss	$	(41.6)	$	(23.5)
Net loss	$	(3.1)	$	(27.7)
Basic earnings (loss) per share	$	0.70	$	(1.64)
Diluted earnings (loss) per share	$	0.60	$	(1.64)

The Company reported revenue and an operating loss during the year ended December 31, 2021 of approximately $55.5 million and $1.5 million, respectively. The transaction costs related to the PerfX Acquisition approximated $0.7 million and are included as part of general and administrative expense.

Basic Energy Services, Inc. ("Basic") Acquisition

On September 15, 2021, Ranger Energy Acquisition, LLC ("Ranger Acquisitions") entered into an Asset Purchase Agreement for certain assets of Basic and certain of its subsidiaries (the "Basic Sellers"), which closed on October 1, 2021. Ranger Acquisitions purchased assets associated with Basic's well servicing, fishing and rental, coiled tubing operations, and rolling stock assets required to support the operating assets being purchased and real property locations inclusive of, but not limited to, real property owned in New Mexico, North Dakota, Oklahoma, and Texas.

The Basic Sellers were considered distressed, as they were unable to maintain operations with cash on-hand, nor had other financing mechanisms available, therefore filed for bankruptcy and held a public auction of substantially all of their assets. As consideration for the Basic Acquisition, the Company paid $37.6 million in cash to Basic Sellers. Such cash was generated through the issuance of Series A Preferred Stock. See "Note 10 — Equity" for further details related to the issuance of the Series A Preferred Stock. The material financial results of Basic are included within the High Specification Rigs reporting segment.

All assets associated with the Basic Acquisition, were recorded at their fair value based on a preliminary purchase price allocation. The purchase price allocation has not been finalized due to additional items to be settled that the Company expects to be immaterial to the financial statements. The Company used the market approach to value as of the closing date, October 1, 2021, to apply fair values to the assets purchased based on the selling price of similar assets. As a result of comparing the purchase price to the fair value of the assets acquired, a $37.2 million bargain purchase gain, net of tax, was recognized and is included in "Other expense (income)" in the consolidated statements of operations. The bargain purchase gain is primarily attributable Basic's distressed financial position and lack of financing options available to avoid liquidation.

The following table presents the fair value of assets acquired and liabilities assumed in accordance with ASC 805 (in millions):

Property and equipment	$	89.5
Total assets acquired		**89.5**
Finance lease obligations		3.9
Bargain purchase deferred tax liability		10.8
Total liabilities assumed		**14.7**
Net assets acquired		**74.8**
Bargain purchase		37.2
Purchase Price	**$**	**37.6**

The following unaudited pro-forma financial results considers that the Basic Acquisition occurred as of January 1, 2020 (in millions, except per share amounts):

	Year Ended December 31,			
	2021		2020	
Revenue	$	423.2	$	357.2
Operating loss	$	(41.2)	$	(51.8)
Net income (loss)	$	(3.0)	$	(18.0)
Basic earnings (loss) per share	$	0.68	$	(1.15)
Diluted earnings (loss) per share	$	0.59	$	(1.15)

The Company reported revenue and an operating loss during the year ended December 31, 2021 that included approximately $38.0 million and $8.0 million, respectively. The transaction costs related to the Basic Energy Acquisition approximated $7.1 million and are included as part of general and administrative expense.

Note 4 — Property and Equipment, Net

Property and equipment include the following (in millions):

	Estimated Useful Life (Years)	December 31,			
		2021		2020	
High specification rigs	20	$	145.4	$	127.2
High specification rigs machinery and equipment	5 - 10		47.8		39.7
Wireline services machinery and equipment	5 - 10		53.1		33.5
Processing Solutions and ancillary services machinery and equipment	3 - 30		78.0		69.0
Vehicles	3 - 15		52.7		20.4
Other property and equipment	5 - 25		31.2		10.8
Property and equipment			408.2		300.6
Less: accumulated depreciation			(140.5)		(113.0)
Construction in progress			2.9		1.8
Property and equipment, net		$	270.6	$	189.4

Depreciation expense was $36.1 million and $34.2 million for the years ended December 31, 2021 and 2020, respectively. The Company had assets under finance leases of $12.3 million and $4.0 million for the years ended December 31, 2021 and 2020.

Note 5 — Intangible Assets

Definite lived intangible assets are comprised of the following (in millions):

	Estimated Useful Life (Years)	December 31,			
		2021		2020	
Customer relationships	10-18	$	11.4	$	11.4
Less: accumulated amortization			(3.6)		(2.9)
Intangible assets, net		$	7.8	$	8.5

Amortization expense was $0.7 million and $0.8 million for the years ended December 31, 2021 and 2020, respectively. Amortization expense for the future periods is expected to be as follows (in millions):

For the years ending December 31,	Amount
2022	$ 0.7
2023	0.7
2024	0.7
2025	0.7
2026	0.7
Thereafter	4.3
Total	$ 7.8

Note 6 — Accrued Expenses

Accrued expenses are comprised of the following (in millions):

	December 31,	
	2021	2020
Accrued payables	$ 12.5	$ 2.7
Accrued compensation	12.7	4.5
Accrued taxes	2.1	1.0
Accrued insurance	3.0	1.1
Accrued expenses	$ 30.3	$ 9.3

Note 7 — Leases

Operating Leases

Lease costs and other information related to operating leases are as follows (in millions):

	Years Ended December 31,	
	2021	2020
Short-term lease costs	$ 4.5	$ 1.9
Operating lease cost	$ 1.4	$ 2.6
Operating cash outflows from operating leases	$ 1.5	$ 2.6
Weighted average remaining lease term	5.1 years	6.1 years
Weighted average discount rate	8.9 %	8.5 %

As of December 31, 2021, aggregate future minimum lease payments under operating leases was (in millions):

For the years ending December 31,	Total
2022	$ 2.0
2023	1.4
2024	1.4
2025	1.4
2026	1.3
Thereafter	1.2
Total future minimum lease payments	8.7
Less: amount representing interest	(1.5)
Present value of future minimum lease payments	7.2
Less: current portion of operating lease obligations	(1.4)
Long-term portion of finance lease obligations	$ 5.8

Finance Leases

Lease costs and other information related to finance leases are as follows (in millions):

	Years Ended December 31, 2021	2020
Amortization of finance leases	$ 2.7	$ 4.7
Interest on lease liabilities	$ 0.6	$ 0.4
Financing cash outflows from finance leases	$ 5.4	$ 4.7
Weighted average remaining lease term	1.4 years	1.2 years
Weighted average discount rate	2.1 %	3.9 %

As of December 31, 2021, aggregate future minimum lease payments under finance leases was (in millions):

For the years ending December 31,	2021
2022	$ 6.0
2023	2.5
2024	0.5
Total future minimum lease payments	9.0
Less: amount representing interest	(0.5)
Present value of future minimum lease payments	8.5
Less: current portion of finance lease obligations	(5.6)
Long-term portion of finance lease obligations	$ 2.9

Note 8 — Other Financing Liabilities

During the year ended December 31, 2021, the Company entered into an agreement to sell a parcel of land and a building attached thereto, and subsequently entered into a lease agreement to lease such property. The Company received cash of $12.1 million from the sale of the land and building. The lease contains a 15-year term and rent escalations of two percent per annum.

During the year ended December 31, 2021, the Company entered into an agreement to sell certain of other fixed assets and subsequently entered into a lease agreement to lease such fixed assets. The Company received cash of $3.5 million from the sale of the fixed assets. The leased assets are to be paid over 18 to 60 months.

These sales did not qualify for sale accounting, therefore the leases were classified as other financing liabilities and no gain or loss was recorded. The net book value of the assets remained in property and equipment, net on the Consolidated Balance Sheets and are depreciating over their original useful lives.

As of the year ended December 31, 2021, aggregate future lease payments of the financing liabilities are as follows (in millions):

For the twelve months ending December 31,	Total
2022	$ 2.2
2023	0.8
2024	0.6
2025	0.7
2026	0.7
Thereafter	9.7
Total future minimum lease payments	$ 14.7

Note 9 — Debt

The aggregate carrying amounts, net of issuance costs, of the Company's debt consists of the following (in millions):

	December 31,	
	2021	2020
Eclipse Revolving Credit Facility	$ 27.0	$ —
Eclipse M&E Loan	12.2	—
Eclipse Term Loan B	11.9	—
Secured Promissory Note	10.4	—
Installment Purchases	1.0	—
Encina Master Financing Agreement	—	17.3
Credit Facility	—	7.2
Total Debt	62.5	24.5
Current portion of long-term debt	(44.1)	(10.0)
Long term-debt, net	$ 18.4	$ 14.5

Credit Facility

On August 16, 2017, Ranger, LLC entered into a $50.0 million senior secured revolving credit facility (the "Credit Facility") by and among certain of Ranger's subsidiaries, as borrowers, each of the lenders party thereto and Wells Fargo Bank, N.A., as administrative agent. The Credit Facility was subject to a borrowing base that was calculated based upon a percentage of the Company's eligible accounts receivable less certain reserves.

