UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 001-37988

NexTier Oilfield Solutions Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware (State or other jurisdiction of incorporation or organization)			38-4016639 (I.R.S. Employer Identification No.)
3990 Rogerdale Rd (Address of principal executive offices)	Houston	Texas	77042 (Zip code)

(713) 325-6000
(Registrant's telephone number, including area code)

Not Applicable.
(Former Name, Former Address, if Changed Since Last Report)

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

Title of Each Class	Trading Symbol	Name of Each Exchange On Which Registered
Common Stock, $0.01 par value	NEX	New York Stock Exchange

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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 to not 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common stock of the registrant held by non-affiliates of the registrant, computed by reference to the price at which the common stock was last sold on June 28, 2019, was approximately $353.0 million.

As of March 9, 2020, the registrant had 213,193,419 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive proxy statement for its 2020 Annual Meeting of Stockholders, which will be filed with the United States Securities and Exchange Commission within 120 days of December 31, 2019, are incorporated by reference into Part III of this Annual Report on Form 10-K.

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PART IV

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

This Annual Report on Form 10-K contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. All statements other than statements of historical facts contained in this Annual Report on Form 10-K, including statements regarding our future operating results and financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. Our forward-looking statements are generally accompanied by words such as “may,” “should,” “expect,” “believe,” “plan,” “anticipate,” “could,” “intend,” “target,” “goal,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential,” or “continue” or the negative of these terms or other similar expressions. Any forward-looking statements contained in this Annual Report on Form 10-K speak only as of the date on which we make them and are based upon our historical performance and on current plans, estimates and expectations. Except as required by law, we have no obligation to update any forward-looking statements made in this Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect new information or the occurrence of unanticipated events. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about:

- our business strategy;
- our plans, objectives, expectations and intentions;
- our future operating results;
- the competitive nature of the industry in which we conduct our business, including pricing pressures;
- crude oil and natural gas commodity prices;
- demand for services in our industry;
- the impact of pipeline capacity constraints;
- the impact of adverse weather conditions;
- the effects of government regulation;
- legal proceedings, liability claims and effect of external investigations;
- the effect of a loss of, or the financial distress of, one or more key customers;
- our ability to obtain or renew customer contracts;
- the effect of a loss of, or interruption in operations of, one or more key suppliers;
- our ability to maintain the right level of commitments under our supply agreements;
- the market price and availability of materials or equipment;
- the impact of new technology;
- our ability to employ a sufficient number of skilled and qualified workers;
- our ability to obtain permits, approvals and authorizations from governmental and third parties;
- planned acquisitions and future capital expenditures;
- our ability to maintain effective information technology systems;
- our ability to maintain an effective system of internal controls over financial reporting;
- our ability to service our debt obligations;
- financial strategy, liquidity or capital required for our ongoing operations and acquisitions, and our ability to raise additional capital;

- the market volatility of our stock;
- our ability or intention to pay dividends or to effectuate repurchases of our common stock;
- the impact of ownerships by Keane Investor and Cerberus; and
- the impact of our corporate governance structure.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Annual Report on Form 10-K.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report on Form 10-K primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section entitled Part I, "**Item 1A**. Risk Factors" and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Annual Report on Form 10-K. We cannot assure you that the results, events, circumstances, plans, intentions or expectations reflected in any forward-looking statements will be achieved or occur. Actual results, events or circumstances could differ materially from those described in such forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make. *We undertake no obligation to revise or update any forward-looking statements for any reason, except as required by law.*

This Annual Report on Form 10-K includes market and industry data and certain other statistical information based on third-party sources including independent industry publications, government publications and other published independent sources. Although we believe these third-party sources are reliable as of their respective dates, we have not independently verified the accuracy or completeness of this information. Some data is also based on our own good faith estimates, which are supported by our management's knowledge of and experience in the markets and businesses in which we operate.

While we are not aware of any misstatements regarding any market, industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed above and in Part 1, "**Item 1A**. Risk Factors" in this Annual Report on Form 10-K.

References Within This Annual Report

As used in this Annual Report on Form 10-K, unless the context otherwise requires, references to (i) the terms "Company," "NexTier," "we," "us" and "our" refer to Keane Group Holdings, LLC and its consolidated subsidiaries for periods prior to our initial public offering ("IPO"), and, for periods as of and following the IPO, NexTier Oilfield Solutions Inc. and its consolidated subsidiaries; (ii) the term "Keane Group" refers to Keane Group Holdings, LLC and its consolidated subsidiaries; (iii) the term "Trican Parent" refers to Trican Well Service Ltd. and, where appropriate, its subsidiaries; (iv) the term "Trican U.S." refers to Trican Well Service L.P.; (v) the term "Trican" refers to Trican Parent and Trican U.S., collectively; (vi) the term "RockPile" refers to RockPile Energy Services, LLC and its consolidated subsidiaries; (vii) the term "RSI" refers to Refinery Specialties, Incorporated; (viii) the term "Keane Investor" refers to Keane Investor Holdings LLC; (ix) the term "Cerberus" refers to Cerberus Capital Management, L.P. and its controlled affiliates and investment funds; (x) the term "C&J" refers to C&J Energy Services, Inc.; (xi) the term "C&J Merger" refers to the consummation of the transactions described in that certain Agreement and Plan of Merger, dated as of June 16, 2019 (the "Merger Agreement"), by and among the C&J, us and King Merger Sub Corp., one of our wholly owned subsidiaries.

As used in this Annual Report on Form 10-K, capacity in the hydraulic fracturing business refers to the total number of hydraulic horsepower, regardless of whether such hydraulic horsepower is active and deployed, active and not deployed or inactive. While the equipment and amount of hydraulic horsepower required for a customer project varies, we calculate our total number of fleets, as used in this Annual Report on Form 10-K, by dividing our total hydraulic horsepower by approximately 45,000 hydraulic horsepower.

As used in this Annual Report on Form 10-K, references to cannibalization of parked equipment refer to the removal of parts and components (such as the engine or transmission of a fracturing pump) from an idle hydraulic fracturing fleet in order to service an active hydraulic fracturing fleet.

BASIS OF PRESENTATION IN THIS ANNUAL REPORT ON FORM 10-K

On January 25, 2017, we consummated an initial public offering. Our business prior to the IPO was conducted through Keane Group Holdings, LLC and its consolidated subsidiaries (“Keane Group”). To effectuate the IPO, we completed a series of transactions that resulted in a reorganization of our business, resulting in Keane Group, Inc. as a holding company with no material assets other than its ownership of Keane Group. The consolidated and combined financial statements for the period from January 1, 2017 to July 2, 2017 reflect only the historical results of the Company prior to the completion of the Company’s acquisition of RockPile (as defined herein). The consolidated and combined financial statements for the period from January 1, 2019 to October 31, 2019 reflect only the historical results of the Company prior to the completion of the C&J Merger. The financial statements have been prepared using the acquisition method of accounting under existing U.S. GAAP, which requires that one of the two companies in the C&J Merger be designated as the acquirer for accounting purposes. C&J and Keane determined that Keane was the accounting acquirer. Accordingly, consideration given by Keane to complete the C&J Merger was allocated to the underlying tangible and intangible assets and liabilities acquired based on their estimated fair values as of the date of completion of the C&J Merger, with any excess purchase price allocated to goodwill.

For further details, see Note *(1) Basis of Presentation and Nature of Operations* of Part II, “**Item 8**. Financial Statements and Supplemental Data.” For more details regarding the C&J Merger, refer to Note *(3) Mergers and Acquisitions.*

Unless otherwise indicated, or the context otherwise requires, for periods prior to the completion of the IPO, (i) the historical financial data in this Annual Report on Form 10-K and (ii) the operating and other non-financial data disclosed in Part II, “**Item 6**. Selected Financial Data” and Part II, “**Item 7**. Management’s Discussion and Analysis of Financial Condition and Results of Operations” reflect the consolidated business and operations of Keane Group. Financial results for 2016 are the financial results of Keane Group, Inc. and Keane Group Holdings, LLC, the Company’s predecessor for accounting purposes, as there was no activity under Keane Group, Inc. in 2016.

All information presented herein is based on our fiscal calendar. Unless otherwise stated, references to particular years, quarters, months or periods refer to our fiscal years and the associated quarters, months and periods of those fiscal years.

PART I

Item 1. Business

General description of the business

NexTier Oilfield Solutions Inc. is an industry-leading U.S. land oilfield focused service company, with a diverse set of well completion and production services across a variety of active and demanding basins. We provide our services through our operating subsidiaries to exploration and production ("E&P") customers. Our integrated solutions approach is focused on delivering efficiency, and our ongoing commitment to innovation helps our customers capitalize on technological advancements. NexTier is differentiated through four points of distinction, including safety performance, efficiency, partnership and innovation.

We were formed under the name Keane Group, Inc. as a Delaware corporation on October 13, 2016, to be a holding corporation as part of an organizational restructuring of Keane Group Holdings, LLC, which was formed March 1, 2011, and its subsidiaries, for the purpose of facilitating the initial public offering of shares of common stock of the Company in 2017. In connection with the restructuring, the Keane Group entities became wholly owned subsidiaries of the Company.

In continuation of our growth through acquisition strategy - which, since 2013 has notably resulted in the growth of the location and scale of our operational footprint, expansion of our customer base, addition of wireline operations, increase in our pumping capacity and expansion of our hydraulic fracturing operations by more than an additional 1,040,000 hydraulic horsepower - on October 31, 2019, we completed a merger transaction with C&J Energy Services, Inc., a publicly traded Delaware corporation. Pursuant to this transaction, C&J was ultimately merged with and into one of our wholly owned merger subsidiary, with our subsidiary continuing as the surviving entity. On the effective date of the C&J Merger, we changed our name to "NexTier Oilfield Solutions Inc."

Following the C&J Merger, we are organized into three reportable segments, consisting of:

- Completion Services, which consists of the following business lines: (1) fracturing services; (2) wireline and pumping services; and (3) completion support services, which includes our research and technology ("R&T") department;
- Well Construction and Intervention Services ("WC&I"), which consists of the following business lines: (1) cementing services and (2) coiled tubing services; and
- Well Support Services, which consists of the following business lines: (1) rig services; (2) fluids management services; and (3) specialty well site services.

Completion Services segment

Our completion services are designed in partnership with our customers to enhance both initial production rates and estimated ultimate recovery from new and existing wells. The core services provided through our Completion Services segment are hydraulic fracturing, wireline and pumping services. We utilize our in-house capabilities, including our R&T department and data control instruments business, to offer a technologically advanced and efficiency focused range of completion techniques. The majority of revenue for this segment is generated by our fracturing business.

Hydraulic Fracturing. Hydraulic fracturing services are performed to enhance production of oil and natural gas from formations with low permeability and restricted flow of hydrocarbons. The process of hydraulic fracturing involves pumping a highly viscous, pressurized fracturing fluid, typically a mixture of water, chemicals and proppant, into a well casing or tubing in order to fracture underground mineral formations. These fractures release trapped hydrocarbon particles and free a channel for the oil or natural gas to flow freely to the wellbore for collection. Fracturing fluid mixtures include proppant that becomes lodged in the cracks created by the hydraulic fracturing process, “propping” them open to facilitate the flow of hydrocarbons upward through the well.

Wireline Technologies. Our wireline services involve the use of a truck equipped with a spool of wireline that is unwound and lowered into oil and natural gas wells to convey specialized tools or equipment for well completion, well intervention, pipe recovery and reservoir evaluation purposes. We offer our wireline services in conjunction with our hydraulic fracturing services in “plug-and-perf” well completions to maximize efficiency for our customers. “Plug-and-perf” is a multi-stage well completion technique for cased-hole wells that consists of pumping a plug and perforating guns to a specified depth. Once the plug is set, the zone is perforated and the tools are removed from the well, a ball is pumped down to isolate the zones below the plug and the hydraulic fracturing treatment is applied.

In addition, we offer wireline and pumping services unbundled from our fracturing services. We are one of the leading providers of perforating, pumpdown, pipe recovery, pressure pumping, and wellsite make-up and pressure testing services. We are highly experienced in safely servicing deep, high-pressure, high-temperature wells in some of the most active onshore basins in the United States and provide premium perforating services for both wireline and tubing-conveyed applications. Our in-house manufacturing capabilities through our R&T department allow us to manage costs and lead times with regard to hardware and perforating guns, switches and accessories, providing us with a competitive advantage and enabling higher returns.

Well Construction and Intervention Services segment

Cementing. Our cementing services incorporate custom engineered mixing and blending equipment to ensure precision and accuracy in providing annulus isolation and hydraulic seal, while protecting fresh water zones from our customers’ zone of interest. Our cement division has the expertise to cement shallow to complex high temperature, high pressure wells. We also offer engineering software and technical guidance for remedial cementing applications and acidizing to optimize the performance of our customers’ wells. We are one of the largest providers of specialty cementing services in the United States. Our operations are supported by multiple full-service laboratory facilities with advanced capabilities.

Coiled Tubing. We offer a broad range of coiled tubing services to help customers accomplish a wide variety of goals in their horizontal completion, workover and well maintenance projects. The majority of our coiled tubing fleet consists of large diameter coil, meaning two inches or larger in diameter, which allows us to service wells with longer lateral lengths. Our coiled tubing services allow customers to complete projects quickly and safely across a wide spectrum of pressures, without having to shut in their wells.

Well Support Services segment

On March 9, we sold our Well Support Services Segment. For additional information on this transaction, see Note *(24) Subsequent Events* of Part II, “**Item 8**. Financial Statements and Supplemental Data.” Prior to the sale, our Well Support Services segment focused on post-completion activities at the well site, and includes rig services, such as workover, fluids management, and other specialty well site services. The majority of revenue for this segment was generated by our rig services business, and we considered our rig services and fluids management businesses to be our primary service lines within this reportable segment.

Rig Services. As part of our services that helped prolong the productive life of an oil or gas well, we operated one of the largest rig fleets in the United States. These rigs were involved in the routine repair and maintenance of oil and gas wells, re-drilling operations and plug and abandonment operations. Workover services can include deepening or extending wellbores into new formations by drilling horizontal or lateral wellbores, sealing off depleted production zones and accessing previously bypassed production zones, converting former production wells into injection wells for enhanced recovery operations and conducting major subsurface repairs due to equipment failures. Workover services may last from a few days to several weeks, depending on the complexity of the workover. Maintenance services provided with our rig fleet were generally required throughout the life cycle of an oil or gas well. Examples of these maintenance services include routine mechanical repairs to the pumps, tubing and other equipment, removing debris and formation material from wellbores, and pulling rods and other downhole equipment from wellbores to identify and resolve production problems. Maintenance services were generally less complicated than completion and workover related services and required less time to perform. Our rig fleet was also used in the process of permanently shutting-in oil or gas wells that were at the end of their productive lives. These plugging and abandonment services generally required auxiliary equipment in addition to a well servicing rig. The demand for plugging and abandonment services was not significantly impacted by the demand for oil and gas because well operators are required within a specified period of time by state regulations to plug wells that are no longer productive.

Fluids Management. We provided a full range of fluid services, including the storage, transportation and disposal of various fluids used in various phases including drilling, completion and workover of oil and gas wells. Our fleet of trucks and trailers and portable tanks enabled us to rapidly deploy our equipment across a broad geographic area. Included in our fleet of fluid trucks and trailers were specialized trucks and trailers that were optimized to transport condensate. We also owned private saltwater disposal wells. Demand and pricing for our fluids management services generally corresponded to demand for our rig services.

Business strategy

Our principal business objective is helping our customers win by safely unlocking affordable, reliable and plentiful sources of energy. We believe that by successfully deploying this strategy, we can deliver industry leading returns and increase shareholder value. We maintain a strict focus on health, safety and environmental stewardship and cost-effective customer-centric solutions. We expect to achieve this objective through:

- developing and expanding our relationships with existing and new customers;
- continuing our industry leading safety performance and focus on the environment;
- investing further in driving efficiencies, including our robust maintenance program;
- maintaining a conservative balance sheet to preserve operational and strategic flexibility; and
- continuing to evaluate potential consolidation opportunities that strengthen our capabilities, increase our scale and create shareholder value.

For further discussion on the business strategies we plan to continue executing in 2020, see Part II, "**Item 7**. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Customers

Our customers primarily include major integrated and large independent oil and natural gas E&P companies. For the year ended December 31, 2019, we had four customers who individually represented more than 10% of our consolidated revenue. These four customers collectively represented 55% of our consolidated revenue and 21% of our total accounts receivable for the fiscal year ended December 31, 2019. For the year ended December 31, 2018, we had three customers who individually represented more than 10% of our consolidated revenue. These three customers collectively represented 39% of our consolidated revenue and 45% of our total accounts receivable for the fiscal year ended December 31, 2018. For the year ended December 31, 2017, no customer individually represented more than 10% of our consolidated revenue.

Competition and Sales

The markets in which we operate are highly competitive with significant potential for excess capacity. We provide services in various geographic regions across the U.S., and the competitive landscape varies in each. Utilization and pricing for our services have from time to time been negatively affected by increases in supply relative to demand in our operating areas and geographic markets. Our major competitors for both our Completions Services and Well Construction and Intervention Services segments include FTS International, Inc., Halliburton Company, Liberty Oilfield Services Inc., Patterson-UTI Energy, Inc., ProPetro Services, Inc., RPC, Inc., Schlumberger Limited, Superior Energy Services, Inc. and U.S. Well Services. Our major competitors for our Well Support Services include Key Energy Services, Basic Energy Services, Superior Energy Services, Precision Drilling, Forbes Energy Services, Pioneer Energy Services and Ranger Energy Services. We also compete regionally in each segment with a significant number of smaller service providers.

We believe the principal competitive factors in the markets we serve are our multi-basin service capability and close proximity to our customers, technical expertise, equipment reliability, work force competency, efficiency, safety record, reputation, experience and prices. Additionally, projects are often awarded on a bid basis, which tends to create a highly competitive environment. While we seek to be competitive in our pricing, we believe many of our customers elect to work with us based on our customer-tailored partnership approach, our safety record, the performance and competency of our crews and the quality of our equipment and our services. We seek to differentiate ourselves from our competitors by delivering the highest-quality services and equipment possible, coupled with superior execution and operating efficiency, resulting in cost effective operations and a safe working environment.

Raw materials

We purchase a wide variety of raw 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. To date, we have generally been able to obtain the equipment, parts and supplies necessary to support our operations on a timely basis. While we believe we will be able to make satisfactory alternative arrangements in the event of any interruption in the supply of these materials and/or products by one of our suppliers, this may not always be the case. In addition, certain materials for which we do not currently have long-term supply agreements could experience shortages and significant price increases in the future. For the year ended December 31, 2019, purchases from one supplier represented approximately 5% to 10% of the Company’s overall purchases.

Research & technology and intellectual property

We have invested in technological advancement, including the development of a state-of-the-art research and technology center staffed by a team of highly skilled engineers. Our efforts to date have been focused on developing innovative, fit-for-purpose solutions designed to enhance our service offerings, increase efficiencies, provide cost savings to our operations and add value for our customers. Our research and development initiatives generate recurring cost savings for our integrated completion services operations, which is central to our overall strategy of proactively managing our costs to maximize returns. Several of these investments provide value added products and services that, in addition to producing revenue, are creating increasing demand from key customers. In our day-to-day operations, we utilize equipment and products manufactured by our vertically integrated businesses which are managed through our innovation center, and we may also sell such equipment and products to third-party customers in the global energy services industry. We believe that our focus on innovation, with the objective of reducing costs and improving sustainability of our operations, provides a strategic benefit through the ability to fund, develop, and implement new technologies and quickly respond to changes in customer requirements and industry demand.

We own a number of patents and have pending certain patent applications covering various products and services. We are also licensed to utilize technology covered by patents owned by others. Furthermore, we believe the information regarding our customer and supplier relationships are valuable proprietary assets, and we have pending applications and registered trademarks for various names under which our entities conduct business or provide products or services. We do not own or license any patents, trademarks or other intellectual property that we believe to be material to the success of our business.

Seasonality

Our results of operations have historically reflected seasonal tendencies, generally in the first and fourth quarters, related to the conclusion and restart of our customers' annual capital expenditure budgets, the holidays and inclement winter weather, during which we may experience declines in our operating results. Our operations in North Dakota and Pennsylvania are particularly affected by seasonality due to inclement winter weather. During the spring and summer months, our operations in certain areas may be impacted by transportation restrictions due to the work-site conditions caused by the spring thaws or tropical weather systems.

Employees

As of December 31, 2019, we had 6,525 employees, of which, approximately 77% were compensated on an hourly basis. Our employees are not covered by collective bargaining agreements, nor are they members of labor unions. While we consider our relationship with our employees to be satisfactory, disputes may arise over certain classifications of employees that are customary in the oilfield services industry. We are not aware of any other potentially adverse matters involving our employment practices on a company-wide level.

Environmental, health and safety regulation

Our operations are subject to stringent and complex federal, state and local laws, rules and regulations relating to the oil and natural gas industry, including the discharge of materials into the environment or otherwise relating to health and safety or the protection of the environment. Numerous governmental agencies, such as the Environmental Protection Agency (the "EPA"), issue regulations to implement and enforce these laws, which often require costly compliance measures. Failure to comply with these laws and regulations may result in the assessment of substantial administrative, civil and criminal penalties, expenditures associated with exposure to hazardous materials, remediation of contamination, property damage and personal injuries, imposition of bond requirements, and restricting permits or other authorizations, as well as the issuance of injunctions limiting or prohibiting our activities. In addition, some laws and regulations relating to protection of the environment may, in certain circumstances, impose strict liability for environmental contamination, rendering a person liable for environmental damages and clean-up costs without regard to negligence or fault on the part of that person. Strict compliance with these regulatory requirements increases our cost of doing business and consequently affects our profitability. However, environmental laws and regulations have been subject to frequent changes over the years, and the imposition of more stringent requirements, including those that result in any limitation, suspension or moratorium on the services we provide, whether or not short-term in nature, by federal, state, regional or local governmental authority, could have a material adverse effect on our business, financial condition and results of operations.

The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or the "Superfund law"), and comparable state laws impose liability on certain classes of persons that are considered to be responsible for the release of hazardous or other state-regulated substances into the environment. These persons include the current owner or operator of the site and the owner or operator of the site at the time of the release and the parties that disposed or arranged for the disposal or treatment of hazardous or other state-regulated substances that have been released at the site. Under CERCLA, these persons may be subject to strict liability, joint and several liability, or both, for the costs of investigating and cleaning up hazardous substances that have been released into the environment, damages to natural resources and human health without regard to fault. In addition, companies that incur a CERCLA liability frequently confront claims by neighboring landowners and other third parties for personal injury and property damage allegedly caused by the release of hazardous or other regulated substances or pollutants into the environment.

The federal Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, ("RCRA") and analogous state laws generally excludes oil and gas exploration and production wastes (e.g., drilling fluids, produced waters) from regulation as hazardous wastes. However, these wastes remain subject to potential regulation as solid wastes under RCRA and as hazardous waste under other state and local laws. Wastes from some of our operations (such as, but not limited to, our chemical development, blending and distribution operations, as well as some maintenance and manufacturing operations) are or may be regulated under RCRA and analogous state laws under certain circumstances. Further, any exemption or regulation under RCRA does not alter treatment of the substance under CERCLA. The impact of future revisions to environmental laws and regulations cannot be predicted. Moreover, stricter standards for waste handling and disposal may be imposed on the oil and natural gas industry in the future. Removal of RCRA's exemption for exploration and production wastes has the potential to significantly increase waste disposal costs, which in turn will result in increased operating costs and could adversely impact our business and results of operations. Naturally Occurring Radioactive Materials ("NORM") may contaminate extraction and processing equipment used in the oil and natural gas industry. 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 RCRA and state laws. It is possible that we may incur costs or liabilities associated with elevated levels of NORM.

The Federal Water Pollution Control Act (the "Clean Water Act"), and comparable state statutes impose restrictions and strict controls regarding the discharge of pollutants into state waters or waters of the United States. The discharge of pollutants into jurisdictional waters is prohibited unless the discharge is permitted by the EPA or applicable state agencies. The Clean Water Act also prohibits the discharge of dredge and fill material into regulated waters, including jurisdictional wetlands, unless authorized by an appropriately issued permit. CWA program predictability and consistency have been uncertain for several years due to regulatory changes concerning clarity as to the scope of 'waters of the United States' federally regulated under the Act and litigation over those changes. The process for obtaining permits has the potential to delay the development of natural gas and oil projects. Also, spill prevention, control and countermeasure regulations under federal law 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 Clean Water Act and analogous state laws require individual permits or coverage under general permits for discharges of storm water runoff from certain types of facilities. Moreover, the Oil Pollution Act of 1990 ("OPA") imposes a variety of requirements on responsible parties related to the prevention of oil spills and liability for damages, including natural resource damages, resulting from such spills in waters of the United States. A responsible party includes the owner or operator of an onshore facility. The Clean Water Act and analogous state laws provide for administrative, civil and criminal penalties for unauthorized discharges and, together with the OPA, impose rigorous requirements for spill prevention and response planning, as well as substantial potential liability for the costs of removal, remediation, and damages in connection with any unauthorized discharges.

From time to time, releases of materials or wastes have occurred at locations we own or at which we have operations. These properties and the materials or wastes released thereon may be subject to CERCLA, RCRA, the federal Clean Water Act, the Safe Drinking Water Act (the "SDWA") and analogous state laws. Under these laws or other laws and regulations, we have been and may be required to remove or remediate these materials or wastes and make expenditures associated with personal injury or property damage. At this time, with respect to any properties where materials or wastes may have been released, it is not possible to estimate the potential costs that may arise from unknown, latent liability risks.

There has been increasing public controversy regarding hydraulic fracturing and its use of fracturing fluids, including potential impacts of the process on drinking water supplies, on the use of water and the potential for impacts to surface water, groundwater and the general environment. Companion bills entitled the Fracturing Responsibility and Awareness Chemicals Act ("FRAC Act") were first introduced in the United States Congress in 2009 and successor bills have been reintroduced in the House of Representatives on multiple occasions, most recently in July 2019. If the FRAC Act and other similar legislation were to pass, the legislation could significantly alter regulatory oversight of hydraulic fracturing. Currently, unless the fracturing fluid used in the hydraulic fracturing process contains diesel fuel, hydraulic fracturing operations are exempt from permitting under the Underground Injection Control ("UIC") program established by the SDWA, but subject to regulation by state oil and gas commissions. The FRAC Act would remove this exemption and subject hydraulic fracturing operations to permitting requirements under the UIC program. The FRAC Act and other similar bills propose to also require persons conducting hydraulic fracturing to disclose the chemical constituents of their fracturing fluids to a regulatory agency, although they would not require the disclosure of the proprietary formulas except in cases of emergency. Currently, several states require public disclosure of non-proprietary chemicals on FracFocus.org and other equivalent Internet sites. Disclosure of our proprietary chemical formulas to third parties or to the public, even if inadvertent, could diminish the value of those formulas and could result in competitive harm to our business. Moreover, in response to seismic events near underground injection wells used for the disposal of oil and gas-related wastewater, federal and some state agencies have begun investigating whether such wells have caused increased seismic activity, and some states have imposed volumetric injection limits, shut down or imposed moratorium on the use of such injection wells. At this time, it is not clear what action, if any, the United States Congress will take on the FRAC Act or other related federal and state bills, or the ultimate impact of any such legislation.

If the FRAC Act or similar legislation becomes law, or the Department of the Interior or another federal agency asserts jurisdiction over certain aspects of hydraulic fracturing operations, additional regulatory requirements could be established at the federal level that could lead to operational delays or increased operating costs, making it more difficult to perform hydraulic fracturing and increasing the costs of compliance and doing business for us and our customers. States in which we operate have considered and may again consider legislation that could impose additional regulations and/or restrictions on hydraulic fracturing operations. At this time, it is not possible to estimate the potential impact on our business of these state actions or the enactment of additional federal or state legislation or regulations affecting hydraulic fracturing.

In addition, at the direction of Congress, the EPA undertook a study of the potential impacts of hydraulic fracturing on drinking water and groundwater and issued its report in December 2016. The EPA report states that there is scientific evidence that hydraulic fracturing activities can impact drinking water resources under some circumstances and identifies certain conditions in which the EPA believes the impact of such activities on drinking water and groundwater can be more frequent or severe. The EPA study could spur further initiatives to regulate hydraulic fracturing under the SDWA or otherwise. Similarly, other federal and state studies may recommend additional requirements or restrictions on hydraulic fracturing operations.

Any regulation that restricts the ability to dispose of produced waters or increases the cost of doing business could cause curtailed or decreased demand for our services and have a material adverse effect on our business. 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. We believe that we follow applicable standard industry practices and legal requirements for groundwater protection in our hydraulic fracturing activities. 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 exploration and production activities and, therefore, adversely affect demand for our services and our business.

The federal Clean Air Act and comparable state laws regulate emissions of various air pollutants through air emissions permitting programs and the imposition of other requirements. In addition, the EPA has developed and continues to develop stringent regulations governing emissions of toxic air pollutants from specified sources. We are or may be required to obtain federal and state permits in connection with certain operations conducted in our manufacturing and maintenance facilities. These permits impose certain conditions and restrictions on our operations, some of which require significant expenditures for filtering or other emissions control devices at each of our manufacturing and maintenance facilities. Changes in these requirements, or in the permits we operate under, could increase our costs or limit certain activities. Many of these regulatory requirements, including New Source Performance Standards and Maximum Achievable Control Technology standards have been made more stringent over time as a result of stricter national ambient air quality standards ("NAAQS") and other air quality protection goals adopted by the EPA. State implementation of the revised NAAQS could result in stricter permitting requirements, delay or prohibit our ability to obtain such permits, and result in increased expenditures for pollution control equipment, the costs of which could be significant.

Exploration and production activities on federal lands may be subject to review under the National Environmental Policy Act (“NEPA”). NEPA requires federal agencies, including the Department of the Interior, to evaluate major agency actions that have the potential to significantly impact the environment. In the course of such evaluations, an agency will prepare an environmental assessment of the potential direct, indirect and cumulative impacts of a proposed project and, if necessary, will prepare a more detailed environmental impact statement that may be made available for public review and comment. All of our activities and our customers’ current E&P activities, as well as proposed exploration and development plans, on federal lands require governmental permits that are subject to the requirements of NEPA. The NEPA review process has the potential to delay the permitting and subsequent development of oil and natural gas projects.

Various state and federal statutes prohibit certain actions that adversely affect endangered or threatened species and their habitat, migratory birds, wetlands and natural resources. These statutes include the Endangered Species Act, the Migratory Bird Treaty Act, the Clean Water Act and CERCLA. Government entities or private parties may act to prevent oil and gas exploration activities or seek damages where harm to species, habitat or natural resources may result from the filling of jurisdictional streams or wetlands, the construction of oil and gas facilities or the release of oil, wastes, hazardous substances or other regulated materials. The U.S. Fish and Wildlife Service must also designate the species’ critical habitat and suitable habitat as part of the effort to ensure survival of the species. A critical habitat or suitable habitat designation could result in further material restrictions to land use and may materially delay or prohibit land access for oil and natural gas development. If our customers were to have areas within their business and operations designated as critical or suitable habitat or a protected species, it could decrease demand for our services and have a material adverse effect on our business. At this time, it is not possible to estimate the potential impact on our business of these speculative federal, state or private actions or the enactment of additional federal or state legislation or regulations with respect to these matters.

More stringent laws and regulations relating to climate change may be adopted in the future and could cause us to incur additional operating costs or reduce the demand for our services. The EPA has determined that emissions of carbon dioxide, methane, and other greenhouse gases (“GHGs”) present an endangerment to the environment because emissions of such gases are, according to the EPA and many scientists, contributing to the warming of the earth’s atmosphere and other climatic changes. Based on these findings, EPA has adopted regulations that restrict emissions of GHGs under existing provisions of the CAA, including rules that require preconstruction and operating permit reviews for GHG emissions from certain large stationary sources.

The EPA has proposed and finalized a number of rules requiring various industry sectors to track and report, and, in some cases, control greenhouse gas emissions. The EPA has also adopted rules requiring the monitoring and reporting of GHG emissions from specified GHG sources, including, among others, certain oil and natural gas production facilities, on an annual basis. Implementation and status of 2016 final rules that establish new air emission controls for emissions of methane from certain equipment and processes in the oil and natural gas source category, including production, processing transmission and storage activities. The EPA’s final rule package included first-time standards to address emissions of methane from equipment and processes across the source category, including hydraulically fractured oil and natural gas well completions. However, regulatory developments to ease or rescind these rules have created uncertainty as to their impact on the oil and gas industry.

The trajectory of future greenhouse regulations remains unsettled. In March 2014, the White House announced its intention to consider further regulation of methane emissions from the oil and gas sector. It is unclear whether Congress will take further action on greenhouse gases, for example, to further regulate greenhouse gas emissions or alternatively to statutorily limit the EPA’s authority over greenhouse gases. However, almost one-half of the states have established or joined GHG cap and trade programs. Most of these cap and trade programs work by requiring major sources of emissions or major producers of fuels, to acquire and surrender emission allowances. The number of allowances available for purchase is reduced each year in an effort to achieve the overall greenhouse gas emission reduction goal. Restrictions on emissions of methane or carbon dioxide that may be imposed in various states could adversely affect the oil and natural gas industry and, therefore, could reduce the demand for our products and services.

Recently, activists concerned about the potential effects of climate change have directed their attention at sources of funding for fossil-fuel energy companies, which has resulted in certain financial institutions, funds and other sources of capital restricting or eliminating their investment in oil and natural gas activities. Ultimately, this could make it more difficult to secure funding for exploration and production activities, which could have a material adverse effect on our business and results of operations. Moreover, incentives to conserve energy or use alternative energy sources as a means of addressing climate change could reduce demand for the oil and natural gas our customers produce. Finally, it should be noted that many scientists have concluded that increasing concentrations of GHGs in the earth’s atmosphere may produce climatic changes that have significant physical effects, such as increased frequency and severity of storms, droughts, and floods and other climatic events; if any such effects were to occur, they could have an adverse effect on our assets and operations.

Climate change regulation may also impact our business positively by increasing demand for natural gas for use in producing electricity and as a transportation fuel. Currently, our operations are not materially adversely impacted by existing state and local climate change initiatives. At this time, we cannot accurately estimate how potential future laws or regulations addressing greenhouse gas emissions would impact our business.

Safety is our highest priority, and we believe we are among the safest service providers in the industry. For example, we achieved a total recordable incident rate of 0.68 in 2019, which is substantially less than the industry average of 1.07 from 2015 to 2018. We believe total recordable incident rate is a reliable measure of safety performance.

We are subject to the requirements of the federal Occupational Safety and Health Act, which is administered and enforced by the Occupational Safety and Health Administration, commonly referred to as OSHA, and of comparable state laws 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. We believe that our operations are in substantial compliance with the OSHA requirements, including general industry standards, record keeping requirements and monitoring of occupational exposure to regulated substances. OSHA continues to evaluate worker safety and to propose new regulations, such as but not limited to, the new rule regarding respirable silica sand, which requires the oil and gas industry to implement engineering controls and work practices to limit exposures below the new limits by June 23, 2021.

Among the services we provide, we operate as a motor carrier and therefore are subject to regulation by the United States Department of Transportation (“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 testing and specification of equipment and product handling requirements. 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, changes in the hours of service regulations which govern the amount of time a driver may drive in any specific period and requiring onboard black box recorder devices or limits on vehicle weight and size, and setting minimum training standards for new drivers seeking a commercial driver’s license. Certain motor vehicle operators are required to register with the DOT. This registration requires an acceptable operating record. The DOT periodically conducts compliance reviews and may revoke registration privileges based on certain safety performance criteria, and a revocation could result in a suspension of operations.

Interstate motor carrier operations are subject to safety requirements prescribed by DOT. To a large degree, intrastate motor carrier operations are subject to safety regulations that 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.

In addition, some of our operations utilize equipment that contains sealed, low-grade radioactive sources. Our activities involving the use of radioactive materials are regulated by the United States Nuclear Regulatory Commission (“NRC”) and state regulatory agencies under agreement with the NRC. Standards implemented by these regulatory agencies require us to obtain licenses or other approvals for the use of such radioactive materials. We believe that we have obtained these licenses and approvals as necessary and applicable. Numerous governmental agencies issue regulations to implement and enforce these laws, for which compliance is often costly and difficult. The violation of these laws and regulations may result in the denial or revocation of permits, issuance of corrective action orders, injunctions prohibiting some or all of our operations, assessment of administrative and civil penalties, and even criminal prosecution. In addition, releases of radioactive material could result in substantial remediation costs and potentially expose us to third-party property damage or personal injury claims.

We seek to minimize the possibility of a pollution event through equipment and job design, as well as through training of employees. We also maintain a pollution risk management program that is activated in the event a pollution event occurs. This program includes an internal emergency response plan that provides specific procedures for our employees to follow in the event of a chemical release or spill. In addition, we have contracted with several third-party emergency responders in our various operating areas that are available on a 24-hour basis to handle the remediation and clean-up of any chemical release or spill. We carry insurance designed to respond to fortuitous environmental pollution events. This insurance portfolio has been structured in an effort to address pollution incidents that result in bodily injury or property damage and any ensuing clean up required at our owned facilities, as a result of the mobilization and utilization of our fleets, as well as any environmental claims resulting from our operations.

We also seek to manage environmental liability risks through provisions in our contracts with our customers that generally allocate risks relating to surface activities associated with the hydraulic fracturing process, other than water disposal, to us and risks relating to “down-hole” liabilities to our customers. Our customers are responsible for the disposal of the fracturing fluid that flows back out of the well as waste water, for which they use a controlled flow-back process. We are not involved in that process or the disposal of the resulting fluid. Our contracts generally require our customers to indemnify us against pollution and environmental damages originating below the surface of the ground or arising out of water disposal, or otherwise caused by the customer, other contractors or other third parties. In turn, we generally indemnify our customers for pollution and environmental damages originating at or above the surface caused solely by us. We seek to maintain consistent risk-allocation and indemnification provisions in our customer agreements to the extent possible. Some of our contracts, however, contain less explicit indemnification provisions, which typically provide that each party will indemnify the other against liabilities to third parties resulting from the indemnifying party’s actions, except to the extent such liability results from the indemnified party’s gross negligence, willful misconduct or intentional act.

Overall, we do not anticipate that compliance with existing environmental laws and regulations will have a material effect on our financial condition or results of operations. It is possible, however, 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.

Insurance

Our operations are subject to hazards inherent in the oil and natural gas industry, including blowouts, explosions, cratering, fires, oil spills, surface and underground pollution and contamination, hazardous material spills, loss of well control, damage to or loss of the wellbore, formation or underground reservoir, damage or loss from the use of explosives and radioactive materials, and damage or loss from inclement weather or natural disasters. These conditions can cause personal injury or loss of life, damage to or destruction of property, equipment, the environment and wildlife, and interruption or suspension of operations, among other adverse effects. In addition, claims for loss of oil and natural gas production and damage to formations can occur in the well services industry.

Additionally, our business involves, and is subject to hazards associated with, the transportation of heavy equipment and materials, as well as heavily regulated explosive and radioactive materials. Regularly having a significant number of both commercial and non-commercial motor vehicles on the road creates a high risk of vehicle accidents. The occurrence of a serious accident involving our employees, equipment and/or services, could result in our being named as a defendant to a lawsuit asserting significant claims, and we may also be liable to indemnify certain third-parties, specifically including its customers, for large claims for damages in situations where our employees, equipment and/or services were involved.

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

We carry a variety of insurance coverages for our operations, and we are partially self-insured for certain claims, in amounts that we believe to be customary and reasonable. However, our insurance may not be sufficient to cover any particular loss or may not cover all losses. Historically, insurance rates have been subject to various market fluctuations that may result in less coverage, increased premium costs, or higher deductibles or self-insured retentions.

Availability of filings

Our Annual reports on Form 10-K, Quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are made available free of charge on our internet web site at www.nextierofs.com, as soon as reasonably practicable after we have electronically filed the material with, or furnished it to, the Securities and Exchange Commission (the "SEC"). The SEC maintains an internet site that contains our reports, proxy and information statements and our other SEC filings. The address of that web site is https://www.sec.gov/.

We webcast our earnings calls and certain events we participate in or host with members of the investment community on our investor relations website at https://investors.nextierofs.com/ir-home. Additionally, we provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events, press and earnings releases and blogs as part of our investor relations website. We have used, and intend to continue to use, our investor relations website as means of disclosing material information and for complying with our disclosure obligations under Regulation Fair Disclosure. Further corporate governance information, including our certificate of incorporation, bylaws, governance guidelines, board committee charters and code of business conduct and ethics, is also available on our investor relations website under the heading "Corporate Governance." The contents of our websites are not intended to be incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

Item 1A. Risk Factors

RISK FACTORS

An investment in our securities involves a variety of risks. In addition to the other information included or incorporated by reference in this annual report, the following risk factors should be carefully considered, as they could have a significant adverse impact on our business, financial condition and results of operations. These risks could cause our future results to differ materially from historical results and from guidance we may provide regarding our expectations of future financial performance. These risk factors do not identify all risks that we face; our operations could also be affected by factors, events, or uncertainties that are not presently known to us or that we currently do not consider to present significant risks to our operations. In addition, the global economic climate amplifies many of these risks. All forward-looking statements made by us or on our behalf are qualified by the risks described below.

Risks Related to Our Industry

Our business is cyclical and depends on spending and well completions by the onshore oil and natural gas industry predominately in the United States, and the level of such activity is volatile. Our business has been, and may continue to be, adversely affected by industry and financial market conditions that are beyond our control.

Our business is cyclical, and we depend on the willingness of our customers to make expenditures to explore for, develop and produce oil and natural gas from onshore unconventional resources located predominantly in the United States ("U.S."). The willingness of our customers to undertake these activities depends largely upon prevailing industry and financial market conditions that are influenced by numerous factors over which we have no control, including:

- prices and expectations about future prices for oil and natural gas;
- domestic and foreign supply of, and demand for, oil and natural gas and related products;
- the level of global and domestic oil and natural gas inventories;
- the supply of and demand for hydraulic fracturing and other oilfield services and equipment in the U.S. and the areas in which we operate;
- the cost of exploring for, developing, producing and delivering oil and natural gas;
- the availability of adequate pipeline, storage and other transportation capacity;
- lead times associated with acquiring equipment and products and availability of qualified personnel;
- the rates at which new oil and natural gas reserves are discovered;
- federal, state and local regulation of hydraulic fracturing and other oilfield service activities, as well as exploration and production activities, including public pressure on governmental bodies and regulatory agencies to regulate our industry;
- the availability of water resources, suitable proppant and chemicals in sufficient quantities for use in hydraulic fracturing fluids;
- geopolitical developments, political instability and recent (and potential future) armed hostilities in oil and natural gas producing countries;
- actions of the Organization of the Petroleum Exporting Countries ("OPEC"), its members and other state-controlled oil companies relating to oil price and production controls;

- advances in exploration, development and production technologies or in technologies affecting energy consumption;
- the price and availability of alternative fuels and energy sources;
- disruptions due to natural disasters, unexpected or extreme weather conditions, public health crises (such as coronavirus) and similar factors;
- merger and divestiture activity amongst oil and natural gas producers;
- uncertainty in capital and commodities markets and the ability of oil and natural gas producers and oil and natural gas midstream operators to raise equity capital and debt financing;
- investor and activist focus on corporate social responsibility and sustainability; and
- U.S. federal, state and local and non-U.S. governmental regulations and taxes.

The volatility of the oil and natural gas industry and the resulting impact on exploration and production activity could adversely impact the level of drilling and completion activity by some of our customers. This volatility may result in a decline in the demand for our services or adversely affect the price of our services. In addition, material declines in oil and natural gas prices, or drilling or completion activity in the U.S. oil and natural gas shale regions, could have a material adverse effect on our business, financial condition, prospects, results of operations and cash flows. Furthermore, a decrease in the development of oil and natural gas reserves in the U.S. may also have an adverse impact on our business, even in an environment of strong oil and natural gas prices.

A decline in or substantial volatility of crude oil and natural gas commodity prices could adversely affect the demand for our services.

The demand for our services is substantially influenced by current and anticipated crude oil and natural gas commodity prices, the related level of drilling and completion activity and general production spending in the areas in which we have operations. Volatility or weakness in crude oil and natural gas commodity prices (or the perception that crude oil and natural gas commodity prices will decrease) affects the operational and capital spending patterns of our customers, and the products and services we provide are, to a substantial extent, deferrable in the event oil and natural gas companies reduce capital expenditures. During periods of declining oil and natural gas prices, or when pricing remains depressed, our customer base may experience significant declines in drilling, completion and production activities, which in turn may result in reduced utilization and increased competition and pricing pressure to varying degrees across our service lines and operating areas.

Historically, prices for crude oil and natural gas have been extremely volatile, and these prices are expected to experience continued volatility. For example, since 2014, crude oil prices have ranged from a high of $107.95 per barrel in 2014 to a low of $44.48 per barrel in late December 2018. During 2019, NYMEX crude oil prices ranged from approximately $46.31 to $66.24 per barrel, with natural gas prices ranging from $1.75 per million British thermal units (“MMbtu”) to $4.25 per MMbtu. Continued price volatility for oil and natural gas is expected during 2020.

Worldwide military, political and economic events, including initiatives by OPEC, affect both the demand for, and the supply of, oil and natural gas. Weather conditions, governmental regulation (both in the United States and elsewhere), levels of consumer demand, commercial development of economically viable alternative energy sources (such as wind, solar, geothermal, tidal, fuel cells and biofuels), fuel conservation measures, the availability of pipeline capacity and other factors that will be beyond our control may also affect the supply of, demand for, and price of oil and natural gas. This, in turn, could result in lower demand for our services and cause lower pricing and utilization levels for our services.

Adverse weather conditions could impact demand for our services or materially impact our costs.

Our business could be materially adversely affected by adverse weather conditions. Our operations and the operations of our customers may be adversely affected by seasonal weather conditions, severe weather events and natural disasters. For example, periods of drought, hurricanes, tropical storms, heavy snow, ice or rain may result in customer delays and other disruptions to our services, including availability of key products such as sand and water. Repercussions of adverse weather conditions may include:

- curtailment of services;
- weather-related damage to facilities and equipment, resulting in delays in operations;
- inability to deliver equipment, personnel and products to job sites in accordance with contract schedules;
- increase in the price of key products or insurance; and
- loss of productivity.

Competition and availability of excess equipment within the oilfield services industry may adversely affect our ability to market and price our services.

The oilfield services industry is highly competitive. The principal competitive tactics in our markets are generally price, technical expertise, the availability and condition of equipment, work force capability, safety record, reputation and experience. Furthermore, as a result of this competition, available equipment in the markets in which one or more of our product lines competes at times may exceed the demand for such equipment. This excess supply of equipment may result from many factors, including without limitation, a low commodity price environment, increase in the construction of new equipment, or reactivation and improvement of existing equipment. Excess capacity may result in (1) substantial competition for a diminishing amount of demand and/or (2) significant price competition, which could have a material adverse effect on our results of operations, financial condition and prospects.

The oilfield services industry is highly fragmented and includes several large companies that compete in many of the markets we serve, as well as numerous small companies that compete with us on a local basis. Some of our competitors may have greater resources and/or name recognition, which could allow them to better withstand industry downturns and to compete more effectively on the basis of technology, geographic scope, retained skilled personnel and economies of scale. In addition, our industry has experienced recent consolidation through mergers and acquisitions, which could lead to increased resources and capabilities for our competitors. There may also 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 future customers may develop their own oilfield solutions. Our operations may be adversely affected if our current competitors or new market entrants introduce new products, technology or services with better features, performance, prices or other characteristics than our products and services or expand in service areas where we operate.

We periodically seek to increase prices of our services to offset rising costs and to generate higher returns for our stockholders. Because we operate in a very competitive industry, however, we are not always successful in raising or maintaining our existing prices. Even if we are able to increase our prices, we may not be able to do so at a rate that is sufficient to offset rising costs without adversely affecting our activity levels. The inability to maintain our pricing and to increase our pricing could have a material adverse effect on our business, financial condition, cash flows and results of operations. In addition, we may be unable to replace dedicated contracts that were terminated early, extend expiring contracts or obtain new contracts in the spot market, and the rates and other material terms under any new or extended contracts may be on substantially less favorable rates and terms.

Accordingly, high competition and excess equipment in the market can cause us to have difficulty maintaining pricing, utilization and profit margins and, at times, result in operating losses. We cannot predict the future level of competition or excess equipment in the oil and natural gas service businesses or the level of demand for our services.

Our operations are subject to hazards inherent in the energy services industry.

Risks inherent to our industry can cause personal injury, loss of life, suspension of or impact upon operations, damage to geological formations, damage to facilities, business interruption and damage to, or destruction of, property, equipment and the environment. Such risks may include, but are not limited to:

- equipment defects;
- vehicle accidents;
- fires, explosions and uncontrollable flows of gas or well fluids;
- unusual or unexpected geological formations or pressures and industrial accidents;
- blowouts;
- cratering;
- loss of well control;
- collapse of the borehole; and
- damaged or lost drilling and well completions equipment.

Catastrophic or significantly adverse events can occur at well sites where we conduct our operations, including blow outs resulting in explosions, fires, personal injuries, property damage, pollution, clean-up responsibility and regulatory responsibility. In response, we typically require indemnities, releases and limitations on liability in our contracts with our customers, together with liability insurance coverage, to protect us from potential liability related to such occurrences. However, it is possible that customers or insurers could seek to avoid or be financially unable to meet their obligations, or a court may decline to enforce such provisions. Damages that are not indemnified or released could greatly exceed available insurance coverage and could have a material adverse effect on our business, financial condition, prospects and results of operations.

Catastrophic or significantly adverse events can also occur at our facilities and during transport of our equipment, commodities and personnel to well sites. Our safety procedures may not always prevent such damages. Our insurance coverage or coverage of applicable vendors and service providers may be inadequate to cover our liabilities. In addition, we may not be able to maintain adequate insurance in the future at rates we consider reasonable and commercially justifiable or on terms as favorable as our current arrangements. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits maintained by us or a claim at a time when we are not able to obtain liability insurance could have a material adverse effect on our ability to conduct normal business operations and on our financial condition, results of operations and cash flows.

In addition, our services could become a source of spills or releases of fluids, including chemicals used during activities, at the site where such services are performed, or could result in the discharge of such fluids into underground formations that were not targeted for fracturing or activities, such as potable aquifers. These risks could expose us to substantial liability for personal injury, wrongful death, property damage, loss of oil and natural gas production, pollution and other environmental damages and could result in a variety of claims, losses and remedial obligations that could have an adverse effect on our business and results of operations. The existence, frequency and severity of such incidents could affect operating costs, insurability, reputation and relationships with customers, employees and regulators. Any litigation or claims, even if fully indemnified or insured, could negatively affect our reputation with our customers and the public and make it more difficult for us to compete effectively or obtain adequate insurance in the future.

Competition among oilfield service and equipment providers is affected by each provider's reputation for environmental impact, safety and quality.

Our activities are subject to a wide range of national, state and local environmental, occupational health and safety laws and regulations. In addition, customers maintain their own compliance and reporting requirements. Failure to comply with these environmental, health and safety laws and regulations, or failure to comply with our customers' compliance or reporting requirements, could tarnish our reputation for safety and quality and have a material adverse effect on our competitive position. In particular, our customers may elect not to purchase our services if they view our environmental or safety record as unsatisfactory, which could cause us to lose customers and substantial revenue.

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

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

New technology may cause us to become less competitive.

The oilfield services industry is subject to the introduction of new drilling and completion techniques and services using new technologies, some of which may be subject to patent or other intellectual property protections. As competitors and others use or develop new or comparable technologies in the future, we may lose market share or be placed at a competitive disadvantage. In addition, technological changes, process improvements and other factors that increase operational efficiencies could continue to result in oil and natural gas wells being completed more quickly, which could reduce the number of revenue earning days. Furthermore, we may face competitive pressure to develop, implement or acquire certain new technologies at a substantial cost. Some of our competitors have greater financial, technical and personnel resources that may allow them to enjoy technological advantages and develop and implement new products on a timely basis or at an acceptable cost. We cannot be certain that we will be able to develop and implement new technologies or products on a timely basis or at an acceptable cost. Limits on our ability to develop, acquire, effectively use and implement new and emerging technologies may have a material adverse effect on our business, financial condition, prospects or results of operations.

We are subject to federal, state and local laws and regulations regarding issues of health, safety and protection of the environment. Under these laws and regulations, we may become liable for penalties, damages or costs of remediation or other corrective measures. Any changes in laws or government regulations could increase our costs of doing business.

Our operations are subject to stringent federal, state, local and tribal laws and regulations relating to, among other things, protection of natural resources, clean air and drinking water, wetlands, endangered species, greenhouse gasses, areas that are not in attainment with air quality standards, the environment, health and safety, chemical use and storage, waste management, waste disposal and transportation of waste and other hazardous and nonhazardous materials. Our operations involve risks of environmental liability, including leakage from an operator's casing during our operations or accidental spills onto or into surface or subsurface soils, surface water or groundwater. Some environmental laws and regulations may impose strict liability, joint and several liability or both. In some situations, we could be exposed to liability as a result of our conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, third parties without regard to whether we caused or contributed to the conditions. Additionally, environmental concerns, including potential emissions affecting clean air, drinking water contamination and seismic activity, have prompted investigations that could lead to the enactment of regulations, limitations, restrictions or moratoria that could potentially have a material adverse impact on our business. Actions arising under these laws and regulations could result in the shutdown of our operations, fines and penalties (administrative, civil or criminal), revocations of or restrictions in permits to conduct business, expenditures for remediation or other corrective measures and/or claims for liability for property damage, exposure to hazardous materials, exposure to hazardous waste, nuisance or personal injuries. Sanctions for noncompliance with applicable environmental laws and regulations may also include the assessment of administrative, civil or criminal penalties, revocation of or restrictions in permits and temporary or permanent cessation of operations in a particular location and issuance of corrective action orders. Such claims or sanctions and related costs could cause us to incur substantial costs or losses and could have a material adverse effect on our business, financial condition, prospects and results of operations. Additionally, an increase in regulatory requirements, limitations, restrictions or moratoria on oil and natural gas exploration and completion activities at a federal, state or local level could significantly delay or interrupt our operations, limit the amount of work we can perform, increase our costs of compliance, or increase the cost of our services; thereby possibly having a material adverse impact on our financial condition.

If we do not perform in accordance with government, industry, customer or our own health, safety and environmental standards, we could lose business from our customers, many of whom have an increased focus on environmental and safety issues.

We are subject to requirements imposed by the EPA, U.S. Department of Transportation, U.S. Nuclear Regulatory Commission, OSHA and state regulatory agencies that regulate operations to prevent air, soil and water pollution, and protect worker health and safety.

The EPA regulates air emissions from all engines, including off-road diesel engines that are used by us to power equipment in the field. Under these U.S. emission control regulations, we could be limited in the number of certain off-road diesel engines we can purchase. Further, the requirement to comply with emission control and fuel quality regulations could result in increased costs.

In addition, as part of our business, we handle, transport, and dispose of a variety of fluids and substances used by our customers in connection with their oil and natural gas exploration and production activities. We also generate and dispose of nonhazardous and hazardous wastes. The generation, handling, transportation, and disposal of these fluids, substances, and wastes are regulated by a number of laws, including CERCLA, RCRA, the Clean Water Act, the SDWA and analogous state laws. Under RCRA, the generation, transportation, treatment, storage, disposal and cleanup of hazardous and non-hazardous wastes are regulated. RCRA currently exempts many oil and gas exploration and production wastes from classification as hazardous waste. However, these oil and gas exploration and production wastes may still be regulated under state solid waste laws and regulations, and it is possible that certain oil and natural gas exploration and production wastes now classified as non-hazardous could be classified as hazardous waste in the future.

Failure to properly handle, transport or dispose of these materials or otherwise conduct our operations in accordance with these and other environmental laws could expose us to liability for governmental penalties, third-party claims, cleanup costs associated with releases of such materials, damages to natural resources, and other damages, as well as potentially impair our ability to conduct our operations. Moreover, certain of these environmental laws impose joint and several, strict liability even though our conduct in performing such activities was lawful at the time it occurred or the conduct of, or conditions caused by, prior operators or other third-parties was the basis for such liability. In addition, environmental laws and regulations are subject to frequent change and if existing laws, regulatory requirements or enforcement policies were to change in the future, we may be required to make significant unanticipated capital and operating expenditures.

Laws and regulations protecting the environment generally have become more stringent over time, and we expect them to continue to do so. This could lead to material increases in our costs, and liability exposure, for future environmental compliance and remediation.

Federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing could prohibit, restrict or limit hydraulic fracturing operations, could increase our operating costs or could result in the disclosure of proprietary information resulting in competitive harm.

During recent sessions of the U.S. Congress, several pieces of legislation were introduced in the U.S. Senate and House of Representatives for the purpose of amending environmental laws such as the Clean Air Act, the SDWA and the Toxic Substances Control Act with respect to activities associated with extraction and energy production industries, especially the oil and gas industry. Furthermore, various items of legislation and rulemaking have been proposed that would regulate or prevent federal regulation of hydraulic fracturing on federally owned land. Proposed rulemaking from the EPA and OSHA could increase our regulatory requirements, which could increase our costs of compliance or increase the costs of our services, thereby possibly having a material adverse impact on our business and results of operations.

If the EPA or another federal or state agency asserts jurisdiction over certain aspects of hydraulic fracturing operations, an additional level of regulation established at the federal or state level could lead to operational delays and increase our costs. In December 2016, the EPA issued a study of the potential impacts of hydraulic fracturing on drinking water and groundwater. The EPA report states that there is scientific evidence that hydraulic fracturing activities can impact drinking resources under some circumstances, and identifies certain conditions in which the EPA believes the impact of such activities on drinking water and groundwater can be more frequent or severe. The EPA study could spur further initiatives to regulate hydraulic fracturing under the SDWA or otherwise. Many regulatory and legislative bodies routinely evaluate the adequacy and effectiveness of laws and regulations affecting the oil and gas industry. As a result, state legislatures, state regulatory agencies and local municipalities may consider legislation, regulations or ordinances, respectively, that could affect all aspects of the oil and natural gas industry and occasionally take action to restrict or further regulate hydraulic fracturing operations. At this time, it is not possible to estimate the potential impact on our business of these state and municipal actions or the enactment of additional federal or state legislation or regulations affecting hydraulic fracturing. Compliance, stricter regulations or the consequences of any failure to comply by us could have a material adverse effect on our business, financial condition, prospects and results of operations.

Many states in which we operate require the disclosure of some or all of the chemicals used in our hydraulic fracturing operations. Certain aspects of one or more of these chemicals may be considered proprietary by us or our chemical suppliers. Disclosure of our proprietary chemical information to third parties or to the public, even if inadvertent, could diminish the value of our trade secrets or those of our chemical suppliers and could result in competitive harm to us, which could have an adverse impact on our business, financial condition, prospects and results of operations.

We are also aware that some states, counties and municipalities have enacted or are considering moratoria on hydraulic fracturing. For example, New York and Vermont, states in which we have no operations, have banned or are in the process of banning the use of high-volume hydraulic fracturing. Alternatively, some municipalities are considering or have considered zoning and other ordinances, the conditions of which could impose a de facto ban on drilling and/or hydraulic fracturing operations. Further, some states, counties and municipalities are closely examining water use issues, such as permit and disposal options for processed water, which could have a material adverse impact on our financial condition, prospects and results of operations, if such additional permitting requirements are imposed upon our industry. Additionally, our business could be affected by a moratorium or increased regulation of companies in our supply chain, such as sand mining by our proppant suppliers, which could limit our access to supplies and increase the costs of our raw materials. At this time, it is not possible to estimate how these various restrictions could affect our ongoing operations.

Existing or future laws and regulations related to greenhouse gases and climate change could have a negative impact on our business and may result in additional compliance obligations with respect to the release, capture and use of carbon dioxide that could have a material adverse effect on our business, results of operations, prospects and financial condition.

Changes in environmental requirements related to greenhouse gases and climate change may negatively impact demand for our services. For example, oil and natural gas exploration and production may decline as a result of environmental requirements, including land use policies responsive to environmental concerns. Federal, state and local agencies have been evaluating climate-related legislation and other regulatory initiatives that would restrict emissions of greenhouse gases in areas in which we conduct business. Because our business depends on the level of activity in the oil and natural gas industry, existing or future laws and regulations related to emissions of greenhouse gases and climate change, including incentives to conserve energy or use alternative energy sources, could have a negative impact on our business if such laws or regulations reduce demand for oil and natural gas. Likewise, such restrictions may result in additional compliance obligations with respect to the release, capture, sequestration and use of carbon dioxide that could have a material adverse effect on our business, results of operations, prospects and financial condition.

Additionally, increasing political and social attention to global climate change has resulted in pressure upon shareholders, financial institutions and/or financial markets to modify their relationships with oil and gas companies and to limit investments and/or funding to such companies, which could increase our costs or otherwise adversely affect our business and results of operations.

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

We are subject to various transportation regulations, including regulation of motor carriers by the U.S. Department of Transportation and by various federal, state and tribal agencies, whose regulations include certain permit requirements imposed by 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 and limits on vehicle weight and size. As 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. Our operations, including routing and weight restrictions, could be affected by road construction, road repairs, detours and state and local regulations and ordinances restricting access to certain roads. Proposals to increase federal, state 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 could be negatively impacted by the recent outbreak of coronavirus (COVID-19).

In light of the uncertain and rapidly evolving situation relating to the spread of the coronavirus (COVID-19), this public health concern could pose a risk to our employees, our customers, our vendors and the communities in which we operate, which could negatively impact our business. The extent to which the coronavirus (COVID-19) may impact our business will depend on future developments, which are highly uncertain and cannot be predicted at this time. We may experience an impact to the timing and availability of key products from suppliers, customer shutdowns to prevent spread of the virus, employee impacts from illness, school closures and other community response measures, all of which could negatively impact our business. We continue to monitor the situation and may adjust our current policies and practices as more information and guidance become available.

Risks Related to Our Recent Merger

We may not be able to retain customers or suppliers or customers or suppliers may seek to modify contractual obligations with us, which could have an adverse effect on our business and operations. Third parties may terminate or alter existing contracts or relationships with us.

As a result of the C&J Merger, we may experience impacts on relationships with customers and suppliers that may harm our business and results of operations. Certain customers or suppliers may seek to terminate or modify contractual obligations following the C&J Merger whether or not contractual rights are triggered as a result of the C&J Merger. There can be no guarantee that customers and suppliers will remain with or continue to have a relationship with us or do so on the same or similar contractual terms following the C&J Merger. If any customers or suppliers seek to terminate or modify contractual obligations or discontinue the relationship with us, then our business and results of operations may be harmed. Furthermore, we do not have long-term arrangements with many of our significant suppliers. If our suppliers were to seek to terminate or modify an arrangement with us, then we may be unable to procure necessary supplies from other suppliers in a timely and efficient manner and on acceptable terms, or at all.

Combining the businesses of legacy Keane and C&J may be more difficult, costly or time-consuming than expected and we may fail to realize the anticipated benefits of the C&J Merger, which may adversely affect our business results and negatively affect the value of our common stock.

The success of the C&J Merger will depend on, among other things, our ability to combine the legacy Keane and C&J in a manner that realizes cost savings and facilitates growth opportunities. However, we must successfully integrate the legacy Keane and C&J businesses in a manner that permits these benefits to be realized. In addition, we must achieve the cost savings and anticipated growth without adversely affecting current revenues and investments in future growth. If we are not able to successfully achieve these objectives, the anticipated benefits of the C&J Merger may not be realized fully, or at all, or may take longer to realize than expected.

An inability to realize the full extent of the anticipated benefits of the C&J Merger and the other transactions contemplated by the C&J Merger Agreement, as well as any delays encountered in the integration process, could have an adverse effect upon our revenues, level of expenses and operating results of the Company, which may adversely affect the value of our common stock.

In addition, the actual integration may result in additional and unforeseen expenses and may cost more than anticipated, and the anticipated benefits of the integration plan may not be realized. Actual cost savings, if achieved, may be lower than what we expect and may take longer to achieve than anticipated. If we are not able to adequately address integration challenges, it may be unable to successfully integrate the operations of legacy Keane and C&J or realize the anticipated benefits of the integration of the two companies.

The failure to successfully integrate the businesses and operations of the Company and C&J in the expected time frame may adversely affect the Company's future results.

There can be no assurances that the businesses of the Company and C&J can be integrated successfully. It is possible that the integration process could result in the loss of key employees, the loss of customers, the disruption of ongoing businesses, inconsistencies in standards, controls, procedures and policies, unexpected integration issues, higher than expected integration costs and an overall post-completion integration process that takes longer than originally anticipated. Specifically, the following issues, among others, must be addressed in integrating the operations of the two businesses in order to realize the anticipated benefits of the C&J Merger so the Company performs as expected:

- combining the businesses operations and corporate functions of the Company and C&J, in a manner that permits the Company to achieve any cost savings or revenue synergies anticipated to result from the C&J Merger, the failure of which would result in the anticipated benefits of the C&J Merger not being realized in the time frame currently anticipated or at all;

- reducing additional and unforeseen expenses to prevent integration costs from more than anticipated;

- avoiding delays in the integration process;
- integrating personnel from the two companies and retaining key employees;
- integrating the companies' technologies;
- integrating and standardizing the offerings and services available to customers;
- identifying and eliminating redundant and underperforming functions and assets;
- harmonizing the companies' operating practices, employee development and compensation programs, internal controls and other policies, procedures and processes;
- maintaining existing agreements with customers, distributors, providers and vendors and avoiding delays in entering into new agreements with prospective customers, distributors, providers and vendors;
- addressing possible differences in business backgrounds, corporate cultures and management philosophies;
- consolidating the companies' administrative and information technology infrastructure;
- coordinating distribution and marketing efforts;
- managing the movement of certain positions to different locations; and
- effecting actions that may be required in connection with obtaining regulatory approvals.

In addition, at times the attention of certain members of the Company's management and resources may be focused on the integration of the businesses of the two companies and diverted from day-to-day business operations or other opportunities that may have been beneficial to the Company, which may disrupt the business of the Company.

Furthermore, the Company's board of directors and executive leadership of the Company consists of former directors and executive officers from each of the Company and C&J. Combining the boards of directors and management teams of each company into a single board and a single management team could require the reconciliation of differing priorities and philosophies.

Risks Related to Our Business

The loss of one or more significant customers could adversely affect our financial condition, prospects and results of operations.

Our business, financial condition, prospects and results of operations could be materially adversely affected, if one or more of our significant customers ceases to engage us for our services on favorable terms or at all, or fails to pay or delays in paying us significant amounts of our outstanding receivables. Our completions business has historically had contracts with a portion of our customers that are annual to multi-year.

Additionally, the E&P industry is characterized by frequent consolidation activity. Changes in ownership of our customers may result in the loss of, or reduction in, business from those customers, which could materially and adversely affect our business, financial condition, prospects or results of operations.

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

We are subject to the risk of loss resulting from nonpayment or nonperformance by our customers, many of whose operations are concentrated solely in the domestic E&P industry which, as described above, is subject to volatility and, therefore, credit risk. Our credit procedures and policies may not be adequate to fully reduce customer credit risk. If we are unable to adequately assess the creditworthiness of existing or future customers or unanticipated deterioration in their creditworthiness, any resulting increase in nonpayment or nonperformance by them and our inability to re-market or otherwise use our equipment could have a material adverse effect on our business, financial condition, prospects and results of operations.

Our assets require significant amounts of capital for maintenance, upgrades and refurbishment and may require significant capital expenditures for new equipment.

Our hydraulic fracturing fleets and other service-related equipment require significant capital investment in maintenance, upgrades and refurbishment to maintain their competitiveness. Our fleets and other equipment typically do not generate revenue while they are undergoing maintenance, refurbishment or upgrades. Any maintenance, upgrade or refurbishment project for our assets could increase our indebtedness or reduce cash available for other opportunities. Furthermore, such projects may require proportionally greater capital investments as a percentage of total asset value, which may make such projects difficult to finance on acceptable terms. To the extent we are unable to fund such projects, we may have less equipment available for service, or our equipment may not be attractive to potential or current customers. Additionally, increased demand, competition, environmental and safety requirements or advances in technology within our industry may require us to update or replace existing fleets or build or acquire new fleets. For example, in 2018, we purchased approximately 150,000 newbuild hydraulic horsepower, representing three additional hydraulic fracturing fleets, for approximately $129.4 million. Such demands on our capital or reductions in demand for our hydraulic fracturing fleets and other service-related equipment and the increase in cost to maintain labor necessary for such maintenance and improvement, in each case, could have a material adverse effect on our business, liquidity position, financial condition, prospects and results of operations.

We may be unable to employ a sufficient number of key employees, technical personnel and other skilled or qualified workers.

The delivery of our services and products requires personnel with specialized skills and experience who can perform physically demanding work. As a result of the volatility in the energy service industry and the demanding nature of the work, workers may choose to pursue employment with our competitors or in fields that offer a less demanding work environment. Furthermore, we require full compliance with the Immigration Reform and Control Act of 1986 and other laws concerning immigration and the hiring of legally documented workers. We recognize that foreign nationals may be a valuable source of talent, but that not all foreign nationals are authorized to work for U.S. companies immediately, without first obtaining a required work authorization from the U.S. Department of Homeland Security or similar government agency. Our ability to be productive and profitable will depend upon our ability to employ and retain skilled workers. In addition, our ability to adjust our operations according to geographic demand for our services depends in part on our ability to relocate or increase the size of our skilled labor force. The demand for skilled workers in our areas of operations can be high, the supply may be limited, and we may be unable to relocate our employees from areas of lower utilization to areas of higher demand. A significant increase in the wages paid by competing employers could result in a reduction of our skilled labor force, increases in the wage rates that we must pay, or both. Furthermore, a significant decrease in the wages paid by us or our competitors as a result of reduced industry demand could result in a reduction of the available skilled labor force, and there is no assurance that the availability of skilled labor will improve following a subsequent increase in demand for our services or an increase in wage rates. If any of these events were to occur, our capacity and profitability could be diminished and our growth potential could be impaired.

We depend heavily on the efforts of executive officers, managers and other key employees to manage our operations. The unexpected loss or unavailability of key members of management or technical personnel may have a material adverse effect on our business, financial condition, prospects or results of operations.

Our commitments under supply agreements could exceed our requirements, exposing us to risks including price, timing of delivery and quality of products and services upon which our business relies.

We have purchase commitments with certain vendors to supply a majority of the proppant that we may provide in our operations. Some of these agreements are take-or-pay agreements with minimum purchase obligations. If demand for our hydraulic fracturing services decreases from current levels, demand for the raw materials and products we supply as part of these services will also decrease. If demand decreases enough, we could have contractual minimum commitments that exceed the required amount of goods we need to supply to our customers. In this instance, we could be required to purchase goods that we do not have a present need for, pay for goods that we do not take delivery of or pay prices in excess of market prices at the time of purchase.

Delays in deliveries of key raw materials or increases in the cost of key raw materials could harm our business, results of operations and financial condition.

We have established relationships with a limited number of suppliers of our raw materials (such as proppant, guar, chemicals or coiled tubing) and finished products (such as fluid-handling equipment). Raw materials essential to our business are normally readily available. However, high levels of demand for raw materials, such as gels, guar, proppant and hydrochloric acid, have triggered constraints in the supply chain of those raw materials and could dramatically increase the prices of such raw materials. Should any of our current suppliers be unable to provide the necessary raw materials or finished products or otherwise fail to deliver the products in a timely manner and in the quantities required, any resulting delays in the provision of services could have a material adverse effect on our business, financial condition, results of operations and cash flows. Additionally, increasing costs of certain raw materials, including guar or proppant, may negatively impact demand for our services or the profitability of our business operations. In the past, our industry faced sporadic shortages associated with hydraulic fracturing operations, such as proppant and guar, requiring work stoppages, which adversely impacted the operating results of several competitors. We may not be able to mitigate any future shortages of raw materials, including proppants.

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

Our services are subject to inherent risks that can cause personal injury or loss of life, damage to or destruction of property, equipment or the environment or the suspension of our operations. 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. Litigation arising from operations where our facilities are located, or 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. Further, our insurance has deductibles or self-insured retentions and contains certain coverage exclusions. The current trend in the insurance industry is towards larger deductibles and self-insured retentions. In addition, insurance may not be available in the future at rates that we consider reasonable and commercially justifiable, compelling us to have larger deductibles or self-insured retentions to effectively manage expenses. As a result, we could become subject to material uninsured liabilities or situations where we have high deductibles or self-insured retentions that expose us to liabilities that could have a material adverse effect on our business, financial condition, prospects or results of operations.

Litigation and other proceedings could have a negative impact on our business.

The nature of our business makes us susceptible to legal proceedings and governmental audits and investigations from time to time. In addition, during periods of depressed market conditions, we may be subject to an increased risk of our customers, vendors, current and former employees and others initiating legal proceedings against us that could have a material adverse effect on our business, financial condition and results of operations. Similarly, any legal proceedings or claims, even if fully indemnified or insured, could negatively impact our reputation among our customers and the public, and make it more difficult for us to compete effectively or obtain adequate insurance in the future. See Note *(18) Commitments and Contingencies* of Part II, "**Item 8**. Financial Statements and Supplementary Data" for further discussion of our legal and environmental contingencies for the years ended December 31, 2019, 2018 and 2017.

Delays in obtaining, or inability to obtain or renew, permits or authorizations by our customers for their operations or by us for our operations could impair our business.

In most states, our customers are required to obtain permits or authorizations from one or more governmental agencies or other third parties to perform drilling and completion activities, including hydraulic fracturing. Such permits or approvals are typically required by state agencies, but can also be required by federal and local governmental agencies or other third parties. The requirements for such permits or authorizations vary depending on the location where such drilling and completion activities will be conducted. As with most permitting and authorization processes, there is a degree of uncertainty as to whether a permit will be granted, the time it will take for a permit or approval to be issued and the conditions which may be imposed in connection with the granting of the permit. In some jurisdictions, such as within the jurisdiction of the Delaware River Basin Commission, certain regulatory authorities have delayed or suspended the issuance of permits or authorizations, while the potential environmental impacts associated with issuing such permits can be studied and appropriate mitigation measures evaluated. New York and Vermont, states in which we have no operations, have prohibited hydraulic fracturing statewide. In Texas, rural water districts have begun to impose restrictions on water use and may require permits for water used in drilling and completion activities. Permitting, authorization or renewal delays, the inability to obtain new permits or the revocation of current permits could cause a loss of revenue and potentially have a materially adverse effect on our business, financial condition, prospects or results of operations.

We are also required to obtain federal, state, local and/or third-party permits and authorizations in some jurisdictions in connection with our wireline services. These permits, when required, impose certain conditions on our operations. Any changes in these requirements could have a material adverse effect on our business, financial condition, prospects and results of operations.

We may not be successful in identifying and making acquisitions.

Part of our strategy is to continue to expand our geographic scope and customer relationships, increase our access to technology and to grow our business, which is dependent on our ability to make acquisitions that result in accretive revenues and earnings. We may be unable to make accretive acquisitions or realize expected benefits of any acquisitions for any of the following reasons:

- failure to identify attractive targets;
- incorrect assumptions regarding the future liabilities or future results of acquired operations or assets or expected cost reductions or other synergies expected to be realized as a result of acquiring operations or assets;
- failure to obtain financing on acceptable terms or at all;
- restrictions in our debt agreements;
- failure to successfully integrate the operations or management of any acquired operations or assets (particularly as we undertake the integration of the legacy Keane and C&J businesses);
- failure to retain or attract key employees;
- new or expanded areas of operational risk (such as offshore or international operations) and related costs and demands of any applicable regulatory compliance; and
- diversion of management’s attention from existing operations or other priorities.

Our acquisition strategy requires that we successfully integrate acquired companies into our business practices, as well as our procurement, management and enterprise-wide information technology systems. We may not be successful in implementing our business practices at acquired companies, and our acquisitions could face difficulty in transitioning from their previous information technology systems to our own. Furthermore, unexpected costs and challenges may arise whenever businesses with different operations or management are combined. Any such difficulties, or increased costs associated with such integration, could affect our business, financial performance and operations.

If we are unable to identify, complete and integrate acquisitions, it could have a material adverse effect on our growth strategy, business, financial condition, prospects and results of operations.

Integrating acquisitions may be time-consuming and create costs that could reduce our net income and cash flows.

Part of our strategy includes pursuing acquisitions that we believe will be accretive to our business. If we consummate an acquisition, the process of integrating the acquired business may be complex and time consuming, may be disruptive to the business and may cause an interruption of, or a distraction of management's attention from, the business as a result of a number of obstacles, including, but not limited to:

- a failure of our due diligence process to identify significant risks or issues;
- the loss of customers of the acquired company or our company;
- negative impact on the brands or banners of the acquired company or our company;
- a failure to maintain or improve the quality of our customer service;
- difficulties assimilating the operations and personnel of the acquired company;
- our inability to retain key personnel of the acquired company;
- the incurrence of unexpected expenses and working capital requirements;
- our inability to achieve the financial and strategic goals, including synergies, for the combined businesses;
- difficulty in maintaining internal controls, procedures and policies;
- mistaken assumptions about the overall costs of equity or debt; and
- unforeseen difficulties operating in new product areas or new geographic areas.

Any of the foregoing obstacles, or a combination of them, could decrease gross profit margins or increase selling, general and administrative expenses in absolute terms and/or as a percentage of net sales, which could in turn negatively impact our net income and cash flows. The foregoing obstacles could prove to be especially difficult in light of the C&J Merger since we are a newly combined company in the process of integrating the legacy Keane and C&J businesses.

We may not be able to consummate acquisitions in the future on terms acceptable to us, or at all. In addition, future acquisitions are accompanied by the risk that the obligations and liabilities of an acquired company may not be adequately reflected in the historical financial statements of that company and the risk that those historical financial statements may be based on assumptions which are incorrect or inconsistent with our assumptions or approach to accounting policies. Any of these material obligations, liabilities or incorrect or inconsistent assumptions could adversely impact our results of operations, prospects and financial condition.

If labor costs increase or we fail to attract and retain qualified employees our business, results of operations, cash flows and financial condition may be adversely affected.

The labor markets in the industries in which we operate are competitive. We must attract, train and retain a large number of qualified employees while controlling related labor costs. We face significant competition for these employees from the industries in which we operate as well as from other industries. Tighter labor markets may make it even more difficult for us to hire and retain qualified employees and control labor costs. Our ability to attract qualified employees and control labor costs is subject to numerous external factors, including prevailing wage rates, employee preferences, employment law and regulation, environmental, health and safety regulation, labor relations and immigration policy. A significant increase in competition or cost increase arising from any of the aforementioned factors in may have a material adverse impact on our business, results of operations and financial condition.

A failure of our information technology systems, including the implementation of our new enterprise resource planning system, could have a material adverse effect on our business, financial condition, results of operations and cash flows and could adversely affect the effectiveness of our internal control over financial reporting.

We rely on sophisticated information technology systems and infrastructure to support our business. Any of these systems may be 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. A failure or prolonged interruption in our information technology systems, or difficulties encountered in upgrading our systems or implementing new systems that compromises our ability to meet our customers' needs or impairs our ability to record, process and report accurate information, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are in the process of integrating our enterprise resource planning ("ERP") systems from each of the legacy entities to the C&J Merger that assist with the collection, storage, management and interpretation of data from our business activities to support future growth and to integrate significant processes. Our ERP system is critical to our ability to accurately maintain books and records, record transactions, provide important information to our management and prepare our consolidated financial statements. ERP system integration is complex and time-consuming and involves substantial expenditures on system software and integration activities, as well as changes to business processes and, possibly, adjustments to internal control over financial reporting. The integration of the ERP system may prove to be more difficult, costly, or time consuming than expected, and there can be no assurance that this system will continue to be beneficial to the extent anticipated. Any disruptions, delays or deficiencies in the integration of our ERP system, particularly ones that impact our financial reporting and accounting systems or our ability to provide services, send invoices, track payments or fulfill contractual obligations, could adversely affect our business, financial condition, results of operations and cash flows. Additionally, if the ERP system does not operate as intended, the effectiveness of our internal control over financial reporting could be adversely affected or our ability to assess it adequately could be impacted, which could cause us to fail to meet our reporting obligations.