The applicable margin for LIBOR loans ranges from 1.5% to 2.0% and the applicable margin for Base Rate loans ranges from 0.5% to 1.0%, in each case, depending on Ranger, LLC's average excess availability under the Credit Facility. The weighted average interest rate for the borrowings under the Credit Facility was 2.3% for the year ended December 31, 2021. During the year ended December 31, 2021, the Company recognized a loss on the retirement of debt of $0.2 million, as the Credit Facility was extinguished in connection with the Eclipse Loan and Security Agreement, which is described further below.

Encina Master Financing and Security Agreement ("Financing Agreement")

On June 22, 2018, the Company entered into a Financing Agreement with Encina Equipment Finance SPV, LLC (the "Lender"). The Company received an aggregate of $40 million to acquire certain capital equipment. The Financing Agreement was secured by a lien on certain high-spec rig assets.

Borrowings under the Financing Agreement bear interest at a rate per annum equal to the sum of 8.0% plus the London Interbank Offered Rate ("LIBOR"), subject to a floor of 1.5%. The outstanding balance of the Financing Agreement was paid in full as of September 30, 2021 in connection with the Eclipse Loan and Security Agreement, which is described further below.

Eclipse Loan and Security Agreement

On September 27, 2021, the Company entered into a loan and security agreement with Eclipse Business Capital LLC ("EBC") and Eclipse Business Capital SPV, LLC, as administrative agent providing the Company with a senior secured credit facility in an aggregate principal amount of $77.5 million (the "EBC Credit Facility"), consisting of (i) a revolving credit facility in an aggregate principal amount of up to $50.0 million (the "Revolving Credit Facility"), (ii) a machinery and equipment term loan facility in an aggregate principal amount of up to $12.5 million (the "M&E Term Loan Facility") and (iii) a term loan B facility in an aggregate principal amount of up to $15.0 million (the "Term Loan B Facility"). The Company capitalized fees of $2.7 million associated with the EBC Credit Facility, which are included in the Consolidated Balance Sheets within Other Assets. Such fees will continue to be amortized through maturity and are included in Interest Expense, net on the Consolidated Statement of Operations. The Company was in compliance with the Eclipse Loan and Security Agreement covenants as of December 31, 2021. On January 7, 2022, the Company entered into an Amended and Restated Loan and Security Agreement with Eclipse Business Capital and Eclipse Business Capital SPV, LLC. which extended the Maximum Revolving Facility Amount (as defined in the Amended Loan Agreement) to $65 million, among other things.

Revolving Credit Facility

The Revolving Credit Facility was drawn, in part, on September 27, 2021, to repay the existing Credit Facility, and to pay for the fees, costs and expenses incurred in connection with the EBC Credit Facility. The undrawn portion of the Revolving Credit Facility is available to fund working capital and other general corporate expenses and for other-permitted uses, including the financing of permitted investments and restricted payments. The Revolving Credit Facility is subject to a borrowing base that is calculated based upon a percentage of the Company's eligible accounts receivable less certain reserves. The Company's eligible accounts receivable serves as collateral for the borrowings under the Revolving Credit Facility and is scheduled to mature in September 2025. The Revolving Credit Facility includes a subjective acceleration clause and cash dominion provisions that permits the administrative agent to sweep cash daily from certain bank accounts into an account of the administrative agent to repay the Company's obligations under the Revolving Credit Facility. The borrowings of the Revolving Credit Facility, therefore, are classified as current maturities of long-term debt on the Consolidated Balance Sheet.

Under the Revolving Credit Facility, the maximum borrowing capacity was $45.0 million, which was based on a borrowing base certificate in effect as of December 31, 2021. The Company had outstanding borrowings of $27.0 million under the Revolving Credit Facility, leaving a residual $18.0 million available for borrowings as of December 31, 2021. Borrowings under the Revolving Credit Facility bear interest at a rate per annum equal to 5% in excess of the LIBOR Rate and 4% in excess of the Base Rate through April 1, 2022. The weighted average applicable margin for the loan was 5.1% for the year ended December 31, 2021.

The Company capitalized fees of $1.8 million associated with the Revolving Credit Facility, which are included in Other Assets in the Consolidated Balance Sheets. Such fees will be amortized through maturity. Unamortized debt issuance costs as of December 31, 2021 were $1.7 million. On January 7, 2022, the Company entered into the First Amendment to the Loan and Security Agreement, increasing the maximum revolving credit facility availability to $65.0 million.

M&E Term Loan Facility

Under the M&E Term Loan Facility, the Company had outstanding borrowings of $12.5 million as of December 31, 2021, where the monthly installments commence on March 1, 2022. Borrowings under the M&E Term Loan Facility bear interest at a rate per annum equal to 8% in excess of the LIBOR Rate and 7% in excess of the Base Rate. The weighted average interest rate for the loan was 8.1% for the year ended December 31, 2021. The Financing Agreement is secured by a lien on certain high-spec rig assets. The M&E Term Loan Facility is scheduled to mature in September 2025. Any principal amounts repaid may not be reborrowed. The Company capitalized fees on $0.3 million associated with this M&E Term Loan Facility, which are included in the Consolidated Balance Sheets as a discount to the Long-term Debt, net. Such fees will be amortized through maturity. Unamortized debt issuance costs as of December 31, 2021 were $0.3 million.

Term Loan B

On October 1, 2021, Term Loan B was finalized in connection with the closing of the Basic Acquisition. Borrowings under Term Loan B bear interest at a rate per annum equal to 12% in excess of the LIBOR Rate and 11% in excess of the Base Rate. Term Loan B is scheduled to mature in September 2022. The Financing Agreement is secured by a lien on certain Basic assets.

On October 1, 2021, Term Loan B was drawn in full to repay borrowings under the Revolving Credit Facility and as of December 31, 2021 the principal balance outstanding was $12.4 million. Any principal amounts paid are from the proceeds from the sale of Basic assets, and may not be reborrowed. The Company capitalized fees of $0.6 million associated with Term Loan B, which are included in the Consolidated Balance Sheets as a discount to the Current Maturities of Long-term Debt, net. Such fees will be amortized through maturity. Unamortized debt issuance costs as of December 31, 2021 were $0.4 million. The Company paid approximately $1.5 million on Term Loan B subsequent to December 31, 2021, where such cash was generated from the sale of Basic assets under the Term Loan B.

Secured Promissory Note

In connection with the PerfX Acquisition, on July 8, 2021, Bravo Wireline, LLC, a wholly owned subsidiary of Ranger, entered into a security agreement with Chief Investments, LLC, as administrative agent, for the financing of certain assets acquired. Certain of the assets acquired serve as collateral under the Secured Promissory Note. As of December 31, 2021, the aggregate principal balance outstanding was $10.4 million. Borrowings under the Secured Promissory Note bear interest at a rate of 8.5% per annum and is scheduled to mature in January 2024. The Company made a cash payment of $1.5 million payment in February 2022 on the Secured Promissory Note, where such cash was generated from the sale of liened assets.

Other Installment Purchases

During the year ended December 31, 2021, the Company entered into various Installment and Security Agreements (collectively, the "Installment Agreements") in connection with the purchase of certain ancillary equipment, where such assets are being held as collateral. As of December 31, 2021, the aggregate principal balance outstanding under the Installment Agreements was $1.0 million and is payable ratably over 36 months from the time of each purchase. The monthly installment payments contain an imputed interest rate that are consistent with the Company's incremental borrowing rate and is not significant to the Company.

ESCO Notes Payable

In connection with the IPO and the ESCO Leasing, LLC ("ESCO") acquisition, both of which occurred on August 16, 2017, the Company issued $7.0 million of Seller's Notes as partial consideration for the ESCO acquisition. These notes included a note for $5.8 million, which was settled in March 2020. During the year ended December 31, 2020, the Company paid $3.8 million to settle the note and any unpaid interest, in full, and recognized a gain on the retirement of debt of $2.1 million, which is included in the Consolidated Statement of Operations.