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

The oil and natural gas industry has become increasingly dependent on digital technologies to conduct certain processing activities. We use these technologies for internal purposes, including data storage (which may include personal identification information of our employees as well as our proprietary business information and that of our customers, suppliers, investors and other stakeholders), processing, and transmissions, as well as in our interactions with customers and suppliers. For example, we depend on digital technologies to perform many of our services and processes and to record operational and financial data. At the same time, cyber incidents, which could include, among other things, deliberate attacks, unintentional events, computer viruses, malicious or destructive code, ransomware, social engineering attacks (including phishing and impersonation), hacking, denial-of-service attacks and other attacks and similar disruptions from the unauthorized use of or access to computer systems, have increased. The U.S. government has issued public warnings that indicate that energy assets might be specific targets of cyber security threats. Our technologies, systems and networks, as well as those of our customers, suppliers and other business partners, may become the target of cyberattacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of proprietary information, personal information and other data, or other disruption of our business operations. In addition, certain cyber incidents, such as unauthorized surveillance, may remain undetected for an extended period of time. Our systems and insurance coverage for protecting against cyber security risks, including cyberattacks, may not be sufficient and may not protect against or cover all of the losses we may experience as a result of the realization of such risks. In addition, these risks could harm our reputation and our relationships with customers, suppliers, employees, and other third-parties, and may result in claims against us, including liability under laws that protect the privacy of personal information. As cyber incidents continue to evolve, we may be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate the effects of cyber incidents.

If we fail to maintain an effective system of internal controls as required by Section 404 of the Sarbanes-Oxley Act of 2002, we may not be able to report our financial results accurately or prevent fraud, which could adversely affect our business and result in material misstatements in our financial statements.

Effective internal controls are necessary for us to provide timely and reliable financial reports, prevent fraud and to operate successfully as a publicly traded company. Our efforts to maintain our internal controls may not be successful, and we may be unable to maintain effective controls over our financial processes and reporting in the future or to comply with our obligations under Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404"). For example, Section 404 requires us, among other things, to annually review and report on, and our independent registered public accounting firm to attest to, the effectiveness of our internal controls over financial reporting. This assessment includes disclosure of any deficiencies or material weaknesses identified by our management in our internal control over financial reporting. Any failure to develop, implement or maintain effective internal controls or to improve our internal controls could harm our operating results, prevent us from identifying future deficiencies and material weaknesses or cause us to fail to meet our reporting obligations. Given the difficulties inherent in the design and operation of internal controls over financial reporting, we can provide no assurance as to our, or our independent registered public accounting firm's conclusions, about the effectiveness of our internal controls, and we may incur significant costs in our efforts to comply with Section 404. Ineffective internal controls could result in material misstatements in our financial statements and subject us to increased regulatory scrutiny and a loss of confidence in our reported financial information, which could have an adverse effect on our business.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar foreign anti-bribery laws.

The United States Foreign Corrupt Practices Act (the "FCPA") and similar worldwide anti-bribery laws generally prohibit companies and their intermediaries and partners from making, offering or authorizing improper payments to non-U.S. government officials for the purpose of obtaining or retaining business. Although we currently have limited international operations, we may do business in the future in countries or regions where strict compliance with anti-bribery laws may conflict with local customs and practices. Our employees, intermediaries, and partners may face, directly or indirectly, corrupt demands by government officials, political parties and officials, tribal or insurgent organizations, or private entities in the countries in which we operate or may operate in the future. As a result, we face the risk that an unauthorized payment or offer of payment could be made by one of our employees, intermediaries, or partners even if such parties are not always subject to our control or are not themselves subject to the FCPA or other anti-bribery laws to which we may be subject. We are committed to doing business in accordance with applicable anti-bribery laws and have implemented policies and procedures concerning compliance with such laws. Our existing safeguards and any future improvements, however, may prove to be less than effective, and our employees, intermediaries, and partners may engage in conduct for which we might be held responsible. Violations of the FCPA and other anti-bribery laws (either due to our acts, the acts of our intermediaries or partners, or our inadvertence) may result in criminal and civil sanctions and could subject us to other liabilities in the U.S. and elsewhere. Even allegations of such violations could disrupt our business and result in a material adverse effect on our business and operations.

Risks Related to Owning Our Indebtedness

Our substantial level of indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under our indebtedness.

We have a significant amount of indebtedness. As of December 31, 2019, we had $337.6 million of debt outstanding, net of discounts and deferred financing costs (not including capital lease obligations). After giving effect to our borrowing base, we had approximately $303.8 million of availability under our 2019 ABL Facility (as defined herein).

Our substantial indebtedness could have important consequences to you. For example, it could:

- adversely affect the market price of our common stock;
- increase our vulnerability to interest rate increases and general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes, including acquisitions;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- limit our ability to obtain additional financing on satisfactory terms to fund our working capital requirements, capital expenditures, acquisitions, investments, debt service requirements and other general corporate requirements; and
- place us at a competitive disadvantage compared to our competitors that have less debt.

In addition, we cannot assure you that we will be able to refinance any of our debt, or that we will be able to refinance our debt on commercially reasonable terms. If we were unable to make payments or refinance our debt or obtain new financing under these circumstances, we would have to consider other options, such as:

- sales of assets;
- sales of equity; or
- negotiations with our lenders to restructure the applicable debt.

Our debt instruments may restrict, or market or business conditions may limit, our ability to use some of our options.

Despite our indebtedness levels, we may still be able to incur additional debt, which could further exacerbate the risks associated with our leverage.

We and our subsidiaries may be able to incur additional indebtedness in the future. The terms of the credit agreements that govern the 2019 ABL Facility and the 2018 Term Loan Facility (as defined herein and, together with the 2019 ABL Facility, the "Senior Secured Debt Facilities") permit us to incur additional indebtedness, subject to certain limitations. If new indebtedness is added to our and our subsidiaries' current debt levels, the related risks that we and they now face would intensify. See Part II, "**Item 7**. Management's Discussion and Analysis of Financial Condition and Results of Operations-Principal Debt Agreements" for further details.

The agreements governing our indebtedness contain operating covenants and restrictions that limit our operations and could lead to adverse consequences if we fail to comply with them.

The agreements governing our indebtedness contain certain operating covenants and other restrictions relating to, among other things, limitations on indebtedness (including guarantees of additional indebtedness) and liens, mergers, consolidations and dissolutions, sales of assets, investments and acquisitions, dividends and other restricted payments, repurchase of shares of capital stock and options to purchase shares of capital stock and certain transactions with affiliates. In addition, our Senior Secured Debt Facilities include certain financial covenants.

The restrictions in the agreements governing our indebtedness may prevent us from taking actions that we believe would be in the best interest of our business and may make it difficult for us to successfully execute our business strategy or effectively compete with companies that are not similarly restricted. We may also incur future debt obligations that might subject us to additional restrictive covenants that could affect our financial and operational flexibility.

Failure to comply with these financial and operating covenants could result from, among other things, changes in our results of operations, the incurrence of additional indebtedness, declines in the pricing of our services and products, difficulties in implementing cost reduction initiatives, difficulties in implementing our overall business strategy or changes in general economic conditions, which may be beyond our control. The breach of any of these covenants or restrictions could result in a default under the agreements that govern these facilities that would permit the lenders to declare all amounts outstanding thereunder to be due and payable, together with accrued and unpaid interest. If we are unable to repay such amounts, lenders having secured obligations could proceed against the collateral securing these obligations. The collateral includes the capital stock of our domestic subsidiaries and substantially all of our and our subsidiaries' other tangible and intangible assets, subject in each case to certain exceptions. This could have serious consequences on our financial condition and results of operations and could cause us to become bankrupt or otherwise insolvent. In addition, these covenants may restrict our ability to engage in transactions that we believe would otherwise be in the best interests of our business and stockholders.

See Part II, "**Item 7**. Management's Discussion and Analysis of Financial Condition and Results of Operations-Principal Debt Agreements" for further details.

Substantially all of our debt is variable rate and increases in interest rates could negatively affect our financing costs and our ability to access capital.

We have exposure to future interest rates based on the variable rate debt under the Senior Secured Debt Facilities, and to the extent we raise additional debt in the capital markets to meet maturing debt obligations, to fund our capital expenditures and working capital needs and to finance future acquisitions. Daily working capital requirements are typically financed with operational cash flow and through borrowings under our 2019 ABL Facility, if needed. The interest rate on these borrowing arrangements is generally determined from the inter-bank offering rate at the borrowing date plus a pre-set margin. Although we employ risk management techniques to hedge against interest rate volatility, significant and sustained increases in market interest rates could materially increase our financing costs and negatively impact our reported results.

In addition, in certain circumstances, our variable rate indebtedness uses the London Interbank Offer Rate ("LIBOR") as a benchmark for establishing the interest rate. The LIBOR has been subject of national, international, and other regulatory guidance and proposals for reform. In July 2017, the U.K. Financial Conduct Authority announced that it intends to stop persuading or compelling banks to submit rates for calculation of LIBOR after 2021. These reforms and other pressures may cause LIBOR to disappear entirely or to perform differently than in the past. The consequences of these developments cannot be entirely predicted, but could include an increase in our financing costs and our ability to access capital.

Disruptions in the capital and credit markets, continued low commodity prices, our debt level and other factors may restrict our ability to raise capital on favorable terms, or at all.

Disruptions in the capital and credit markets, in particular with respect to companies in the energy sector, could limit our ability to access these markets or may significantly increase our cost to borrow. Continued low commodity prices, among other factors, have caused some lenders to increase interest rates, enact tighter lending standards which we may not satisfy as a result of our debt level or otherwise, refuse to refinance existing debt at maturity on favorable terms, or at all, and in certain instances have reduced or ceased to provide funding to borrowers. If we are unable to access the capital and credit markets on favorable terms or at all, it could adversely affect our business, financial condition and results of operations.

Ability to use net operating loss carryforwards to offset future taxable income for U.S. federal income tax purposes is subject to limitation under Section 382 of the Internal Revenue Code, and NOLs and other tax attributes is subject to reduction, causing less NOL or tax deductions to be available to offset future taxable income for U.S. federal income tax purpose.

Under U.S. federal income tax law, a corporation is generally permitted to deduct from taxable income net operating losses (“NOLs”) carried forward from prior years. As of December 31, 2019, we reported consolidated federal NOL carryforwards of approximately $787.6 million of which $721.3 million are pre-change NOL's subject to limitation. Our ability to utilize our NOL carryforwards to offset future taxable income and to reduce U.S. federal income tax liability is subject to certain requirements and restrictions. In general, under Section 382 of the Internal Revenue Code of 1986, as amended (the “Code”), a corporation that undergoes an “ownership change” is subject to limitations on its ability to utilize its pre-change NOLs to offset future taxable income. An ownership change generally occurs if one or more shareholders (or groups of shareholders) who are each deemed to own at least 5% of our stock have aggregate increases in their ownership of such stock of more than 50 percentage points over such stockholders’ lowest ownership percentage during the testing period (generally a rolling three year period). We believe we experienced an ownership change in October 2019 as a result of the C&J Merger. We also believe we experienced an ownership change in January 2017 as a result of the implementation of the IPO. Thus our pre-change NOLs are subject to limitation under Section 382 of the Code as a result. Such limitation may cause U.S. federal income taxes to be paid earlier than otherwise would be paid if such limitation were not in effect and could cause a portion of our pre-change NOLs generated prior to 2018 to expire unused, in each case reducing or eliminating the benefit of such NOLs. Similar rules and limitations may apply for state income tax purposes.

Risks Related to Owning Our Common Stock

The price of our common stock may be volatile or may decline regardless of our operating performance, and you may not be able to resell your shares at or above the public offering price.

The market price for our common stock is volatile. In addition, the market price of our common stock may fluctuate significantly in response to a number of factors, most of which we cannot control, including

- the failure of securities analysts to cover, or continue to cover, our common stock or changes in financial estimates by analysts;
- changes in, or investors’ perception of, the oil field services industry, including hydraulic fracturing;
- the activities of competitors;
- future issuances and sales of our common stock, including in connection with acquisitions;

- our quarterly or annual earnings or those of other companies in our industry;
- the public’s reaction to our press releases, our other public announcements and our filings with the SEC;
- regulatory or legal developments in the U.S.;
- litigation involving us, our industry, or both; and
- general economic conditions.

In addition, the stock market often experiences extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of a particular company. These broad market fluctuations and industry factors may materially reduce the market price of our common stock, regardless of our operating performance.

If a substantial number of shares becomes available for sale and are sold in a short period of time, the market price of our common stock could decline and our stockholders may be diluted.

As of March 9, 2019, 213,193,419 shares of common stock were outstanding, of which approximately 19.1% of the shares were held by Cerberus through Keane Investor. If they sell substantial amounts of our common stock in the public market, the market price of our common stock could decrease. The perception in the public market that Keane Investor might sell shares of common stock could also create a perceived overhang and depress our market price.

Because we do not currently pay dividends, our stockholders may not receive any return on investment, unless they sell their common stock for a price greater than that which they paid for it.

We do not currently pay dividends, and our stockholders do not have contractual or other rights, to receive dividends. Our board of directors may, in its discretion, modify or repeal our dividend policy. The declaration and payment of dividends depends on various factors, including: our net income, financial condition, cash requirements, future prospects and other factors deemed relevant by our board of directors.

In addition, we are a holding company that does not conduct any business operations of our own. As a result, we would be dependent upon cash dividends and distributions and other transfers from our subsidiaries to make dividend payments. Our subsidiaries’ ability to pay dividends is restricted by agreements governing their debt instruments and may be restricted by agreements governing any of our subsidiaries’ future indebtedness. Furthermore, our subsidiaries are permitted under the terms of their debt agreements to incur additional indebtedness that may severely restrict or prohibit the payment of dividends. See Part II, “**Item 7.** Management’s Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources.”

Under the Delaware General Corporation Law (the “DGCL”), our board of directors may not authorize payment of a dividend unless it is either paid out of our surplus, as calculated in accordance with the DGCL, or if we do not have a surplus, it is paid out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

We may not execute our capital return program, including the repurchase of our common stock pursuant to our share repurchase program under the capital return program, and such programs may not have the desired effect.

In December 2019, our board of directors approved a capital return program under which we may expend a total of up to $100 million through December 31, 2020, through stock repurchases, dividends or other capital return strategies. As part of the capital return program, our board of directors approved a stock repurchase program of up to $50 million of the Company's common stock, subject to U.S. Securities and Exchange Commission regulations, stock market conditions, capital needs of the business and other factors. Since the inception of our share repurchase program through December 31, 2019, we have made no share repurchases. We can provide no assurance that we will repurchase our common stock pursuant to our share repurchase program or that our share repurchase program will enhance long-term stockholder value. Share repurchases could also increase the volatility of the price of our common stock and could diminish our cash reserves.

Although our board of directors has approved a share repurchase program, the share repurchase program does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares. The timing and amount of repurchases, if any, will depend upon several factors, including market and business conditions, the trading price of our common stock and the nature of other investment opportunities. The repurchase program may be limited, suspended or discontinued at any time without prior notice. In addition, repurchases of our common stock pursuant to our share repurchase program could cause our stock price to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our stock. Furthermore, our share repurchase program could diminish our cash reserves, which may impact our ability to finance future growth and to pursue possible future strategic opportunities and acquisitions. Although our share repurchase program is intended to enhance long-term stockholder value, there is no assurance that it will do so and short-term stock price fluctuations could reduce the program's effectiveness.

Our stockholders may be diluted by the future issuance of additional common stock in connection with our equity incentive plans, acquisitions or otherwise.

We have 286,806,581 shares of common stock authorized but unissued under our certificate of incorporation. We will be authorized to issue these shares of common stock and options, rights, warrants and appreciation rights relating to common stock for consideration and on terms and conditions established by our board of directors in its sole discretion, whether in connection with acquisitions or otherwise. We have 14,054,982 shares of our common stock available for award that may be issued under our equity incentive plans. Any common stock that we issue, including under our equity incentive plans or other equity incentive plans that we may adopt in the future, may result in additional dilution to our stockholders.

In the future, we may also issue our securities, including shares of our common stock, in connection with investments or acquisitions. We regularly evaluate potential acquisition opportunities, including ones that would be significant to us, and at any one time we may be participating in processes regarding several potential acquisition opportunities, including ones that would be significant to us. We cannot predict the timing of any contemplated transactions, and none are currently probable. The number of shares of our common stock issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding shares of common stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to our stockholders.

Keane Investor and Cerberus own a significant amount of our common stock and continue to have significant influence over us, which could limit your ability to influence the outcome of key transactions, including a change of control.

Cerberus currently controls approximately 19.1% of our common stock. Even though Cerberus no longer controls a majority of our common stock, Cerberus continues to have significant influence over us, including the election of our directors, determination of our corporate and management policies and determination of the outcome of any corporate transaction or other matter submitted to our stockholders for approval, including potential mergers or acquisitions, asset sales and other significant corporate transactions. Two of our 12 directors are employees of, appointees of, or advisors to, members of Cerberus. The interests of Cerberus may not coincide with the interests of other holders of our common stock. For example, the concentration of ownership held by Cerberus could delay, defer or prevent a change of control of our company or impede a merger, takeover or other business combination that may otherwise be favorable for us. Additionally, Cerberus is in the business of making investments in companies and may, from time to time, acquire and hold interests in businesses that compete directly or indirectly with us. Cerberus may also pursue, for its own members' accounts, acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. So long as Cerberus continues to directly or indirectly own a significant amount of our equity, Cerberus will continue to be able to substantially influence or effectively control our ability to enter into corporate transactions.

Provisions in our charter documents, certain agreements governing our indebtedness, our Stockholders' Agreement (as defined herein) and Delaware law could make acquiring us more difficult and may prevent attempts by our stockholders to replace or remove our current management, even if beneficial to our stockholders.

Provisions in our certificate of incorporation, our bylaws and our Stockholders' Agreement, may discourage, delay or prevent a merger, acquisition or other change in control that some stockholders may consider favorable, including transactions in which our stockholders might otherwise receive a premium for their shares of our common stock. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, possibly depressing the market price of our common stock.

In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace members of our board of directors. Because our board of directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace members of our management team. Examples of such provisions are as follows:

- on or after such date that Keane Investor and its respective Affiliates (as defined in Rule 12b-2 of the Exchange Act, or any person who is an express assignee or designee of Keane Investor's respective rights under our certificate of incorporation (and such assignee's or designee's Affiliates)) (of these entities, the entity that is the beneficial owner of the largest number of shares is referred to as the "Designated Controlling Stockholder") ceases to own, in the aggregate, at least 50% of the then-outstanding shares of our common stock (the "50% Trigger Date"),the authorized number of our directors may be increased or decreased only by the affirmative vote of two-thirds of the then-outstanding shares of our common stock or by resolution of our board of directors;

- on or after the 50% Trigger Date, our stockholders may only amend our bylaws with the approval of at least two-thirds of all of the outstanding shares of our capital stock entitled to vote;

- the manner in which stockholders can remove directors from the board will be limited;

- on or after the 50% Trigger Date, stockholder actions must be effected at a duly called stockholder meeting and actions by our stockholders by written consent are prohibited;

- from and after such date that the Designated Controlling Stockholder ceases to own, in the aggregate, at least 35% of the then-outstanding shares of our common stock (the "35% Trigger Date"), advance notice requirements for stockholder proposals that can be acted on at stockholder meetings and nominations to our board of directors will be established;

- who may call stockholder meetings is limited;

- requirements on any stockholder (or group of stockholders acting in concert), other than, prior to the 35% Trigger Date, the Designated Controlling Stockholder, who seeks to transact business at a meeting or nominate directors for election to submit a list of derivative interests in any of our Company's securities, including any short interests and synthetic equity interests held by such proposing stockholder;

- requirements on any stockholder (or group of stockholders acting in concert) who seeks to nominate directors for election to submit a list of "related party transactions" with the proposed nominee(s) (as if such nominating person were a registrant pursuant to Item 404 of Regulation S-K, and the proposed nominee was an executive officer or director of the "registrant"); and

- our board of directors is authorized to issue preferred stock without stockholder approval, which could be used to institute a "poison pill" that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our board of directors.

Our certificate of incorporation authorizes our board of directors to issue up to 50,000,000 shares of preferred stock. The preferred stock may be issued in one or more series, the terms of which may be determined by our board of directors at the time of issuance or fixed by resolution without further action by the stockholders. These terms may include voting rights, preferences as to dividends and liquidation, conversion rights, redemption rights and sinking fund provisions. The issuance of preferred stock could diminish the rights of holders of our common stock, and therefore, could reduce the value of our common stock. In addition, specific rights granted to holders of preferred stock could be used to restrict our ability to merge with, or sell assets to, a third party. The ability of our board of directors to issue preferred stock could delay, discourage, prevent or make it more difficult or costly to acquire or effect a change in control, thereby preserving the current stockholders' control.

In addition, under the agreements governing the Senior Secured Debt Facilities, a change in control may lead the lenders and/or holders to exercise remedies such as acceleration of the obligations thereunder, termination of their commitments to fund additional advances and collection against the collateral securing such obligations.

In connection with the Keane IPO, Keane entered into a Stockholders' Agreement with Keane Investor. This stockholders' agreement was amended and restated in conjunction with the C&J Merger (as amended and restated, the "Stockholders' Agreement") and provides that, except as otherwise required by applicable law, from the date on which (a) Keane Investor or, in the event a Cerberus Holder no longer holds Company shares through Keane Investor, Cerberus Holder has beneficial ownership of at least 12.5% or greater of the aggregate number of company shares then outstanding, Keane Investor or, in the event Cerberus Holder no longer holds company shares through Keane Investor, Cerberus Representative shall have the right to designate to the board of directors two individuals who satisfy the Director Requirements; and (b) Keane Investor or, in the event Cerberus Holder no longer holder company shares through Keane Investor, Cerberus Holder has beneficial ownership of less than 12.5% but at least 7.5% of the aggregate number of company shares then outstanding, Keane Investor or, in the event Cerberus Holder no longer holds company shares through Keane Investor, Cerberus Representative shall have the right to designate to the board of directors one individual who satisfies the Director Requirements. The ability of Keane Investor or a Holder to appoint one or more directors could make an acquisition of us more difficult and may prevent attempts by our stockholders to replace or remove our current management, even if beneficial to our stockholders.

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

Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the exclusive forum for: (a) any derivative action or proceeding brought on our behalf; (b) any action asserting a claim for breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders; (c) any action asserting a claim arising pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws; or (d) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have received notice of and consented to the foregoing provisions. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds more favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find this choice of forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition, prospects or results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Properties

We lease office space for our principal executive headquarters, which is located at 3990 Rogerdale Rd., Houston, Texas 77042, for our research and technology facility at 10771 Westpark Dr., Houston, Texas 77042 and for our engineering and technology center at 8301 New Trails Dr., The Woodlands, Texas. We also own property for our maintenance facility at 1214 Gas Plant Rd., San Angelo, Texas 76904.

In addition, we own or lease numerous other smaller facilities and administrative offices across the geographic regions in which we operate to support our ongoing operations, including district offices, local sales offices, yard facilities and temporary facilities to house employees in regions where infrastructure is limited. Our leased properties are subject to various lease terms and expirations. We believe that our existing facilities are adequate for our operations and our locations allow us to efficiently serve our customers. However, we continue to evaluate the purchase or lease of additional properties or the consolidation of our properties, as our business requires. 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

Due to the nature of our business, we are, from time to time and in the ordinary course of business, involved in routine litigation or subject to disputes or claims related to our business activities. It is our management’s opinion that although the amount of liability with respect to certain of these known legal proceedings and claims cannot be ascertained at this time, any resulting liability will not have a material adverse effect individually or in the aggregate on our financial condition, cash flows or results of operations; however, there can be no assurance as to the ultimate outcome of these matters.

Litigation Related to the C&J Merger

In connection with the Merger Agreement and the transactions contemplated thereby the following complaints have been filed: (i) one putative class action complaint was filed in the United States District Court for the District of Colorado by a purported C&J stockholder on behalf of himself and all other C&J stockholders (excluding defendants and related or affiliated persons) against C&J and members of the C&J board of directors, (ii) two putative class action complaints were filed in the United States District Court for the District of Delaware by a purported C&J stockholder on behalf of himself and all other C&J stockholders (excluding defendants and related or affiliated persons) against C&J, members of the C&J board of directors, the Company and Merger Sub, (iii) one putative class action complaint was filed in the United States District Court for the Southern District of Texas by a purported stockholder of the Company on behalf of himself and all other stockholders of the Company (excluding defendants and related or affiliated persons) against the Company and members of its board of directors, and (iv) one putative class action was filed in the Delaware Chancery Court by a purported stockholder of the Company on behalf of himself and all other stockholders of the Company (excluding defendants and related or affiliated persons) against members of the Company's board of directors. The five stockholder actions are captioned as follows: Palumbos v. C&J Energy Services, Inc., et al., Case No. 1:19-cv-02386 (D. Colo.), Wuollet v. C&J Energy Services, Inc., et al., Case No. 1:19-cv-01411 (D. Del.), Plumley v. C&J Energy Services, Inc., et al., Case No. 1:19-cv-01446 (D. Del.), Bushansky v. Keane Group, Inc. et al., Case No. 4:19-cb-02924 (S.D. Tex) and Woods v. Keane Group, Inc., et al., Case No. 2019-0590 (Del. Chan.) (collectively, the "Stockholder Actions").

In general, the Stockholder Actions allege that the defendants violated Sections 14(a) and 20(a) of the Exchange Act, or aided and abetted in such alleged violations, because the Registration Statement on Form S-4 filed with the SEC on July 16, 2019 in connection with the proposed C&J Merger allegedly omitted or misstated material information.

The Stockholder Actions seek, among other things, injunctive relief preventing the consummation of the C&J Merger, unspecified damages and attorneys' fees. C&J, the Company and the other named defendants believe that no supplemental disclosures were required under applicable laws; however, to avoid the risk of the Stockholder Actions delaying the C&J Merger and to minimize the expense of defending the Stockholder Actions, and without admitting any liability or wrongdoing, C&J and the Company filed a Form 8-K on October 11, 2019 making certain supplemental disclosures in connection with the C&J Merger. Following those supplemental disclosures, plaintiffs in the Woods and Bushansky actions voluntarily dismissed their claims as moot on October 16, 2019 and October 29, 2019, respectively. The defendants have not yet answered or otherwise responded to the complaints in the remaining Stockholder Actions, but the Company continues to believe that the allegations therein lack merit and no supplemental disclosures were required under applicable law, and intends to defend itself vigorously.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Market Information

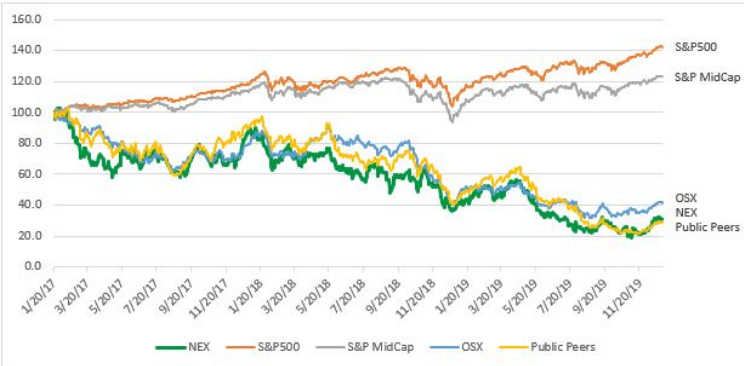
From the consummation of our IPO in January of 2017 until October 30, 2019, our common stock traded on the New York Stock Exchange ("NYSE") under the symbol "FRAC." As of October 31, 2019, our common stock trades on the NYSE under the symbol "NEX". On March 9, 2020, the last reported sales price of our common stock on the NYSE was $2.03 per share.

Comparative Stock Performance Graph

The information contained in this Comparative Stock Performance Graph section shall not be deemed to be "soliciting material" or "filed" or incorporated by reference in future filings with the SEC, or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act or the Exchange Act.

The graph below compares the cumulative total shareholder return on our common stock, the cumulative total return on the Standard & Poor's 500 Stock Index, the Standard & Poor's MidCap Index, the Oilfield Service Index and a composite average of publicly traded peer companies (Basic Energy Services, Inc., FTS International, Inc., Liberty Oilfield Services Inc., Patterson-UTI Energy, Inc., ProPetro Holding Corp., Quintana Energy Services, RPC, Inc., and Superior Energy Services, Inc.), since January 20, 2017.

The graph assumes $100 was invested on January 20, 2017 in our common stock, the Standard & Poor's 500 Stock Index, the Standard & Poor's MidCap Index, the Oilfield Service Index and a composite of publicly traded peer companies. The cumulative total return assumes the reinvestment of all dividends. We elected to include the stock performance of a composite of our publicly traded peers, as we believe it is an appropriate benchmark for our line of business/industry.



Source: FactSet. Public peers: BASX, FTSI, LBRT, PTEN, PUMP, QES, RES, SPN. Assumes dividend reinvestment on pay date.
NEX reflects stock price for Keane (FRAC) through 10/31/2019.

Holders

As of March 9, 2020, we had 213,193,419 shares of common stock issued and outstanding, held by approximately 8 registered holders. The number of registered holders does not include holders that have common stock held for them in "street name," meaning that the stock is held for their accounts by a broker or other nominee.

Dividends

We have not paid any cash dividends on our common stock to date. However, we anticipate that our board of directors will consider the payment of dividends in the future based on our levels of profitability and indebtedness. The declaration and payment of any future dividends will be at the sole discretion of our board of directors and will depend upon, among other things, our earnings, financial condition, capital requirements, level of indebtedness, contractual restrictions with respect to the payment of dividends and other considerations that our board of directors deems relevant. Our board of directors may decide, in its discretion, at any time, to modify or repeal the dividend policy or discontinue entirely the payment of dividends.

The ability of our board of directors to declare a dividend is also subject to limits imposed by Delaware corporate law. Under Delaware law, our board of directors and the boards of directors of our corporate subsidiaries incorporated in Delaware may declare dividends only to the extent of our "surplus," which is defined as total assets at fair market value minus total liabilities, minus statutory capital, or if there is no surplus, out of net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

On December 11, 2019, we announced that our board of directors had authorized a stock repurchase program of up to $50 million of our outstanding common stock, with the intent of returning value to our shareholders, as we continue to expect further growth and profitability. The program does not obligate us to purchase any particular number of shares of common stock during any period, and the program may be modified or suspended at any time at our discretion. The duration of the stock buy-back program was through December 31, 2020.

Purchases of Equity Securities

Issuer Purchases of Equity Securities

Settlement Period	(a) Total Number of Shares Purchased[3]	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs[1][2]
October 1, 2019 through October 31, 2019	407,023	$ 4.32	—	$ 100,000,000
November 1, 2019 through November 30, 2019	36,952	$ 4.61	—	$ 100,000,000
December 1, 2019 through December 31, 2019	137,890	$ 6.02	—	$ 150,000,000
Total	581,865	$ 4.74	—	$ 150,000,000

(1) On February 26, 2018, we announced that our board of directors authorized a12-month stock repurchase program of up to $100.0 million of the Company's outstanding common stock. Effective February 25, 2019, our board of directors authorized a reset of capacity on the existing stock repurchase program back to $100.0 million. Additionally, the program's expiration date was extended to December 2019 from a previous expiration of September 2019.

(2) On December 11, 2019, the Company announced the board of directors approved a new share repurchase program for up to $50.0 million through December 2020.

(3) Consists of shares that were withheld by us to satisfy tax withholding obligations of employees that arose upon the vesting of restricted shares. The value of such shares is based on the closing price of our common shares on the vesting date.

Item 6. Selected Financial Data

The selected financial data for the periods presented was derived from our audited consolidated and combined financial statements . The selected historical financial data presented below is not intended to replace our historical financial statements, and should be read in conjunction with Part I, "**Item 1A**. Risk Factors," Part II, "**Item 7**. Management's Discussion and Analysis of Financial and Results of Operations" and our audited consolidated and combined financial statements included in Part II, "**Item 8**. Financial Statements and Supplementary Data" of this Annual Report in order to understand those factors, such as the C&J Merger, which may affect the comparability of the Selected Financial Data.

(in thousands of dollars, except per share amounts)	Years Ended December 31, 2019[(1)]	2018	2017[(2)]	2016[(3)]	2015
Statement of Operations Data:					
Revenue	$ 1,821,556	$ 2,137,006	$ 1,542,081	$ 420,570	$ 366,157
Cost of services[(4)]	1,403,932	1,660,546	1,282,561	416,342	306,596
Depreciation and amortization	292,150	259,145	159,280	100,979	69,547
Selling, general and administrative expenses	123,676	113,810	84,853	36,615	26,081
Merger and integration	68,731	448	8,673	16,540	—
(Gain) loss on disposal of assets	4,470	5,047	(2,555)	(387)	(270)
Impairment	12,346	—	—	185	3,914
Total operating costs and expenses	1,905,305	2,038,996	1,532,812	570,274	405,868
Operating income (loss)	(83,749)	98,010	9,269	(149,704)	(39,711)
Other income (expense), net	453	(905)	13,963	916	(1,481)
Interest expense[(5)]	(21,856)	(33,504)	(59,223)	(38,299)	(23,450)
Total other expenses	(21,403)	(34,409)	(45,260)	(37,383)	(24,931)
Income (loss) before income taxes	(105,152)	63,601	(35,991)	(187,087)	(64,642)
Income tax expense	(1,005)	(4,270)	(150)	—	—
Net income (loss)	$ (106,157)	$ 59,331	$ (36,141)	$ (187,087)	$ (64,642)
Per Share Data[(6)]					
Basic net income (loss) per share	$ (0.86)	$ 0.54	$ (0.34)	$ (2.14)	$ (0.74)
Diluted net income (loss) per share	(0.86)	0.54	(0.34)	(2.14)	(0.74)
Weighted average number of shares: basic	122,977	109,335	106,321	87,313	87,313
Weighted average number of shares: diluted	122,977	109,660	106,321	87,313	87,313

	Years Ended December 31,				
Statement of Cash Flows Data:					
Cash flows from operating activities	$ 305,463	$ 350,311	$ 79,691	$ (54,054)	$ 37,521
Cash flows from investing activities	(114,100)	(297,506)	(250,776)	(227,161)	(26,038)
Cash flows from financing activities	(16,746)	(68,554)	218,122	276,633	(10,518)
Other Financial Data:					
Capital expenditures(7)	$ 193,187	$ 291,543	$ 189,629	$ 23,545	$ 27,246
Balance Sheet Data (at end of period):					
Total assets	$ 1,664,907	$ 1,054,579	$ 1,043,116	$ 536,940	$ 324,795
Long-term debt (including current portion) (8)	337,623	340,730	275,055	269,750	207,067
Total liabilities	778,135	567,398	530,024	374,688	244,635
Total stockholders' equity	886,772	487,181	513,092	162,252	80,160

(1) Commencing on November 1, 2019, our consolidated and combined financial statements also include the financial position, results of operations and cash flows of C&J.

(2) Commencing on July 3, 2017, our consolidated and combined financial statements also include the financial position, results of operations and cash flows of RockPile.

(3) Commencing on March 16, 2016, our consolidated and combined financial statements also include the financial position, results of operations and cash flows of the Acquired Trican Operations.

(4) Excludes depreciation and amortization, shown separately.

(5) Interest expense during the year ended December 31, 2019 includes $0.5 million in write-offs in connection with the modification of the 2017 ABL Facility. Interest expense during the year ended December 31, 2018 includes $7.6 million in write-offs of deferred financing costs, incurred in connection with the early debt extinguishment of our 2017 Term Loan Facility (as defined herein). Interest expense during the year ended December 31, 2017 includes $15.8 million of prepayment penalties and $15.3 million in write-offs of deferred financing costs, incurred in connection with the refinancing of our then existing revolving credit and security agreement (as amended, the "2016 ABL Facility") and the early debt extinguishment of our the term loan facility provided by that certain credit agreement entered into on March 16, 2016 by KGH Intermediate Holdco I, LLC, Holdco II and Keane Frac, LP (as amended, the "2016 Term Loan Facility") with certain financial institutions (collectively, the "2016 Term Lenders") and CLMG Corp., as administrative agent for the 2016 Term Lenders, and Senior Secured Notes (as defined herein).

(6) The pro forma earnings per unit amounts for 2017, 2016 and 2015 have been computed to give effect to the Organizational Transactions, including the limited liability company agreement of Keane Investor to, among other things, exchange all of our Existing Owners' membership interests for the newly-created ownership interests. The computations of pro forma earnings per unit do not consider the 15,700,000 shares of common stock newly-issued by the Company to investors in the IPO.

(7) Capital expenditures do not include, for the year ended December 31, 2018, $35.0 million of capital expenditures related to the asset acquisition from RSI, for the year ended December 31, 2017, $116.6 million of capital expenditures related to the acquisition of RockPile and, for the year ended December 31, 2016, $205.4 million of capital expenditures related to the acquisition of the Acquired Trican Operations.

(8) Long-term debt includes $7.1 million, $7.5 million, $8.2 million and $18.4 million of unamortized debt discount and debt issuance costs for 2019, 2018, 2017, and 2016 respectively, and excludes capital lease obligations.

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

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated and combined financial statements and related notes included within Part II, "**Item 8**. Financial Statements and Supplementary Data" in this Annual Report on Form 10-K. For additional information related to forward looking statements or information related to the basis of presentation and comparability of financial information, please see "Cautionary Statement Regarding Forward-Looking Statements and Information" and "Basis of Presentation in this Annual Report on Form 10-K", both of which immediately follow the table of contents of this Form 10-K.*

Business Overview

NexTier Oilfield Solutions Inc. is an industry-leading U.S. land oilfield focused service company, with a diverse set of well completion and production services across a variety of active and demanding basins. We have a history of growth through acquisition, including (i) our 2017 acquisition of RockPile, a multi-basin provider of integrated well completion services in the U.S. whose primary service offerings included hydraulic fracturing, wireline perforation and workover rigs, and (ii) our 2018 asset acquisition from RSI to acquire approximately 90,000 hydraulic horsepower and related support equipment. Our most recent strategic transaction was the October 31, 2019, merger transaction with C&J Energy Services, Inc. ("C&J Merger"), a publicly traded Delaware corporation. This history impacts the comparability of our operational results from year to year. See Part I, "**Item 1.** Business" of this Annual Report for an overview of our history, including additional information on the acquisitions noted above, including the C&J Merger, our 2017 IPO, predecessor, and business environment. Additional information on these transactions can be found in Note *(3) Mergers and Acquisitions* of Part II, "**Item 8**. Financial Statements and Supplemental Data."

Industry Overview

We provide our services in several of the most active basins in the United States, including the Permian, the Marcellus Shale/Utica, the Eagle Ford and the Bakken/Rockies. These regions are expected to account for approximately 73% of all new horizontal wells anticipated to be drilled through 2021. In addition, the high density of our operations in the basins in which we are most active provides us the opportunity to leverage our fixed costs and to quickly respond with what we believe are highly efficient, integrated solutions that are best suited to address customer requirements.

In particular, we are one of the largest providers of completion services in the Permian Basin, the most prolific and cost-competitive oil and natural gas basin in the United States. The Permian and the Marcellus Shale/Utica Basins are expected to account for 56% of total active rigs in the United States through 2022. These basins have experienced a recovery in activity since the spring of 2016, with an 156% increase in rig count from their combined second quarter of 2016 low of 185 to 475 as of December 31, 2019. Our financial performance is significantly affected by rig and well count in North America, as well as oil and natural gas prices, which are summarized in the tables below.

Activity within our business segments is significantly impacted by spending on upstream exploration, development and production programs by our customers. Also impacting our activity is the status of the global economy, which impacts oil and natural gas demand. Some of the more significant determinants of current and future spending levels of our customers are oil and natural gas prices, global oil supply, the world economy, the availability of credit, government regulation and global stability, which together drive worldwide drilling activity.

While it is too early to determine the impact, the recent actions taken by OPEC are expected to have a material negative impact on crude oil prices. Our customers' cash flows, in most instances, depend upon the revenue they generate from the sale of oil and natural gas. Lower oil and natural gas prices usually translate into lower exploration and production budgets. We are closely monitoring the situation including potential activity responses by our E&P customers.

The following table shows the average historical oil and natural gas prices for WTI and Henry Hub natural gas:

	Year Ended December 31,		
	2019	2018	2017
Oil price - WTI(1)	$ 56.98	$ 64.94	$ 50.88
Natural gas price - Henry Hub(2)	$ 2.57	$ 3.17	$ 2.99

(1) Oil price measured in dollars per barrel
(2) Natural gas price measured in dollars per million British thermal units (Btu), or MMBtu

The historical average U.S. rig counts based on the weekly Baker Hughes Incorporated rig count information were as follows:

	Year Ended December 31,		
Product Type	2019	2018	2017
Oil	773	841	703
Natural Gas	169	190	172
Other	1	1	1
Total	943	1,032	876

	Year Ended December 31,		
Drilling Type	2019	2018	2017
Horizontal	826	900	736
Vertical	54	63	70
Directional	63	69	70
Total	943	1,032	876

As of February 2020, global liquids demand is expected to average 101.7 million barrels per day in 2020. The EIA anticipates continued growth in the long-term U.S. domestic demand for natural gas, supported by various factors, including (i) increased likelihood of favorable regulatory and legislative initiatives, (ii) increased acceptance of natural gas as a clean and abundant domestic fuel source and (iii) the emergence of low-cost natural gas shale developments. As of February 2020, natural gas demand in the United States is expected to average 86.24 billion cubic feet per day in 2020.

Operating Approach & Strategy

We believe our integrated approach and proven capabilities enable us to deliver cost-effective solutions for increasingly complex and technically demanding well completion requirements, which include longer lateral segments, higher pressure rates and proppant intensity and multiple fracturing stages in challenging high-pressure formations. In addition, our technical team and our three innovation centers, provide us with the ability to supplement our service offerings with engineered solutions specifically tailored to address customers' completion requirements and unique challenges.

Our revenues and profits are generated by providing services and equipment to customers who operate oil and gas properties and invest capital to drill new wells and enhance production or perform maintenance on existing wells. Our results of operations in our core service lines are driven primarily by five interrelated, fluctuating variables: (1) the drilling, completion and production activities of our customers, which is primarily driven by oil and natural gas prices and directly affects the demand for our services; (2) the price we are able to charge for our services and equipment, which is primarily driven by the level of demand for our services and the supply of equipment capacity in the market; (3) the cost of materials, supplies and labor involved in providing our services, and our ability to pass those costs on to our customers; (4) our activity, or deployed equipment “utilization” levels; and (5) the quality, safety and efficiency of our service execution.

Our operating strategy is focused on maintaining high utilization levels of deployed equipment to maximize revenue generation while controlling costs to gain a competitive advantage and drive returns. We believe that the quality and efficiency of our service execution and aligning with customers who recognize the value that we provide through service quality and efficiency gains are central to our efforts to support equipment utilization and grow our business.

However, equipment utilization cannot be relied on as wholly indicative of our financial or operating performance due to variations in revenue and profitability from job to job, the type of service to be performed and the equipment, personnel and consumables required for the job, as well as competitive factors and market conditions in the region in which the services are performed. Given the volatile and cyclical nature of activity drivers in the U.S. onshore oilfield services industry, coupled with the varying prices we are able to charge for our services and the cost of providing those services, among other factors, operating margins can fluctuate widely depending on supply and demand at a given point in the cycle.

Historically, our utilization levels have been highly correlated to U.S. onshore spending by our customers, which is heavily driven by the price of oil and natural gas. Generally, as capital spending by our customers increases, drilling, completion and production activity also increases, resulting in increased demand for our services, and therefore more days or hours worked (as the case may be). Conversely, when drilling, completion and production activity levels decline due to lower spending by our customers, we generally provide fewer services, which results in fewer days or hours worked (as the case may be). Additionally, during periods of decreased spending by our customers, we may be required to discount our rates or provide other pricing concessions to remain competitive and support deployed equipment utilization, which negatively impacts our revenue and operating margins. During periods of pricing weakness for our services, we may not be able to reduce our costs accordingly, and our ability to achieve any cost reductions from our suppliers typically lags behind the decline in pricing for our services, which could further adversely affect our results. Furthermore, when demand for our services increases following a period of low demand, our ability to capitalize on such increased demand may be delayed while we reengage and redeploy equipment and crews that have been idled during a downturn. The mix of customers that we are working for, as well as limited periods of exposure to the spot market, also impacts our deployed equipment utilization.

Our Reportable Segments

As of December 31, 2019, we were organized into three reportable segments:

- Completion Services, which consists of the following businesses and services lines: (1) hydraulic fracturing; (2) wireline and pumpdown services; and (3) completion support services, which includes our innovation centers and activities.
- Well Construction and Intervention Services, which consists of the following businesses and service lines: (1) cementing services and (2) coiled tubing services.
- Well Support Services, which consists of the following businesses and service lines: (1) rig services; (2) fluids management; and (3) other special well site services.

Completion Services

The core services provided through our Completion Services segment are hydraulic fracturing, wireline and pumpdown services. As of December 31, 2019, we had approximately 45 hydraulic fracturing fleets, 118 wireline trucks and 80 pumpdown units capable of being deployed. Our completion support services are focused on supporting the efficiency, reliability and quality of our operations. Our Innovation Centers provide in-house manufacturing capabilities that help to reduce operating cost and enable us to offer more technologically advanced and efficiency focused completion services, which we believe is a competitive differentiator. For example, through our Innovation Centers we manufacture the data control instruments used in our fracturing operations and the perforating guns and addressable switches used in our wireline operations; these products are also available for sale to third-parties. The majority of revenue for this segment is generated by our fracturing business.

Well Construction and Intervention Services

The core services provided through our Well Construction and Intervention Services segment are cementing and coiled tubing services. The majority of revenue for this segment is generated by our cementing business. As of December 31, 2019, we had approximately 25 coiled tubing units and 101 cementing units capable of being deployed.

Well Support Services

Our Well Support Services segment was divested in a transaction that closed on March 9, 2020. It focused on post-completion activities at the well site, including rig services, such as workover and plug and abandonment, fluids management services, and other specialty well site services. Since early 2017, in response to the highly competitive landscape and reflecting our returns-focused strategy, we had focused on operational rightsizing measures to better align these businesses with current market conditions. This strategy resulted in closing facilities and idling unproductive equipment. For example, we either sold or shut down numerous businesses or asset packages, which included the divestiture of the majority of our fluids management assets in both West and South Texas in the third quarter of 2019. As of December 31, 2019, we had approximately 276 workover rigs and 348 fluids management trucks capable of being deployed. The majority of revenue for this segment is generated by our rig services business, and we consider rig services and fluids management to be the primary businesses within this segment.

How we calculate utilization for each segment

Our management team monitors asset utilization, among other factors, for purposes of assessing our overall activity levels and customer demand. For our Completion Services segment, asset utilization levels for our own fleets is defined as the ratio of the average number of deployed fleets to the number of total fleets for a given time period. We define active fleets as fleets available for deployment; we consider one of our fleets deployed if the fleet has been put in service at least one day during the period for which we calculate utilization; and we define fully-utilized fleets per month as fleets that were deployed and working with our customers for a significant portion of a given month. As a result, as additional fleets are incrementally deployed, our utilization rate increases. We define industry utilization of fracturing assets as the ratio of the total industry demand of hydraulic horsepower to the total available capacity of hydraulic horsepower, in each case as reported by an independent industry source. Our method for calculating the utilization rate for our own fracturing fleets or the industry may differ from the method used by other companies or industry sources which could, for example, be based off a ratio of the total number of days a fleet is put in service to the total number of days in the relevant period. We believe that our measures of utilization, based on the number of deployed fleets, provide an accurate representation of existing, available capacity for additional revenue generating activity.

In our Well Construction and Intervention Services segment, we measure our asset utilization levels for our cementing business primarily by the total number of days that our asset base works on a monthly basis, based on the available working days per month. In our coiled tubing business, we measure certain asset utilization levels by the hour to better understand measures between daylight and 24-hour operations. Both the financial and operating performance of our coiled tubing and cement units can vary in revenue and profitability from job to job depending on the type of service to be performed and the equipment, personnel and consumables required for the job, as well as competitive factors and market conditions in the region in which the services are performed.

In our Well Support Services segment, we measured asset utilization levels primarily by the number of hours our assets work on a monthly basis, based on the available working days per month.

Our operating strategy is focused on maintaining high asset utilization levels to maximize revenue generation while controlling costs to gain a competitive advantage and drive returns. We believe that the safety, quality and efficiency of our service execution and our alignment with customers who recognize the value that we provide are central to our efforts to support utilization and grow our business. Given the volatile and cyclical nature of activity drivers in the U.S. onshore oilfield services industry, coupled with the varying prices we are able to charge for our services and the cost of providing those services, among other factors, operating margins can fluctuate widely depending on supply and demand at a given point in the cycle. For additional information about factors impacting our business and results of operations, please see “Industry Trends and Outlook” in Part II, “**Item 7.** Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Annual Report.

RESULTS OF OPERATIONS

The following table sets forth our financial results for the year ended December 31, 2019 as compared to the year ended the year ended December 31, 2018. Our financial results for 2019 include the financial and operating results of the businesses acquired in the C&J Merger for the partial period beginning November 1, 2019 through December 31, 2019.

A comparison of our financial results for the year ended December 31, 2018 and for the year ended December 31, 2017 can be found in the "**Item 7.** Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations" section in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed on February 27, 2019.

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

(Thousands of Dollars)	Year Ended December 31,		As a % of Revenue		Variance	
Description	2019	2018	2019	2018	$	%
Completion Services	$ 1,709,934	$ 2,100,956	94%	98%	$ (391,022)	(19%)
Well Construction and Intervention Services	63,039	36,050	3%	2%	26,989	75%
Well Support Services	48,583	—	3%	0%	48,583	0%
Revenue	1,821,556	2,137,006	100%	100%	(315,450)	(15%)
Completion Services	1,308,089	1,622,106	72%	76%	(314,017)	(19%)
Well Construction and Intervention Services	55,227	38,440	3%	2%	16,787	44%
Well Support Services	40,616	—	2%	0%	40,616	0%
Costs of services	1,403,932	1,660,546	77%	78%	(256,614)	(15%)
Depreciation and amortization	292,150	259,145	16%	12%	33,005	13%
Selling, general and administrative expenses	123,676	113,810	7%	5%	9,866	9%
Merger and integration	68,731	448	4%	0%	68,283	15,242%
(Gain) loss on disposal of assets	4,470	5,047	0%	0%	(577)	(11%)
Impairment	12,346	—	1%	0%	12,346	0%
Operating income	(83,749)	98,010	(5%)	5%	(181,759)	(185%)
Other income (expense), net	453	(905)	0%	0%	1,358	(150%)
Interest expense	(21,856)	(33,504)	(1%)	(2%)	11,648	(35%)
Total other expenses	(21,403)	(34,409)	(1%)	(2%)	13,006	(38%)
Income tax expense	(1,005)	(4,270)	0%	0%	3,265	(76%)
Net income (loss)	$ (106,157)	$ 59,331	(6%)	3%	$ (165,488)	(279%)

Revenue. Total revenue is comprised of revenue from our Completion Services, Well Construction and Intervention Services and Well Support Services segments. Revenue in 2019 decreased by $315.5 million, or 15%, to $1.8 billion from $2.1 billion in 2018. The net decline was driven primarily by a decrease in rig count and fleet utilization, combined with pricing pressures from macroeconomic market conditions. This decrease in utilization was primarily from our customers shifting their focus to capital discipline through reduced activity levels and pricing. Despite pricing pressures, we retained our core customer base by aligning with high quality and efficient customers under dedicated agreements. This change in revenue by reportable segment is discussed below.

Completion Services: Completion Services segment revenue decreased by $391.0 million, or 19%, to $1.7 billion in 2019 from $2.1 billion in 2018. The segment revenue decline was driven by lower fleet utilization and decreased activity levels year over year, in addition to continued pricing pressures from market conditions. This was offset by an increase in revenue attributable to the C&J Merger.

Well Construction and Intervention: Well Construction and Intervention Services segment revenue increased by $27.0 million, or 75%, to $63.0 million in 2019 from $36.1 million in 2018. This increase in revenue was primarily attributable to the C&J Merger.

Well Support Services: Well Support Services segment revenue was $48.6 million in 2019 with no comparison period in 2018. This increase in revenue was solely attributable to the acquisition of the segment through the C&J Merger.

Cost of services. Cost of services in 2019 decreased by $256.6 million, or 15%, to $1.4 billion from $1.7 billion in 2018. This change was driven by several factors including lower overall activity and fleet utilization, as discussed above under *Revenue*, in addition to the impact of cost optimization from cost management efforts and input cost deflation.

Equipment Utilization. Depreciation and amortization expense increased by $33.0 million, or 13%, to $292.2 million in 2019 from $259.1 million in 2018. The change in depreciation and amortization was primarily related to additional equipment purchases from the RSI Acquisition in late 2018, maintenance spend for fleet readiness, and other equipment used for continuing to enhance safety and efficiency through our multi-faceted approach of surface, digital and downhole technologies. Loss on disposal of assets in 2019 decreased by $0.6 million, to a loss of $4.5 million in 2019 from a loss of $5.0 million in 2018. The decrease in loss on disposal of assets is primarily related to a larger number of early failures of major components in 2018 compared to 2019, primarily due to higher activity and use of equipment in 2018.

Selling, general and administrative expense. Selling, general and administrative (“SG&A”) expense, which represents costs associated with managing and supporting our operations, increased by $9.9 million, or 9%, to $123.7 million in 2019 from $113.8 million in 2018. This change in SG&A was primarily related to non-cash compensation expense of $19.4 million and litigation contingencies of $3.8 million.

Merger and integration expense. Merger and integration expense increased by $68.3 million to $68.7 million in 2019 from $0.4 million in 2018. The $68.7 million in merger and integration expense in 2019 was due to the C&J Merger, which consisted primarily of professional services, severance costs, and facility consolidation. The $0.4 million in 2018 is related to transaction cost associated with the RSI Acquisition.

Other income (expense), net. Other income (expense), net, in 2019 increased by $1.4 million, or 150%, to income of $0.5 million in 2019 from expense of $0.9 million in 2018. In 2018, other expense, net was primarily due to a $13.2 million adjustment to our Rockpile CVR liability, $2.7 million loss on foreign currency related to the wind-down of the Canadian entity, offset by a $14.9 million gain on the insurance proceeds received for losses resulting from the July 1, 2018 accidental fire.

Interest expense, net. Interest expense, net of interest income, decreased by $11.6 million, or 35%, to $21.9 million in 2019 from $33.5 million in 2018. This change was primarily attributable to the $7.6 million write-offs of deferred financing costs in 2018, in connection with the debt extinguishment of our 2017 Term Loan Facility.

Effective tax rate. Upon consummation of the IPO, the Company became a corporation subject to federal income taxes. Our effective tax rate on continuing operations in 2019 was (0.96)%, as compared to 6.71% in 2018. For 2019, the effective rate is primarily made up of state taxes and a tax benefit derived from the current period operating loss offset by a valuation allowance. For 2018, the effective rate was primarily made up of state taxes and tax benefits derived from the current period operating income offset by a valuation allowance. As a result of market conditions and their corresponding impact on our business outlook, we determined that a valuation allowance was appropriate as it is not more likely than not that we will utilize our net deferred tax assets. The remaining tax impact not offset by a valuation allowance is related to indefinite-lived assets.

Industry Drivers of 2019 Operations

Between January and April 2019, the increase in oil prices incentivized many of our customers to significantly increase activity levels early in 2019. This resulted in E&P capital budget exhaustion and early achievement of E&P production targets, and in combination with normal year-end seasonality, resulted in softening demand for completions services by the fourth quarter of 2019. In addition, lackluster oil and gas prices in 2019 resulted in the E&P budgeting process to be more muted, causing many E&P companies to delay activity start-up into early 2020. Furthermore, the current market oversupply of fracturing equipment created a competitive pricing environment at year-end 2019 during E&P budgeting season, which resulted in pricing pressure in order win new work or extend existing dedicated agreements that were up for renewal. With that said, most of our customers see value in a long-term partnership with us, and as a result, traded some price concessions by us for extended terms or additional work scope.

We are committed to continuing to manage our business in line with demand for our services and make adjustments as necessary to effectively respond to changes in market conditions, customer activity levels, pricing for our services and equipment, and utilization of our deployed equipment and personnel. Our response to the industry's persistent uncertainty is to maintain sufficient liquidity, preserve our conservative capital structure and closely monitor our discretionary spending. We take a measured approach to asset deployment, balancing our view of current and expected customer activity levels with a focus on generating positive returns for our shareholders. Our priorities remain to drive revenue by maximizing deployed equipment utilization, to improve margins through cost controls, to protect and grow our market share by focusing on the quality, safety and efficiency of our service execution, and to ensure that we are strategically positioned to capitalize on constructive market dynamics.

Looking Ahead to 2020

We face many challenges and risks in the industry in which we operate. Although many factors contributing to these risks are beyond our ability to control, we continuously monitor these risks and have taken steps to mitigate them to the extent practicable. In addition, while we believe that we are well positioned to capitalize on available growth opportunities, we may not be able to achieve our business objectives and, consequently, our results of operations may be adversely affected. Please read the factors described in the sections titled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" in Part I, Item 1A of this Annual Report for additional information about the known material risks that we face.

Fiscal 2020 Objectives

With recent commodity price volatility, we intend to closely monitor the market and will adjust our approach as the situation develops. At this time, in 2020, our principal business objective continues to be growing our business and safely providing best-in-class services in all of our operating segments, while delivering shareholder value and maintaining a disciplined capital deployment strategy. We expect to achieve our objective through:

- partnering and growing with well-capitalized customers under dedicated agreements who focus their efforts on safety, high-efficiency completions, continuous improvement and innovation;
- allocating our assets to maximize utilization and returns, including diversification of geographies and commodities;
- maximizing profitability of fully-utilized fleets through leading-edge pricing and efficiencies;
- investing in technology to further drive efficiencies, enable differentiation of service offerings, and reduce our overall cost structure;
- leveraging our flexible and scalable logistics infrastructure to provide assurance of supply at lowest landed cost;
- leveraging our platform to identify, retain and promote talent to sustain growth and support operational and commercial excellence; maintaining agreements with our existing strategic suppliers and identify and develop relationships with additional strategic suppliers to ensure continuity of supply and optimize efficiency;

- maintaining our conservative and flexible capital position, supporting continued growth and maintenance of active equipment;
- gaining scale, enhancing our service offering, and capturing targeted cost synergies from the C&J Merger; and
- returning capital to shareholders in a disciplined fashion.

Completion Services

In our Completion Services segment, our strategy remains focused on deploying our market-ready fracturing fleets and bundling more of our wireline and pumpdown units with our deployed fracturing fleets and on a stand-alone basis. We are focused on increasing our dedicated fracturing fleet count with efficient customers that allow us to achieve high equipment utilization, which should result in improved financial performance. Additionally, we are focused on bundling more of our wireline and pumpdown units with our fracturing fleets to increase operational efficiencies and profitability. With that said, current market conditions remain challenging, and our primary focus remains to lower our overall cost structure by aligning with efficient, dedicated customers with deep inventories of work and proven track records of efficient operations, many of which we have created long-term relationships with over the past several years.

Well Construction and Intervention Services

In our Well Construction and Intervention Services segment, our strategy remains focused on deploying our market-ready cementing equipment and two newbuild coiled tubing units that we will take delivery of in the first quarter of 2020. In our cementing business, even though market conditions remain challenged due to customers releasing drilling rigs and declining E&P capital spending in 2020, we remain focused on providing high-quality, timely service and deploying more of our stacked units with efficient customers with deep inventories of work in our core operating basins. We will stay focused on controlling costs, improving market share with an efficient customer base that plan to maintain stable drilling rig counts in 2020. In our coiled tubing business, we are focused on deploying two newbuild, large-diameter units into our core operating basins and increasing market share with large, efficient customers with deep inventories of completion-oriented work that will keep our new units highly utilized.

Well Support Services

We divested our Well Support Services segment on March 9, 2020, for total consideration of $93.7 million.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity represents a company’s ability to adjust its future cash flows to meet needs and opportunities, both expected and unexpected.

	(Thousands of Dollars)	
	Year Ended December 31,	
	2019	2018
Cash	$ 255,015	$ 80,206
Debt, net of deferred financing costs and debt discount	$ 337,623	$ 340,730

	(Thousands of Dollars)		
	Year Ended December 31,		
	2019	2018	2017
Net cash provided by operating activities	$ 305,463	$ 350,311	$ 79,691
Net cash used in investing activities	$ (114,100)	$ (297,506)	$ (250,776)
Net cash provided by (used in) financing activities	$ (16,746)	$ (68,554)	$ 218,122

Significant sources and uses of cash during the year ended December 31, 2019

Sources of cash:

- Operating activities:
  - Net cash generated by operating activities during the year ended December 31, 2019 of $305.5 million was a result of our thoroughness in receiving collections from our customers and controlling costs. We continue to focus on maintaining operational and spend efficiencies, resulting in positive working capital and net operating cash to support our capital expenditures and other investing activities.

Uses of cash:

- Operating activities:
  - Net cash used in operating activities for the year ended December 31, 2019, included $61.9 million of merger and integration costs in connection with the C&J Merger.
- Investing activities:
  - Net cash used in investing activities for the year ended December 31, 2019 consisted primarily of capital expenditures. This activity primarily related to our Completion Services segment.
- Financing activities:
  - Cash used to repay our debt facilities, excluding leases and interest, during the year ended December 31, 2019 was $3.5 million.
  - Cash used to repay our finance leases during the year ended December 31, 2019 was $6.0 million.
  - Shares withheld and retired related to stock-based compensation during the year ended December 31, 2019 totaled $6.0 million.

Significant sources and uses of cash during the year ended December 31, 2018

Sources of cash:

- Operating activities:
  - Net cash generated by operating activities in 2018 of $350.3 million was primarily driven by higher utilization of our combined asset base and increased gross profit in our Completion Services segment.
- Investing activities:

- Cash provided by the insurance proceeds received for losses resulting from the July 1, 2018 accidental fire was $18.1 million. For further details see Note *(7) Property and Equipment, net* of Part II, "**Item 8.** Financial Statements and Supplementary Data."

- $4.7 million in proceeds from sales of various assets, including our idle field operations facility in Mathis, Texas, within the Corporate segment, and hydraulic tractors and light general-purpose vehicles within the Completion Services segment.

- Financing activities:

  - Cash provided by the 2018 Term Loan Facility, net of debt discount, was $348.2 million.

Uses of cash:

- Operating activities:

  - $13.0 million of transaction costs, including underwriting discounts paid by the Company, primarily incurred to consummate the secondary stock offering completed in January 2018.

  - $7.9 million related to the portion of the cash settlement of our RockPile CVR liability that exceeded its acquisition-date fair value, with the remaining $12.0 million of the cash settlement cost reflected in the use of cash in financing activities as described below.

  Investing activities:

  - Net cash used in investing activities of $297.5 million was primarily associated with our asset acquisition from RSI and our newbuild and maintenance capital spend on active fleets, offset by insurance proceeds and proceeds from various asset sales, as discussed above under "Sources of cash." This activity primarily related to our Completion Services segment.

- Financing activities:

  - Cash used to repay our debt facilities, including capital leases but excluding interest, was $289.1 million.

  - Cash used to pay debt issuance costs associated with our debt facilities was $7.3 million.

  - Shares repurchased and retired related to our stock repurchase program totaled $104.9 million.

  - Shares repurchased and retired related to payroll tax withholdings on our share-based compensation totaled $3.6 million.

  - $12.0 million related to the portion of the cash settlement of our RockPile CVR liability that was reflective of its acquisition-date fair value.

Significant sources and uses of cash during the year ended December 31, 2017

Sources of cash:

- Operating activities:

  - Net cash generated by operating activities in 2017 of $79.7 million was primarily driven by higher utilization of our combined asset base and increased gross profit in our Completion Services segment. We also had proceeds of $2.1 million and $4.2 million from the indemnification settlement with Trican and our insurance company related to the acquisition of the Acquired Trican Operations. See Note *(18) Commitments and Contingencies* of Part II, "**Item 8.** Financial Statements and Supplementary Data."

- Investing activities:
  - Total proceeds of $30.6 million from the sale of assets relating to our facilities in Woodward, Oklahoma and Searcy, Arkansas, certain air compressor units, coiled tubing assets and the twelve workover rigs acquired in the acquisition of RockPile. See Note ***(**7) Property and Equipment, net* of Part II, "**Item 8.** Financial Statements and Supplementary Data."
- Financing activities:
  - Cash provided from IPO proceeds, $255.5 million. See Note *(1)(a) Initial Public Offering* of Part II, "**Item 8.** Financial Statements and Supplementary Data."
  - The 2017 Term Loan Facility, entered into on March 15, 2017, provided for $145.0 million, net of associated origination and other transactions fees. Proceeds received were primarily used to fully repay our Senior Secured Notes. statements.
  - An incremental term loan facility, entered into on July 3, 2017, provided for $131.1 million, net of associated origination and other transaction fees. Proceeds received were primarily used to fund the acquisition of RockPile.

Uses of cash:

- Investing activities:
  - Cash consideration of $116.6 million associated with the acquisition of RockPile, inclusive of a $7.8 million net working capital settlement.
  - Cash used for capital expenditures of $164.4 million, associated with maintenance capital spend on active fleets, commissioning costs associated with the deployment of our idle fleets, the newbuild acquired as part of the acquisition of RockPile and deposits on new equipment. This activity primarily related to our Completion Services segment.
- Financing activities: Cash used to repay our debt facilities, including capital leases but excluding interest, in 2017 was $310.8 million. We used a portion of our IPO proceeds and the proceeds of the 2017 Term Loan Facility to repay our 2016 Term Loan Facility and Senior Secured Notes.

Future sources and use of cash

Our primary sources of liquidity have historically included, and we have funded our capital expenditures with, cash flows from operations, proceeds from public offerings of our common stock and borrowings under debt facilities. Our ability to generate future cash flows is subject to a number of variables, many of which are outside of our control, including the drilling, completion and production activity by our customers, which is highly dependent on oil and gas prices. See Part II, "**Item 7.** Management's Discussion and Analysis of Financial Condition and Results of Operations - Overview" for additional discussion of certain factors that impact our results and the market challenges within our industry.

Our primary uses of cash are for operating costs, capital expenditures, debt service and our stock repurchase program.

Capital expenditures for 2020 are projected to be primarily related to maintenance capital spend to support our existing active fleets, wireline trucks, coil units, and cementing units.

Debt service for the year ended December 31, 2020 is projected to be $30.9 million, of which $3.5 million is related to capital leases. We anticipate our debt service will be funded by cash flows from operations.

On December 11, 2019, the Company announced the board of directors approved a new $100 million capital return program, which includes a $50 million stock repurchase program through December 2020. No share repurchases were made under the share repurchase program in 2019. Although our board of directors has approved a share repurchase program, the share repurchase program does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares. The timing and amount of repurchases, if any, will depend upon several factors, including market and business conditions, the trading price of our common stock and the nature of other investment opportunities. The repurchase program may be limited, suspended or discontinued at any time without prior notice. We anticipate any share repurchases will be funded by cash flows from operations.

Other factors affecting liquidity

Financial position in current market. As of December 31, 2019, we had $255.0 million of cash and a total of $303.8 million available under our revolving credit facility. We currently believe that our cash on hand, cash flow generated from operations and availability under our revolving credit facility will provide sufficient liquidity for at least the next 12 months, including for capital expenditures, debt service, working capital investments and stock repurchases.

Guarantee agreements. Under the 2019 ABL Facility $31.8 million of letters of credit were outstanding as of December 31, 2019.

Customer receivables. In line with industry practice, we bill our customers for our services in arrears and are, therefore, subject to our customers delaying or failing to pay our invoices. The majority of our trade receivables have payment terms of 30 days or less. In weak economic environments, we may experience increased delays and failures to pay our invoices due to, among other reasons, a reduction in our customers' cash flow from operations and their access to the credit markets. If our customers delay paying or fail to pay us a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity, consolidated results of operations and consolidated financial condition.

Contractual Obligations

In the normal course of business, we enter into various contractual obligations that impact or could impact our liquidity. The table below contains our known contractual commitments as of December 31, 2019.

(Thousands of Dollars)

Contractual obligations	**Total**	**2020**	**2021-2022**	**2023-2024**	**2025+**
Long-term debt, including current portion(1)	$ 344,750	$ 3,500	$ 7,000	$ 7,000	$ 327,250
Estimated interest payments(2)	115,729	22,262	43,572	42,031	7,864
Finance lease obligations(3)	10,061	4,977	4,811	273	—
Operating lease obligations(4)	68,344	26,068	22,096	9,259	10,921
Purchase commitments(5)	119,710	93,985	24,225	1,500	—
Equity-method investment(6)	1,302	1,302	—	—	—
Legal contingency	10,059	10,059	—	—	—
	$ 669,955	$ 162,153	$ 101,704	$ 60,063	$ 346,035

(1) Long-term debt represents our obligations under our 2018 Term Loan Facility, exclusive of interest payments. In addition, these amounts exclude $7.1 million of unamortized debt discount and debt issuance costs associated with our 2018 Term Loan Facility.

(2) Estimated interest payments are based on debt balances outstanding as of December 31, 2019 and include interest related to the 2018 Term Loan Facility. Interest rates used for variable rate debt are based on the prevailing current London Interbank Offer Rate ("LIBOR").

(3) Finance lease obligations primarily consist of obligations on our finance leases of light weight vehicles with ARI Financial Services Inc. and Enterprise FM Trust and includes interest payments.

(4) Operating lease obligations are related to our real estate, rail cars, and light duty vehicles.

(5) Purchase commitments primarily relate to our agreements with vendors for sand purchases and deposits on equipment. The purchase commitments to sand suppliers represent our annual obligations to purchase a minimum amount of sand from vendors. If the minimum purchase requirement is not met, the shortfall at the end of the year is settled in cash or, in some cases, carried forward to the next year.

(6) Equity-method investment is related to our research and development commitments with our equity-method investee. See Notes *(18) Commitments and Contingencies* and *(19) Related Party Transactions* of Part II, "**Item 8**. Financial Statements and Supplementary Data" for further details.

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Principal Debt Agreements

2019 ABL Facility

Origination. On the October 31, 2019, we, and certain of our other subsidiaries as additional borrowers and guarantors, entered into a Second Amended and Restated Asset-Based Revolving Credit Agreement (the "2019 ABL Facility") to the original Asset-Based Revolving Credit Agreement, dated as of February 17, 2017, as amended December 22, 2017 (the "2017 ABL Facility").

Structure. Our 2019 ABL Facility provides for a $450.0 million revolving credit facility (with a $100.0 million subfacility for letters of credit), subject to a borrowing base in accordance with the terms agreed between us and the lenders. In addition, subject to approval by the applicable lenders and other customary conditions, the 2019 ABL Facility allows for an additional increase in commitments of up to $200.0 million. The 2019 ABL Facility is subject to customary fees, guarantees of subsidiaries, restrictions and covenants, including certain restricted payments.

Maturity. The loans arising under the initial commitments under the 2019 ABL Facility mature on October 31, 2024. The loans arising under any tranche of extended loans or additional commitments mature as specified in the applicable extension amendment or increase joinder, respectively.

Interest. Pursuant to the terms of the 2019 ABL Facility, amounts outstanding under the 2019 ABL Facility bear interest at a rate per annum equal to, at Keane Group Holdings, LLC's option, (a) the base rate, plus an applicable margin equal to (x) if the average excess availability is less than 33%, 1.00%, (y) if the average excess availability is greater than or equal to 33% but less than 66%, 0.75% or (z) if the average excess availability is greater than or equal to 66%, 0.50%, or (b) the adjusted LIBOR rate for such interest period, plus an applicable margin equal to (x) if the average excess availability is less than 33%, 2.00%, (y) if the average excess availability is greater than or equal to 33% but less than 66%, 1.75% or (z) if the average excess availability is greater than or equal to 66%, 1.50%, to a rate per annum equal to, at Keane Group Holdings, LLC's option, (a) the base rate, plus an applicable margin equal to (x) if the average excess availability is less than 33%, 0.75%, (y) if the average excess availability is greater than or equal to 33% but less than 66%, 0.50% or (z) if the average excess availability is greater than or equal to 66%, 0.25%, or (b) the adjusted LIBOR rate for such interest period, plus an applicable margin equal to (x) if the average excess availability is less than 33%, 1.75%, (y) if the average excess availability is greater than or equal to 33% but less than 66%, 1.50% or (z) if the average excess availability is greater than or equal to 66%, 1.25%.

Financial Covenants. The 2019 ABL Facility requires that, under certain circumstances, the consolidated fixed charge coverage ratio not be lower than 1.0:1.0 as of the last day of the most recently completed four consecutive fiscal quarters for which financial statements were required to have been delivered, including if excess availability (or liquidity if no loan or letter of credit, other than any letter of credit that has been cash collateralized, is outstanding) is less than the greater of (i) 10% of the loan cap and (ii) $30.0 million at any time. As of December 31, 2019, the Company was in compliance with all covenants.

2018 Term Loan Facility

On May 25, 2018, Keane Group and the 2018 Term Loan Guarantors (as defined below) entered into the 2018 Term Loan Facility with each lender from time to time party thereto and Barclays Bank PLC, as administrative agent and collateral agent. The proceeds of the 2018 Term Loan Facility were used to refinance Keane Group's then-existing term loan facility and to repay related fees and expenses, with the excess proceeds to fund general corporate purposes.

Structure. The 2018 Term Loan Facility provides for a term loan facility in an initial aggregate principal amount of $350.0 million (the loans incurred under the 2018 Term Loan Facility, the "2018 Term Loans"). As of December 31, 2019, there was $337.6 million principal amount of 2018 Term Loans outstanding. In addition, subject to certain customary conditions, the 2018 Term Loan Facility allows for additional incremental term loans to be incurred thereunder in an amount equal to the sum of (a) $200.0 million plus the aggregate principal amount of voluntary prepayments of 2018 Term Loans made on or prior to the date of determination (less amounts incurred in reliance on the capacity described in this subclause (a)), plus (b) an unlimited amount, subject to, (x) in the case of debt secured on a pari passu basis with the 2018 Term Loans, immediately after giving effect to the incurrence thereof, a first lien net leverage ratio being less than or equal to 2.00:1.00, (y) in the case of debt secured on a junior basis with the 2018 Term Loans, immediately after giving effect to the incurrence thereof, a secured net leverage ratio being less than or equal to 3.00:1.00 and (z) in the case of unsecured debt, immediately after giving effect to the incurrence thereof, a total net leverage ratio being less than or equal to 3.50:1.00.

Maturity. May 25, 2025 or, if earlier, the stated maturity date of any other term loans or term commitments.

Amortization. The 2018 Term Loans amortize in quarterly installments equal to 1.00% per annum of the aggregate principal amount of all initial term loans outstanding.

Interest. The 2018 Term Loans bear interest at a rate per annum equal to, at Keane Group's option, (a) the base rate plus 2.75%, or (b) the adjusted LIBOR for such interest period (subject to a 1.00% floor) plus 3.75%, subject to, on and after the fiscal quarter ending September 30, 2018, a pricing grid with three 0.25% per annum step-ups and one 0.25% per annum step-down determined based on total net leverage for the relevant period. Following a payment event of default, the 2018 Term Loans bear interest at the rate otherwise applicable to such 2018 Term Loans at such time plus an additional 2.00% per annum during the continuance of such event of default.

Prepayments. The 2018 Term Loan Facility is required to be prepaid with: (a) 100% of the net cash proceeds of certain asset sales, casualty events and other dispositions, subject to the terms of an intercreditor agreement between the agent for the 2018 Term Loan Facility and the agent for the 2019 ABL Facility and certain exceptions; (b) 100% of the net cash proceeds of debt incurrences or issuances (other than debt incurrences permitted under the 2018 Term Loan Facility, which exclusion is not applicable to permitted refinancing debt) and (c) 50% (subject to step-downs to 25% and 0%, upon and during achievement of certain total net leverage ratios) of excess cash flow in excess of a certain amount, minus certain voluntary prepayments made under the 2018 Term Loan Facility or other debt secured on a pari passu basis with the 2018 Term Loans and voluntary prepayments of loans under the 2019 ABL Facility to the extent the commitments under the 2019 ABL Facility are permanently reduced by such prepayments.

Guarantees. Subject to certain exceptions as set forth in the definitive documentation for the 2018 Term Loan Facility, the amounts outstanding under the 2018 Term Loan Facility are guaranteed by the Company, Keane Frac, LP, KS Drilling, LLC, KGH Intermediate Holdco I, LLC, KGH Intermediate Holdco II, LLC, and Keane Frac GP, LLC, and each subsidiary of the Company that will be required to execute and deliver a facility guaranty in the future pursuant to the terms of the 2018 Term Loan Facility (collectively, the “2018 Term Loan Guarantors”).

Security. Subject to certain exceptions as set forth in the definitive documentation for the 2018 Term Loan Facility, the obligations under the 2018 Term Loan Facility are secured by (a) a first-priority security interest in and lien on substantially all of the assets of Keane Group and the 2018 Term Loan Guarantors to the extent not constituting ABL Facility Priority Collateral (as defined below) and (b) a second-priority security interest in and lien on substantially all of the accounts receivable, inventory, and frac iron equipment, and certain other assets and property related to the foregoing including certain chattel paper, investment property, documents, letter of credit rights, payment intangibles, general intangibles, commercial tort claims, books and records and supporting obligations of the borrowers and guarantors under the 2019 ABL Facility (the “ABL Facility Priority Collateral”).

Fees. Certain customary fees are payable to the lenders and the agents under the 2018 Term Loan Facility.

Restricted Payment Covenant. The 2018 Term Loan Facility includes a covenant restricting the ability of the Company and its restricted subsidiaries to pay dividends and make certain other restricted payments, subject to certain exceptions. The 2018 Term Loan Facility provides that the Company and its restricted subsidiaries may, among things, make cash dividends and other restricted payments in an aggregate amount during the life of the facility not to exceed (a) $100.0 million, plus (b) the amount of net proceeds received by Keane Group from the funding of the 2018 Term Loans in excess of the of such net proceeds required to finance the refinancing of the pre-existing term loan facility and pay fees and expenses related thereto and to the entry into the 2018 Term Loan Facility, plus (c) an unlimited amount so long as, after giving effect to such restricted payment, the total net leverage ratio would not exceed 2.00:1.00. In addition, the Company and its restricted subsidiaries may make restricted payments utilizing the Cumulative Credit (as defined below), subject to certain conditions including, if any portion of the Cumulative Credit utilized is comprised of amounts under clause (b) of the definition thereof below, the pro forma total net leverage ratio being no greater than 2.50:1.00.

“Cumulative Credit”, generally, is defined as an amount equal to (a) $25.0 million, (b) 50% of consolidated net income of the Company and its restricted subsidiaries on a cumulative basis from April 1, 2018 (which cumulative amount shall not be less than zero), plus (c) other customary additions, and reduced by the amount of Cumulative Credit used prior to such time (whether for restricted payments, junior debt payments or investments).

Affirmative and Negative Covenants. The 2018 Term Loan Facility contains various affirmative and negative covenants (in each case, subject to customary exceptions as set forth in the definitive documentation for the 2018 Term Loan Facility). The 2018 Term Loan Facility does not contain any financial maintenance covenants. As of December 31, 2019, the Company was in compliance with all covenants.

Events of Default. The 2018 Term Loan Facility contains customary events of default (subject to exceptions, thresholds and grace periods as set forth in the definitive documentation for the 2018 Term Loan Facility).

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet financing arrangements, transactions or special purpose entities.

Related Party Transactions

Our board of directors has adopted a written policy and procedures (the "Related Party Policy") for the review, approval and ratification of the related party transactions by the independent members of the audit and risk committee of our board of directors. For purposes of the Related Party Policy, a "Related Party Transaction" is any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including the incurrence or issuance of any indebtedness or the guarantee of indebtedness) in which (1) the aggregate amount involved will or may be reasonably expected to exceed $120,000 in any fiscal year, (2) the company or any of its subsidiaries is a participant, and (3) any Related Party (as defined herein) has or will have a direct or indirect material interest. All Related Party Transactions will be reviewed in accordance with the standards set forth in the Related Party Policy after full disclosure of the Related Party's interests in the transaction.

The Related Party Policy defines "Related Party" as any person who is, or, at any time since the beginning of the Company's last fiscal year, was (1) an executive officer, director or nominee for election as a director of the Company or any of its subsidiaries, (2) a person with greater than five percent (5%) beneficial interest in the Company, (3) an immediate family member of any of the individuals or entities identified in (1) or (2) of this paragraph, and (4) any firm, corporation or other entity in which any of the foregoing individuals or entities is employed or is a general partner or principal or in a similar position or in which such person or entity has a five percent (5%) or greater beneficial interest. Immediate family members includes a person's spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and anyone residing in such person's home, other than a tenant or employee.