Scheduled Debt Maturities

As of December 31, 2021, aggregate principal repayments of total debt for the next five years are as follows (in millions):

For the years ending December 31,	Total
2022	$ 44.1
2023	5.3
2024	8.1
2025	5.7
Total	$ 63.2

Note 10 — Equity

Equity Based Compensation

Series A Preferred Stock

During the year ended December 31, 2021, the Company consummated the private placement under the Securities Purchase Agreement, dated September 10, 2021, with certain accredited investors of 6.0 million newly issued shares of Series A Convertible Preferred Stock, par value $0.01 per share, in exchange for cash consideration in an aggregate amount of $42 million. The holders of Series A Preferred Stock will vote as a separate class only on matters adversely affecting the Series A Preferred Stock. The Series A Preferred Stock will not have any right to vote together with the common stock on any matters. In the event of any liquidation, the holders of our Series A Preferred Stock will be entitled to receive out of the assets available for distribution, an amount equal to the greater of the original issue price of $7.00 per share of Series A Preferred Stock, and the product of the amount per share that would have been payable upon such liquidation to the holders of shares of common stock, multiplied by the number of shares of Class A Common Stock into which each share of Series A Preferred Stock is then convertible. The Preferred Stock will automatically convert into shares of the Company's Class A Common Stock upon effectiveness of a registration statement.

Class A Common Stock

Equity Based Compensation

Overview

The Company has a Long-Term Incentive Plan ("LTIP") for executives, employees, consultants and non-employee directors, under which awards can be granted in the form of stock options, stock appreciation rights, restricted stock awards ("RSAs"), restricted stock units, performance awards, dividend equivalents, other stock-based awards, cash awards and substitute awards. Subject to adjustment in accordance with the terms of the LTIP, 2,850,000 shares of Class A Common Stock have been reserved for issuance pursuant to awards under the LTIP. Class A Common Stock withheld to satisfy exercise prices or tax withholding obligations will be available for delivery pursuant to other awards. The LTIP will be administered by the Board or an alternative committee appointed by the Board.

RSAs

The Company has granted RSAs, which generally vest in three equal annual installments beginning on the first anniversary date of the grant. The aggregate fair value of RSAs granted during the years ended December 31, 2021 and 2020 was $4.2 million and $2.5 million, respectively. As of December 31, 2021, there was an aggregate of $3.3 million of unrecognized expense related to RSAs issued, which are expected to be recognized over a weighted average period of 1.6 years.

The following table summarizes the unvested activity for RSAs during the years ended December 31, 2021 and 2020:

	Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Vesting Period
Unvested at January 1, 2020	761,588		
Granted	649,039	$ 3.84	1.8 years
Forfeited	(59,790)		
Vested	(340,110)		
Unvested at December 31, 2020	1,010,727	$ 5.30	1.5 years
Granted	645,288	$ 6.58	2.0 years
Forfeited	(253,060)		
Vested	(562,494)		
Unvested at December 31, 2021	840,461	$ 6.08	1.6 years

Performance Stock Units ("PSUs")

The Company has granted performance awards to certain key employees, in the form of PSUs, which are earned based on the achievement of certain market factors and performance targets at the discretion of the board of directors. The PSUs are subject to a three year measurement period during which the number of Class A Common Stock to be issued in settlement of the PSUs remains uncertain until the end of the measurement period and will generally cliff vest based on the level of achievement with respect to the applicable performance criteria. Subsequent to such measurement period, the vesting of PSUs is subject to certification by the board of directors. As defined in the respective PSU agreements, the performance criteria applicable to these awards is relative and absolute total shareholder return ("TSR"). Achievement with respect to the relative TSR criteria is determined by the Company's TSR compared to the TSR of the defined peer group during the measurement period. Achievement with respect to the absolute TSR criteria is based on a measurement of the Company's stock price growth during the measurement period.

The PSUs that were granted during the years ended December 31, 2021 and 2020 will cliff vest, subject to the achievement of applicable performance criteria and certification by the board of directors, on March 15, 2024 and April 23, 2023, respectively. As of December 31, 2021, there was an aggregate of $1.1 million of unrecognized compensation cost related to PSUs.

The following table summarizes the unvested activity for PSUs during the years ended December 31, 2021 and 2020:

	Relative			Absolute		
	Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Vesting Period	Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Vesting Period
Unvested as of January 1, 2020	88,442			88,442		
Granted	60,631	$ 6.33		60,631	$ 3.62	
Unvested as of December 31, 2020	149,073			149,073		
Granted	123,106	$ 9.24	2.2 years	123,106	$ 7.45	2.2 years
Forfeited	(111,382)			(146,863)		
Vested	54,696			19,213		
Unvested as of December 31, 2021	215,493		1.8 years	144,529		1.8 years

Issuance of shares in Connection with Acquisitions

As consideration for the Patriot Acquisition, the Company paid an aggregate of $11.0 million, which included 1.3 million shares of Class A Common Stock. As consideration for the PerfX Acquisition, aggregate consideration paid was $20.1 million, which included 1,000,000 shares of Class A Common Stock. The Class A Common Stock issuance includes 100,000 shares that will be issued by the Company on the 12-month anniversary of the acquisition date. See "Note 3 — Business Combinations" for further details related to the acquisitions of Patriot and PerfX.

Issuance of shares to a Related Party

During the year ended December 31, 2021, the Company entered into a definitive agreement with affiliates of CSL Capital Management ("CSL") and Bayou Holdings ("Bayou") to terminate the Tax Receivable Agreement (the "TRA Termination Agreement"). In consideration of the TRA Termination Agreement, the Company issued an aggregate of 376,185 shares of Class A Common Stock of the Company to affiliates of CSL Capital Management and Bayou Holdings.

Purchases of Equity Securities

During the year ended December 31, 2020, the Company repurchased 344,828 shares of the Company's Class A Common Stock for an aggregate $2.4 million in a privately negotiated transaction with ESCO. See "Note 14 — Commitments and Contingencies" for further details.

In June 2019, the Board of Directors approved a share repurchase program, authorizing the Company to purchase up to 10% of the outstanding Class A Common Stock held by non-affiliates, not to exceed 580,000 shares or $5.0 million in aggregate value. Share repurchases took place from time to time on the open market or through privately negotiated transactions. The duration of the share repurchase program was 12 months and therefore ended in June 2020. During the year ended December 31, 2020, the Company repurchased 93,063 shares of Class A Common Stock for an aggregate $0.7 million in the open market.

The following table summarizes the activity of treasury stock for the years ended December 31, 2021 and 2020:

	Treasury Stock	
	Quantity	Amount
Balance at January 1, 2020	(113,937)	$ (0.7)
Repurchase of Class A Common Stock	(437,891)	(3.1)
Balance at December 31, 2020	(551,828)	(3.8)
Repurchase of Class A Common Stock	—	—
Balance at December 31, 2021	(551,828)	$ (3.8)

Class B Common Stock

During the year ended December 31, 2021, in connection with the TRA Termination Agreement, Ranger LLC redeemed CSL's and Bayou's outstanding units in Ranger LLC and the corresponding shares of its Class B Common Stock for an equivalent number of shares of Class A Common Stock. Following this redemption, no shares of Class B Common Stock were issued or outstanding.

Note 11 — Risk Concentrations

Customer Concentrations

During the year ended December 31, 2021, two customers, EOG Resources, Inc. (“EOG”) and ConocoPhillips, accounted for approximately 15% and 10%, respectively, of the Company’s consolidated revenues. As of December 31, 2021, approximately 15% of the consolidated accounts receivable balance was due from these customers.

For the year ended December 31, 2020, two customers, EOG and Concho Resources, accounted for approximately 21% and 17%, respectively, of the Company’s consolidated revenues. As of December 31, 2020, approximately 11% and 10% respectively, of the consolidated accounts receivable balance was due from these customers.

Note 12 — Income Taxes

Ranger LLC is treated as an entity disregarded as separate from its owner for U.S. federal income tax purposes and is subject to Texas Margin Tax, but is not subject to U.S. federal or state income taxation. As the sole member of Ranger LLC, the Company is subject to U.S. federal income taxation on all of Ranger LLC’s taxable income.