Transaction prices with our related parties are commensurate with transaction prices in arms-length transactions. For further details about our transactions with Related Parties, see Note *(19) Related Party Transactions* of Part II, "**Item 8**. Financial Statements and Supplementary Data."

Recently Issued Accounting Standards

For discussion on the impact of accounting standards issued but not yet adopted to our consolidated and combined financial statements, see Note *(23) New Accounting Pronouncements* of Part II, "**Item 8**. Financial Statements and Supplementary Data."

Critical Accounting Policies and Estimates

The preparation of our consolidated and combined financial statements and related notes included within Part II, "**Item 8**. Financial Statements and Supplementary Data" requires us to make estimates that affect the reported amounts of assets, liabilities, revenue and expenses and related disclosures of contingent assets and liabilities. We base these estimates on historical results and various other assumptions believed to be reasonable, all of which form the basis for making estimates concerning the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

A critical accounting estimate is one that requires a high level of subjective judgment by management and has a material impact to our financial condition or results of operations. We believe the following are the critical accounting policies used in the preparation of our consolidated and combined financial statements, as well as the significant estimates and judgments affecting the application of these policies. This discussion and analysis should be read in conjunction with our consolidated and combined financial statements and related notes included within Part II, "**Item 8**. Financial Statements and Supplementary Data."

Business combinations

We allocate the purchase price of businesses we acquire to the identifiable assets acquired and liabilities assumed based on their estimated fair values. Any excess purchase price over the fair value of the net identifiable assets acquired is recorded as goodwill. We use all available information to estimate fair values, including quoted market prices, the carrying value of acquired assets and assumed liabilities and valuation techniques such as discounted cash flows, multi-period excess earning or income-based-relief-from-royalty methods. We engage third-party appraisal firms to assist in the fair value determination of inventories, identifiable long-lived assets, identifiable intangible assets, as well as any contingent consideration or earn-out provisions that provide for additional consideration to be paid to the seller if certain future conditions are met. These estimates are reviewed during the 12-month measurement period and adjusted based on actual results. The judgments made in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact our financial condition or results of operations. See Note *(3) Mergers and Acquisitions* of Part II, "**Item 8**. Financial Statements and Supplementary Data" for further discussion of our recently completed merger and acquisition during 2019 and 2017, respectively.

Asset acquisitions

Asset acquisitions are measured based on their cost to us, including transaction costs incurred by us. An asset acquisition's cost or the consideration transferred by us is assumed to be equal to the fair value of the net assets acquired. If the consideration transferred is cash, measurement is based on the amount of cash we paid to the seller, as well as transaction costs incurred by us. Consideration given in the form of nonmonetary assets, liabilities incurred or equity interests issued is measured based on either the cost to us or the fair value of the assets or net assets acquired, whichever is more clearly evident. The cost of an asset acquisition is allocated to the assets acquired based on their estimated relative fair values. We engage third-party appraisal firms to assist in the fair value determination of inventories, identifiable long-lived assets and identifiable intangible assets. Goodwill is not recognized in an asset acquisition. See Note *(3) Mergers and Acquisitions* of Part II, "**Item 8**. Financial Statements and Supplementary Data" for our asset acquisition from RSI in 2018.

Legal and environmental contingencies

From time to time, we are subject to legal and administrative proceedings, settlements, investigations, claims and actions, as is typical of the industry. These claims include, but are not limited to, contract claims, environmental claims, employment related claims, claims alleging injury or claims related to operational issues. Our assessment of the likely outcome of litigation matters is based on our judgment of a number of factors, including experience with similar matters, past history, precedents, relevant financial information and other evidence and facts specific to the matter. We accrue for contingencies when the occurrence of a material loss is probable and can be reasonably estimated, based on our best estimate of the expected liability. The estimate of probable costs related to a contingency is developed in consultation with internal and outside legal counsel representing us. The accuracy of these estimates is impacted by, among other things, the complexity of the issues and the amount of due diligence we have been able to perform. Differences between the actual settlement costs, final judgments or fines from our estimates could have a material adverse effect on our financial position or results of operations. See Note *(18) Commitments and Contingencies* of Part II, "**Item 8**. Financial Statements and Supplementary Data" for further discussion of our legal, environmental and other regulatory contingencies.

Valuation of long-lived assets, indefinite-lived assets and goodwill

We assess our long-lived assets, such as definite-lived intangible assets and property and equipment, for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. We assess our goodwill and indefinite-lived assets for impairment annually, as of October 31, or whenever events or circumstances indicate that the carrying amount of goodwill or the indefinite-lived assets may not be recoverable. If the carrying value of an asset exceeds its fair value, we record an impairment charge that reduces our earnings.

We perform our qualitative assessments of the likelihood of impairment by considering qualitative factors relevant to each of our reporting segments, such as macroeconomic, industry, market or any other factors that have a significant bearing on fair value. The expected future cash flows used for impairment reviews and related fair value calculations are based on subjective, judgmental assessments of projected revenue growth, fleet count, utilization, gross margin rates, SG&A rates, working capital fluctuations, capital expenditures, discount rates and terminal growth rates. Many of these judgments are driven by crude oil prices. If the crude oil market declines and remains at low levels for a sustained period of time, we would expect to perform our impairment assessments more frequently and could record impairment charges.

See Note *(2)(h) Goodwill and Indefinite-Lived Intangible Assets* and *(2)(i) Long-Lived Assets with Definite Lives* of Part II, "**Item 8**. Financial Statements and Supplementary Data" for further discussion on our impairment assessments of our long-lived assets, indefinite-lived assets and goodwill for the years ended December 31, 2019, 2018 and 2017.

Income Taxes

We account for income taxes in accordance with Accounting Standards Codification ("ASC") 740, "Income Taxes," which requires an asset and liability approach for financial accounting and reporting of income taxes. Under ASC 740, income taxes are accounted for based upon the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss carry-forwards using enacted tax rates in effect in the year the differences are expected to reverse. We estimate our annual effective tax rate at each interim period based on the facts and circumstances available at that time, while the actual effective tax rate is calculated at year-end. Our effective tax rates will vary due to changes in estimates of our future taxable income or losses, fluctuations in the tax jurisdictions in which we operate and favorable or unfavorable adjustments to our estimated tax liabilities related to proposed or probable assessments. As a result, our effective tax rate may fluctuate significantly on a quarterly or annual basis.

In evaluating our ability to recover our deferred tax assets, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. In addition to our historical financial results, we consider forecasted market growth, earnings and taxable income, the mix of earnings in the jurisdictions in which we operate and the implementation of prudent and feasible tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates we use to manage our underlying businesses. We establish a valuation allowance against the carrying value of deferred tax assets when we determine that it is more likely than not that the asset will not be realized through future taxable income. Such amounts are charged to earnings in the period in which we make such determination. Likewise, if we later determine that it is more likely than not that the net deferred tax assets would be realized, we would reverse the applicable portion of the previously provided valuation allowance.

We calculate our income tax liability based on estimates and assumptions that could differ from the actual results reflected in income tax returns filed during the subsequent year. Significant judgment is required in assessing, among other things, the timing and amounts of deductible and taxable items. Due to the complexity of some of these uncertainties, the ultimate resolution may result in payment that is materially different from our current estimate of our tax liabilities. These differences are reflected as increases or decreases to income tax expense in the period in which they are determined.

The amount of income tax we pay is subject to ongoing audits by federal and state tax authorities, which may result in proposed assessments. Our estimate for the potential outcome for any uncertain tax issue is highly judgmental. We believe we have adequately provided for any reasonably foreseeable outcome related to these matters. However, our future results may include favorable or unfavorable adjustments to our estimated tax liabilities in the period the assessments are made or resolved or when statutes of limitation on potential assessments expire. Additionally, the jurisdictions in which our earnings or deductions are realized may differ from our current estimates. We recognize interest and penalties, if any, related to uncertain tax positions in income tax expense.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code, including but not limited to, (1) the requirement to pay a one-time transition tax on all undistributed earnings of foreign subsidiaries; (2) reducing the U.S. federal corporate income tax rate from 35% to 21%; (3) eliminating the alternative minimum tax; (4) creating a new limitation on deductible interest expense; and (5) changing rules related to use and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017. We evaluated the provisions of the Tax Act and determined only the reduced corporate tax rate from 35% to 21% would have an impact on our consolidated and combined financial statements as of December 31, 2017. Accordingly, we recorded a provision to income taxes for our assessment of the tax impact of the Tax Act on ending deferred tax assets and liabilities and the corresponding valuation allowance. The effects of other provisions of the Tax Act are not expected to have an adverse impact on our consolidated and combined financial statements. We will continue to assess the impact of other aspects of U.S. tax reform on our tax positions and our consolidated and combined financial statements.

See Note *(17) Income Taxes* of Part II, "**Item 8**. Financial Statements and Supplementary Data" for further discussion on income taxes for the years ended December 31, 2019, 2018 and 2017.

Leases

Per ASU 2016-02, "Leases (Topic 842)," lessees can classify leases as finance leases or operating leases, while lessors can classify leases as sales-type, direct financing or operating leases. All leases, with the exception of short-term leases, are capitalized on the balance sheet by recording a lease liability, which represents our obligation to make lease payments arising from the lease, along with a corresponding right-of-use asset, which represents our right to use the underlying asset being leased. For leases in which we are the lessee, we use a collateralized incremental borrowing rate to calculate the lease liability, as in most cases we do not know the lessor's implicit rate in the lease. Establishing our lease obligations on our unaudited condensed consolidated balance sheets require judgmental assessments of the term lengths of each and the interest rate yield curve that best represents the collateralized incremental borrowing rate to apply to each lease. We engage third-party specialists to assist us in determining the collateralized incremental borrowing rate yield curve. Errors in determining the lease term lengths and/or selecting the best representative collateralized incremental borrowing rate can have a material adverse effect on our unaudited condensed consolidated financial statements. For further details about our leases, see Note (16) Leases of Part II, "Item 8. Financial Statements and Supplementary Data".

New Accounting Pronouncements

For discussion on the potential impact of new accounting pronouncements issued but not yet adopted, see Note *(23) New Accounting Pronouncements* of Part II, "**Item 8**. Financial Statements and Supplementary Data."

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

Exchange Rate Risk. Our operations are currently conducted predominantly within the U.S.; therefore, we had no significant exposure to foreign currency exchange rate risk during 2019.

Interest Rate Risk. As of December 31, 2019, we held variable-rate debt, the exposure to which we manage with our interest-rate-related derivative instrument. We held no derivative instruments that increased our exposure to market risks for foreign currency rates, commodity prices or other market price risks. We are exposed to changes in interest rates on our floating rate borrowings under our 2019 ABL Facility and 2018 Term Loan. As of December 31, 2019, we had no debt outstanding under our 2019 ABL Facility and $337.6 million aggregate principal amount outstanding under the 2018 Term Loan. The impact of a 1.0% increase in interest rates under the terms of the 2019 ABL Facility would have no impact on interest expense for the 2019 year, and a 1.0% increase in interest rates under the terms of the 2018 Term Loan would have a $3.5 million impact on interest expense for the 2019 year.

Commodity Price Risk. Our material and fuel purchases expose us to commodity price risk. Our material costs primarily include the cost of inventory consumed while performing our stimulation services such as proppant, chemicals and guar. Our fuel costs consist primarily of diesel fuel used by our various trucks and other motorized equipment. The prices for fuel and the raw materials (particularly guar and proppant) in our inventory are volatile and are impacted by changes in supply and demand, as well as market uncertainty and regional shortages. Depending on market conditions, we have generally been able to pass along price increases to our customers; however, we may be unable to do so in the future. We generally do not engage in commodity price hedging activities. However, we have purchase commitments with certain vendors to supply a majority of the proppant used in our operations. Some of these agreements are take-or-pay agreements with minimum purchase obligations. As a result of future decreases in the market price of proppants, we could be required to purchase goods and pay prices in excess of market prices at the time of purchase.

For further quantitative disclosure about our market risk related to our variable-rate debt, interest-rate-related derivative instrument and purchase commitments, see Part II, "**Item 7**. Management Discussion and Analysis of Financial Condition and Results of Operations" for the contractual commitments and obligations table as of December 31, 2019.*Customer Credit Risk*. Financial instruments that potentially subject us to concentrations of credit risk are trade receivables. We extend credit to customers and other parties in the normal course of business. We have established various procedures to manage our credit exposure, including credit evaluations and maintaining an allowance for doubtful accounts.

Item 8. Financial Statements and Supplementary Data

INDEX TO FINANCIAL STATEMENTS

NexTier Oilfield Solutions Inc.

Audited Consolidated and Combined Financial Statements

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
NexTier Oilfield Solutions Inc.:

Opinion on the Consolidated and Combined Financial Statements

We have audited the accompanying consolidated balance sheets of NexTier Oilfield Solutions Inc. and subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated and combined statements of operations and comprehensive income (loss), changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated and combined financial statements). In our opinion, the consolidated and combined financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 12, 2020 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 2 and 16 to the consolidated and combined financial statements, the Company has changed its method of accounting for leases as of January 1, 2019 due to the adoption of Accounting Standards Update 2016-02, *Leases* (Topic 842), and related amendments.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated and combined financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated and combined 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 and combined 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 and combined financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2011.

Houston, Texas
March 12, 2020

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
NexTier Oilfield Solutions Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited NexTier Oilfield Solutions Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, and the related consolidated and combined statements of operations and comprehensive income (loss), changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and related notes (collectively, the consolidated and combined financial statements), and our report dated March 12, 2020 expressed an unqualified opinion on those consolidated and combined financial statements.

The Company acquired C&J Energy Services, Inc. during 2019, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2019, C&J Energy Services, Inc.'s internal control over financial reporting associated with total assets of $708.5 million and total revenues of $196.7 million included in the consolidated financial statements of the Company as of and for the year ended December 31, 2019. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of C&J Energy Services, Inc.

Basis for Opinion

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

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

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ KPMG LLP

Houston, Texas
March 12, 2020

NEXTIER OILFIELD SOLUTIONS INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(Amounts in thousands)

	December 31, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 255,015	$ 80,206
Trade and other accounts receivable, net	350,765	210,428
Inventories, net	61,641	35,669
Assets held for sale	141	176
Prepaid and other current assets	20,492	5,784
Total current assets	688,054	332,263
Operating lease right-of-use assets	54,503	—
Finance lease right-of-use assets	9,511	—
Property and equipment, net	709,404	531,319
Goodwill	137,458	132,524
Intangible assets	55,021	51,904
Other noncurrent assets	10,956	6,569
Total assets	$ 1,664,907	$ 1,054,579
Liabilities and Stockholders' Equity		
Liabilities		
Current liabilities:		
Accounts payable	$ 115,251	$ 106,702
Accrued expenses	234,895	101,539
Current maturities of long-term operating lease liabilities	23,473	—
Current maturities of long-term finance lease liabilities	4,594	4,928
Current maturities of long-term debt	2,311	2,776
Stock-based compensation	—	4,281
Other current liabilities	5,670	354
Total current liabilities	386,194	220,580
Long-term operating lease liabilities, less current maturities	35,123	—
Long-term finance lease liabilities, less current maturities	4,844	5,581
Long-term debt, net of deferred financing costs and debt discount, less current maturities	335,312	337,954
Other noncurrent liabilities	16,662	3,283
Total noncurrent liabilities	391,941	346,818
Total liabilities	778,135	567,398
Stockholders' equity		
Common stock, par value $0.01 per share (authorized 500,000 shares, issued and outstanding 212,410 and 104,188 shares, respectively)	2,124	1,038
Paid-in capital in excess of par value	966,762	455,447
Retained earnings (deficit)	(73,333)	31,494
Accumulated other comprehensive loss	(8,781)	(798)
Total stockholders' equity	886,772	487,181
Total liabilities and stockholders' equity	$ 1,664,907	$ 1,054,579

See accompanying notes to the consolidated and combined financial statements.

NEXTIER OILFIELD SOLUTIONS INC. AND SUBSIDIARIES
Consolidated and Combined Statements of Operations and Comprehensive (Loss) Income
(Amounts in thousands, except for per share amounts)

	Year Ended December 31,		
	2019	**2018**	**2017**
Revenue	$ 1,821,556	$ 2,137,006	$ 1,542,081
Operating costs and expenses:			
Cost of services [(1)]	1,403,932	1,660,546	1,282,561
Depreciation and amortization	292,150	259,145	159,280
Selling, general and administrative expenses	123,676	113,810	84,853
Merger and integration	68,731	448	8,673
(Gain) loss on disposal of assets	4,470	5,047	(2,555)
Impairment expense	12,346	—	—
Total operating costs and expenses	1,905,305	2,038,996	1,532,812
Operating income (loss)	(83,749)	98,010	9,269
Other income (expense):			
Other income (expense), net	453	(905)	13,963
Interest expense	(21,856)	(33,504)	(59,223)
Total other expenses	(21,403)	(34,409)	(45,260)
Income (loss) before income taxes	(105,152)	63,601	(35,991)
Income tax expense	(1,005)	(4,270)	(150)
Net income (loss)	(106,157)	59,331	(36,141)
Net loss attributable to predecessor	—	—	(7,918)
Net income (loss) attributable to NexTier	(106,157)	59,331	(28,223)
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(116)	(114)	96
Hedging activities	(7,628)	(880)	791
Total comprehensive income (loss)	$ (113,901)	$ 58,337	$ (35,254)
Net income (loss) per share:			
Basic net income (loss) per share	$ (0.86)	$ 0.54	$ (0.34)
Diluted net income (loss) per share	$ (0.86)	$ 0.54	$ (0.34)
Weighted-average shares outstanding: basic	122,977	109,335	106,321
Weighted-average shares outstanding: diluted	122,977	109,660	106,321

(1) Cost of services during the years ended December 31, 2019, 2018, and 2017 excludes depreciation of $276.8 million, $245.6 million, and $150.6 million, respectively. Depreciation related to cost of services is presented within depreciation and amortization separately.

See accompanying notes to the consolidated and combined financial statements.

NEXTIER OILFIELD SOLUTIONS INC. AND SUBSIDIARIES
Consolidated and Combined Statements of Changes in Stockholders' Equity
(Amounts in thousands)

	Members' equity	Common Stock	Paid-in Capital in Excess of Par Value	Retained Earnings (deficit)	Accumulated other comprehensive income (loss)	Total
Balance as of December 31, 2016	$ 453,810	$ —	$ —	$ (288,771)	$ (2,787)	$ 162,252
Net loss prior to the Organizational Transactions	—	—	—	(7,918)	—	(7,918)
Effect of the Organizational Transactions	(453,810)	—	156,270	297,540	—	—
Issuance of common stock sold in initial public offering, net of offering costs and deferred stock awards for executives	—	1,031	245,902	—	—	246,933
Stock-based compensation recognized subsequent to the Organizational Transactions	—	—	10,578	—	—	10,578
Effect of RockPile acquisition	—	87	130,203	—	—	130,290
Other comprehensive income	—	—	—	—	1,059	1,059
Deferred tax adjustment	—	—	(1,879)	—	—	(1,879)
Net loss subsequent to Organizational Transactions	—	—	—	(28,223)	—	(28,223)
Balance as of December 31, 2017	$ —	$ 1,118	$ 541,074	$ (27,372)	$ (1,728)	$ 513,092
Stock-based compensation[(1)]	—	2	21,458	—	—	21,460
Shares repurchased and retired related to stock-based compensation	—	(1)	(3,578)	—	—	(3,579)
Shares repurchased and retired related to stock repurchase program	—	(81)	(103,507)	(1,273)	—	(104,861)
Other comprehensive income	—	—	—	808	930	1,738
Net income	—	—	—	59,331	—	59,331
Balance as of December 31, 2018	$ —	$ 1,038	$ 455,447	$ 31,494	$ (798)	$ 487,181
New lease standard implementation	—	—	—	1,330	—	1,330
Stock-based compensation[(1)]	—	33	33,226	—	—	33,259
Shares repurchased and retired related to stock-based compensation	—	(6)	(5,976)	—	—	(5,982)
Other comprehensive income (loss)	—	—	—	—	(7,983)	(7,983)
Equity issued in connection with the C&J Merger	—	1,059	484,065	—	—	485,124
Net loss	—	—	—	(106,157)	—	(106,157)
Balance as of December 31, 2019	$ —	$ 2,124	$ 966,762	$ (73,333)	$ (8,781)	$ 886,772

(1) Stock-based compensation during 2019 and 2018 includes stock-based compensation expense recognized during the period of $29.0 million and $17.2 million and the vested deferred stock awards of $4.3 million and $4.3 million, respectively. Refer to Note *(12) Stock-Based Compensation* for further discussion of the Company's stock-based compensation.

See accompanying notes to the consolidated and combined financial statements.

NEXTIER OILFIELD SOLUTIONS INC. AND SUBSIDIARIES

Consolidated and Combined Statements of Cash Flows
(Amounts in thousands)

	Year Ended December 31,		
	2019	2018	2017
Cash flows from operating activities:			
Net income (loss)	$ (106,157)	$ 59,331	$ (36,141)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation and amortization	292,150	259,145	159,280
Amortization of deferred financing fees	1,360	3,147	5,241
(Gain) loss on disposal of assets	4,470	5,047	(2,555)
Stock-based compensation	28,977	17,166	10,578
Loss on debt extinguishment/modification, including prepayment premiums	526	7,563	31,084
Loss on contingent consideration liability	—	13,254	—
Loss on foreign currency translation	—	2,621	—
Unrealized gain (loss) on derivatives	(7,628)	(880)	791
Realized (gain) loss on derivatives	(239)	(697)	172
Gain on insurance proceeds recognized in other income	—	(14,892)	—
Loss on impairment of assets	12,346	—	—
Other non-cash expenses	—	—	(322)
Changes in operating assets and liabilities			
Decrease (increase) in trade and other accounts receivable, net	172,566	27,485	(113,047)
Decrease (increase) in inventories	17,181	(2,725)	(15,475)
Decrease in prepaid and other current assets	3,703	2,734	20,294
Decrease (increase) in other assets	(242)	362	(336)
Increase (decrease) in accounts payable	(17,799)	11,304	(141)
Decrease in customer contract liabilities	—	(4,940)	—
Increase (decrease) in accrued expenses	(103,609)	(32,318)	41,446
Increase (decrease) in other liabilities	7,858	(2,396)	(21,178)
Net cash provided by operating activities	305,463	350,311	79,691
Cash flows from investing activities			
Asset and business acquisitions, including cash acquired	68,807	(35,003)	(116,576)
Purchase of property and equipment	(200,385)	(277,569)	(141,340)
Advances of deposit on equipment	(7,451)	(4,153)	(23,096)
Payments for leasehold improvements	—	(1,651)	(157)
Implementation of software	(4,408)	(883)	(687)
Proceeds from sale of assets	29,114	4,652	30,565
Proceeds from insurance recoveries	223	18,247	515
Equity-method investment	—	(1,146)	—
Net cash used in investing activities	(114,100)	(297,506)	(250,776)
Cash flows from financing activities:			
Proceeds from issuance of common stock	—	—	255,494

Consolidated and Combined Statements of Cash Flows
(Amounts in thousands)

Proceeds from the secured notes and term loan facilities	—	348,250	285,000
Payments on the secured notes and term loan facilities	(3,500)	(284,952)	(289,902)
Payments on finance leases	(6,035)	(4,119)	(2,861)
Prepayment premiums on early debt extinguishment	—	—	(15,817)
Payment of debt issuance costs	(1,229)	(7,331)	(13,792)
Payment of contingent consideration liability	—	(11,962)	—
Shares repurchased and retired related to share repurchase program	—	(104,861)	—
Shares repurchased and retired related to stock-based compensation	(5,982)	(3,579)	—
Net cash provided by (used in) financing activities	(16,746)	(68,554)	218,122
Non-cash effect of foreign translation adjustments	192	(165)	163
Net increase (decrease) in cash, cash equivalents and restricted cash	174,809	(15,914)	47,200
Cash, cash equivalents and restricted cash, beginning	80,206	96,120	48,920
Cash, cash equivalents and restricted cash, ending	$ 255,015	$ 80,206	$ 96,120
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Interest expense, net	$ 20,836	$ 24,528	$ 30,104
CVR settlement	—	19,918	—
Income taxes	1,726	5,529	—
Non-cash investing and financing activities:			
Change in accrued capital expenditures	$ (17,274)	$ 2,930	$ 21,549
Non-cash additions to finance right-of use assets	6,269	—	—
Non-cash additions to finance lease liabilities, including current maturities	(6,286)	—	—
Non-cash additions to operating right-of-use assets	65,551	—	—
Non-cash additions to operating lease liabilities, including current maturities	(65,297)	—	—
Fair value of C&J assets acquired	806,218	—	—
106,627 shares of NexTier common stock issued in exchange for C&J capital stock and replacement awards	(485,124)	—	—
C&J liabilities assumed	(321,094)	—	—

See accompanying notes to the consolidated and combined financial statements.

(1) Basis of Presentation and Nature of Operations

On October 13, 2016, NexTier Oilfield Solutions Inc. (the “Company” or “NexTier”) was formed as Keane Group, Inc. ("Keane"), a Delaware corporation to be a holding corporation for Keane Group Holdings, LLC and its subsidiaries (collectively referred to as “Keane Group”), for the purpose of facilitating the initial public offering (the “IPO”) of shares of common stock of the Company.

On October 31, 2019, the Company completed its merger (the “C&J Merger”) with C&J Energy Services, Inc. (“C&J”) and changed its name to "NexTier Oilfield Solutions Inc." For more details regarding the C&J Merger, refer to Note *(3) Mergers and Acquisitions.*

The accompanying consolidated and combined financial statements were prepared using United States Generally Accepted Accounting Principles (“GAAP”) and the instructions to Form 10-K and Regulation S-X and include all of the accounts of NexTier and its consolidated subsidiaries. All intercompany transactions and balances have been eliminated.

The Company’s accounting policies are in accordance with GAAP. The preparation of financial statements in conformity with these accounting principles requires the Company to make estimates and assumptions that affect (1) the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and (2) the reported amounts of revenue and expenses during the reporting period. Ultimate results could differ from the Company’s estimates. Significant items subject to such estimates and assumptions include the useful lives of property and equipment and intangible assets; allowances for doubtful accounts; inventory reserves; acquisition accounting; contingent liabilities; and the valuation of property and equipment, intangible assets, equity issued as consideration in an acquisition, income taxes, stock-based incentive plan awards and derivatives.

Management believes the consolidated and combined financial statements included herein contain all adjustments necessary to present fairly the Company’s financial position as of December 31, 2019 and 2018 and the results of its operations and cash flows for the years ended December 31, 2019, 2018 and 2017. Such adjustments are of a normal recurring nature.

The consolidated and combined financial statements for the period from January 1, 2017 to July 2, 2017 reflect only the historical results of the Company prior to the completion of the Company’s acquisition of RockPile (as defined herein). The consolidated and combined financial statements for the period from January 1, 2019 to October 31, 2019 reflect only the historical results of the Company prior to the completion of the C&J Merger. The financial statements have been prepared using the acquisition method of accounting under existing U.S. GAAP, which requires that one of the two companies in the C&J Merger be designated as the acquirer for accounting purposes. C&J and Keane determined that Keane was the accounting acquirer. Accordingly, consideration given by Keane to complete the C&J Merger was allocated to the underlying tangible and intangible assets and liabilities acquired based on their estimated fair values as of the date of completion of the C&J Merger, with any excess purchase price allocated to goodwill.

Earnings per share and weighted-average shares outstanding for the year ended December 31, 2017 have been presented giving pro forma effect to the Organizational Transactions (as defined herein) as if they had occurred on January 1, 2016. Financial results for the years ended December 31, 2017 are the financial results of Keane and Keane Group, the Company’s predecessor for accounting purposes, as there was no activity under Keane prior to 2017.

(a) Initial Public Offering

On January 25, 2017, the Company completed the IPO of 30,774,000 shares of its common stock at the public offering price of $19.00 per share, which included 15,700,000 shares offered by the Company and 15,074,000 shares offered by the selling stockholder, including 4,014,000 shares sold as a result of the underwriters' exercise of their overallotment option. The IPO proceeds to the Company, net of underwriters' fees and capitalized cash payments of $4.8 million for professional services and other direct IPO related activities, was $255.5 million. The net proceeds were used to fully repay KGH Intermediate Holdco II, LLC's ("Holdco II") term loan balance of $99.0 million and the associated prepayment premium of $13.8 million, and to repay $50.0 million of its 12% secured notes due 2019 ("Senior Secured Notes") and the associated prepayment premium of approximately $0.5 million. The remaining proceeds were used for general corporate purposes, including capital expenditures, working capital and potential acquisitions and strategic transactions. Upon completion of the IPO and the reorganization, the Company had 103,128,019 shares of common stock outstanding.

All underwriting discounts and commissions and other specific costs directly attributable to the IPO were deferred and netted against the gross proceeds of the offering through paid-in capital in excess of par value.

(b) Organizational Transactions

In connection with the IPO, the Company completed a series of organizational transactions (the "Organizational Transactions"), including the following:

- Certain entities affiliated with Cerberus Capital Management, L.P., certain members of the Keane family, Trican Well Service Ltd. ("Trican") and certain members of the Company's management team (collectively, the "Existing Owners") contributed all of their direct and indirect equity interests in Keane Group to Keane Investor Holdings LLC ("Keane Investor");
- Keane Investor contributed all of its equity interests in Keane Group to the Company in exchange for common stock of the Company; and
- The Company's independent directors received grants of restricted stock of the Company in substitution for their interests in Keane Group.

The Organizational Transactions represented a transaction between entities under common control and were accounted for similarly to pooling of interests in a business combination. The common stock of the Company issued to Keane Investor in exchange for its equity interests in Keane Group was recognized by the Company at the carrying value of the equity interests in Keane Group. In addition, the Company became the successor and Keane Group the predecessor for the purposes of financial reporting. The financial statements for the periods prior to the IPO and Organizational Transactions have been adjusted to combine and consolidate the previously separate entities for presentation purposes.

As a result of the Organizational Transactions and the IPO, (i) the Company became a holding company with no material assets other than its ownership of Keane Group, (ii) an aggregate of 72,354,019 shares of the Company's common stock were owned by Keane Investor and certain of the Company's independent directors, and Keane Investor entered into a Stockholders' Agreement with the Company, (iii) the Existing Owners became holders of equity interests in the Company's controlling stockholder, Keane Investor (and holders of Keane Group's Class B and Class C Units became holders of Class B and Class C Units in Keane Investor) and (iv) the capital stock of the Company consists of (x) common stock, entitled to one vote per share on all matters submitted to a vote of stockholders and (y) undesignated and unissued preferred stock.

(2) Summary of Significant Accounting Policies

(a) Business Combinations and Asset Acquisitions

Business combinations are accounted for using the acquisition method of accounting in accordance with the Accounting Standards Codification ("ASC") 805, "Business Combinations", as amended by Accounting Standards Update ("ASU") 2017-01, "Business Combinations (Topic 805), Clarifying the Definition of a Business." The purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values. Fair value of the acquired assets and liabilities is measured in accordance with the guidance of ASC 820, using discounted cash flows and other applicable valuation techniques. Any acquisition related costs incurred by the Company are expensed as incurred. Any excess purchase price over the fair value of the net identifiable assets acquired is recorded as goodwill if the definition of a business is met. Operating results of an acquired business are included in the Company's results of operations from the date of acquisition.

Asset acquisitions are measured based on their cost to the Company, including transaction costs. Asset acquisition costs, or the consideration transferred by the Company, are assumed to be equal to the fair value of the net assets acquired. If the consideration transferred is cash, measurement is based on the amount of cash the Company paid to the seller as well as transaction costs incurred. Consideration given in the form of nonmonetary assets, liabilities incurred or equity interests issued is measured based on either the cost to the Company or the fair value of the assets or net assets acquired, whichever is more clearly evident. The cost of an asset acquisition is allocated to the assets acquired based on their estimated relative fair values. Goodwill is not recognized in an asset acquisition.

Refer to Note *(3) Mergers and Acquisitions* for discussion of the mergers and acquisitions completed in 2019, 2018, and 2017.

(b) Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company's cash is invested in overnight repurchase agreements and certificates of deposit with an initial term of less than three months.

Net cash received from certain dispositions or casualty events of more than $25.0 million per single transaction or $50.0 million per series of related transactions, under the 2018 Term Loan Facility (as defined herein), and of more than $50.0 million, under the 2019 ABL Facility (as defined herein), is not considered to be restricted as long as the Company, at management's discretion, reinvests any part of such proceeds in assets (other than current assets) to be used for its business (in the case of the 2018 Term Loan Facility) and for replacing or repairing the assets in respect of which such proceeds were received (in the case of the 2019 ABL Facility), in each case within 12 months from the receipt date of such proceeds. Otherwise, the proceeds are required to be applied as a prepayment of the 2018 Term Loan Facility or any outstanding commitments under the 2019 ABL Facility. The Company did not have any qualifying asset sale proceeds or insurance proceeds that exceeded the dollar thresholds described above for the year ended December 31, 2019 and 2018.

Cash balances related to the Company's captive insurance subsidiary, which totaled 20.1 million at December 31, 2019, are included in cash and cash equivalents in the consolidated balance sheets, and the Company expects to use these cash balances to fund the operations of the captive insurance subsidiaries and to settle future anticipated claims.

The Company did not have any restricted cash as of December 31, 2019 and 2018.

(c) Trade Accounts Receivable

Trade accounts receivable are generally recorded at the invoiced amount. Amounts collected on trade accounts receivable are included in net cash provided by operating activities in the consolidated and combined statements of cash flows. The Company analyzes the need for an allowance for doubtful accounts for estimated losses related to potentially uncollectible accounts receivable on a case by case basis throughout the year. In establishing the required allowance, management considers historical losses, adjusted to take into account current market conditions as well as the financial condition of the Company's customers, the balance of receivables in dispute, the current receivables aging and current payment patterns. Trade accounts receivable were $350.6 million and $210.1 million at December 31, 2019 and 2018, respectively. As of December 31, 2019**,** and 2018, the Company had an allowance for doubtful accounts of $0.7 million and $0.5 million, respectively.

(d) Inventories

Inventories are stated at the lower of cost or net realizable value. Costs of inventories include purchase, conversion and condition. As inventory is consumed, the expense is recorded in cost of services in the consolidated and combined statements of operations and comprehensive income (loss) using the weighted average cost method for all inventories.

The Company periodically reviews the nature and quantities of inventory on hand and evaluates the net realizable value of items based on historical usage patterns, known changes to equipment or processes and customer demand for specific products. Significant or unanticipated changes in business conditions could impact the magnitude and timing of impairment recognized. Provision for excess or obsolete inventories is determined based on historical usage of inventory on-hand, volume on-hand versus anticipated usage, technological advances and consideration of current market conditions. Inventories that have not turned over for more than a year are subject to a slow-moving reserve provision. In addition, inventories that have become obsolete due to technological advances, excess volume on-hand or no longer configured to operate with the Company's equipment are written-off.

(e) Revenue Recognition

The Company adopted ASU 2014-09, "Revenue from Contracts with Customers," which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, effective January 1, 2018, using the modified retrospective method. Changes were made to the relevant business processes and the related control activities, including information systems, in order to monitor and maintain appropriate controls over financial reporting. There were no significant changes to the Company's internal control over financial reporting due to the Company's adoption of ASU 2014-09.

The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. To achieve this core principle, ASC 606 requires the Company to apply the following five steps: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to performance obligations in the contract, and (5) recognize revenue when or as the Company satisfies a performance obligation. The five-step model requires management to exercise judgment when evaluating contracts and recognizing revenue.

Identify the Contract and Determine Transaction Price

The Company typically provides its services (i) under term pricing agreements; (ii) under contracts that include dedicated fleet or unit arrangements; (iii) on a spot market basis; and (iv) under term contracts that include "take-or-pay" provisions.

Under term pricing agreements, the Company and customer agree to set pricing for a specified period of time. The agreed-upon pricing is subject to periodic review, as specifically defined in the agreement, and may be adjusted upon the agreement of both parties. These agreements typically do not feature provisions obligating either party to commit to a certain utilization level. Additionally, these agreements typically allow either party to terminate the agreement for its convenience without incurring a termination penalty.

Under dedicated unit arrangements, customers typically commit to targeted utilization levels based on a specified number of fracturing stages per calendar month or fulfilling the customer's requirements, in either instance at agreed-upon pricing. These agreements typically do not feature obligations to pay for services not used by the customer. In addition, the agreed-upon pricing is typically subject to periodic review, as specifically defined in the agreement, and may be adjusted upon the agreement of both parties. These contracts also typically allow for termination for either party's convenience with a brief notice period and may feature a termination penalty in the event the customer terminates the contract for its convenience.

Rates for services performed on a spot market basis are based on an agreed-upon spot market rate unique to each service line.

Under term contracts with “take-or-pay” provisions, the Company’s customers are typically obligated to pay on a monthly basis for a specified quantity of services, whether or not those services are actually utilized. To the extent customers use more than the specified contracted minimums, the Company will charge a pre-agreed amount for the provision of such additional services, which amounts are typically subject to periodic review. In addition, these contracts typically feature a termination penalty in the event the customer terminates the contract for its convenience.

"Take-or-pay" provisions are considered stand ready performance obligations. The Company recognizes "take-or-pay" revenues using a time-based measure of progress, as the Company cannot reasonably estimate if and when the customer will require the Company to provide the services; likewise, the customer benefits as the Company is standing by to provide such services.

Identify and Satisfy the Performance Obligations

The majority of the Company’s performance obligations are satisfied over time. The Company has determined this best represents the transfer of value from its services to the customer as performance by the Company helps to enhance a customer controlled asset (e.g., unplugging a well, enabling a well to produce oil or natural gas). Measurement of the satisfaction of the performance obligation is measured using the output method, which is typically evidenced by a field ticket. A field ticket includes items such as services performed, consumables used, and man hours incurred to complete the job for the customer. Each field ticket is used to invoice customers. Payment terms for invoices issued are in accordance with a master services agreement with each customer, which typically require payment within 30 days of the invoice issuance.

A portion of the Company’s contracts contain variable consideration; however, this variable consideration is typically unknown at the time of contract inception, and is not known until the job is complete, at which time the variability is resolved. Examples of variable consideration include the number of hours that will be incurred and the amount of consumables (such as chemicals and proppants) that will be used to complete a job.

In the course of providing services to its customers, the Company may use consumables; for example, in the Company’s fracturing business, chemicals and proppants are used in the fracturing service for the customer. ASC 606 requires that goods or services promised to a customer be identified separately when they are distinct within the contract. However, the consumables are used to complete the service for the customer and are not beneficial to the customer on their own. As such, the consumables are not a separate performance obligation, but instead are combined with the other services within the context of the contract and accounted for as a single performance obligation.

Remaining Performance Obligations

The Company invoices its customers for the services provided at contractual rates multiplied by the applicable unit of measurement, including volume of consumables used and hours incurred. In accordance with ASC 606, the Company has elected the “Right to Invoice” practical expedient for all contracts, which allows the Company to invoice its customers in an amount that corresponds directly with the value to the customer of the entity’s performance completed to date. With this election, the Company is not required to disclose information about the variable consideration related to its remaining performance obligations. The Company has also elected the practical expedient to expense immediately mobilization costs, as the amortization period would always be less than one year. As a result of electing these practical expedients, there was no material impact on the Company’s current revenue recognition processes and no retrospective adjustments were necessary. For those contracts with a term of more than one year, the Company had approximately $31.0 million of unsatisfied performance obligations as of December 31, 2019, which will be recognized as services are performed over the remaining contractual terms.

The Company’s obligations for refunds as well as the warranties and related obligations stated in its contracts with its customers are standard to the industry and are related to the correction of any defectiveness in the execution of its performance obligations.

Contract Balances

In line with industry practice, the Company bills its customers for its services in arrears, typically when the stage or well is completed or at month-end. The majority of the Company's jobs are completed in less than 30 days. Furthermore, it is currently not standard practice for the Company to execute contracts with prepayment features. As such, the Company's contract liabilities are immaterial to its consolidated balance sheets. Payment terms after invoicing are typically 30 days or less.

The Company does not have any significant contract costs to obtain or fulfill contracts with customers; as such, no amounts are recognized on the consolidated balance sheet. Taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and, therefore, are excluded from revenues in the consolidated and combined statements of operations and comprehensive income (loss) and net cash provided by operating activities in the consolidated and combined statements of cash flows.