The Company is a corporation and is subject to U.S. federal income tax. The effective U.S. federal income tax rate applicable to the Company for the years ended December 31, 2021 and 2020 was 21%. Total income tax expense for the year ended December 31, 2021 and 2020 differed from amounts computed by applying the U.S. federal statutory tax rate of 21% primarily due to non-deductible expenses, other state taxes, in addition to the adjustment for non-controlling interest that is not subject to federal tax.

A release of the valuation allowance would result in the recognition of an increase in deferred tax assets and an income tax benefit in the period in which the release occurs, although the exact timing and amount of the release is subject to change based on numerous factors, including projections of future taxable income, which continues to be assessed based on available information each reporting period.

	Years Ended December 31,	
	2021	**2020**
Current provision (benefit)		
Federal	$ —	$ —
State	—	(0.2)
Total current provision (benefit)	—	(0.2)
Deferred provision (benefit)		
Federal	(6.4)	0.2
State	0.2	—
Total deferred expense (benefit)	(6.2)	0.2
Income tax expense (benefit)	$ (6.2)	$ —

A reconciliation of the expected income tax expense on income (loss) before income taxes using the statutory federal income tax rate of 21% for 2021 and 2020 to income tax expense follows (in millions):

	December 31,	
	2021	**2020**
Income (loss) before income taxes	$ (8.3)	$ (18.5)
Statutory rate	21 %	21 %
Income tax expense (benefit) computed at statutory rate	$ (1.7)	$ (3.9)
Reconciling items		
State income taxes, net of federal tax benefit	0.2	(0.1)
Nontaxable (loss) income allocated to non-controlling interest	2.2	1.7
Bargain purchase gain	(8.2)	—
Valuation allowance	0.5	2.1
Non-deductible expenses and other	0.8	0.2
Income tax expense (benefit)	$ (6.2)	$ —

As a result of the Offering and subsequent reorganization, the Company recorded a deferred tax asset, however a full valuation allowance has been recorded to reduce the Company's net deferred tax assets to an amount that is more likely than not to be realized and is based upon the uncertainty of the realization of certain federal and state deferred tax assets related to net operating loss carryforwards and other tax attributes. The tax effects of the cumulative temporary differences resulting in the net deferred income tax liability, which are shown in Other Long-Term Liabilities on the consolidated balance sheet, are as follows (in millions):

	December 31,	
	2021	**2020**
Deferred income tax assets		
Net operating loss carryforward	$ 17.5	$ 16.4
Stock based compensation	2.0	
Valuation allowance	(1.9)	(5.3)
Other	1.0	$ —
Net deferred income tax asset	$ 18.6	$ 11.1
Deferred income tax liabilities		
Property and equipment	(21.5)	(0.5)
Other	(0.3)	—
Investment in partnership	—	$ (11.1)
Deferred income tax liability	(21.8)	(11.6)
Net deferred income tax liability	$ (3.2)	$ (0.5)

As of December 31, 2021, the Company has net operating loss carryforwards of approximately $78.8 million, consisting of $9.8 million of section 382 limited losses expiring beginning in 2034, an estimated $20.6 million of non-section 382 limited losses expiring beginning in 2037 and $48.4 million of non-section 382 limited losses which carryforward indefinitely.

The Coronavirus, Aid, Relief and Economic Security Act (the "CARES Act"), which was enacted on March 27, 2020 in the U.S., includes measures to assist companies, including temporary changes to income and non-income-based tax laws. As of December 31, 2021, the Company had deferred payroll tax payments of $1.1 million, however there were no other material tax impacts to the consolidated financial statements as it related to COVID-19 measures.

Note 13 — Earnings (loss) per Share

Loss per share is based on the amount of loss allocated to the shareholders and the weighted average number of shares outstanding during the period for each class of common stock. Diluted loss per share is computed giving effect to all potentially dilutive shares. The following table presents the Company's calculation of basic and diluted loss per share for the years ended December 31, 2021 and 2020 (in millions, except share and per share data):

	Years Ended December 31,	
	2021	**2020**
Income (loss) (numerator):		
Basic:		
Net income (loss) attributable to Ranger Energy Services, Inc.	$ 8.6	$ (10.3)
Net income (loss) attributable to Class A Common Stock	$ 8.6	$ (10.3)
Diluted:		
Net income (loss) attributable to Ranger Energy Services, Inc.	$ 8.6	$ (10.3)
Net income (loss) attributable to Class A Common Stock	$ 8.6	$ (10.3)
Weighted average shares (denominator):		
Weighted average number of shares - basic	11,860,312	8,532,923
Equity compensation awards	191,854	—
Conversion of Series A Preferred Stock	1,500,000	—
Weighted average number of shares - diluted	13,552,166	8,532,923
Basic loss per share	$ 0.73	$ (1.21)
Diluted loss per share	$ 0.63	$ (1.21)

During the year ended year ended December 31, 2021, the Company excluded 0.2 million shares of equity-based awards. During the year ended December 31, 2020, the Company excluded 6.9 million shares of Class A Common Stock issuable upon conversion of the Company's Class B Common Stock and 1.3 million equity-based awards. These items were excluded in calculating diluted loss per share, as the effect was anti-dilutive.

Note 14 — Commitments and Contingencies

Legal Matters

From time to time, the Company is involved in various legal matters arising in the normal course of business. The Company does not believe that the ultimate resolution of these matters will have a material adverse effect on its consolidated financial position or results of operations.

During the year ended December 31, 2018, the Company provided notice to ESCO Leasing, LLC that the Company is seeking to be indemnified for breach of contract. The Company exercised its right to stop payments of the remaining principal balance of $5.8 million on the Seller's Notes and any unpaid interest, pending resolution of certain indemnification claims. During the year ended December 31, 2020, the Company paid an aggregate of $6.2 million to ESCO, of which $3.8 million was paid to settle the Seller's Note, and any unpaid interest, and $2.4 million was paid to repurchase shares of the Company's Class A Common Stock. See "Note 9 — Debt" and "Note 10 — Equity" for further details of the debt and equity settlements.

Note 15 — Related Party Transactions

Stockholders' Agreement

In connection with the Offering, Ranger entered into a stockholders' agreement (the "Stockholders' Agreement") with the Legacy Owners and the Bridge Loan Lenders (defined below). Among other things, the Stockholders' Agreement provides CSL and Bayou Wells Holdings Company, LLC ("Bayou Holdings") with the right to designate nominees to Ranger's board of directors (each, as applicable, a "CSL Director" or "Bayou Director") as follows:

- for so long as CSL beneficially owns at least 50% of Ranger's common stock, at least three members of the Board of Directors shall be CSL Directors and at least two members of the Board of Directors shall be Bayou Directors (which may include Richard Agee, Brett Agee or any other person that may be designated by Bayou Holdings in accordance with the terms of the stockholders' agreement);

- for so long as CSL beneficially owns less than 50% but at least 30% of Ranger's common stock, at least three members of the Board of Directors shall be CSL Directors;
- for so long as CSL beneficially owns less than 30% but at least 20% of Ranger's common stock, at least two members of the Board of Directors shall be CSL Directors;
- for so long as CSL beneficially owns less than 20% but at least 10% of Ranger's common stock, at least one member of the Board of Directors shall be a CSL Director; and
- once CSL beneficially owns less than 10% of Ranger's common stock, CSL will not have any Board designation rights.

In the event the size of Ranger's Board of Directors is increased or decreased at any time to other than eight directors, CSL's nomination rights will be proportionately increased or decreased, respectively, rounded up to the nearest whole number.

Tax Receivable Agreement ("TRA") Termination and Class B Common Stock Redemption

During the year ended December 31, 2021, the Company entered into a definitive agreement with affiliates of CSL and Bayou to terminate the TRA. In consideration of the TRA Termination Agreement, the Company issued an aggregate of 376,185 shares of Class A Common Stock of the Company to affiliates of CSL Capital Management and Bayou Holdings.

During the year ended December 31, 2021, in connection with the TRA Termination Agreement, Ranger LLC redeemed CSL's and Bayou's outstanding units in Ranger LLC and the corresponding shares of its Class B Common Stock for an equivalent number of shares of Class A Common Stock. Following this redemption, no shares of Class B Common Stock were issued or outstanding.

Registration Rights Agreement

On August 16, 2017, in connection with the closing of the Offering, the Company entered into a Registration Rights Agreement (the "Registration Rights Agreement") with certain stockholders (the "Holders").

Pursuant to, and subject to the limitations set forth in, the Registration Rights Agreement, at any time after the 180-day lock-up period, the Holders have the right to require the Company by written notice to prepare and file a registration statement registering the offer and sale of a number of their shares of Class A Common Stock. Reasonably in advance of the filing of any such registration statement, the Company is required to provide notice of the request to all other Holders who may participate in the registration. The Company is required to use all commercially reasonable efforts to maintain the effectiveness of any such registration statement until all shares covered by such registration statement have been sold. Subject to certain exceptions, the Company is not obligated to effect such a registration within 90 days after the closing of any underwritten offering of shares of Class A Common Stock requested by the Holders pursuant to the Registration Rights Agreements. The Company is also not obligated to effect any registration where such registration has been requested by the holders of Registrable Securities (as defined in the Registration Rights Agreement) which represent less than $25 million, based on the five-day volume weighted average trading price of the Class A Common Stock on the New York Stock Exchange.

In addition, pursuant to the Registration Rights Agreement, the Holders have the right to require the Company, subject to certain limitations set forth therein, to effect a distribution of any or all of their shares of Class A Common Stock by means of an underwritten offering. Further, subject to certain exceptions, if at any time the Company proposes to register an offering of its equity securities or conduct an underwritten offering, whether or not for its account, then the Company must notify the Holders of such proposal at least three business days before the anticipated filing date or commencement of the underwritten offering, as applicable, to allow them to include a specified number of their shares in that registration statement or underwritten offering, as applicable.

These registration rights are subject to certain conditions and limitations, including the right of the underwriters to limit the number of shares to be included in a registration or offering and the Company's right to delay or withdraw a registration statement under certain circumstances. The Company will generally pay all registration expenses in connection with its obligations under the Registration Rights Agreement, regardless of whether a registration statement is filed or becomes effective.

The obligations to register shares under the Registration Rights Agreement will terminate as to any Holder when the Registrable Securities held by such Holder are no longer subject to any restrictions on trading under the provisions of Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"), including any volume or manner of sale restrictions. Registrable Securities means all shares of Class A Common Stock owned at any particular point in time by a Holder other

than shares (i) sold pursuant to an effective registration statement under the Securities Act, (ii) sold in a transaction pursuant to Rule 144 under the Securities Act, (iii) that have ceased to be outstanding or (iv) that are eligible for resale without restriction and without the need for current public information pursuant to any section of Rule 144 under the Securities Act.

Payments

The Company incurred $0.1 million and $0.7 million in expenses to CSL and other board members for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 amounts due to or from CSL and other board members was negligible.

Note 16 — Segment Reporting

The Company's operations are located in the United States and organized into three reporting segments: High Specification Rigs, Wireline Services, and Processing Solutions and Ancillary Services. The reportable segments comprise the structure used by the Chief Operating Decision Maker ("CODM") to make key operating decisions and assess performance during the years presented in the accompanying consolidated financial statements. The reportable segments have been categorized based on services provided in each line of business. The tables below present the operating income (loss) measurement, as the Company believes this is most consistent with the principals used in measuring the financial statements.

As a result of three business combinations, coupled with executive management changes, the Company re-evaluated the reportable segments accordingly. During the fourth quarter of 2021, the Company bifurcated the legacy Completion and Other Services segment into Wireline Services, with the remaining business added to the Processing Solutions and Ancillary Services.

The following is a description of the reporting segments as updated during the fourth quarter of 2021:

- ***High Specification Rigs***. Provides high-spec well service rigs and complementary equipment and services to facilitate operations throughout the lifecycle of a well.
- ***Wireline Services.*** Provides services necessary to bring and maintain a well on production and consists of our wireline completion, wireline production, and pump down lines of business.
- ***Processing Solutions and Ancillary Services.*** Provides other services often utilized in conjunction with our High Specification Rigs and Wireline Services segments. These services include equipment rentals, plug and abandonment, logistics hauling, processing solutions, as well as snubbing and coil tubing.
- ***Other.*** The Company incurs costs, indicated as Other, that are not allocable to any of the operating segments and includes mostly corporate general and administrative expenses as we all as depreciation of office furniture and fixtures and other corporate assets.

Segment information for the years ended December 31, 2021 and 2020 is as follows (in millions):

	Year Ended December 31, 2021				
	High Specification Rigs	Wireline Services	Processing Solutions and Ancillary Services	Other	Total
Revenues	$ 140.1	$ 117.9	$ 35.1	$ —	$ 293.1
Cost of services	118.8	115.6	28.9	—	263.3
General and administrative	—	—	—	33.5	33.5
Depreciation and amortization	21.5	8.1	5.9	1.3	36.8
Operating income (loss)	(0.2)	(5.8)	0.3	(34.8)	(40.5)
Interest expense, net	—	—	—	4.8	4.8
Income tax expense	—	—	—	(6.2)	(6.2)
(Gain) loss on debt retirement	—	—	—	0.2	0.2
Gain on bargain purchase, net of tax	(37.2)	—	—	—	(37.2)
Net income (loss)	$ 37.0	$ (5.8)	$ 0.3	$ (33.6)	$ (2.1)
Capital expenditures	$ 5.9	$ 2.0	$ 0.8	$ —	$ 8.7
	As of December 31, 2021				
Property and equipment, net	$ 140.4	$ 41.5	$ 63.3	$ 25.4	$ 270.6
Total assets	$ 203.9	$ 60.3	$ 91.9	$ 37.0	$ 393.1

	Year Ended December 31, 2020				
	High Specification Rigs	Wireline Services	Processing Solutions and Ancillary Services	Other	Total
Revenues	$ 82.5	$ 79.0	$ 26.3	$ —	$ 187.8
Cost of services	71.5	57.0	19.4	—	147.9
General and administrative	—	—	—	22.1	22.1
Depreciation and amortization	20.2	5.6	7.8	1.4	35.0
Operating income (loss)	(9.2)	16.4	(0.9)	(23.5)	(17.2)
Interest expense, net	—	—	—	3.4	3.4
Income tax expense	—	—	—	—	—
(Gain) loss on debt retirement	—	—	—	(2.1)	(2.1)
Gain on bargain purchase, net of tax	—	—	—	—	—
Net income (loss)	$ (9.2)	$ 16.4	$ (0.9)	$ (24.8)	$ (18.5)
Capital expenditures	$ 5.0	$ 1.8	$ 0.7	$ 0.3	$ 7.8
	As of December 31, 2020				
Property and equipment, net	$ 115.8	$ 20.9	$ 47.6	$ 5.1	$ 189.4
Total assets	$ 154.3	$ 24.6	$ 54.9	$ 6.8	$ 240.6

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

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our company's reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were ineffective as of December 31, 2021 due to the material weakness identified and described below.

In light of the material weakness described below, management performed additional analysis and other procedures to ensure that our interim and annual consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP). Accordingly, management believes that the consolidated financial statements included in this Annual Report on Form 10-K fairly present, in all material respects, our financial position, results of operations, and cash flows as of and for the periods presented, in accordance with U.S. GAAP.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting includes policies and procedures that provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external reporting purposes in accordance with U.S. GAAP. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded properly to allow for the preparation of financial statements in accordance with GAAP and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use, or disposition of our assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, because of changing conditions, effectiveness of internal control over financial reporting may vary over time.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2021 based on the guidelines established in the Internal Control—Integrated Framework (2013 framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its assessment, management concluded that the Company's internal control over financial reporting was ineffective as of December 31, 2021 due to a material weakness in our control environment whereby the Company did not have adequate controls over the accounting for complex transactions to sufficiently mitigate risks of material misstatement.

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 our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

We will not be required to have our independent registered public accounting firm attest to the effectiveness of our internal control over financial reporting under Section 404 until our first Annual Report subsequent to our ceasing to be an "emerging growth company" within the meaning of Section 2(a)(19) of the Exchange Act. As a result, such attestation report is excluded from this annual report form 10-K.

The Company is working to remediate the material weakness in internal control over financial reporting and is taking steps to improve the internal control environment. Specifically, the Company is enhancing processes, and designing and implementing additional internal controls to properly account for complex transactions. Additionally, the Company is hiring additional accounting personnel and implementing training of new and existing personnel on proper execution of designed control procedures.

The material weakness will be considered remediated when management concludes that, through testing, the applicable remediated controls are designed and implemented effectively. We expect remediation of the material weaknesses will be completed in fiscal year 2022.