The following is a description of the Company's core service lines separated by reportable segments from which the Company generates its revenue. For additional detailed information regarding reportable segments, see *(21) Business Segments*.

Revenue from the Company's Completion Services, Well Construction and Intervention ("WC&I"), and Well Support Services segments are recognized as follows:

Completion Services

The Company provides hydraulic fracturing, wireline and pumpdown services pursuant to contractual arrangements, such as term contracts and pricing agreements. Revenue from these services are earned as services are rendered, which is generally on a per stage or fixed monthly rate. All revenue is recognized when a contract with a customer exists, the performance obligations under the contract have been satisfied over time, the amount to which the Company has the right to invoice has been determined and collectability of amounts subject to invoice is probable. Contract fulfillment costs, such as mobilization costs and shipping and handling costs, are expensed as incurred and are recorded in cost of services in the consolidated and combined statements of operations and comprehensive income (loss). To the extent fulfillment costs are considered separate performance obligations that are billable to the customer, the amounts billed are recorded as revenue in the consolidated and combined statements of operations and comprehensive income (loss).

Once a stage has been completed, a field ticket is created that includes charges for the service performed and the chemicals and proppant consumed during the course of the service. The field ticket may also include charges for the mobilization of the equipment to the location, any additional equipment used on the job and other miscellaneous items. The field ticket represents the amounts to which the Company has the right to invoice and to recognize as revenue.

Well Construction and Intervention

The Company provides cementing services pursuant to contractual arrangements, such as term contracts, or on a spot market basis. Revenue is recognized upon the completion of each performance obligation, which for cementing services, represents the portion of the well cemented: surface casing, intermediate casing or production liner. The performance obligations are satisfied over time. Jobs for these services are typically short term in nature, with most jobs completed in a day. Once the well has been cemented, a field ticket is created that includes charges for the services performed and the consumables used during the course of service. The field ticket represents the amounts to which the Company has the right to invoice and to recognize as revenue.

The Company provides a range of coiled tubing services primarily used for fracturing plug drill-out during completion operations and for well workover and maintenance, primarily on a spot market basis. Jobs for these services are typically short-term in nature, lasting anywhere from a few hours to multiple days. Revenue is recognized upon completion of each day's work based upon a completed field ticket. The field ticket includes charges for the services performed and the consumables used during the course of service. The field ticket may also include charges for the mobilization and set-up of equipment, the personnel on the job, any additional equipment used on the job, and other miscellaneous consumables. The Company typically charges the customer for the services performed and resources provided on an hourly basis at agreed-upon spot market rates, at times, or pursuant to pricing agreements.

Well Support Services Segment

Through its rig services line, the Company provides workover and well servicing rigs that are primarily used for routine repair and maintenance of oil and gas wells, re-drilling operations and plug and abandonment operations. These services are provided on an hourly basis at prices that approximate spot market rates. A field ticket is generated and revenue is recognized upon the earliest of the completion of a job or at the end of each day. A rig services job can last anywhere from a few hours to multiple days depending on the type of work being performed. The field ticket includes the base hourly rate charge and, if applicable, charges for additional personnel or equipment not contemplated in the base hourly rate. The field ticket may also include charges for the mobilization and set-up of equipment.

Through its fluids management service line, the Company primarily provides storage, transportation and disposal services for fluids used in the drilling, completion and workover of oil and gas wells. Rates for these services vary and can be on a per job, per hour, or per load basis, or on the basis of quantities sold or disposed. Revenue is recognized upon the completion of each job or load, or delivered product, based on a completed field ticket.

Through its other special well site service line, the Company primarily provides fishing, contract labor and tool rental services for completion and workover of oil and gas wells. Rates for these services vary and can be on a per job, per hour or on the basis of rental days per month. Revenue is recognized based on a field ticket issued upon the completion of each job or on a monthly billing for rental services provided.

Disaggregation of Revenue

Revenue activities during the years ended December 31, 2019, 2018 and 2017 were as follows:

	Year Ended December 31, 2019			
	Completion Services	**WC&I**	**Well Support Services**	**Total**
	(In thousands)			
Geography				
Northeast	$ 479,685	$ 5,193	$ —	$ 484,878
Central	104,225	5,741	—	109,966
West Texas	839,652	24,575	9,336	873,563
West	273,364	27,530	39,247	340,141
International	13,008	—	—	13,008
	$ 1,709,934	$ 63,039	$ 48,583	$ 1,821,556

	Year Ended December 31, 2018			
	Completion Services	**WC&I**	**Well Support Services**	**Total**
	(In thousands)			
Geography				
Northeast	$ 790,026	$ —	$ —	$ 790,026
Central	61,083	—	—	61,083
West Texas	1,005,630	12,256	—	1,017,886
West	244,217	23,794	—	268,011
	$ 2,100,956	$ 36,050	$ —	$ 2,137,006

	Year Ended December 31, 2017			
	Completion Services	**WC&I**	**Well Support Services**	**Total**
	(In thousands)			
Geography				
Northeast	$ 566,931	$ —	$ —	$ 566,931
Central	103,857	—	—	103,857
West Texas	635,877	—	—	635,877
West	220,623	7,526	7,267	235,416
	$ 1,527,288	$ 7,526	$ 7,267	$ 1,542,081

(f) Property and Equipment

Property and equipment, inclusive of equipment under capital lease, are generally stated at cost.

Depreciation on property and equipment is calculated using the straight-line method over the estimated useful lives of the assets, which range from 13 months to 40 years. Management bases the estimate of the useful lives and salvage values of property and equipment on expected utilization, technological change and effectiveness of its maintenance programs. When components of an item of property and equipment are identifiable and have different useful lives, they are accounted for separately as major components of property and equipment. Equipment held under capital leases are generally amortized on a straight-line basis over the shorter of the estimated useful life of the underlying asset or the term of the lease.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within operating costs and expenses in the consolidated and combined statements of operations and comprehensive income (loss).

Major classifications of property and equipment and their respective useful lives are as follows:

Land	Indefinite life
Building and leasehold improvements	13 months – 40 years
Machinery and equipment	13 months – 10 years
Office furniture, fixtures and equipment	3 years – 5 years

Leasehold improvements are assigned a useful life equal to the term of the related lease, or its expected period of use.

In the first quarter of 2018, the Company reassessed the estimated useful lives of select machinery and equipment. The Company concluded that due to an increase in service intensity driven by a shift to more 24-hour work, higher stage volumes, larger stages and more proppant usage per stage, the estimated useful lives of these select machinery and equipment should be reduced by approximately 50%.

In accordance with ASC 250, "Accounting Changes and Error Corrections," the change in the estimated useful lives of the Company's property and equipment was accounted for as a change in accounting estimate, on a prospective basis, effective January 1, 2018. This change resulted in an increase in depreciation expense and decrease in net income during the year ended December 31, 2018 of $15.0 million in the consolidated and combined statement of operations and comprehensive income (loss).

The Company uses the days straight-line depreciation method. Depreciation methods, useful lives and residual values are reviewed annually or as needed based on activities related to specific assets.

(g) Major Maintenance Activities

The Company incurs maintenance costs on its major equipment. The determination of whether an expenditure should be capitalized or expensed requires management judgment in the application of how the costs benefit future periods, relative to the Company's capitalization policy. Costs that either establish or increase the efficiency, productivity, functionality or life of a fixed asset by greater than 12 months are capitalized.

(h) Goodwill and Indefinite-Lived Intangible Assets

Goodwill represents the excess of the purchase price of an acquired business over the estimated fair value of the identifiable assets acquired and liabilities assumed by the Company. For the purposes of goodwill impairment assessment, the Company evaluates goodwill for impairment annually, as of October 31, or more often as facts and circumstances warrant. When performing the impairment assessment, the Company evaluates factors, such as unexpected adverse economic conditions, competition and market changes. Goodwill is allocated across the Company's Completions Services, Well Construction and Intervention and Well Support Services reporting units.

Before employing detailed impairment testing methodologies, the Company may first evaluate the likelihood of impairment by considering qualitative factors relevant to each reporting unit, such as macroeconomic, industry, market or any other factors that have a significant bearing on fair value. If the Company first utilizes a qualitative approach and determines that it is more likely than not that goodwill is impaired, detailed testing methodologies are then applied. Otherwise, the Company concludes that no impairment has occurred. The Company may also choose to bypass a qualitative approach and opt instead to employ detailed testing methodologies, regardless of a possible more likely than not outcome. The first step in the goodwill impairment test is to compare the fair value of each reporting unit to which goodwill has been assigned to the carrying amount of net assets, including goodwill, of the respective reporting unit. The Company's goodwill is allocated across its Completion Services, Well Construction and Intervention, and Well Support Services segments. If the carrying amount of the reporting unit exceeds its fair value, step two in the goodwill impairment test requires goodwill to be written down to its implied fair value through a charge to operating expense based on a hypothetical purchase price allocation method.

In 2019, the Company performed the qualitative analysis (step zero) of the goodwill impairment assessment by reviewing relevant qualitative factors. The Company determined there were no events that would indicate the carrying amount of its goodwill may not be recoverable, and as such, no impairment charge was recognized.

No goodwill impairment has been recognized in 2019, 2018 or 2017.

The Company's indefinite-lived assets consist of the Company's trade name. The Company assesses its indefinite-lived intangible assets for impairment annually, as of October 31, or whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable.

The Company impaired its Keane trade name in 2019. For additional detailed information regarding the impairment of the Keane trade name, see Note *(4) Intangible Assets*. There was no indefinite-lived asset impairment recognized during 2018 or 2017.

(i) Long-Lived Assets with Definite Lives

The Company assesses its long-lived assets, such as definite-lived intangible assets and property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is assessed using undiscounted future net cash flows of assets grouped at the lowest level for which there are identifiable cash flows independent of the cash flows of other groups of assets. For the Company's property and equipment, the Company determined the lowest level of identifiable cash flows that are independent of other asset groups are: fracturing, wireline and pumpdown, cementing, coiled tubing, and well support services, except for an entity level asset group for assets that do not have identifiable independent cash flows. For the Company's definite-lived intangible assets, the Company determined each intangible asset generates identifiable cash flows independent of one another and independent of the other assets in the operating segment with which they are associated. As such, the Company concluded that each intangible asset should be individually assessed for impairment.

Impairments exist when the carrying amount of an asset group exceeds estimates of the undiscounted cash flows expected to result from the use and eventual disposition of the asset group. When alternative courses of action to recover the carrying amount of the asset are under consideration, estimates of future undiscounted cash flows take into account possible outcomes and probabilities of their occurrence. If the carrying amount of the asset is not recoverable based on the estimated future undiscounted cash flows, the impairment loss is measured as the excess of the asset group's carrying amount over its estimated fair value, such that the asset group's carrying amount is adjusted to its estimated fair value, with an offsetting charge to operating expense.

The Company measures the fair value of its property and equipment using the discounted cash flow method or the market approach, the fair value of its customer contracts using the multi-period excess earning method and income based "with and without" method, the fair value of its acquired fracking fluid software technology using the "income based relief-from-royalty" method and the fair value of its non-compete agreement using "lost income" approach. The expected future cash flows used for impairment reviews and related fair value calculations are based on judgmental assessments of projected revenue growth, fleet count, utilization, gross margin rates, SG&A rates, working capital fluctuations, capital expenditures, discount rates and terminal growth rates.

In 2019 and 2018, for the Company's property and equipment and definite-lived intangible assets, the Company determined there were no events that would indicate the carrying amount of these assets may not be recoverable, and as such, no impairment charge was recognized.

Amortization on definite-lived intangible assets is calculated on the straight-line method over the estimated useful lives of the assets.

(j) Derivative Instruments and Hedging Activities

The Company utilizes interest rate derivatives to manage interest rate risk associated with its floating-rate borrowings. The Company recognizes all derivative instruments as either assets or liabilities on the consolidated balance sheets at their respective fair values. For derivatives designated in hedging relationships, changes in the fair value are either offset through earnings against the change in fair value of the hedged item attributable to the risk being hedged or recognized in accumulated other comprehensive income (loss) until the hedged item affects earnings.

The Company only enters into derivative contracts that it intends to designate as hedges for the variability of cash flows to be received or paid related to a recognized asset or liability (i.e. cash flow hedge). For all hedging relationships, the Company formally documents the hedging relationship and its risk-management objective and strategy for undertaking the hedge, the hedging instrument, the hedged transaction, the nature of the risk being hedged and how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively. The Company also formally assesses, both at the inception of the hedging relationship and on an ongoing basis, whether the derivatives that are used in hedging relationships are highly effective in offsetting changes in cash flows of hedged transactions. For derivative instruments that are designated and qualify as part of a cash flow hedging relationship, the gain or loss on the derivative is reported as a component of other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings.

The Company discontinues hedge accounting prospectively, when it determines that the derivative is no longer highly effective in offsetting cash flows attributable to the hedged risk, the derivative expires or is sold, terminated, or exercised, the originally forecasted transaction is no longer probable of occurring or if management decides to remove the designation of the cash flow hedge. The net derivative instrument gain or loss related to a discontinued cash flow hedge shall continue to be reported in accumulated other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the originally hedged transaction affects earnings, unless it is probable that the forecasted transaction will not occur by the end of the originally specified time period. When it is probable that the originally forecasted transaction will not occur by the end of the originally specified time period, the Company recognizes immediately, in earnings, any gains and losses related to the hedging relationship that were recognized in accumulated other comprehensive income (loss). In all situations in which hedge accounting is discontinued and the derivative remains outstanding, the Company continues to carry the derivative at its fair value on the consolidated balance sheets and recognizes any subsequent changes in the derivative's fair value in earnings.

(k) Fair Value Measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the reporting date. The Company's assets and liabilities that are measured at fair value at each reporting date are classified according to a hierarchy that prioritizes inputs and assumptions underlying the valuation techniques. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Quoted prices (unadjusted) in an active market for identical assets or liabilities.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

Assets and liabilities are classified in their entirety based on the lowest priority level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement of assets and liabilities within the levels of the fair value hierarchy. Reclassifications of fair value between Level 1, Level 2 and Level 3 of the fair value hierarchy, if applicable, are made at the end of each quarter.

(l) Stock-based compensation

The Company recognizes compensation expense for restricted stock awards, restricted stock units to be settled in common stock ("RSUs"), performance based RSU award ("PSUs"), and non-qualified stock options ("stock options") based on the fair value of the awards at the date of grant. The fair value of restricted stock awards and RSUs is determined based on the number of shares or RSUs granted and the closing price of the Company's common stock on the date of grant. The fair value of stock options is determined by applying the Black-Scholes model to the grant-date market value of the underlying common shares of the Company. The fair value of PSUs with market conditions is determined using a Monte Carlo simulation method. The Company has elected to recognize forfeiture credits for these awards as they are incurred, as this method best reflects actual stock-based compensation expense.

Compensation expense from time-based restricted stock awards, RSUs, PSUs, and stock options is amortized on a straight-line basis over the requisite service period, which is generally the vesting period.

Deferred compensation expense associated with liability-based awards, such as deferred stock awards that are expected to settle with the issuance of a variable number of shares based on a fixed monetary amount at inception, is recognized at the fixed monetary amount at inception and is amortized on a straight-line basis over the requisite service period, which is generally the vesting period. Upon settlement, the holders receive an amount of common stock equal to the fixed monetary amount at inception, based on the closing price of the Company's stock on the date of settlement.

Tax deductions on the stock-based compensation awards are not realized until the awards are vested or exercised. The Company recognizes deferred tax assets for stock-based compensation awards that will result in future deductions on its income tax returns, based on the amount of tax deduction for stock-based compensation recognized at the statutory tax rate in the jurisdiction in which the Company will receive a tax deduction. If the tax deduction for a stock-based award is greater than the cumulative GAAP compensation expense for that award upon realization of a tax deduction, an excess tax benefit will be recognized and recorded as a favorable impact on the effective tax rate. If the tax deduction for an award is less than the cumulative GAAP compensation expense for that award upon realization of the tax deduction, a tax shortfall will be recognized and recorded as an unfavorable impact on the effective tax rate. Any excess tax benefits or shortfalls will be recorded as discrete, adjustments in the period in which they occur. The cash flows resulting from any excess tax benefit will be classified as financing cash flows in the consolidated and combined statements of cash flows.

The Company provides its employees with the option to settle income tax obligations arising from the vesting of their restricted or deferred stock-based compensation awards by withholding shares equal to such income tax obligations. Shares acquired from employees in connection with the settlement of the employees' income tax obligations are accounted for as treasury shares that are subsequently retired. Restricted stock awards, RSUs, and PSUs are not considered issued and outstanding for purposes of earnings per share calculations until vested.

For additional information, see Note *(12) Stock-Based Compensation.*

(m) Taxes

Upon consummation of the Organizational Transactions and the IPO, the Company became subject to U.S. federal income taxes. A provision for U.S. federal income tax has been provided in the consolidated and combined financial statements for the years ended December 31, 2019, 2018 and 2017.

Prior to 2019, the Company had a Canadian subsidiary, which was treated as a corporation for Canadian federal and provincial tax purposes. For Canadian tax purposes, the Company was subject to foreign income tax. As a result of the C&J Merger, the Company had foreign subsidiaries at December 2019 in Canada, Netherlands, Luxembourg and Ecuador.

The Company is responsible for certain state income and franchise taxes in the states in which it operates, which include, but not limited to California, Colorado, Louisiana, Montana, New Mexico, North Dakota, Oklahoma, Pennsylvania, Texas, Utah and West Virginia. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and tax carryforwards, if applicable.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date.

The Company recognizes interest accrued related to unrecognized tax benefits, if any, in income tax expense.

See Note *(17) Income Taxes* for a detailed discussion of the Company's taxes and activities thereof during the years ended December 31, 2019, 2018 and 2017.

(n) Commitments and Contingencies

The Company accrues for contingent liabilities when such contingencies are probable and reasonably estimable. The Company generally records losses related to these types of contingencies as direct operating expenses or general and administrative expenses in the consolidated and combined statements of operations and comprehensive income (loss).

Legal costs associated with the Company's loss contingencies are recognized immediately when incurred as general and administrative expenses in the Company's consolidated and combined statements of operations and comprehensive income (loss).

(o) Equity-method investments

Investments in non-controlled entities over which the Company has the ability to exercise significant influence over the noncontrolled entities' operating and financial policies are accounted for under the equity-method. Under the equity-method, the investment in the non-controlled entity is initially recognized at cost and subsequently adjusted to reflect the Company's share of the entity's income (losses), any dividends received by the Company and any other-than-temporary impairments. Investments accounted for under the equity-method are presented within other noncurrent assets in the consolidated balance sheets and totaled $3.6 million and $1.7 million as of December 31, 2019 and 2018, respectively.

(p) Employee Benefits and Postemployment Benefits

Contractual termination benefits are payable when employment is terminated due to an event specified in the provisions of a social/labor plan, state or federal law. Accordingly, in situations where minimum statutory termination benefits must be paid to the affected employees, the Company records employee severance costs associated with these activities in accordance with ASC 712, "Compensation—Nonretirement Post-Employment Benefits." In all other situations where the Company pays termination benefits, including supplemental benefits paid in excess of statutory minimum amounts and benefits offered to affected employees based on management's discretion, the Company records these termination costs in accordance with ASC 420, "Exit or Disposal Cost Obligations." A liability is recognized for one-time termination benefits when the Company is committed to 1) making payments and the number of affected employees and the benefits received are known to both parties and 2) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal for which such amount can be reasonably estimated.

(q) Leases

Effective January 1, 2019, the Company adopted ASU 2016-02, "Leases (Topic 842)," and related amendments, which set out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors, using the modified retrospective method. In connection with the adoption of these standards, the Company implemented internal controls to ensure that the Company's contracts are properly evaluated to determine applicability under ASU 2016-02 and that the Company properly applies ASU 2016-02 in accounting for and reporting on all its qualifying leases.

In accordance with ASU 2016-02, the Company considers any contract that conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration to be a lease. The Company determines whether the contract into which it has entered is a lease at the lease commencement date. Rental arrangements with term lengths of one month or less are expensed as incurred, but not recognized as qualifying leases.

For lessees, leases can be classified as finance leases or operating leases, while for lessors, leases can be classified as sales-type leases, direct financing leases or operating leases. As lessee, all leases, with the exception of short-term leases, are capitalized on the balance sheet by recording a lease liability, which represents the Company's obligation to make lease payments arising from the lease and a right-of-use asset, which represents the Company's right to use the underlying asset being leased.

For leases in which the Company is the lessee, the Company uses a collateralized incremental borrowing rate to calculate the lease liability, as for most leases, the implicit rate in the lease is unknown. The collateralized incremental borrowing rate is based on a yield curve over various term lengths that approximates the borrowing rate the Company would receive if it collateralized its lease arrangements with all of its assets. For leases in which the Company is the lessor, the Company uses the rate implicit in the lease.

For finance leases, the Company amortizes the right-of-use asset on a straight-line basis over the earlier of the useful life of the right-of-use asset or the end of the lease term and records this amortization in rent expense on the consolidated and combined statements of operations and comprehensive loss. The Company adjusts the lease liability to reflect lease payments made during the period and interest incurred on the lease liability using the effective interest method. The incurred interest expense is recorded in interest expense on the consolidated and combined statements of operations and comprehensive loss. For operating leases, the Company recognizes one single lease cost, comprised of the lease payments and amortization of any associated initial direct costs, within rent expense on the consolidated and combined statements of operations and comprehensive loss. Variable lease costs not included in the determination of the lease liability at the commencement of a lease are recognized in the period when the specified target that triggers the variable lease payments becomes probable.

In accordance with ASC 842, the Company has made the following elections for its lease accounting:

- all short-term leases with term lengths of 12 months or less will not be capitalized; the underlying class of assets to which the Company has applied this expedient is primarily its apartment leases;
- for non-revenue contracts containing both lease and non-lease components, both components will be combined and accounted for as one lease component and accounted for under ASC 842; and
- for revenue contracts containing both lease and non-lease components, both components will be combined and accounted for as one component and accounted for under ASC 606.

As part of the Company's adoption of ASU 2016-02, the Company elected to adopt the standard using the modified retrospective transition method and elected the practical expedient transition method package whereby the Company did not:

- reassess whether any expired or existing contracts contained leases;
- reassess the lease classification for any expired or existing leases; and

- reassess initial direct costs for any existing leases.

For additional information, see Note *(16) Leases.*

(r) Research and development costs

Research and development costs are expensed as incurred as general and administrative expenses in the Company’s consolidated and combined statements of operations and comprehensive income (loss). Research and development costs incurred directly by the Company were $7.1 million, $7.1 million and $3.7 million for the years ended December 31, 2019, 2018 and 2017, respectively.

(s) Pro-forma earnings per share

The earnings per share amounts for the year ended December 31, 2017 have been computed to give effect to the Organizational Transactions, as if it had occurred on January 1, 2016, including the limited liability company agreement of Keane Investor to, among other things, exchange all of the pre-existing membership interests of the Company for the newly-created ownership interests for common stock of KGI. The computations of earnings per share do not consider the 15,700,000 shares of common stock newly-issued by KGI to investors in the IPO.

(t) Reclassifications

Certain reclassifications have been made to prior period amounts to conform to current period financial statement presentation. These reclassifications did not affect previously reported results of operations, stockholders' equity, comprehensive income or cash flows.

(3) Mergers and Acquisitions

(a) C&J Energy Services, Inc.

On October 31, 2019 (the “C&J Acquisition Date”), the Company completed the C&J Merger in accordance with the terms of the Agreement and Plan of Merger, dated as of June 16, 2019 (the "Merger Agreement"), by and among NexTier, C&J and King Merger Sub Corp., a wholly owned subsidiary of NexTier ("Merger Sub"), pursuant to which Merger Sub merged with and into C&J, with C&J surviving the merger as a wholly owned subsidiary of NexTier, and immediately following the C&J Merger, C&J was merged with and into King Merger Sub II LLC ("LLC Sub"), with LLC Sub continuing as the surviving entity as a wholly-owned subsidiary of NexTier and the successor in interest to C&J.

The C&J Merger was completed for total consideration of approximately $485.1 million, consisting of (i) equity consideration in the form of 105.9 million shares of Keane common stock issued to C&J stockholders with a value of $481.9 million and (ii) replacement share based compensation awards attributable to pre-merger services with a value of $3.2 million.

The Company accounted for the C&J Merger using the acquisition method of accounting. The aggregate purchase price noted above was allocated to the major categories of assets acquired and liabilities assumed based upon their estimated fair values at the date of the acquisition. The majority of the measurements of assets acquired and liabilities assumed, are based on inputs that are not observable in the market and thus represent Level 3 inputs. The fair value of acquired inventory and property and equipment is based on both available market data and a cost approach. The fair value of the financial assets acquired includes trade receivables with a fair value of $312.6 million. The gross amount due under the contracts is $322.8 million, of which $10.2 million is expected to be uncollectible. A liability of $40.2 million has been recognized for legal reserves and sales and use tax assessments. As of December 31, 2019, there has been no change in the amount recognized for the liability or any change in the range of outcomes or assumptions used to develop the estimates on October 31, 2019.

The preliminary purchase price has been allocated to the net assets acquired and liabilities assumed based upon their estimated fair values. The estimated fair values of certain assets and liabilities, including accounts receivable, taxes (including uncertain tax positions), and contingencies require significant judgments and estimates. C&J is subject to the legal and regulatory requirements, including but not limited to those related to environmental matters and taxation. The Company has conducted a preliminary assessment of liabilities arising from these matters and has recognized provisional amounts in its initial accounting for the C&J Merger for all identified liabilities in accordance with the requirements of ASC Topic 805. Certain data necessary to complete the purchase price allocation is not yet available, including, but not limited to, valuation of pre-acquisition contingencies and final tax returns that provide underlying tax basis of assets acquired and liabilities assumed. However, the Company is continuing its review of these matters during the measurement period, and if new information obtained about facts and circumstances that existed at the acquisition date identifies adjustments to the liabilities initially recognized, as well as any additional liabilities that existed at the acquisition date, the acquisition accounting will be revised to reflect the resulting adjustments to the provisional amounts initially recognized. As a result, the provisional measurements below are preliminary and subject to change during the measurement period and such changes could be material. The Company will finalize the purchase price allocation during the 12-month period following the acquisition date, during which time the value of the assets and liabilities may be revised as appropriate. The Company continues to assess the fair values of the assets acquired and liabilities assumed.

The following table summarizes the fair value of the consideration transferred in the C&J Merger and the preliminary allocation of the purchase price to the fair values of the assets acquired and liabilities assumed at the C&J Merger Date:

Total Purchase Consideration:		(Thousands of Dollars)
Equity consideration	$	481,912
Replacement awards attributable to pre-combination services		3,212
Less: Cash acquired	$	(68,807)
Total purchase consideration	$	416,317
Trade and accounts receivable	$	312,620
Inventories		43,142
Prepaid and other current assets		18,512
Property and equipment		311,886
Intangible assets		17,590
Right of use assets		24,318
Other noncurrent assets		4,409
Total identifiable assets acquired		732,477
Accounts payable		43,620
Accrued expenses		236,959
Short term lease liability		7,842
Long term lease liability		15,517
Non-current liabilities		17,156
Total liabilities assumed		321,094
Goodwill		4,934
Total purchase consideration	$	416,317

The goodwill in this acquisition was primarily attributable to expected synergies and was allocated across the Company’s Completion Services, Well Construction and Intervention and Well Support Services reporting units.

Intangible assets related to the C&J Merger consisted of the following:

	(Thousands of Dollars)	
	Weighted average remaining amortization period (Years)	**Gross Carrying Amounts**
Technology	3	17,590
Total		$ 17,590

Merger and integration related costs were recognized separately from the acquisition of assets and assumptions of liabilities in the C&J Merger. Merger costs consist of legal and professional fees and pre-merger notification fees. Integration costs consist of expenses incurred to integrate C&J's operations, aligning accounting processes and procedures, and integrating its enterprise resource planning system with those of the Company. The expenses for all these transactions were expensed as incurred.

Merger and integration costs totaled $68.7 million for the year ended December 31, 2019 and are recorded within merger and integration costs on the Company's Consolidated and Combined Statements of Operations and Comprehensive Income (Loss). The following table summarizes merger and integration costs for the year ended December 31, 2019.

	(amounts in thousands)
Transaction Type	**Year Ended December 31, 2019**
Merger	$ 23,775
Integration	44,956
Total merger and integration costs	$ 68,731

The following combined pro forma information assumes the C&J Merger occurred on January 1, 2018. The pro forma information presented below is for illustrative purposes only and does not reflect future events that occurred after December 31, 2019 or any operating efficiencies or inefficiencies that resulted from the C&J Merger. The information is not necessarily indicative of results that would have been achieved had the Company controlled C&J during the period presented.

	(unaudited, amounts in thousands)	
	Year Ended December 31, 2019	Year Ended December 31, 2018
Revenue	$ 3,406,288	$ 4,359,095
Net income (loss)	(196,577)	66,746
Net income (loss) per share (basic)	$ (0.93)	$ 0.32
Net income (loss) per share (diluted)	$ (0.93)	$ 0.31
Weighted-average shares outstanding (basic)	211,376	210,945
Weighted-average shares outstanding (diluted)	211,376	212,964

The Company's consolidated statement of operations and comprehensive income (loss) for 2019 includes revenue of $196.7 million and net loss of $21.4 million, from the C&J operations, from November 1, 2019 to December 31, 2019.

(b) Asset Acquisition from Refinery Specialties, Incorporated

On July 24, 2018, the Company executed a purchase agreement with Refinery Specialties, Incorporated ("RSI") to acquire approximately 90,000 hydraulic horsepower and related support equipment for approximately $35.4 million, inclusive of an $0.8 million deposit reimbursement related to future equipment deliveries. This acquisition was partially funded by the insurance proceeds the Company received in connection with a fire that resulted in damage to a portion of one of the Company's fleets (for further details see Note *(7) Property and Equipment, net)*. The Company also assumed operating leases for light duty vehicles in connection with the RSI transaction and RSI entered into a non-compete arrangement in turn with the Company. In September 2018, the Company, and RSI reached an agreement to refund the Company $0.8 million of the purchase price due to repair costs required for certain acquired equipment. The resulting purchase price after the refund was $34.6 million, and the Company incurred $0.4 million of transaction costs related to the acquisition, bringing total cash consideration related to the acquisition to $35.0 million.

The Company accounted for this acquisition as an asset acquisition pursuant to ASU 2017-01 and allocated the purchase price of the acquisition plus the transactions costs amongst the acquired hydraulic horsepower and related support equipment, as the fair value of the acquired hydraulic horsepower and related support equipment represented substantially all of the fair value of the gross assets acquired in the asset acquisition with RSI.

(c) RockPile

On July 3, 2017 (the "RockPile Acquisition Date"), the Company acquired 100% of the outstanding equity interests of RockPile Energy Services, LLC and its subsidiaries ("RockPile") from RockPile Energy Holdings, LLC (the "Principal Seller"). RockPile was a multi-basin provider of integrated well completion services in the U.S., whose primary service offerings included hydraulic fracturing, wireline perforation and workover rigs. Through this acquisition, the Company deepened its existing presence in the Permian Basin and Bakken Formation and further solidified its position as one of the largest pure-play providers of integrated well completion services in the U.S. This acquisition also enabled the Company to expand certain service offerings and capabilities within its Other Services segment.

The acquisition of RockPile was completed for cash consideration of $116.6 million, subject to post-closing adjustments, 8,684,210 shares of the Company's common stock (the "Acquisition Shares") and contingent value rights, as described below. The fair value of the Acquisition Shares, which is recorded in stockholders' equity in the consolidated balance sheet, was calculated using the closing price of the Company's common stock on July 3, 2017, of $16.29, discounted by 7.9% to reflect the lack of marketability resulting from the 180-day lock-up period during which resale of the Acquisition Shares is restricted.

Subject to the terms and conditions of the Contingent Value Rights Agreement (the "CVR Agreement") by and among the Company, the Principal Seller and Permitted Holders (as defined in the CVR Agreement and, together with the Principal Seller, the "RockPile Holders"), the Company agreed to pay contingent consideration (the "Aggregate CVR Payment Amount"), which would equal the product of the Acquisition Shares held by RockPile on April 10, 2018 and the CVR Payment Amount, provided that the CVR Payment Amount did not exceed $2.30. The "CVR Payment Amount" was the difference between (a) $19.00 and (b) the arithmetic average of the dollar volume weighted average price of the Company's common stock on each trading day for twenty (20) trading days randomly selected by the Company during the thirty (30) trading day period immediately preceding the last business day prior to April 3, 2018 (the "Twenty-Day VWAP"). The Aggregate CVR Payment Amount was agreed to be reduced on a dollar for dollar basis if the sum of the following exceeds $165.0 million:

- (i) the aggregate gross proceeds received in connection with the resale of any Acquisition Shares, plus
- (ii) the product of the number of Acquisition Shares held by the RockPile Holders on April 10, 2018 and the Twenty-Day VWAP, plus
- (iii) the Aggregate CVR Payment Amount.

In early April 2018, in accordance with the terms and conditions of the CVR Agreement, the Company calculated and paid the final Aggregate CVR Payment Amount, due to the RockPile Holders, of $19.9 million and recognized a loss of $13.2 million during the year ended December 31, 2018 in other income (expense), net in the consolidated statement of operations and comprehensive income (loss).

The Company accounted for the acquisition of RockPile using the acquisition method of accounting. Assets acquired, liabilities assumed and equity issued in connection with the acquisition were recorded based on their fair values. The Company finalized the purchase price allocation in June 2018. Of the measurement period adjustments noted in the following table, $11.3 million were recorded in 2017 and $2.4 million were recorded in 2018.

The following table summarizes the fair value of the consideration transferred for the acquisition of RockPile and the final allocation of the purchase price to the fair values of the assets acquired and liabilities assumed at the RockPile Acquisition Date:

Total Purchase Consideration:	**Preliminary Purchase Price Allocation**	**Adjustments**	**Final Purchase Price Allocation**
(Thousands of Dollars)			
Cash consideration	$ 123,293	$ (6,717)	$ 116,576
Equity consideration	130,290	—	130,290
Contingent consideration	11,962	—	11,962
Less: Cash acquired	(20,379)	20,379	—
Total purchase consideration, less cash acquired	$ 245,166	$ 13,662	$ 258,828
Trade and other accounts receivable	$ 57,117	$ 1,484	$ 58,601
Inventories, net	2,853	138	2,991
Prepaid and other current assets	13,630	(717)	12,913
Property and equipment, net	157,654	8,653	166,307
Intangible assets	20,967	(1,267)	19,700
Notes receivable	250	(250)	—
Other noncurrent assets	363	(57)	306
Total identifiable assets acquired	252,834	7,984	260,818
Accounts payable	(38,999)	16,180	(22,819)
Accrued expenses	(22,161)	(13,315)	(35,476)
Deferred revenue	(23,053)	698	(22,355)
Other non-current liabilities	(827)	(2,412)	(3,239)
Total liabilities assumed	(85,040)	1,151	(83,889)
Goodwill	77,372	4,527	81,899
Total purchase price consideration	$ 245,166	$ 13,662	$ 258,828

The goodwill in this acquisition was primarily attributable to expected synergies and new customer relationships and was allocated in its entirety to the Completions segment. All the goodwill recognized for the acquisition of RockPile is tax deductible with an amortization period of 15 years.

Intangible assets related to the acquisition of RockPile consisted of the following:

	(Thousands of Dollars)	
	Weighted average remaining amortization period (Years)	**Gross Carrying Amounts**
Customer contracts	10.8	$ 19,700
Total		$ 19,700

For the valuation of the customer relationship intangible asset within the Completions Services segment, management used the income based multi-period excess earning method, which utilized contributory asset charges. Under this method, the Company calculated cash flows derived from the customer relationships and then deducted portions of the cash flow that could be attributed to supporting assets that contribute to the generation of said cash flows. Estimated cash flows were discounted at the weighted average cost of capital, adjusted for an intangible asset risk component. This premium reflects increased risk related to the specific intangible asset as compared to the Company as a whole.

For the valuation of the customer relationship intangible asset within the Other Services segment, management used the income based “with and without” method, which is a specific application of the discounted cash flow method. Under this method, the Company calculated the present value of the after-tax cash flows expected to be generated by the business with and without the customer relationships. The forecasted cash flows in the “without” scenario included the cost of reestablishing customer relationships and were discounted at the Company’s weighted average cost of capital, adjusted for an intangible asset risk component.

The following transactions were recognized separately from the acquisition of assets and assumptions of liabilities in the acquisition of RockPile. Deal costs consist of legal and professional fees and pre-merger notification fees. Integration costs consist of expenses incurred to integrate RockPile’s operations with that of the Company, including retention bonuses and severance payments and expenses incurred in connection with aligning RockPile’s accounting processes and procedures and integrating its enterprise resource planning system with those of the Company. The expenses for all these transactions were expensed as incurred.

	(Thousands of Dollars)
Transaction Type	**Year Ended December 31, 2017**
Deal costs	$ 6,679
Integration	1,994
	$ 8,673

The following combined pro forma information assumes the acquisition of RockPile occurred on January 1, 2016. The pro forma information presented below is for illustrative purposes only and does not reflect future events that occurred after July 2, 2017 or any operating efficiencies or inefficiencies that resulted from the acquisition of RockPile. The information is not necessarily indicative of results that would have been achieved had the Company controlled RockPile during the periods presented. Pro forma net loss for the year ended December 31, 2017 includes $0.8 million of non-recurring retention bonuses associated with the acquisition, which were incurred after the closing and $1.8 million of compensation costs associated with the RockPile executives retained by the Company. In addition, the Company incurred $2.2 million of transaction costs that were not reflected in this pro forma financial information, since they were incurred prior to the closing.

	(Thousands of Dollars)	
	Unaudited	
	Year Ended December 31,	
	2017	2016
Revenue	$ 1,732,279	$ 543,966
Net loss	(49,348)	(203,383)
Net loss per share (basic and diluted)	$ (0.44)	$ (2.12)
Weighted-average shares outstanding (basic and diluted)	111,939	96,112

The Company's consolidated and combined statement of operations and comprehensive income (loss) for 2017 includes revenue (unaudited) of $192.2 million from the RockPile operations, from the date of acquisition on July 3, 2017 to December 31, 2017.

(4) Intangible Assets

The definite-lived intangible assets balance in the Company's consolidated balance sheets represents the fair value measurement upon initial recognition, net of amortization, as applicable, related to the following:

	(Thousands of Dollars)		
	December 31, 2019		
	Gross Carrying Amounts	Accumulated Amortization	Net Carrying Amount
Customer contracts	$ 67,600	$ (32,681)	$ 34,919
Non-compete agreements	700	(408)	292
Technology	22,054	(2,244)	19,810
Total	$ 90,354	$ (35,333)	$ 55,021

	(Thousands of Dollars)		
	December 31, 2018		
	Gross Carrying Amounts	Accumulated Amortization	Net Carrying Amount
Customer contracts	$ 67,600	$ (27,755)	$ 39,845
Non-compete agreements	700	(362)	338
Trade name	10,200	—	10,200
Technology	2,262	(741)	1,521
Total	$ 80,762	$ (28,858)	$ 51,904

Amortization expense related to the intangible assets for the years ended December 31, 2019, 2018 and 2017 was $6.5 million, $6.3 million and $7.1 million, respectively.

In connection with the C&J Merger, the Company was re-branded as NexTier and does not expect to obtain any further benefits or receive any cash flows associated with the Keane indefinite-lived trade name. As a result, the Company impaired $10.2 million related to the Keane trade name as of December 31, 2019. The impairment is recorded in impairment expense in the consolidated and combined statements of operations and comprehensive income (loss).

Amortization for the Company's definite-lived intangible assets, excluding in-process software, over the next five years, is as follows:

Year-end December 31,	(Thousands of Dollars)
2020	$ (11,239)
2021	(10,953)
2022	(9,867)
2023	(4,973)
2024	(4,973)

(5) Goodwill

The changes in the carrying amount of goodwill for the years ended December 31, 2019, 2018 and 2017 were as follows:

	(Thousands of Dollars)
Goodwill as of December 31, 2017	$ 134,967
Purchase price adjustment	(2,443)
Goodwill as of December 31, 2018	132,524
C&J Merger	4,934
Goodwill as of December 31, 2019	$ 137,458

The changes in the carrying amount of goodwill for the years ended December 31, 2019 and 2018 consisted of amounts related to the C&J Merger and purchase price adjustments related to the acquisition of RockPile, respectively. For additional information, see Note *(3) (Mergers and Acquisitions).* There were no triggering events identified and no impairment recorded since inception and for the years ended December 31, 2019, 2018 and 2017.