Changes in Internal Control over Financial Reporting

Other than the material weakness described above, there were no changes in our internal control over financial reporting that occurred during the quarter-ended December 31, 2021 that have materially affected, or are reasonably likely to materially effect, our internal control over financial reporting.

Attestation Report of the Registered Public Accounting Firm

Our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal controls over financial reporting for as long as we are an "emerging growth company" pursuant to the provisions of the JOBS Act.

Material Weakness in Internal Control over Financial Reporting

As of December 31 , 2021, we identified a material weakness in internal controls over financial reporting. The material weakness related to ineffective controls over accounting for non-routine and/or complex transactions. To address this material weakness, we along with the oversight of our audit committee, are evaluating our controls over accounting for non-routine and/or complex transactions in an effort to identify additional controls to timely identify misstatements and strengthen our overall control environment as well as continuing to assess our accounting personnel staffing requirements.

Item 9B. Other Information

Not applicable.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Please see the information appearing in the proposal for the election of directors and under the headings “Executive Officers,” “Information Concerning Meetings and Committees of the Board of Directors,” “Code of Business Conduct and Ethics and Corporate Governance Guidelines” and “Delinquent Section 16(a) Reports” in the definitive proxy statement for our 2022 Annual Meeting of Shareholders for the information this Item 10 requires that is incorporated herein by reference.

Item 11. Executive Compensation

Please see the information appearing under the headings “Compensation Discussion and Analysis,” “Director Compensation,” “Executive Compensation,” “Compensation Committee Interlocks and Insider Participation” and “Report of the Compensation Committee” in the definitive proxy statement for our 2022 Annual Meeting of Shareholders for the information this Item 11 requires that is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Please see the information appearing under the heading “Security Ownership of Certain Beneficial Owners and Management” in the definitive proxy statement for our 2022 Annual Meeting of Shareholders for the information this Item 12 requires that is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions and Director Independence

Please see the information appearing in the proposal for the election of directors and under the heading “Certain Relationships and Related Transactions” in the definitive proxy statement for our 2022 Annual Meeting of Shareholders for the information this Item 13 requires that is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Our independent registered public accounting firm is BDO USA, LLP, Houston, Texas, Auditor Firm ID: 243.

Please see the information appearing in the proposal for the ratification of the appointment of our independent registered public accounting firm in the definitive proxy statement for our 2022 Annual Meeting of Shareholders for the information this Item 14 requires that is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

Financial Statements.

See index to Consolidated Financial Statements included beginning on Page 47.

Financial Statement Schedules.

No other financial statement schedules are submitted because either they are inapplicable or because the required information is included in the consolidated financial statements or notes thereto.

Exhibits.

The exhibits listed on the accompanying Exhibit Index are filed, furnished or incorporated by reference as part of this Annual Report, and such Exhibit Index is incorporated herein by reference.

Exhibit Number	Description
2.1††	Amended and Restated Asset Purchase Agreement dated as of July 31, 2017, by and among ESCO Leasing, LLC, Ranger Energy Services, LLC and Tim Hall (incorporated by reference to Exhibit 2.3 to the Registrant's Form S-1 (File No. 333-218139) filed with the Commission on August 1, 2017).
2.2†	Asset Purchase Agreement, dated July 8, 2021 by and among PerfX Wireline Services, LLC, Bravo Wireline, LLC, Ranger Energy Services, Inc., Charlie Thomas, Shelby Sullivan, Jeff Thomas and Jimmie Hayes (incorporated by reference to Exhibit 2.1 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on July 14, 2021
2.3†	Asset Purchase Agreement dated as of September 15, 2021, by and among Ranger Energy Acquisition, LLC, Basic Energy Services, Inc., Basic Energy Services, L.P., C&J Well Services, Inc., Taylor Industries, LLC and KVS Transportation, Inc. (incorporated by reference to Exhibit 2.1 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on October 4, 2021).
2.4†	Closing Agreement and Amendment No. 1 to Asset Purchase Agreement, dated as of October 1, 2021, by and among Ranger Energy Acquisition, LLC, Basic Energy Services, Inc., Basic Energy Services, L.P., C&J Well Services, Inc., Taylor Industries, LLC and KVS Transportation Inc. (incorporated by reference to Exhibit 2.2 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on October 4, 2021).
3.1	Amended and Restated Certificate of Incorporation of Ranger Energy Services, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on August 22, 2017)
3.2	Amended and Restated Bylaws of Ranger Energy Services, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on August 22, 2017)
**4.1	Description of Registered Securities
4.2	Registration Rights Agreement (incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on August 22, 2017)
4.3	Stockholders' Agreement (incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on August 22, 2017)
10.1	Amended and Restated Limited Liability Company Agreement of RNGR Energy Services, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on August 22, 2017)
10.2†	Ranger Energy Services, Inc. 2017 Long Term Incentive Plan (incorporated by reference to Exhibit 4.7 to the Registrant's Form S-8 Registration Statement (File No. 333-220018) filed with the Commission on August 17, 2017)
10.3†	Form of Restricted Stock Agreement (Employees) under the Ranger Energy Services, Inc. 2017 Long Term Incentive Plan. (incorporated by reference to Exhibit 4.8 to the Registrant's Form S-8 Registration Statement (File No. 333-220018) filed with the Commission on August 17, 2017)
10.4†	Form of Restricted Stock Agreement (Directors) under the Ranger Energy Services, Inc. 2017 Long Term Incentive Plan. (incorporated by reference to Exhibit 4.9 to the Registrant's Form S-8 Registration Statement (File No. 333-220018) filed with the Commission on August 17, 2017)

10.5†	Form of Ranger Energy Services, Inc. Performance Stock Unit Award Incentive Agreement (2019) (incorporated by reference to Exhibit 10.1 of the Registrant's Form 10-Q filed with the Commission on May 1, 2019)
10.6†	Form of Ranger Energy Services, Inc. Performance Stock Unit Award Incentive Agreement (2020)
10.7	Tax Receivable Agreement (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on August 22, 2017)
10.8	Tax Receivable Termination and Settlement Agreement entered into as of September 10, 2021, by and among Ranger Energy Services, Inc., affiliates of CSL Capital Management, L.P., and Bayou Well Holdings Company, LLC. (incorporated by reference to Exhibit 10.4 of the Registrant's Form 8-K (File No. 001- 38183) filed with the Commission on October 4, 2021).
10.9	Credit Agreement (incorporated by reference to Exhibit 10.3 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on August 22, 2017)
10.10†	Indemnification Agreement (William M. Austin) (incorporated by reference to Exhibit 10.5 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on August 22, 2017)
10.11†	Indemnification Agreement (Brett T. Agee) (incorporated by reference to Exhibit 10.6 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on August 22, 2017)
10.12†	Indemnification Agreement (Richard E. Agee) (incorporated by reference to Exhibit 10.7 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on August 22, 2017)
10.13†	Indemnification Agreement (Charles S. Leykum) (incorporated by reference to Exhibit 10.9 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on August 22, 2017)
10.14†	Indemnification Agreement (Krishna Shivram) (incorporated by reference to Exhibit 10.14 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on August 22, 2017)
10.15†	Indemnification Agreement (Gerald Cimador) (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on January 5, 2018)
10.16†	Indemnification Agreement (Byron Dunn) (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on March 26, 2020)
10.17†	Indemnification Agreement (Michael C. Kearney) (incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K filed with the Commission on July 31, 2018)
10.18†	Indemnification Agreement (J. Brandon Blossman) (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K filed with the Commission on June 7, 2018)
10.19†	Indemnification Agreement, dated as of September 1, 2021, by and between the Ranger Energy Services, Inc. and Stuart Bodden (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on September 8, 2021).
10.20	Employment Agreement, dated as of September 1, 2021, by and between Ranger Energy Services, Inc. and Stuart Bodden (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on September 8, 2021).
10.21	Employment Agreement (J. Brandon Blossman) (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed with the Commission on June 7, 2018)
10.22	Master Financing and Security Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed with the Commission on June 22, 2018)
10.23†	Form of Ranger Energy Services, Inc. Performance Stock Unit Award Incentive Agreement (2018) (incorporated by reference to Exhibit 10.21 of the Registrant's Form 10-K Filed with the Commission on February 28, 2020)
10.24	Debt, Commitment Letter, dated as of September 10, 2021, by and among RNGR Energy Services, LLC, Eclipse Business Capital, LLC and Eclipse Business Capital SPV, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on September 29, 2021).
10.25	Loan and Security Agreement, dated as of September 27, 2021, by and among RNGR Energy Services, LLC and certain of its subsidiaries, Ranger Energy Services, Inc., the lenders party thereto, and Eclipse Business Capital LLC, as agent (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K (File No. 001- 38183) filed with the Commission on September 29, 2021).
10.26	First Amendment to the Loan and Security Agreement, dated January 7, 2022, by and among RNGR Energy Services, LLC and certain of its subsidiaries, Ranger Energy Services, Inc., the lenders party thereto, and Eclipse Business Capital, LLC, as agent (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on January 13, 2022).