(6) Inventories, net

Inventories, net, consisted of the following at December 31, 2019 and December 31, 2018:

	(Thousands of Dollars)	
	December 31, 2019	**December 31, 2018**
Sand, including freight	$ 4,405	$ 14,697
Chemicals and consumables	11,408	6,250
Materials and supplies	45,828	14,722
Total inventory, net	$ 61,641	$ 35,669

Inventories are reported net of obsolescence reserves of $1.8 million and $1.0 million as of December 31, 2019 and 2018, respectively. The Company recognized $0.8 million, $0.7 million and $0.3 million of obsolescence expense during the years ended December 31, 2019, 2018 and 2017.

(7) Property and Equipment, net

Property and Equipment, net consisted of the following at December 31, 2019 and December 31, 2018:

	(Thousands of Dollars)	
	December 31, 2019	December 31, 2018
Land	$ 35,178	$ 4,771
Building and leasehold improvements	90,950	32,134
Office furniture, fixtures and equipment	10,678	7,691
Machinery and equipment	1,259,697	1,041,212
	1,396,503	1,085,808
Less accumulated depreciation	(723,060)	(562,813)
Construction in progress	35,961	8,324
Total property and equipment, net	$ 709,404	$ 531,319

All (gains) and losses are presented within (gain) loss on disposal of assets in the consolidated and combined statements of operations and comprehensive income (loss). The following describes the total (gains) losses recognized on the disposal of certain assets of $4.5 million, $5.0 million and $(2.6) million for the years ended December 31, 2019, 2018 and 2017:

For the year ended December 31, 2019, the Company disposed of certain hydraulic fracturing components and iron for a net loss of $15.4 million, net of salvage value on failed transmissions. The Company also recognized a gain of $7.4 million related to the sale of certain hydraulic fracturing related equipment and a net gain of $3.5 million on various other immaterial asset disposals throughout the year.

For the year ended December 31, 2018, the Company disposed of certain hydraulic fracturing components for a net loss of $3.5 million, net of salvage value on failed transmissions. The Company also divested of an idle field operations facility for a net loss of $2.7 million and recorded a net gain of $1.2 million on various other immaterial asset disposals throughout the year.

For the year ended December 31, 2017, the Company disposed of idle coiled tubing assets for a net gain of $3.5 million and recorded a net loss of $0.9 million on various other immaterial asset disposals throughout the year.

Casualty Loss

On July 1, 2018, one of the Company’s hydraulic frac fleets operating in the Permian Basin was involved in an accidental fire, which resulted in damage to a portion of the equipment in that fleet. In 2018, the Company received $18.1 million of insurance proceeds for replacement cost of the damaged equipment, which offset the $3.2 million impairment loss recognized on the damaged equipment. The resulting gain of $14.9 million was recognized in other income (expense), net in the consolidated and combined statements of operations and comprehensive income (loss) for the year ended December 31, 2018.

(8) Long-Term Debt

Long-term debt at December 31, 2019 and December 31, 2018 consisted of the following:

	(Thousands of Dollars)	
	December 31, 2019	**December 31, 2018**
2018 Term Loan Facility	344,750	348,250
Less: Unamortized debt discount and debt issuance costs	(7,127)	(7,520)
Total debt, net of unamortized debt discount and debt issuance costs	337,623	340,730
Less: Current portion	(2,311)	(2,776)
Long-term debt, net of unamortized debt discount and debt issuance costs	$ 335,312	$ 337,954

Below is a summary of the Company's credit facilities outstanding as of December 31, 2019:

	(Thousands of Dollars)	
	2019 ABL Facility	**2018 Term Loan Facility**
Original facility size	$ 450,000	$ 350,000
Outstanding balance	$ —	$ 344,750
Letters of credit issued	$ 31,840	$ —
Available borrowing base commitment	$ 303,837	n/a
Interest Rate[(1)]	LIBOR or base rate plus applicable margin	LIBOR or base rate plus applicable margin
Maturity Date	October 31, 2024	May 25, 2025

(1) London Interbank Offer Rate ("LIBOR") is subject to a 1.00% floor

Maturities of the 2018 Term Loan Facility for the next five years are presented below:

(Thousands of Dollars)	
Year-end December 31,	
2020	$ 3,500
2021	3,500
2022	3,500
2023	3,500
2024	3,500
	$ 17,500

Deferred Charges and Other Costs

Deferred charges include deferred financing costs and debt discounts or debt premiums. Deferred charges related to the 2019 ABL Facility are capitalized. Deferred charges related to the 2018 Term Loan Facility are netted against the carrying amount of term debt. Deferred charges are amortized to interest expense using the effective interest method. Interest expense related to the deferred financing costs for the years ended December 31, 2019, 2018 and 2017 was $1.4 million, $3.1 million, and $5.2 million, respectively.

On October 31, 2019, the Company entered into the Second Amended and Restated Asset-Based Revolving Credit Agreement (“2019 ABL Facility”), modifying the Company’s pre-existing asset-based revolving credit facility (“2017 ABL Facility”). Deferred charges associated with the 2019 ABL Facility were capitalized and totaled $1.2 million. In connection with the modification of the 2017 ABL Facility, the Company wrote off $0.5 million of deferred financing costs. The remaining deferred financing costs related to the 2017 ABL Facility will be amortized over the life of the 2019 ABL Facility. Unamortized deferred charges associated with the 2019 and 2017 ABL Facilities were $3.7 million and $4.0 million as of December 31, 2019 and 2018, respectively, and are recorded in other noncurrent assets on the consolidated balance sheets.

Term Loan Facility

On May 25, 2018, the Company entered into a term loan facility (the “2018 Term Loan Facility”), the proceeds of which were used to repay the Company’s pre-existing term loan facility (the “2017 Term Loan Facility”). No prepayment penalties were incurred in connection with the Company’s early debt extinguishment of its 2017 Term Loan Facility. Deferred charges associated with the 2017 Term Loan Facility that were expensed upon repayment of the 2017 Term Loan Facility totaled $7.6 million. Deferred charges associated with the 2018 Term Loan Facility that were netted against the carrying amount of the term debt totaled $9.0 million. Unamortized deferred charges associated with the 2018 Term Loan Facility were $7.1 million and $7.5 million as of December 31, 2019 and 2018, respectively, and are recorded in long-term debt, net of deferred financing costs and debt discount, less current maturities on the consolidated balance sheets.

ABL Revolving Credit Facility

Interest expense during the year ended December 31, 2019 includes $0.5 million in write-offs in connection with the modification of the 2017 ABL Facility. Interest expense during the year ended December 31, 2017 included $15.8 million of prepayment penalties and $15.3 million in write-offs of deferred charges, incurred in connection with the Company’s refinancing of an older asset-based revolving credit facility (“2016 ABL Facility”) and the Company’s early debt extinguishment of an older term loan facility (“2016 Term Loan Facility”) and the Senior Secured Notes in 2017.

(9) Significant Risks and Uncertainties

The Company operates in three reportable segments: Completion Services, Well Construction and Intervention, and Well Support Services, with significant concentration in the Completion Services segment. During the years ended December 31, 2019, 2018 and 2017, sales to Completion Services customers represented 94%, 98% and 99% of the Company’s consolidated revenue, respectively.

The Company depends on its customers' willingness to make operating and capital expenditures to explore for, develop and produce oil and natural gas onshore in the U.S. This activity is driven by many factors, including current and expected crude oil and natural gas prices. The U.S. energy industry experienced a significant downturn in the second half of 2014 through early 2016, driven primarily by global oversupply and a decline in commodity prices. From early 2016 through late 2018, the U.S. generally experienced some recovery in commodity prices and drilling and completion activity. Over this time frame, the U.S. active rig count increased from a trough of 404 rigs in May 2016 to a peak of 1,083 rigs in December 2018, driving significant demand for the Company's completion services. From December 28, 2018 through December 31, 2019, U.S. active rig count decreased by approximately 26% to 805 rigs.

While U.S. active rig count increased from its low in 2016, macro conditions remain range bound, and supply and demand for completion services remains challenged, resulting in adverse pricing, utilization impacts and ongoing commodity price volatility. In late 2019 and early 2020, and in response to the oversupply of hydraulic fracturing equipment, an increasing number of horsepower retirements were announced, removing a significant base of equipment from the market. Despite the continued challenging market conditions, the Company has been able to perform well, driven by a high level of efficiency achieved at the wellsite, a customer partnership model and investments in innovation. In response to these ongoing pressures, the Company's continued success is attributable primarily to the Company's high level of efficiency achieved at the wellsite, as well as its high-quality customer base and dedicated contract model.

For the year ended December 31, 2019, revenue from four customers individually represented more than 10% and collectively represented 55% of the Company’s consolidated revenue. For the year ended December 31, 2018, three customers individually represented more than 10% and collectively represented 39% of the Company’s consolidated revenue. For the year ended December 31, 2017, no customer individually represented more than 10% of the Company’s consolidated revenue.

For the year ended December 31, 2019, purchases from one supplier represented 5% of the Company’s overall purchases. For the year ended December 31, 2018, purchases from two suppliers represented approximately 5% to 10% of the Company’s overall purchases. The costs for each of these suppliers were primarily incurred within the Completion Services segment.

(10) Derivatives

The Company uses interest-rate-related derivative instruments to manage its variability of cash flows associated with changes in interest rates on its variable-rate debt.

On May 25, 2018, the Company entered into the 2018 Term Loan Facility, which has an initial aggregate principal amount of $350 million, and repaid its pre-existing 2017 Term Loan Facility. The 2018 Term Loan Facility has a variable interest rate based on LIBOR, subject to a 1.0% floor. As a result of this transaction, the Company desired to hedge additional notional amounts to continue to hedge approximately 50% of its expected LIBOR exposure and to extend the terms of its swaps to align with the 2018 Term Loan Facility.

On June 22, 2018, the Company unwound its existing interest rate swaps and received $3.2 million in proceeds. The Company used the $3.2 million of proceeds to execute a new off-market interest rate swap. Under the terms of the new interest rate swap, the Company receives 1-month LIBOR, subject to a 1% floor, and makes payments based on a fixed rate of 2.625%. The new interest rate swap is effective through March 31, 2025 and has a notional amount of $175.0 million. The new interest rate swap was designated in a new cash flow hedge relationship.

The Company discontinued hedge accounting on the pre-existing interest rate swaps upon termination. At the time hedge accounting was discontinued, the exiting interest rate swaps had $3.5 million of deferred gains in accumulated other comprehensive loss. This amount was not reclassified from accumulated other comprehensive loss into earnings, as it remained probable that the originally forecasted transaction will occur. This amount will be recognized into earnings through August 18, 2022, the termination date of the pre-existing interest rate swap.

The following tables present the fair value of the Company’s derivative instruments on a gross and net basis as of the periods shown below:

	(Thousands of Dollars)				
	Derivatives designated as hedging instruments	**Derivatives not designated as hedging instruments**	**Gross Amounts of Recognized Assets and Liabilities**	**Gross Amounts Offset in the Balance Sheet(1)**	**Net Amounts Presented in the Balance Sheet(2)**
As of December 31, 2019:					
Other current asset	$ —	$ —	$ —	$ —	$ —
Other noncurrent asset	—	—	—	—	—
Other current liability	(1,729)	—	(1,729)	—	(1,729)
Other noncurrent liability	(5,559)	—	(5,559)	—	(5,559)
As of December 31, 2018:					
Other current asset	$ —	$ —	$ —	$ —	$ —
Other noncurrent asset	—	—	—	—	—
Other current liability	(129)	—	(129)	—	(129)
Other noncurrent liability	(169)	—	(169)	—	(169)

(1) Agreements are in place that allow for the financial right of offset for derivative assets and derivative liabilities at settlement or in the event of a default under the agreements.

(2) There are no amounts subject to an enforceable master netting arrangement that are not netted in these amounts. There are no amounts of related financial collateral received or pledged.

The following table presents gains and losses for the Company’s interest rate derivatives designated as cash flow hedges (in thousands of dollars):

	Year Ended December 31,			
	2019	**2018**	**2017**	**Location**
Amount of gain (loss) recognized in other comprehensive income on derivative	$ (7,628)	$ (880)	$ 791	OCI
Amount of gain (loss) reclassified from accumulated other comprehensive income (loss) (“AOCI”) into earnings	239	697	(72)	Interest Expense
Amount of loss reclassified from AOCI into earnings as a result of originally forecasted transaction becoming probable of not occurring	—	—	(100)	Interest Expense

The gain (loss) recognized in other comprehensive income for the derivative instrument is presented within the hedging activities line item in the consolidated and combined statements of operations and comprehensive income (loss).

There were no gains or losses recognized in income as a result of excluding amounts from the assessment of hedge effectiveness. Based on recorded values at December 31, 2019, $1.5 million of net losses will be reclassified from accumulated other comprehensive income (loss) into earnings within the next 12 months.

The following table presents gains and losses for the Company’s interest rate derivatives not designated in a hedge relationship under ASC 815, “Derivative Financial Instruments,” (in thousands of dollars):

		Year Ended December 31,		
Description	**Location**	**2019**	**2018**	**2017**
Gains (loss) on interest contracts	Interest expense	$ —	$ —	$ (367)

See Note *(11) (Fair Value Measurements and Financial Information)* for further information related to the Company's derivative instruments.

(11) Fair Value Measurements and Financial Information

The Company discloses the required fair values of financial instruments in its assets and liabilities under the hierarchy guidelines, in accordance with GAAP. The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, derivative instruments, long-term debt and finance lease obligations. As of December 31, 2019, and 2018, the carrying values of the Company's financial instruments, included in its consolidated balance sheets, approximated or equaled their fair values. There were no transfers into or out of Levels 1, 2 and 3 as of December 31, 2019 and 2018.

Recurring Fair Value Measurement

At December 31, 2019, the financial instrument measured by the Company at fair value on a recurring bases was its interest rate derivative.

The fair market value of the derivative financial instrument reflected on the consolidated balance sheets as of December 31, 2019, and 2018 was determined using industry-standard models that consider various assumptions, including current market and contractual rates for the underlying instruments, time value, implied volatilities, nonperformance risk, as well as other relevant economic measures. Substantially all of these inputs are observable in the marketplace through the full term of the instrument and can be supported by observable data.

The following tables present the placement in the fair value hierarchy of assets and liabilities that were measured at fair value on a recurring basis at December 31, 2019, and 2018 (in thousands of dollars):

		Fair value measurements at reporting date using		
	December 31, 2019	Level 1	Level 2	Level 3
Liabilities:				
Interest rate derivatives	$ (7,288)	$ —	$ (7,288)	$ —

		Fair value measurements at reporting date using		
	December 31, 2018	Level 1	Level 2	Level 3
Liabilities:				
Interest rate derivatives	(298)	—	(298)	—

Non-Routine Fair Value Measurement

The fair values of indefinite-lived assets and long-lived assets are determined with internal cash flow models based on significant unobservable inputs. The Company measures the fair value of its property, plant and equipment using the discounted cash flow method, the fair value of its customer contracts using the multi-period excess earning method and income based "with and without" method, the fair value of its trade names and acquired technology using the "income-based relief-from-royalty" method and the fair value of its non-compete agreement using the "lost income" approach. Assets acquired as a result of the acquisition of the RockPile, RSI, and C&J transactions were recorded at their fair values on the date of acquisition. See Note *(3) Mergers and Acquisitions* for further details.

Given the unobservable nature of the inputs used in the Company's internal cash flow models, the cash flows models are deemed to use Level 3 inputs.

Credit Risk

The Company's financial instruments exposed to concentrations of credit risk consist primarily of cash and cash equivalents, derivative contracts and trade receivables.

The Company's cash balances on deposit with financial institutions totaled $255.0 million and $80.2 million as of December 31, 2019 and 2018, respectively, which exceeded Federal Deposit Insurance Corporation insured limits. The Company regularly monitors these institutions' financial condition.

The credit risk from the derivative contract derives from the potential failure of the counterparty to perform under the terms of the derivative contracts. The Company minimizes counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties, whose Standard & Poor's credit rating is higher than BBB. The derivative instruments entered into by the Company do not contain credit-risk-related contingent features.

The majority of the Company's trade receivables have payment terms of 30 days or less. Significant customers are those that individually account for 10% or more of the Company's consolidated revenue or total accounts receivable. As of December 31, 2019, trade receivables from one customer individually represented 10% more of the Company's total accounts receivable. As of December 31, 2018, trade receivables from three customers individually represented more than 10% and collectively represented 49% of the Company's total accounts receivable. The Company mitigates the associated credit risk by performing credit evaluations and monitoring the payment patterns of its customers. The Company has a process in place to collect all receivables within 30 to 60 days of aging. As of December 31, 2019 and 2018, the Company had $0.7 million and $0.5 million in allowance for doubtful accounts, respectively, based on specific identification. The Company wrote-off $0.7 million of bad debts during the year ended 2019. In 2018, the Company wrote-off $0.6 million of bad debt in 2018, in connection with its litigation with Halcon Operating Co., Inc. and Halcon Energy Properties. The Company did not write-off any bad debts during 2017. For further detail, see Note *(18) Commitments and Contingencies.*

(12) Stock-Based Compensation

Effective as of October 31, 2019, the Company (i) amended and restated the Keane Group, Inc. Equity and Incentive Award Plan under the name NexTier Oilfield Solutions Inc. Equity and Incentive Award Plan ("Equity and Incentive Award Plan"), and (ii) assumed and amended and restated the C&J Energy Services, Inc. 2017 Management Incentive Plan under the name NexTier Oilfield Solutions Inc. (Former C&J Energy) Management Incentive Plan ("Management Incentive Plan", and collectively with the Equity and Incentive Award Plan, the "Equity Award Plans"). As part of the C&J Merger, the Company assumed the award agreements outstanding under the Management Incentive Plan on the terms set forth in the Merger agreement.

As of December 31, 2019, the Company had four types of stock-based compensation under its Equity Award Plans: (i) deferred stock awards for three executive officers, (ii) restricted stock awards issued to independent directors and certain executives and employees, (iii) restricted stock units issued to executive officers and key management employees and (iv) non-qualified stock options issued to executive officers. The Company has approximately 5,899,928 shares of its common stock reserved and available for grant under the Equity and Incentive Award Plan and approximately 8,155,054 shares of its common stock reserved and available for grant under the Management Incentive Plan.

For details on the Company's accounting policies for determining stock-based compensation expense, see Note *(2) Summary of Significant Accounting Policies: (l) Stock-based compensation.* Non-cash stock compensation expense is generally presented within selling, general and administrative expense in the consolidated and combined statements of operations and comprehensive income (loss) however, for the year ended December 31, 2019, the Company presented $9.6 million within merger and integration. These amounts primarily relate to the accelerated vesting of certain awards that contained pre-existing change in control provisions.

The following table summarizes stock-based compensation expense for the years ended December 31, 2019, 2018 and 2017 (in thousands of dollars):

	Year Ended December 31,		
	2019	**2018**	**2017**
Deferred stock awards	—	4,280	4,280
Restricted stock awards	1,486	611	399
Restricted stock units	20,426	9,822	4,766
Non-qualified stock options	3,498	2,453	1,133
Restricted stock performance-based stock unit awards	3,567	—	—
Stock-based compensation	$ 28,977	$ 17,166	$ 10,578
Tax benefit	$ (6,954)	(4,134)	(2,532)
Stock-based compensation, net of tax	22,023	$ 13,032	$ 8,046

(a) Deferred stock awards

Upon consummation of the IPO, the executive officers of the Company identified in the table below became eligible for retention payments, the first on January 1, 2018 and the second on January 1, 2019, in the bonus amounts set forth in the table below. On March 16, 2017, the compensation committee (the “Compensation Committee”) of the Board of Directors approved, and each executive officer agreed, that in lieu of the executive officer’s cash retention payments, the executive officer was granted a deferred stock award under the Equity and Incentive Award Plan. Each executive officer’s deferred stock award provides that, subject to the executive officer remaining employed through the applicable vesting date and complying with the restrictive covenants imposed on him under his employment agreement with the Company, the executive officer will be entitled to receive payment of a stock bonus equal to the variable number of shares of the Company’s common stock having a fair market value on the payment date equal to the bonus amount set forth in the table below:

	Bonus Amounts (In thousands)	
	First	**Second**
James C. Stewart	$ 1,976	$ 1,976
Gregory L. Powell	$ 1,646	$ 1,646
M. Paul DeBonis Jr.	$ 659	$ 659

The Company accounted for these deferred stock awards as liability classified awards and recorded them at fair value based on the fixed monetary value on the date of grant. The Company recognized $8.6 million as a deferred compensation expense liability and contra-equity during the first quarter of 2017.

The first stock bonuses vested on January 1, 2018 and were paid on February 15, 2018. The second stock bonus vested January 1, 2019, with an original payout date of February 15, 2019, that was amended in February 2019 to a payout date of March 4, 2019. For the years ended December 31, 2019, 2018 and 2017 the Company recognized nil, $4.3 million and $4.3 million respectively of non-cash stock compensation expense into earnings. As of December 31, 2019, there was no remaining unamortized compensation cost related to unvested deferred stock awards.

(b) Restricted stock awards

During 2019, in connection with the C&J Merger, restricted stock awards granted to the independent members of the Company's Board of Directors prior to the C&J Merger in 2018, and 2017, vested in accordance with existing change in control provisions. Additionally, the Company granted approximately 0.6 million replacement restricted stock awards to C&J employees in connection with the C&J Merger. Restricted stock awards are not considered issued and outstanding for purposes of earnings per share calculations until vested.

For the years ended December 31, 2019, 2018, and 2017 the Company recognized $1.5 million, $0.6 million, and $0.4 million respectively, of non-cash stock compensation expense. As of December 31, 2019, total unamortized compensation cost related to unvested restricted stock awards was $0.7 million, which the Company expects to recognize over the remaining weighted-average period of 0.94 years.

Rollforward of restricted stock awards as of December 31, 2019 is as follows:

	Number of Restricted Stock Awards (In thousands)	Weighted average grant date fair value
Total non-vested at December 31, 2018	94	$ 17.40
Shares issued	678	4.99
Shares vested	(478)	7.70
Shares forfeited	(2)	4.55
Non-vested balance at December 31, 2019	292	$ 4.55

(c) Restricted stock units

During 2019, the Company granted approximately 1.6 million restricted stock units to executive officers and key management employees. Additionally, the Company granted approximately $0.9 million replacement restricted stock units in connection with the C&J Merger. Restricted stock units are stock awards that vest over a one to three year service period.

For the years ended December 31, 2019, 2018 and 2017, the Company recognized $20.4 million, $9.8 million and $4.8 million, respectively, of non-cash stock compensation expense. As of December 31, 2019, total unamortized compensation cost related to unvested restricted stock units was $19.1 million, which the Company expects to recognize over the remaining weighted-average period of 1.84 years.

Rollforward of restricted stock units as of December 31, 2019 is as follows:

	Number of Restricted Stock Units (In thousands)	Weighted average grant date fair value
Total non-vested at December 31, 2018	1,947	$ 14.83
Units issued	2,679	8.57
Units vested	(1,700)	11.58
Units forfeited	(166)	13.89
Non-vested balance at December 31, 2019	2,760	$ 10.82

(d) Non-qualified stock options

During 2019, the Company granted approximately 0.5 million replacement stock options in connection with the C&J merger. When granted the stock options had a remaining vesting term of approximately one year or less. Stock options granted in 2018 and 2017 have a three-year vesting period, provided that the participant does not incur a termination before the applicable vesting date. As the stock options vest, the award recipients can thereafter exercise their stock options up to the expiration date of the options, which is the date of the six-year anniversary from the grant date.

For the years ended December 31, 2019, 2018 and 2017, the Company recognized $3.5 million, 2.5 million and $1.1 million, respectively, of non-cash stock compensation expense. As of December 31, 2019, total unamortized compensation cost related to unvested stock options was $1.0 million, which the Company expects to recognize over the remaining weighted-average period of 1.15 years.

Rollforward of stock options as of December 31, 2019 is as follows:

	Number of Stock Options (In thousands)	Weighted average grant date fair value
Total outstanding at December 31, 2018	1,219	$ 6.75
Options granted	549	0.74
Options exercised	—	—
Actual options forfeited	(25)	6.77
Options expired	—	—
Total outstanding at December 31, 2019	1,743	$ 4.86

There were 1.4 million stock options exercisable or vested at December 31, 2019.

Assumptions used in calculating the fair value of the stock options granted during the year are summarized below:

	2019 Options Granted	2018 Options Granted	2017 Options Granted
Valuation assumptions:			
Expected dividend yield	0%	0%	0%
Expected equity volatility	49.6%	46.3%	51.5%
Expected term (years)	7.3 - 8.1	6	6
Risk-free interest rate	1.7%	2.7%	1.6%
Weighted average:			
Exercise price per stock option	$19.09 - $26.41	$ 15.31	$ 19.00
Market price per share	$ 4.55	$ 15.31	$ 14.49
Weighted average fair value per stock option	$ 0.74	$ 7.28	$ 6.16

(e) Performance-based RSU awards

On March 25, 2019, the Company issued 0.3 million performance-based RSUs to executive officers under the Equity Plan, which had a grant date fair valued at $3.6 million. One half of performance-based RSUs were scheduled to vest at December 31, 2020 (the "two-year performance-based RSUs"), while the remaining half were scheduled to vest at December 31, 2021 (the "three-year performance-based RSUs"). Each vesting was subject to a payout percentage based on the Company's annualized total stockholder return ranking relative to its total stockholder return peer group achieved during the performance period, which extends from January 1, 2019 to December 31, 2020 for the two-year performance-based RSUs and January 1, 2019 to December 31, 2021 for the three-year performance-based RSUs. The number of shares that could have been earned at the end of the vesting period ranged from 25% to 200% of the target award amount, if the threshold performance criteria was met. These performance-based RSUs were settled in the Company's common stock and are classified as equity awards. In connection with the Merger, the performance-based RSU’s immediately vested on the C&J Acquisition Date. The remaining compensation expense associated with these performance-based RSUs was amortized into earnings on the date of close. As of December 31, 2019, there was no remaining compensation cost related to performance-based RSUs.

	Number of Performance-based RSU’s (In thousands)	Weighted average grant date fair value
Total outstanding at December 31, 2018	—	$ —
Performance-based RSU’s issued	327	11.00
Performance-based RSU’s vested	(327)	—
Performance-based RSU’s forfeited	—	—
Total outstanding at December 31, 2019	—	$ —

Assumptions used in calculating the fair value of the performance-based RSU’s granted during the year are summarized below:

Valuation assumptions:	2019 Performance-based RSU's Granted
Expected dividend yield	0%
Expected equity volatility, including peers	40.2 % - 73.2%
Expected term (years)	1.8 - 2.8
Risk-free interest rate	2.2% - 2.3%

(13) Stockholders' Equity

(a) Certificate of Incorporation

The Company was formed as a Delaware corporation on October 13, 2016. The Company's certificate of incorporation provides for (i) the authorization of 500,000,000 shares of common stock with a par value of $0.01 per share and (ii) the authorization of 50,000,000 shares of undesignated preferred stock with a par value of $0.01 per share that may be issued from time to time by the Company's Board of Directors in one or more series.

Each holder of the Company's common stock is entitled to one vote per share and is entitled to receive dividends and any distributions upon the liquidation, dissolution or winding-up of the Company. The Company's common stock has no preemptive rights, no cumulative voting rights and no redemption, sinking fund or conversion provisions.

(b) Keane Group Holdings Recapitalization

As described in Note *(1) Basis of Presentation and Nature of Operations*, the Company completed Organizational Transactions to effect the IPO that resulted in all equity interests in Keane Group, which consisted of 1,000,000 class A units, 176,471 class B units and 294,118 class C units, being converted to an aggregate of 87,428,019 shares of the Company's common stock on January 20, 2017. The Organizational Transactions represented a transaction between entities under common control and was accounted for similar to pooling of interests. In accordance with the requirements of ASC 805, the Company recognized the aggregate 87,428,019 shares of common stock at the carrying amount of the equity interests in Keane Group on January 20, 2017, which totaled $453.8 million. The Company recorded $0.9 million of par value common stock and the remaining $452.9 million as paid-in capital in excess of par value. Furthermore, as the Organizational Transactions resulted in a change in the reporting entity from Keane Group Holdings, LLC to Keane Group, Inc., paid-in capital in excess of par value for Keane Group, Inc. was reduced by Keane Group's retained deficit as of January 20, 2017 of $296.7 million.

(c) Initial Public Offering

As described in Note *(1) Basis of Presentation and Nature of Operations*, on January 25, 2017, the Company completed the IPO of 30,774,000 shares of its common stock at the public offering price of $19.00 per share, which included 15,700,000 shares offered by the Company and 15,074,000 shares offered by the selling stockholder, including 4,014,000 shares sold as a result of the underwriters' exercise of their overallotment option. The net proceeds of the IPO to the Company was $255.5 million, which were used to fully repay Holdco II's term loan balance of $99.0 million and the associated prepayment penalty of $13.8 million, and repay $50.0 million of its 12% secured notes due 2019 and the associated prepayment penalty of approximately $0.5 million. The remaining net proceeds were used for general corporate purposes, including capital expenditures, working capital and potential acquisitions and strategic transactions. Upon completion of the IPO and the reorganization, the Company had 103,128,019 shares of common stock outstanding.

All underwriting discounts and commissions and other specific costs directly attributable to the IPO were deferred and applied to the gross proceeds of the offering through paid-in capital in excess of par value.

(d) RockPile Acquisition

As described in Note *(3) Mergers and Acquisitions*, the Company completed its acquisition of RockPile on July 3, 2017 for cash consideration of $116.6 million, subject to post-closing adjustments, 8,684,210 shares of the Company's common stock and contingent value rights, as described in Note *(3) Mergers and Acquisitions*. The fair value of the Acquisition Shares was calculated using the closing price of the Company's common stock on July 3, 2017, of $16.29, discounted to reflect the lack of marketability resulting from the 180-day lock-up period during which resale of the Acquisition Shares is restricted. Upon completion of the acquisition of RockPile, the Company had 111,831,176 shares of common stock outstanding.

(e) Vesting of Stock Awards

During the year ended December 31, 2019, 1,962,809 shares were issued, net of share settlements for payment of payroll taxes, upon the vesting of stock-based compensation awards. Shares withheld during the period were immediately retired by the Company.

(f) Secondary Offerings

On January 17, 2018, the Company's Registration Statement on Form S-1 (File No. 333-222500) was declared effective by the SEC for an offering on behalf of Keane Investor, pursuant to which 15,320,015 shares were sold by the selling stockholder (including 1,998,262 shares sold pursuant to the exercise of the underwriters' over-allotment option) at a price to the public of $18.25 per share. The Company did not sell any common stock in, and did not receive any of the proceeds from, the offering. Upon completion of the offering, Keane Investor controlled 50.8% of the Company's outstanding common stock. During the December 31, 2018, the Company incurred $13.0 million of transaction costs on behalf of the selling stockholder, which were included within selling, general and administrative expenses in the consolidated and combined statement of operations and comprehensive income (loss).

In February 2018, the Company filed a Registration Statement on Form S-3 (File No. 333-222831) that was effective upon its filing. In December 2018, a selling stockholder sold 5,251,249 of the Company's common stock at a price to the public of $11.02 per share. In conjunction with this offering, the Company repurchased 520,000 shares. The Company did not sell any common stock in, and did not receive any of the proceeds from, this offering. As a result of this offering, Keane Investor owned approximately 49.6% of the Company's outstanding common stock, and the Company ceased being a "controlled company" within the meaning of the NYSE rules.

(g) C&J Merger

As described in Note *(3) Mergers and Acquisitions*, the Company completed the C&J Merger on October 31, 2019 for total consideration of approximately $485.1 million, consisting of (i) equity consideration in the form of 105.9 million shares of Keane common stock issued to C&J stockholders with a value of $481.9 million and (ii) replacement share based compensation awards attributable to pre-Merger services with a value of $3.2 million.

(h) Stock Repurchase

During the year ended December 31, 2018, the Company settled $105.0 million of total share repurchases of its common stock at an average price of $12.93 per share, representing a total of 8,111,764 common shares of the Company. As of December 31, 2018, the Company had approximately $150.0 million remaining for future share repurchases under its existing stock repurchase program. Of the total amount of shares repurchased in 2018, 1,248,440 shares and 520,000 shares were repurchased from White Deer Energy (as defined herein) and Keane Investor, respectively. The shares repurchased from Keane Investor were not repurchased under the Company's existing stock repurchase program. For further details of these related-party transactions, see Note *(19) Related Party Transactions*.

On December 11, 2019, the Company announced the board of directors approved a new share repurchase program for up to $50.0 million through December 2020. No share repurchases were made under the share repurchase program in 2019.

(14) Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss in the equity section of the consolidated balance sheets includes the following:

	(Thousands of Dollars)		
	Foreign currency items	**Interest rate contract**	**AOCI**
December 31, 2018	$ —	$ (798)	$ (798)
Net income (loss)	—	(239)	(239)
Other comprehensive loss	(116)	(7,628)	(7,744)
December 31, 2019	$ (116)	$ (8,665)	$ (8,781)

The following table summarizes reclassifications out of accumulated other comprehensive loss into earnings during years ended December 31, 2019, 2018 and 2017 (in thousands of dollars):

	Year Ended December 31,			**Affected line item in the consolidated and combined statements of operations and comprehensive income (loss)**
	2019	**2018**	**2017**	
Interest rate derivatives, hedging	$ 239	$ 697	$ (172)	Interest expense
Foreign currency items[(1)]	—	(2,621)	—	Other income
Total reclassifications	$ 239	$ (1,924)	$ (172)	

(1) During the fourth quarter of 2018, the Company liquidated its Canadian subsidiary, upon which it recognized a loss of $2.6 million from AOCI into earnings in the consolidated and combined statement of operations and comprehensive income for the year ended December 31, 2018.

(15) Earnings per Share

Basic income or (loss) per share is based on the weighted average number of common shares outstanding during the period. Restricted stock awards and RSUs are not considered issued and outstanding for purposes of earnings per share calculations until vested.

Diluted income or (loss) per share includes additional common shares that would have been outstanding if potential common shares with a dilutive effect, such as stock awards from the Company’s Equity and Incentive Award Plan, had been issued. Anti-dilutive securities represent potentially dilutive securities that are excluded from the computation of diluted income or (loss) per share as their impact would be anti-dilutive.

A reconciliation of the numerators and denominators used for the basic and diluted net loss per share computations is as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Numerator:			
Net income (loss)	$ (106,157)	$ 59,331	$ (36,141)
Denominator:			
Basic weighted-average common shares outstanding[1]	122,977	109,335	106,321
Dilutive effect of restricted stock awards	43	17	36
Dilutive effect of deferred stock award granted to NEOs	—	214	—
Dilutive effect of RSUs granted under stock incentive plans	81	94	135
Diluted weighted-average common shares outstanding[2]	123,101	109,660	106,492

(1) The basic weighted-average common shares outstanding for the year ended December 31, 2017 have been computed to give effect to the Organizational Transactions, including the limited liability company agreement of Keane Investor to, among other things, exchange all of the Company’s Existing Owners’ membership interests for the newly-created ownership interests.

(2) As a result of the net loss incurred by the Company for the years ended December 31, 2019 and 2017, the calculation of diluted net loss per share gives no consideration to the potentially anti-dilutive securities shown in the above reconciliation, and as such is the same as basic net loss per share.

(16) Leases

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)," which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a purchase financed by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term greater than 12 months, regardless of their classification. Leases with a term of 12 months or less may be accounted for similarly to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. In December 2018, the FASB issued ASU 2019-20, "Leases (Topic 842): Narrow-Scope Improvements for Lessors," which allows lessors to make a policy election to exclude sales taxes and other similar taxes from determining the consideration in the contract and variable payments not included in the consideration in the contract, requires lessors to exclude from variable payments lessor costs paid by lessees directly to third parties and clarified the accounting for variable payments for contracts with lease and nonlease components. The Company adopted these standards effective January 1, 2019, using the modified retrospective transition method. The Company recognized a lease right-of-use asset and lease liability of approximately $61.0 million on its consolidated balance sheet on January 1, 2019, for its operating leases that existed upon the effective date, with no additional impact to its consolidated and combined statements of operations and comprehensive loss or statements of cash flows. The Company also determined that while its hydraulic fracturing fleets represent lease components in its customer contracts, these lease components do not represent the predominant components in its customer contracts.

As such the Company has elected to account for the combined components of its customer contracts under ASC 606. In connection with the adoption of these standards, the Company implemented internal controls to ensure that the Company's contracts are properly evaluated to determine applicability under ASU 2016-02 and that the Company properly applies ASU 2016-02 in accounting for and reporting on all its qualifying leases.

The effect of the lease standards adoption on the unaudited condensed consolidated balance sheet as of January 1, 2019 is as follows (in thousands of dollars):

	December 31, 2018		January 1, 2019
Balance sheet line item	**As Previously Reported**	**ASU 2016-02 Adoption**	**As Adjusted**
Operating lease right-of-use assets	$ —	$ 60,946	$ 60,946
Finance lease right-of-use assets	—	7,864	7,864
Property and equipment, net	531,319	(7,864)	523,455
Other noncurrent assets	6,569	(9)	6,560
Accrued expenses and other current liabilities	(101,833)	1,066	(100,767)
Current maturities of operating lease liabilities	—	(25,211)	(25,211)
Current maturities of finance lease liabilities	—	(4,928)	(4,928)
Current maturities of capital lease obligations	(4,928)	4,928	—
Long-term operating lease liabilities, less current maturities	—	(35,512)	(35,512)
Long-term finance lease liabilities, less current maturities	—	(5,581)	(5,581)
Capital lease obligations, less current maturities	(5,581)	5,581	—
Other noncurrent liabilities	(3,283)	50	(3,233)
Retained earnings	31,494	(1,330)	30,164

The Company has operating leases for certain of its corporate offices, field shops, apartments, warehouses, rail cars, frac pumps, trailers, tractors and certain other equipment. The Company also has both operating and finance leases for its light duty vehicles.

The Company's leases have variable payments with annual escalations that are based on the proportion by which the consumer price index ("CPI") for all urban consumers increased over the CPI index for the prior comparative year. The Company's leases have remaining lease terms of less than 1 year to 15 years, some of which include extension and termination option. None of these extension and termination options were used to determine the Company's right-of-use assets and lease liabilities, as the Company has not determined it is probable that it will exercise any of these options. None of the Company's leases have residual value guarantees.

The components of the Company's lease costs are as follows:

	(Thousands of Dollars) Year ended December 31, 2019	
Operating lease cost	$	26,948
Finance lease cost:		
Amortization of right-of-use assets		3,356
Interest on lease liabilities		625
Total finance lease cost		3,981
Short-term lease cost		1,184
Variable lease cost[1]		15,654
Sublease income		(116)
Total lease cost	$	47,651

(1) Cost from variable amounts excluded from determination of lease liability.

Supplemental cash flows related to leases are as follows:

	(Thousands of Dollars) Year ended December 31, 2019	
Cash paid for amounts included in the measurements of lease liabilities		
Operating cash flows from operating leases	$	25,318
Operating cash flows from finance leases		565
Financing cash flows from finance leases		6,035

Weighted average remaining lease terms are as follows:

	Year ended December 31, 2019
Operating leases	4.74 years
Finance leases	2.28 years

Weighted average discount rate on the Company's lease liabilities are as follows:

	Year ended December 31, 2019
Operating leases	5.73%
Finance leases	5.53%

Maturities of the Company's lease liabilities as of December 31, 2019, per ASU 2016-02, were as follows:

	(Thousands of Dollars)	
Year ending December 31,	**Operating leases**	**Finance leases**
2020	$ 26,068	$ 4,977
2021	12,084	3,168
2022	10,012	1,643
2023	7,088	273
2024	2,171	—
Thereafter	10,921	—
Total undiscounted remaining minimum lease payments	68,344	10,061
Less imputed interest	(9,748)	(623)
Total discounted remaining minimum lease payments	$ 58,596	$ 9,438

Prior to the adoption of the new lease accounting standard, minimum lease commitments, excluding early termination buyouts, remaining under the Company's operating leases and capital leases, for the next five years as of December 31, 2018 were as follows:

	(Thousands of Dollars)	
Year ending December 31,	**Operating leases**	**Capital leases**
2019	$ 26,327	$ 5,484
2020	18,017	2,652
2021	5,688	2,430
2022	4,795	883
2023	3,172	—
Total	$ 57,999	$ 11,449

The Company did not make any lease reassessments or modifications nor did it recognize any gains or losses on sale-leaseback transactions during the year ended December 31, 2019.