10.27	Secured Promissory Note, date July 8, 2021 by and among Bravo Wireline, LLC and Chief Investments, LLC (incorporated by reference to Exhibit 2.2 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on July 14, 2021)
10.28	Guaranty Agreement, dated as of July 8, 2021 by Ranger Energy Services, Inc. in favor of Chief Investments, LLC
10.29†	Securities Purchase Agreement entered into as of September 10, 2021, by and between Ranger Energy Services, Inc., and the purchasers named therein (incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on October 4, 2021).
10.30	Registration Rights Agreement made and entered into as of September 10, 2021, by and among Ranger Energy Services, Inc., and each of the parties listed on the signature pages therein (incorporated by reference to Exhibit 10.2 of the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on October 4, 2021).
10.31†	Voting Agreement, dated as of September 10, 2021, entered into by and among Ranger Energy Services, Inc., affiliates of CSL Capital Management, L.P., and Bayou Well Holdings Company, LLC (incorporated by reference to Exhibit 10.3 of the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on October 4, 2021).
*21.1	List of subsidiaries of Ranger Energy Services, Inc.
*23.1	Consent of BDO USA, LLP
*31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934
*31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934
**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
**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
*101.CAL	XBRL Calculation Linkbase Document
*101.DEF	XBRL Definition Linkbase Document
*101.INS	XBRL Instance Document
*101.LAB	XBRL Labels Linkbase Document
*101.PRE	XBRL Presentation Linkbase Document
*101.SCH	XBRL Schema Document

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* Filed as an exhibit to this Annual Report on Form 10-K

** Furnished as an exhibit to this Annual Report on Form 10-K

† Compensatory plan or arrangement

†† Schedules and similar attachments have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The registrant will furnish a supplemental copy of any omitted schedule or similar attachment to the SEC upon request.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Ranger Energy Services, Inc.

/s/ Stuart N. Bodden	March 30, 2022
Stuart N. Bodden President, Chief Executive Officer and Director (Principal Executive Officer)	Date

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Stuart N. Bodden Stuart N. Bodden	President, Chief Executive Officer and Director (Principal Executive Officer)	March 30, 2022
/s/ J. Brandon Blossman J. Brandon Blossman	Chief Financial Officer (Principal Financial Officer)	March 30, 2022
/s/ William M. Austin William M. Austin	Chairman of the Board	March 30, 2022
/s/ Brett T. Agee Brett T. Agee	Director	March 30, 2022
/s/ Richard E. Agee Richard E. Agee	Director	March 30, 2022
/s/ Krishna Shivram Krishna Shivram	Director	March 30, 2022
/s/ Charles S. Leykum Charles S. Leykum	Director	March 30, 2022
/s/ Gerald C. Cimador Gerald C. Cimador	Director	March 30, 2022
/s/ Michael C. Kearney Michael C. Kearney	Director	March 30, 2022
/s/ Byron A. Dunn Byron A. Dunn	Director	March 30, 2022

DESCRIPTION OF REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

DESCRIPTION OF CAPITAL STOCK

The following description of the capital stock of Ranger Energy Services, Inc. (the "Company" or "we") is based upon the Company's amended and restated certificate of incorporation, the Company's amended and restated bylaws and applicable provisions of law. We have summarized certain portions of the Company's amended and restated certificate of incorporation and amended and restated bylaws below. The summary is not complete and is subject to, and is qualified in its entirety by express reference to, the provisions of applicable law and to the Company's amended and restated certificate of incorporation and amended and restated bylaws.

Authorized Capital Stock

The authorized capital stock of the Company consists of 100,000,000 shares of Class A common stock, $0.01 par value per share, 100,000,000 shares of Class B common stock, $0.01 par value per share and 50,000,000 shares of preferred stock, $0.01 par value per share. As of March 23, 2022, we had 18,671,361 shares of Class A Common Stock and no shares of Class B Common Stock outstanding, and 6,000,001 shares issued and outstanding of Series A Convertible Stock.

Class A Common Stock

Voting Rights. Holders of shares of Class A common stock are entitled to one vote per share held of record on all matters to be voted upon by the shareholders. The holders of Class A common stock do not have cumulative voting rights in the election of directors.

Dividend Rights. Holders of shares of our Class A common stock are entitled to ratably receive dividends when and if declared by our board of directors out of funds legally available for that purpose, subject to any statutory or contractual restrictions on the payment of dividends and to any prior rights and preferences that may be applicable to any outstanding preferred stock.

Liquidation Rights. Upon our liquidation, dissolution, distribution of assets or other winding up, the holders of Class A common stock are entitled to receive ratably the assets available for distribution to the shareholders after payment of liabilities and the liquidation preference of any of our outstanding shares of preferred stock.

Other Matters. The shares of Class A common stock have no preemptive or conversion rights and are not subject to further calls or assessment by us. There are no redemption or sinking fund provisions applicable to the Class A common stock. All outstanding shares of our Class A common stock, including the Class A common stock offered in this offering, are fully paid and non-assessable.

Class B Common Stock

Voting Rights. Holders of shares of our Class B common stock are entitled to one vote per share held of record on all matters to be voted upon by the shareholders. Holders of shares of our Class A common stock and Class B common stock vote together as a single class on all matters presented to our shareholders for their vote or approval, except with respect to the amendment of certain provisions of our amended and restated certificate of incorporation that would alter or change the powers, preferences or special rights of the Class B common stock so as to affect them adversely, which amendments must be by a majority of the votes entitled to be cast by the holders of the shares affected by the amendment, voting as a separate class, or as otherwise required by applicable law.

Dividend and Liquidation Rights. Holders of our Class B common stock do not have any right to receive dividends, unless the dividend consists of shares of our Class B common stock or of rights, options, warrants or other securities convertible or exercisable into or exchangeable or redeemable for shares of Class B common stock paid proportionally with respect to each outstanding share of our Class B common stock and a dividend consisting of shares of Class A common stock or of rights, options, warrants or other securities convertible or exercisable into or exchangeable or redeemable for shares of Class A common stock on the same terms is simultaneously paid to the holders of Class A common stock. Holders of our Class B common stock do not have any right to receive a distribution upon a liquidation or winding up of the Company.

Redemption Right. Each member of RNGR Energy Services, LLC ("Ranger LLC") has received one share of Class B common stock for each unit of Ranger LLC (a "Ranger LLC Unit") that it holds. Accordingly, each member of Ranger

LLC has a number of votes in the Company equal to the aggregate number of Ranger LLC Units that it holds. Pursuant to the amended and restated limited liability company agreement (the "Ranger LLC Agreement"), each holder of Ranger LLC Units has the right to redeem his or her Ranger LLC Units, together with an equal number of shares of Class B common stock, for shares of Class A common stock (or cash at the Company's election, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications).

Preferred Stock

Under our Amended and Restated Certificate of Incorporation, our board of directors has the authority to issue preferred stock in one or more series, and to fix for each series the voting powers, designations, preferences and relative, participating, optional or other rights and the qualifications, limitations or restrictions, as may be stated and expressed in any resolution or resolutions adopted by our board of directors providing for the issuance of such series as may be permitted by the DGCL, including dividend rates, conversion rights, terms of redemption and liquidation preferences and the number of shares constituting each such series, without any further vote or action by our stockholders.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from seeking to acquire, a majority of our outstanding voting stock. Additionally, the issuance of preferred stock may restrict dividends on our common stock, dilute the voting power of our common stock or subordinate the liquidation rights of our common stock.

The Certificate of Designation of Preferences, Powers, Preferences and Rights relating to the Series A Convertible Preferred Stock (the "Certificate of Designation"), provides for the authorization and issuance of 6,000,001 shares of Series A Convertible Preferred Stock ("Series A Preferred Stock") to be issued pursuant to the Securities Purchase Agreement, by and between the Company and the purchasers thereof, dated September 10, 2021 (the "Purchase Agreement").

Voting Rights. Holders of Series A Preferred Stock will vote as a separate class only on matters adversely affecting the Series A Preferred Stock. The Series A Preferred Stock will not have any right to vote together with the common stock on any matters. In all cases where the holders of Series A Preferred Stock have the right to vote separately as a class as provided by or otherwise by the DGCL, each holder of Series A Preferred Stock shall be entitled to one vote for each share of Series A Preferred Stock held by such holder. The holders of Series A Preferred Stock have the right to vote on (i) any alteration, change, modification or amendment to the terms of the Series A Preferred Stock or the terms of any other capital stock of the Company so as to affect adversely the Series A Preferred Stock; (ii) the creation, or authorization of the creation of, any Senior Securities or Parity Securities to the Series A Preferred Stock as to dividend, redemption or distribution of assets upon a liquidation event; (iii) an increase of the authorized number of shares of Series A Preferred Stock; (iv) the issuance of any Parity Securities or Senior Securities; and (v) the issuance of any Series A Preferred Stock except pursuant to the terms of the Purchase Agreement.

Liquidation Rights. In the event of any liquidation, dissolution or winding up, whether voluntary or involuntary (each, a "Liquidation Event"), after payment or provision for payment of our debts and other liabilities and payment or setting aside for payment of any preferential amount due to the holders of any other class or series of stock, the holders of our Series A Preferred Stock will be entitled to receive entitled to receive out of the assets of the Company available for distribution, before any distribution of assets is made on the common stock or any other class or series of equity security of the Company the terms of which do not expressly provide that it ranks senior in preference or priority to or on parity, without preference or priority, with the Series A Preferred Stock, an amount equal to the greater of (i) the original issue price of $7.00 per share of Series A Preferred Stock, plus an amount equal to any and all accrued and unpaid dividends, if any, per share, in each case as adjusted for any stock dividends, splits, combinations and similar events on the Series A Preferred Stock, attributable to the Series A Preferred Stock and (ii) the product of (x) the amount per share that would have been payable upon such Liquidation Event to the holders of shares of common stock (assuming the conversion of each share of Series A Preferred Stock in Class A Common Stock), multiplied by (y) the number of shares of Class A Common Stock into which each share of Series A Preferred Stock is then convertible.

Automatic Conversion**.** Each share of Series A Preferred Stock will automatically, without any further action on the part of the holder thereof and without regard to any arrearage in the payment of dividends, convert into a number of shares of Common Stock equal to the Conversion Ratio (as defined in the Certificate of Designation) on the later of the dates on which (a) the Stockholder Approval is obtained and (b) the Shelf Registration Statement is declared effective by the SEC.

Dividend Rights**.** Holders of Series A Preferred Stock will be entitled to participate equally and ratably with the holders of shares of common stock in all dividends or other distributions on the shares of common stock as if immediately prior to each record date for the common stock, shares of Series A Preferred Stock then outstanding were converted into shares of common stock.

Exhibit 4.1

Anti-Takeover Effects of Provisions of Our Amended and Restated Certificate of Incorporation, Our Amended and Restated Bylaws and Delaware Law

Some provisions of Delaware law, and our amended and restated certificate of incorporation and our amended and restated bylaws described below, contain provisions that 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 incumbent officers and 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 shareholders 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.

These provisions, summarized below, 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.

Delaware Law

We are not subject to the provisions of Section 203 of the DGCL, regulating corporate takeovers. In general, those provisions prohibit a Delaware corporation, including those whose securities are listed for trading on the NYSE, from engaging in any business combination with any interested shareholder for a period of three years following the date that the shareholder became an interested shareholder, unless:

- the transaction 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.

Amended and Restated Certificate of Incorporation and Bylaws

Provisions of our amended and restated certificate of incorporation and our amended and restated bylaws may delay or discourage transactions involving an actual or potential change in control or change in our management, including transactions in which shareholders might otherwise receive a premium for their shares, or transactions that our shareholders might otherwise deem to be in their best interests. Therefore, these provisions could adversely affect the price of our Class A common stock.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws:

- establish advance notice procedures with regard to shareholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our shareholders. These procedures provide that notice of shareholder 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 shareholders' notices. These requirements may preclude shareholders from bringing matters before the shareholders at an annual or special meeting;

- provide our board of directors the ability to authorize undesignated preferred stock. This ability makes it possible for our board of directors to issue, without shareholder 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 deterring hostile takeovers or delaying changes in control or management of our company;

- provide that the authorized number of directors may be changed only by resolution of the board of directors;

- provide that, after our legacy investors, including CSL Capital Management, LLC ("CSL") and its affiliates no longer collectively hold more than 50% of the voting power of our common stock, 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 (prior to such time, vacancies may also be filled by shareholders holding a majority of the outstanding shares entitled to vote);

- provide that, after CSL and its affiliates no longer collectively hold more than 50% of the voting power of our common stock, any action required or permitted to be taken by the shareholders must be effected at a duly called annual or special meeting of shareholders and may not be effected by any consent in writing in lieu of a meeting of such shareholders, subject to the rights of the holders of any series of preferred stock with respect to such series;

- provide that, after CSL and its affiliates no longer collectively hold more than 50% of the voting power of our common stock, our amended and restated certificate of incorporation and amended and restated bylaws may be amended by the affirmative vote of the holders of at least two-thirds of our then-outstanding shares of stock entitled to vote thereon;

- provide that, after CSL and its affiliates no longer collectively hold more than 50% of the voting power of our common stock, special meetings of our shareholders may only be called by the board of directors;

- provide, after CSL and its affiliates no longer collectively hold more than 50% of the voting power of our common stock, for our board of directors to be divided into three classes of directors, with each class as nearly equal in number as possible, serving staggered three-year terms, other than directors that may be elected by holders of preferred stock, if any. This system of electing and removing directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for shareholders to replace a majority of the directors;

- provide that we renounce any interest in existing and future investments in other entities by, or the business opportunities of, CSL and its affiliates and that they have no obligation to offer us those investments or opportunities; and

- provide that our amended and restated bylaws can be amended by the board of directors.

Forum Selection

Our amended and restated 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:

- 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 agents to us or our shareholders;

- any action asserting a claim against us or any director or officer or other employee of ours arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws; or

- any action asserting a claim against us or any director or officer or other employee of ours 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. The forum selection provision is not, however, intended to be deemed a

waiver by any stockholder with respect to our compliance with U.S. federal securities laws, and the application of the forum selection provision may in some instances be limited by applicable law.

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 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.

Exhibit 21.1

RANGER ENERGY SERVICES, INC.
Subsidiaries

Company	Jurisdiction of Organization
Academy Oilfield Rentals, LLC	Delaware
Bravo Wireline, LLC	Delaware
Patriot Completion Solutions LLC	Delaware
Ranger Energy Equipment, LLC	Delaware
Ranger Energy Leasing, LLC	Delaware
Ranger Energy Properties, LLC	Delaware
Ranger Energy Services, LLC	Delaware
RNGR Energy Services, LLC	Delaware
Torrent Energy Services, LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ranger Energy Services, Inc.
Houston, Texas

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-220018 and 333-231818) and Form S-3 (No. 333-257043) of Ranger Energy Services, Inc. of our report dated March 30, 2022, relating to the consolidated financial statements, which appears in this Form 10-K.

/s/ BDO USA, LLP

Houston, Texas
March 30, 2022

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stuart N. Bodden, certify that:

1. I have reviewed this annual report on Form 10-K of Ranger Energy Services, Inc.

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 15(d)-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 first fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

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: March 30, 2022

/s/ Stuart N. Bodden

Stuart N. Bodden
President, Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, J. Brandon Blossman, certify that:

1. I have reviewed this annual report on Form 10-K of Ranger Energy Services, Inc.
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 15(d)-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 first fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
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: March 30, 2022

/s/ J. Brandon Blossman

J. Brandon Blossman
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Annual Report on Form 10-K of Ranger Energy Services, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stuart N. Bodden, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to 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: March 30, 2022

/s/ Stuart N. Bodden
Stuart N. Bodden
President, Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
UNDER SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350

In connection with the Annual Report on Form 10-K of Ranger Energy Services, Inc. (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, J. Brandon Blossman, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to 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: March 30, 2022

/s/ J. Brandon Blossman

J. Brandon Blossman
Chief Financial Officer
(Principal Financial Officer)