As of December 31, 2019, the Company does not have additional operating and finance leases that have not yet commenced, nor did the Company have any lease transactions with any of its related parties.

(17) Income Taxes

NexTier Oilfield Solutions Inc. (formerly Keane Group, Inc.) was formed as a corporation as a result of the IPO and related Organizational Transactions on January 20, 2017. The Company established a provision for income taxes for operations beginning January 20, 2017. NexTier was formed to hold all of the operational assets of Keane Group Holdings, LLC, which was originally organized as a limited liability company and treated as a flow-through entity for federal and most state income tax purposes. As such, taxable income and any related tax credits were passed through to its members and included in their tax returns for periods prior to January 20, 2017.

The following table summarizes the income (loss) from continuing operations before income taxes in the following jurisdictions:

	(Thousands of Dollars)		
	Year Ended December 31,		
	2019	2018	2017
Domestic	$ (106,879)	$ 66,260	$ (35,904)
Foreign	1,727	(2,659)	(87)
	$ (105,152)	$ 63,601	$ (35,991)

The components of the Company's income tax provision are as follows:

	(Thousands of Dollars)		
	Year Ended December 31,		
	2019	2018	2017
Current:			
State	$ 709	$ 5,387	$ 614
Foreign	627	31	—
Total current income tax provision	$ 1,336	$ 5,418	$ 614
Deferred:			
Federal	$ (239)	$ (1,031)	$ (536)
State	(92)	(117)	72
Total deferred income tax provision	(331)	(1,148)	(464)
	$ 1,005	$ 4,270	$ 150

The following table presents the reconciliation of the Company's income taxes calculated at the statutory federal tax rate, currently 21%, to the income tax provision in its consolidated and combined statements of operations and comprehensive (loss). The statutory federal tax rate for 2017 was 35% prior to the enactment of the Tax Cuts and Jobs Act in December 2017, which reduced the federal corporation rate from 35% to 21%, effective January 1, 2018. The Company's effective tax rate for 2019 of (0.96)% differs from the statutory rate, primarily due to state taxes, and the change in the valuation allowance. The Company's effective tax rate for 2018 was 6.71%.

	(Thousands of Dollars)		
	December 31, 2019	December 31, 2018	December 31, 2017
Income tax provision computed at the statutory federal rate	$ (22,082)	$ 13,356	$ (9,795)
Reconciling items:			
State income taxes, net of federal tax benefit	(1,463)	1,408	(334)
Deferred tax asset valuation adjustment	14,987	(22,639)	(32,593)
Tax rate change	—	—	41,591
Permanent differences	9,962	5,237	630
Foreign withholding taxes	627	—	—
Other	(1,026)	6,908	651
Income tax provision	$ 1,005	$ 4,270	$ 150

Deferred income taxes are provided to reflect the future tax consequences or benefits of differences between the tax basis of assets and liabilities and their reported amounts in the financial statements using enacted tax rates. The Company adopted ASU 2015-17, "Balance Sheet Classification of Deferred Taxes", during 2017, and thus has classified all deferred tax assets and liabilities as noncurrent.

	(Thousands of Dollars)		
	Year Ended December 31,		
	2019	2018	2017
Deferred tax assets:			
Stock-based compensation	$ 4,124	$ 3,979	$ 2,467
Net operating loss carry-forwards	196,949	90,565	70,745
Accruals and other	21,411	4,524	3,994
PPE & Intangibles	1,474	—	—
Gross deferred tax assets	223,958	99,068	77,206
Valuation allowance	(223,419)	(41,779)	(65,347)
Total deferred tax assets	$ 539	$ 57,289	$ 11,859
Deferred tax liability:			
PP&E and intangibles	$ —	$ (56,799)	$ (11,319)
Prepaids and other	(645)	(756)	(1,954)
Total deferred tax liability	(645)	(57,555)	(13,273)
Net deferred tax liability	$ (106)	$ (266)	$ (1,414)

As of December 31, 2019, NexTier had total U.S. federal tax net operating loss ("NOL") carryforwards of $787.6 million, of which, $380.2 million, if not utilized, will begin to expire in the year 2031. The remaining $407.3 million of federal NOLS can be carried forward indefinitely. Of this amount, $71.6 million related to the Company's current year federal tax loss. The Company has state NOLS of $306.4 million, which if not utilized, will expire in various years between 2025 and 2038. Additionally, the Company has $20.1 million of NOLs in foreign jurisdictions that, if not utilized, will begin to expire in the year 2035.

As a result of the C&J Merger on October 31, 2019, NexTier had a change in ownership for purposes of Section 382 of the Internal Revenue Code ("IRC"). As a result, the amount of pre-change NOLs and other tax attributes that are available to offset future taxable income are subject to an annual limitation. The annual limitation is based on the value of the Company as of the effective date of the C&J Merger. The Company's Section 382 annual limitation is $8.5 million. In addition, this annual limitation is subject to adjustments from the realization of net unrealized built-in gain ("NUBIG") during a five-year recognition period ending October 31, 2024. As of December 31, 2019, it is expected that all of the Company's pre-change NOLs of $398.7 million incurred prior to the C&J Merger will be available for use during the applicable carryforward period without becoming permanently lost by the Company due to expiration. The Company's pre-change NOLs subject to expiration comprise $275.8 million out of the total $398.7 million.

C&J Energy Services, Inc. had Pre-change NOLs carry forward prior to the C&J Merger. As a result of the C&J Merger, such NOLs were carried over to the Company. These NOLs are also subject to an annual limitation under IRC Section 382. The Company's annual limitation with respect to the C&J Energy NOLs is $8.6 million and is subject to adjustments from the realization of net unrealized built-in loss ("NUBIL") during a five-year recognition period ending October 31, 2024. Due to this IRC Section 382 annual limitation, some of the NOLs carried over to the Company from C&J Energy Services, Inc. are expected to become permanently lost by the Company due to the expiration and will not be available for use by the Company during the applicable carryforward period. The Company has not reflected the NOLs expected to expire as a result of this limitation in its summary of deferred tax assets or in the NOLs disclosed within this paragraph. The pre-change NOLs carried over from C&J Energy Services, Inc. total $322.6 million of which $104.4 million are subject to expiration, but not expected to expire as a result of the IRC Section 382 limitation.

ASC 740, "Income Taxes," requires the Company to reduce its deferred tax assets by a valuation allowance if, based on the weight of the available evidence, it is more likely than not that all or a portion of a deferred tax asset will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences are deductible. As a result of the Company's evaluation of both the positive and negative evidence, the Company determined it does not believe it is more likely than not that its deferred tax assets will be utilized in the foreseeable future and has recorded a valuation allowance. The valuation allowance as of December 31, 2019 fully offsets the net deferred tax assets, excluding deferred tax liabilities related to certain indefinite-lived assets. The valuation allowance as of December 31, 2017 fully offsets the impact of the initial benefit recorded related to the formation of NexTier Oilfield Solutions Inc., excluding deferred tax liabilities related to certain indefinite lived assets. This initial deferred impact was recorded as an adjustment to equity due to a transaction between entities under common control. The valuation allowances as of December 31, 2019, 2018, and 2017 were $223.4 million, $41.8 million and $65.3 million, respectively.

Changes in the valuation allowance for deferred tax assets were as follows:

	(Thousands of Dollars)
Valuation allowance as of the beginning of January 1, 2019	$ 41,779
Acquisition accounting	164,950
Charge as (benefit) expense to income tax provision for current activities	14,987
Changes to other comprehensive income (loss)	1,703
Valuation allowance as of December 31, 2019	$ 223,419

On December 22, 2017, the U.S. government enacted the Tax Act. The Tax Act makes broad and complex changes to the U.S. tax code, including but not limited to, (1) the requirement to pay a one-time transition tax on all undistributed earnings of foreign subsidiaries; (2) reducing the U.S. federal corporate income tax rate from 35% to 21%; (3) eliminating the alternative minimum tax; (4) creating a new limitation on deductible interest expense; and (5) changing rules related to use and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017.

The Company evaluated the provisions of the Tax Act and determined only the reduced corporate tax rate from 35% to 21% would have an impact on its consolidated and combined financial statements as of December 31, 2017. Accordingly, the Company recorded a provision to income taxes for the Company’s assessment of the tax impact of the Tax Act on ending deferred tax assets and liabilities and the corresponding valuation allowance. The effects of other provisions of the Tax Act are not expected to have an adverse impact on the Company’s consolidated and combined financial statements. The Company finalized its analysis of the Tax Act in 2018 and will continue to monitor guidance on provisions of the Tax Act to be issued by taxing authorities to assess the impact on the Company’s consolidated and combined financial statements.

There were no unrecognized tax benefits nor any accrued interest or penalties associated with unrecognized tax benefits during the years ended December 31, 2019, 2018 and 2017. The Company believes it has appropriate support for the income tax positions taken and to be taken on the Company’s tax returns, and its accruals for tax liabilities are adequate for all open years based on our assessment of many factors including past experience and interpretations of tax law applied to the facts of each matter. The Company classifies interest and penalties within the provision for income taxes. The Company’s tax returns are open to audit under the statute of limitations for the years ended December 31, 2016 through December 31, 2018 for federal tax purposes and for the years ended December 31, 2015 through December 31, 2018 for state tax purposes.

(18) Commitments and Contingencies

As of December 31, 2019, and 2018, the Company had $9.0 million, including deposits acquired through the C&J Merger, and $4.2 million of deposits on equipment, respectively. Outstanding purchase commitments on equipment were $64.0 million and $43.6 million, as of December 31, 2019, and 2018, respectively.

As of December 31, 2019, the Company had committed $1.3 million to research and development with its equity-method investee. For additional information, see Note *(2) Summary of Significant Accounting Policies.*

As of December 31, 2019, the Company has a letter of credit of $31.8 million under the 2019 ABL Facility.

In the normal course of operations, the Company enters into certain long-term raw material supply agreements for the supply of proppant to be used in hydraulic fracturing. As part of some of these agreements, the Company is subject to minimum tonnage purchase requirements and may pay penalties in the event of any shortfall. The Company purchased $160.0 million, $107.4 million and $150.0 million amounts of proppant under its take-or-pay agreements during the years ended December 31, 2019, 2018 and 2017.

Aggregate minimum commitments under long-term raw material supply agreements with payment penalties for minimum tonnage purchases for the next five years as of December 31, 2019 are listed below:

	(Thousands of Dollars)
Year-end December 31,	
2020	$ 30,007
2021	14,925
2022	9,300
2023	1,500
2024	—
	$ 55,732

Litigation

From time to time, the Company is subject to legal and administrative proceedings, settlements, investigations, claims and actions, as is typical of the industry. These claims include, but are not limited to, contract claims, environmental claims, employment related claims, claims alleging injury or claims related to operational issues and motor vehicle accidents. The Company's assessment of the likely outcome of litigation matters is based on its judgment of a number of factors, including experience with similar matters, past history, precedents, relevant financial information and other evidence and facts specific to the matter. The Company may increase or decrease its legal accruals in the future, on a matter-by-matter basis, to account for developments in such matters. Notwithstanding the uncertainty as to the final outcome and based upon the information currently available to it, the Company does not currently believe these matters in aggregate will have a material adverse effect on its consolidated financial position, results of operations or liquidity.

Environmental

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

Regulatory Audits

In 2017, the Company was notified by the Texas Comptroller of Public Accounts that it would conduct a routine audit of Keane Frac TX, LLC's direct payment sales tax for the periods of January 2014 through May 2017. The Company initially anticipated and recorded an estimate for a potential assessment of approximately $3.2 million during the first quarter of 2019. Subsequently, the Company made a $2.1 million prepayment in June 2019. The Company made an additional payment of $0.3 million in the third quarter of 2019 after receiving the notification of the audit result, concluding the audit. These amounts are recorded in selling, general and administrative expenses in the Company's consolidated statements of operations and comprehensive income (loss).

Prior to the consummation of the C&J Merger, the Company and C&J had been notified by certain state taxing authorities that these taxing authorities would be conducting routine sales and use tax audits of certain wholly owned operating subsidiaries of the Company for tax periods ranging from January 2011 through December 2019. The Company has recorded estimates of potential assessments for each audit totaling in the aggregate approximately $32.6 million. For one audit, in particular, the Company disagrees with many aspects of the state’s preliminary report and intends to contest the state’s position through litigation, if necessary. In addition, this reserve does not take into account the potential for refund claims in which the Company has not recorded.

(19) Related Party Transactions

Cerberus Operations and Advisory Company and Cerberus Capital Management, L.P., affiliates of the Company’s principal equity holder, provide certain consulting services to the Company. The Company paid $4.1 million, $0.3 million and $0.3 million during the years ended December 31, 2019, 2018 and 2017, respectively.

In connection with the Organization Transaction, the Company engaged in transactions with affiliates. See Note *(1) (Basis of Presentation and Nature of Operations)* and Note *(13) (Stockholders’ Equity)* for a description of these transactions.

In connection with the Company’s research and development initiatives, the Company has engaged in transactions with its equity-method investee. For additional information, see Note *(2) Summary of Significant Accounting Policies.* As of December 31, 2019, the Company has purchased $1.7 million of shares in its equity-method investee.

On May 29, 2018, the Company repurchased 1,248,440 shares of its common stock from WDE RockPile Aggregate, LLC (“White Deer Energy”) for $16.02 per share or $20.0 million. At the time of the RockPile acquisition, the shares of the Company’s common stock that White Deer Energy acquired was valued at $15.00 per share. The Company recognized the entire transaction as treasury stock that was subsequently retired, whereby the RockPile acquisition value of the shares of $18.7 million was recorded against paid-in capital in excess of par value and the remaining $1.3 million was recorded against retained earnings on the consolidated balance sheet as of December 31, 2018.

During 2018, the Company completed two secondary offerings on behalf of Keane Investor Holdings LLC. For further details, see Note *(13) Stockholders’ Equity: (f) Secondary Offerings.*

(20) Retirement Benefits and Nonretirement Postemployment Benefits

Defined Contribution Plan

The Company sponsors two different 401(k) defined contribution retirement plans covering eligible employees. Through the first plan, the Company makes matching contributions of up to 3.5% of compensation. Through the second plan, Eligible employees can make annual contributions to the plan up to the maximum amount allowed by current federal regulations, but no more than 80.0% of compensation as noted in the plan document. Contributions made by the Company related to the years ended December 31, 2019, 2018, and 2017 were $8.1 million, $6.7 million and $4.0 million, respectively.

Severance

The Company provides severance benefits to certain of its employees in connection with the termination of their employment. Severance benefits offered by the Company were $16.7 million, $0.6 million and $2.0 million for the years ended December 31, 2019, 2018 and 2017, respectively.

(21) Business Segments

In accordance with Accounting Standard Codification ("ASC") No. 280, *Segment Reporting* ("ASC 280"), the Company routinely evaluates whether its separate segments have changed. This determination is made based on the following factors: (1) the Company's chief operating decision maker ("CODM") is currently managing each operating segment as a separate business and evaluating the performance of each segment and making resource allocation decisions distinctly and expects to do so for the foreseeable future, and (2) discrete financial information for each operating segment is available.

Due to the transformative nature of the C&J Merger, the CODM changed the way in which the Company is managed, including the level at which to make performance evaluation and resource allocation decisions. Discrete financial information was created to provide the segment information necessary for the CODM to manage the Company under the revised operating segment structure. As a result of this change in operating segments, the Company revised its reportable segments subsequent to the completion of the C&J Merger. The Company's revised reportable segments are: (i) Completion Services, (ii) Well Construction and Intervention ("WC&I") and (iii) Well Support Services. This segment structure reflects the financial information and reports used by the Company's management, specifically including its CODM, to make decisions regarding the Company's business, including performance evaluation and resource allocation decisions. As a result of the revised reportable segment structure, the Company has restated the corresponding items of segment information for all periods presented.

The following is a description of each reportable segment:

Completion Services

The Company's Completion Services segment consists of the following businesses and service lines: (1) fracturing services; (2) wireline and pumpdown services; and (3) completion support services, which includes the Company's research and technology department.

Well Construction and Intervention Services

The Company's WC&I Services segment consists of the following businesses and service lines: (1) cementing services and (2) coiled tubing services.

Well Support Services

The Company's Well Support Services segment consists of the following businesses and service lines: (1) rig services; (2) fluids management services; and (3) other specialty well site services.

The following tables present financial information with respect to the Company's segments. Corporate and Other represents costs not directly associated with a segment, such as interest expense, income taxes and corporate overhead. Corporate assets include cash, deferred financing costs, derivatives and entity-level machinery equipment.

	Year Ended December 31,		
	2019	2018	2017
Operations by reportable segment			
Revenue:			
Completion Services	$ 1,709,934	$ 2,100,956	$ 1,527,287
WC&I	63,039	36,050	14,794
Well Support Services	48,583	—	—
Total revenue	$ 1,821,556	$ 2,137,006	$ 1,542,081
Adjusted gross profit (loss):			
Completion Services(1)	$ 401,845	$ 478,850	$ 258,024
WC&I(1)	7,812	(2,390)	1,496
Well Support Services(1)	7,967	—	—
Total adjusted gross profit	$ 417,624	$ 476,460	$ 259,520
Operating income (loss):			
Completion Services	$ 126,698	$ 234,756	$ 115,691
WC&I	3,855	(6,818)	(197)
Well Support Services	6,959	—	—
Corporate and Other	(221,261)	(129,928)	(106,225)
Total operating income (loss)	$ (83,749)	$ 98,010	$ 9,269
Depreciation and amortization:			
Completion Services	$ 270,918	$ 241,169	$ 141,385
WC&I	3,822	4,428	5,757
Well Support Services	1,415	—	—
Corporate and Other	15,995	13,548	12,138
Total depreciation and amortization	$ 292,150	$ 259,145	$ 159,280
Net income (loss):			
Completion Services	$ 126,698	$ 234,756	$ 115,691
WC&I	3,855	(6,818)	(197)
Well Support Services	6,959	—	—
Corporate and Other	(243,669)	(168,607)	(151,635)
Total net income (loss)	$ (106,157)	$ 59,331	$ (36,141)
Capital expenditures(2):			
Completion Services	$ 179,044	$ 281,081	$ 185,329
WC&I	3,514	9,510	1,718
Well Support Services	6,980	—	—
Corporate and Other	3,649	952	2,582
Total capital expenditures	$ 193,187	$ 291,543	$ 189,629

(1) Adjusted gross profit at the segment level is not considered to be a non-GAAP financial measure as it is the Company's segment measure of profitability and is required to be disclosed under GAAP pursuant to ASC 280.

(2) Capital expenditures do not include the asset acquisition of RSI on July 24, 2018 of $35.0 million, the business acquisition of RockPile on July 3, 2017 of $116.6 million

	(Thousands of Dollars)	
	December 31, 2019	**December 31, 2018**
Total assets by segment:		
Completion Services	$ 1,091,965	$ 894,467
WC&I	106,493	20,974
Well Support Services	109,792	—
Corporate and Other	356,657	139,138
Total assets	$ 1,664,907	$ 1,054,579
Goodwill by segment:		
Completion Services	$ 136,425	$ 132,524
WC&I	372	—
Well Support Services	661	—
Corporate and Other	—	—
Total goodwill	$ 137,458	$ 132,524

(22) Selected Quarterly Financial Data

The following table sets forth certain unaudited financial and operating information for each quarter of the years ended December 31, 2019 and 2018. The unaudited quarterly information includes all adjustments that, in the opinion of management, are necessary for the fair presentation of the information presented. Operating results for interim periods are not necessarily indicative of the results that may be expected for a full fiscal year.

	Year Ended December 31, 2019 (Unaudited)			
Selected Financial Data:	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Revenue	$ 421,654	$ 427,733	$ 443,953	$ 528,216
Costs of services (excluding depreciation and amortization, shown separately)	337,646	324,503	333,438	408,345
Depreciation and amortization	71,476	69,886	68,708	82,080
Selling, general and administrative expenses	27,936	26,463	26,579	42,698
Merger and integration	—	6,108	6,651	55,972
(Gain) loss on disposal of assets	481	(330)	679	3,640
Impairment	—	—	—	12,346
Total operating costs and expenses	437,539	426,630	436,055	605,081
Operating income (loss)	(15,885)	1,103	7,898	(76,865)
Other income (expense), net	448	(43)	55	(7)
Interest expense	(5,395)	(5,477)	(5,215)	(5,769)
Total other expenses	(4,947)	(5,520)	(5,160)	(5,776)
Income tax income (expense)	(974)	(564)	820	(287)
Net income (loss)	$ (21,806)	$ (4,981)	$ 3,558	$ (82,928)

	Year Ended December 31, 2018 (Unaudited)			
Selected Financial Data:	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Revenue	$ 513,016	$ 578,533	$ 558,908	$ 486,549
Costs of services (excluding depreciation and amortization, shown separately)	403,408	447,685	436,799	372,654
Depreciation and amortization	60,051	59,404	68,287	71,403
Selling, general and administrative expenses	33,884	23,978	27,482	28,466
Merger and integration	—	147	301	—
(Gain) loss on disposal of assets	769	3,287	1,113	(122)
Total operating costs and expenses	498,112	534,501	533,982	472,401
Operating income	14,904	44,032	24,926	14,148
Other expense (income), net	(12,989)	16	14,454	(2,386)
Interest expense	(6,990)	(14,317)	(5,978)	(6,219)
Total other income (expenses)	(19,979)	(14,301)	8,476	(8,605)
Income tax income (expense)	(3,168)	936	(2,623)	585
Net income (loss)	$ (8,243)	$ 30,667	$ 30,779	$ 6,128

(23) New Accounting Pronouncements

(a) Recently Adopted Accounting Standards

In February 2018, the FASB issued ASU 2018-02, "Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income," which allows companies to reclassify from accumulated other comprehensive income to retained earnings, any stranded tax effects resulting from complying with the Tax Cuts and Jobs Act legislation passed in December 2017. ASU 2018-02 is effective for annual periods beginning after December 15, 2018. The Company implemented the provisions of this ASU effective January 1, 2019, with no impact to its unaudited condensed consolidated financial statements, as due to the Company's valuation allowance, there is no net tax effect stranded within accumulated other comprehensive loss.

In July 2018, the FASB issued ASU 2018-09, "Codification Improvements," which made clarifications, correction of errors and minor improvements to ASC 220, "Income Statement - Reporting Comprehensive Income - Overall," ASC 470-50, "Debt Modifications and Extinguishments," ASC 480-10, "Distinguishing Liabilities from Equity -Overall," ASC 718-740, "Compensation - Stock Compensation - Income Taxes," ASC 805-740, "Business Combinations - Income Taxes," ASC 815-10, "Derivatives and Hedging - Overall," ASC 820-10, "Fair Value Measurement - Overall," ASC 940-405, "Financial Services - Brokers and Dealers - Liabilities," and ASC 962-325, "Plan Accounting - Defined Contribution to Pension Plans - Investments - Other." The Company adopted this standard effective January 1, 2019, with no significant impact to its unaudited condensed consolidated financial statements, as the transactions it conducts that qualify under ASU 2018-09 are only impacted by the amendments to ASC 718-740.

In October 2018, the FASB issued ASU 2018-16, "Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes." The amendments in this standard permit use of the Overnight Index Swap rate based on Secured Overnight Financing Rate as a U.S. benchmark interest rate for hedge accounting purposes under ASC

815. ASU 2018-16 is effective for annual periods beginning after December 15, 2018. The Company adopted this standard effective January 1, 2019, with no impact to its unaudited condensed consolidated financial statements, as the benchmark interest rate on its existing debt facility and interest rate swap is LIBOR.

In January 2019, the FASB issued ASU 2019-01, "Leases (Topic 842) - Codification Improvements." The amendments in this standard provide implementation guidance with regards to determining the fair value of an underlying leased asset by lessors that are not manufacturers or dealers, presentation of cash received from leases by lessors in sales-type or direct financing leases on the statement of cash flows and transition disclosures related to ASC 250, "Accounting Changes and Error Corrections." The amendments in this standard are effective January 1, 2020, except for those related to transition disclosures that are effective immediately on January 1, 2019. Early adoption was permitted. The Company adopted this standard effective January 1, 2019 with no impact to its unaudited condensed consolidated financial statements, as the Company does not have any leases for which lessor accounting is applied under ASC 842.

(b) Recently Issued Accounting Standards

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," which introduces a new impairment model for financial instruments that is based on expected credit losses rather than incurred credit losses. The new impairment model applies to most financial assets, including trade accounts receivable and lease receivables. In November 2018, the FASB issued ASU No. 2018-19, "Codification Improvements to Topic 326, Financial Instruments-Credit Losses," which clarified that receivables arising from operating leases are not within the scope of ASC 326-20, "Financial Instruments-Credit Losses-Measured at Amortized Cost," and should be accounted for in accordance with ASC 842. In April 2019, the FASB issued ASU No. 2019-04, "Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments," which clarified certain amendments related to ASU 2016-13. In May 2019, the FASB issued ASU No. 2019-05, "Financial Instruments-Credit Losses (Topic 326): Targeted Transition Relief," which clarifies certain aspects of the amendments in ASU 2016-13. In November 2019, the FASB issued ASU No. 2019-10, "Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815, and Leases (Topic 842) and ASU 2019-11 Codification Improvements to Topic 326, Financial Instruments—Credit Losses.

The Company adopted these new standards effective January 1, 2020. The Company is finalizing its assessment related to its trade accounts receivable based on a risk assessed portfolio approach, incorporating current and forecasted economic conditions as of January 1, 2020. The Company continues to finalize its estimated credit losses and establish processes and internal controls that may be required to comply with the new credit loss standard and related disclosure requirements. The Company does not expect the adoption of these standards to have a significant impact on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement." This standard removed, modified and added disclosure requirements from ASC 820. ASU 2018-13 is effective for annual periods beginning after December 15, 2019. The Company does not expect the adoption of this standard to have a significant impact on its consolidated financial statements, as this standard primarily addresses disclosure requirements for Level 3 fair value measurements. The Company does not currently have or anticipate having Level 3 fair value instruments.

In August 2018, the FASB issued ASU 2018-15, "Intangibles - Goodwill and Other - Internal-Use Software: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract." The amendments in this standard aligned the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). ASU 2018-15 is effective for annual periods beginning after December 15, 2019. The Company does not expect the adoption of this standard to have a significant impact on its consolidated financial statements.

In November 2018, the FASB issued ASU 2018-18, "Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606." The amendments in this standard clarified that certain transactions should be accounted for under ASC 606 if one of the collaborative arrangement participants meets the definition of a customer and that transactions between collaborative participants not directly related to sales to third parties should not be recognized as revenue under Topic 606, if one of the collaborative arrangement participants is not a customer. ASU 2018-18 is effective for annual periods beginning after December 15, 2019. The Company is currently in the process of evaluating the impact the adoption of this standard will have on its consolidated financial statements.

In July 2019, the FASB issued ASU 2019-07, "Codification Updates to SEC Sections—Amendments to SEC Paragraphs Pursuant to SEC Final Rule Releases No. 33-10532, Disclosure Update and Simplification, and Nos. 33-10231 and 33-10442, Investment Company Reporting Modernization, and Miscellaneous Updates (SEC Update)". The Company does not expect the adoption of this standard to have a significant impact on its consolidated financial statements.

In August 2019, the FASB issued ASU 2019-08, "Compensation - Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Codification Improvements - Share-Based Consideration Payable to a Customer". ASU 2019-08 expands the scope of ASC Topic 718 to provide guidance for share-based payment awards granted to a customer in conjunction with selling goods or services accounted for under Topic 606. For entities that have adopted the amendments in ASU 2018-07, the amendments in ASU 2019-08 are effective in fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. An entity may early adopt the amendments in ASU 2019-08, but not before it adopts the amendments in ASU 2018-07. The Company does not expect the adoption of this standard to have an impact on its consolidated and combined financial statements, as the Company has only issued shares to employees or nonemployee directors and has previously recognized its nonemployee directors share-based payments in line with its recognition of share-based payments to employees, using the grant-date fair value of the equity instruments issued, amortized over the requisite service period.

In December 2019, the Financial Accounting Standards Board issued ASU No 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes” (“ASU 2019-12”). ASU 2019-12 removes certain exceptions to the general principles in Topic 740 in Generally Accepted Accounting Principles. ASU 2019-12 is effective for public entities for fiscal years beginning after December 15, 2020, with early adoption permitted. The Company does not expect ASU 2019-12 to have a material effect on the Company’s current financial position, results of operations or financial statement disclosures.

(24) Subsequent Events

On March 9, 2020, the Company announced it had completed the divestiture of its Well Support Services segment for approximately $93.7 million of total consideration to Basic Energy Services, Inc. (“Basic”). The consideration consisted of (i) $59.4 million of cash consideration before transaction costs, escrowed amounts and subject to customary working capital adjustments and (ii) and $34.3 million of par value senior secured notes (“Notes”) previously issued by Basic. Under the terms of the agreement, the Notes are accompanied by a make-whole guarantee at par value, which guarantees the payment of $34.3 million to NexTier after the Notes are held to the one year anniversary of March 9, 2021.

The Company is monitoring the recent reductions in commodity prices driven by the potential impact of the novel coronavirus and global supply and demand dynamics as potential triggering events that may indicate that the carrying value of certain assets may not be recoverable. The extent to which these events may impact the Company’s business will depend on future developments, which are highly uncertain and cannot be predicted at this time. The duration and intensity of these impacts and resulting disruption to the Company’s operations is uncertain and the Company will continue to assess the financial impact.

Item 9. Changes in and Disagreements With Accountant on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of such date. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act).

Internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to our financial statement preparation and presentation. Further, because of changes in conditions, the 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 to assess the effectiveness of our internal control over financial reporting as of December 31, 2019, based upon criteria set forth in the “Internal Control - Integrated Framework (2013)” issued by the Committee of Sponsoring Organizations of the Treadway Commission. As permitted by SEC guidance for newly acquired businesses, the scope of management’s assessment of the effectiveness of the Company’s internal control over financial reporting as of December 31, 2019, has excluded the acquired business of C&J Energy Services, Inc. and its subsidiaries. We completed the C&J Merger on October 31, 2019, and the excluded business represents approximately $708.5 million of total assets and total revenues of approximately $196.7 million included in the consolidated financial statements of the Company as of and for the year ended December 31, 2019. Based on our assessment, we believe that as of December 31, 2019, our internal control over financial reporting is effective.

The effectiveness of our internal control over financial reporting as of December 31, 2019 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report that is included herein.

Changes in Internal Control Over Financial Reporting

Effective January 1, 2019, we adopted ASU 2016-02, "Leases (Topic 842)." The adoption of this standard and subsequently-issued related ASUs resulted in the recording of operating lease right-of-use assets and operating lease liabilities on our consolidated balance sheet, with no related impact to our consolidated and combined statements of operations and comprehensive income (loss) or consolidated statements of cash flows. In connection with the adoption of these standards, we implemented internal controls to ensure we properly evaluate our contracts for applicability under ASU 2016-09 and properly apply ASU 2016-02 and subsequently-issued related ASUs in accounting for and reporting on all our qualifying leases.

On October 31, 2019, we completed the C&J Merger, which resulted in changes to internal controls over the consolidation and reporting of our financial results. As part of the Company’s ongoing integration activities, the Company’s financial reporting controls and procedures are in the process of being implemented at C&J. The two companies maintained separate accounting systems through 2019. The consolidated and combined financial statements presented in this Annual Report on Form 10-K were prepared using information obtained from these separate accounting systems.

Except as described above, there were no changes to our internal control over financial reporting that occurred during the quarter ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

This information is incorporated by reference to the Company's Proxy Statement for its 2020 Annual Meeting of Stockholders, which is expected to be filed in April 2020.

Item 11. Executive Compensation

This information is incorporated by reference to the Company’s Proxy Statement for its 2020 Annual Meeting of Stockholders, which is expected to be filed in April 2020.

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

This information is incorporated by reference to the Company's Proxy Statement for its 2020 Annual Meeting of Stockholders, which is expected to be filed in April 2020.

Item 13. Certain Relationships and Related-Party Transactions and Director Independence

This information is incorporated by reference to the Company's Proxy Statement for its 2020 Annual Meeting of Stockholders, which is expected to be filed in April 2020.

Item 14. Principal Accountant Fees and Services

This information is incorporated by reference to the Company’s Proxy Statement for its 2020 Annual Meeting of Stockholders, which is expected to be filed in April 2020.

PART IV

Item 15. Exhibits and Financial Schedules

The following documents are filed as part of this report:

Financial Statements

Nextier Oilfield Solutions Inc.

Financial Statement Schedules:

The schedules listed in Rule 5-04 of Regulation S-X (17 CFR 210.5-04) have been omitted because they are not applicable or the required information is shown in the consolidated and combined financial statements or notes thereto.

Exhibits

The documents listed in the Exhibit Index of this Annual Report on Form 10-K are incorporated by reference or are filed with this Annual Report on Form 10-K, in each case as indicated therein (numbered in accordance with Item 601 of Regulation S-K).

EXHIBIT INDEX

Exhibit Number	Exhibit Description
2.1	Agreement and Plan of Merger, dated as of June 16, 2019, by and among C&J Energy Services, Inc., Keane Group, Inc. and King Merger Sub Corp. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on June 17, 2019).
3.1	Certificate of Incorporation of Keane Group, Inc. dated October 13, 2016 (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1 filed on December 14, 2016).
3.2	Certificate of Amendment to Certificate of Incorporation of Keane Group, Inc. dated October 31, 2019 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on October 31, 2019).
3.3	Bylaws (incorporated by reference to Exhibit 3.2 to the Registrant's Annual Report on Form 10-K filed on March 21, 2017).
4.1	Second Amended and Restated Stockholders' Agreement, dated October 31, 2019, by and among Keane Group, Inc. and Keane Investor Holdings LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on October 31, 2019).
4.2*	Description of Registrants Securities.
10.1	Second Amended and Restated Asset-Based Revolving Credit Agreement, dated October 31, 2019, by and among NexTier Oilfield Solutions Inc. (f/k/a Keane Group, Inc.), Keane Group Holdings, LLC, as the Lead Borrower, certain other subsidiaries of NexTier Oilfield Solutions Inc. as additional borrowers, the guarantors party thereto, the lenders party thereto, and Bank of America, N.A., as administrative and collateral agent (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on October 31, 2019).
10.2	Term Loan Agreement, dated May 25, 2018, by and among Keane Group Inc., as the Parent, Keane Group Holdings, LLC, as the Lead Borrower, the Subsidiary Guarantors party thereto, Barclays Bank PLC, as Administrative Agent and Collateral Agent, and the Lenders from time to time party thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on May 29, 2018).
10.3†	Keane Management Holdings LLC Management Incentive Plan (incorporated by reference to Exhibit 10.6 to the Registrant's Registration Statement on Form S-1 filed on December 14, 2016).
10.4*	NexTier Oilfield Solutions Inc. Equity and Incentive Award Plan, amended and restated on October 31, 2019.
10.5†	Form of Keane Group, Inc. Executive Incentive Bonus Plan (incorporated by referent to Exhibit 10.8 to the Registrant's Registration Statement on Form S-1 filed on December 14, 2016).
10.6†	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.9 of the Registrant's Registration Statement on Form S-1 filed with the SEC on December 14, 2016).
10.7†	Form of Director Services Agreement (incorporated by reference to Exhibit 10.10 to the Registrant's Registration Statement on Form S-1filed on December 14, 2016).
10.8†	Keane Group, Inc. Form of Restricted Stock Award (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on January 26, 2017).
10.9†	Keane Group, Inc. Form of Deferred Stock Award Agreement (incorporated by reference to Exhibit 10.23 to the Registrant's Annual Report on Form 10-K filed on March 21, 2017).

10.10†	Form of Keane Group, Inc. Equity and Incentive Award Plan Amendment to Deferred Stock Award Agreement(incorporated by reference to Exhibit 10.29 to the Registrant's Annual Report on Form 10-K filed on February 27, 2019).
10.11†	Form of RSU Award Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on August 3, 2017).
10.12†	Form of Non-Qualified Stock Option Award Agreement (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed on August 3, 2017).
10.13†	Keane Group, Inc. Form of Restricted Stock Award Agreement for Non-Employee Directors (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed on August 1, 2018).
10.14†	Keane Group, Inc. Form of Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed on August 1, 2018).
10.15†	Keane Group, Inc. Form of Restricted Stock Unit Performance Award Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10Q filed on May 7, 2019).
10.16†	Keane Group, Inc. Form of Non-Qualified Stock Option Award Agreement (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q filed on August 1, 2018).
10.17†	Form of Amendment to Keane Group, Inc. Restricted Unit Award Agreements with each of James Stewart, Greg Powell, Paul DeBonis and Kevin McDonald (incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q filed on August 1, 2018).
10.18†	Form of Amendment to Keane Group, Inc. Non-Qualified Stock Option Award Agreements with each of James Stewart, Greg Powell, Paul DeBonis and Kevin McDonald (incorporated by reference to Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q filed on August 1, 2018).
10.19†	NexTier Oilfield Solutions Inc. (Former C&J Energy) Management Incentive Plan, dated Effective October 31, 2019 (incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-8 filed with the SEC on November 1, 2019).
10.20†	C&J Energy Services, Inc. 2017 Management Incentive Plan. (incorporated by reference to Exhibit 10.1 to C&J Energy Services Inc.'s Current Report on Form 8-K filed on January 13, 2017).
10.21†	First Amendment to the C&J Energy Services, Inc. 2017 Management Incentive Plan (incorporated by reference to Exhibit 10.1 to C&J Energy Services Inc.'s Current Report on Form 8-K filed on February 6, 2017).
10.22†*	Second Amendment to the C&J Energy Services, Inc. 2017 Management Incentive Plan.
10.23†	Restricted Share Agreement (C&J Executive Employment Agreements) under the 2017 Management Incentive Plan (incorporated by reference to Exhibit 10.2 to C&J Energy Services Inc.'s Current Report on Form 8-K filed on February 6, 2017).
10.24†	Restricted Share Agreement (Restrictive Covenants) under the 2017 Management Incentive Plan (incorporated by reference to Exhibit 10.3 to C&J Energy Services Inc.'s Current Report on Form 8-K filed on February 6, 2017).
10.25†	Restricted Share Agreement (Non-Employee Directors) under the 2017 Management Incentive Plan (incorporated by reference to Exhibit 10.4 to C&J Energy Services Inc.'s Current Report on Form 8-K filed on February 6, 2017).
10.26†	Nonqualified Stock Option Agreement (C&J Executive Employment Agreements) under the 2017 Management Incentive Plan (incorporated by reference to Exhibit 10.5 to C&J Energy Services Inc.'s Current Report on Form 8-K filed on February 6, 2017).
10.27†	Nonqualified Stock Option Agreement (Restrictive Covenants) under the 2017 Management Incentive Plan (incorporated by reference to Exhibit 10.6 to C&J Energy Services Inc.'s Current Report on Form 8-K filed on February 6, 2017).
10.28†	Performance Share Agreement under the 2017 Management Incentive Plan (incorporated by reference to Exhibit 10.10 to C&J Energy Services Inc.'s Annual Report on Form 10-K filed on February 27, 2019).
10.29†	Performance Share Agreement (C&J Employment Agreement - Tier I) under the 2017 Management Incentive Plan (incorporated by reference to Exhibit 10.11 to C&J Energy Services Inc.'s Annual Report on Form 10-K filed on February 27, 2019).

10.30†	Performance Share Agreement (C&J Employment Agreement - Tier II) under the 2017 Management Incentive Plan (incorporated by reference to Exhibit 10.12 to C&J Energy Services Inc.'s Annual Report on Form 10-K filed on February 27, 2019).
10.31†	Restricted Share Unit Agreement (C&J Employment Agreement - Tier I) under the 2017 Management Incentive Plan (incorporated by reference to Exhibit 10.13 to C&J Energy Services Inc.'s Annual Report on Form 10-K filed on February 27, 2019).
10.32†	Restricted Share Unit Agreement (C&J Employment Agreement - Tier II) under the 2017 Management Incentive Plan (incorporated by reference to Exhibit 10.14 to C&J Energy Services Inc.'s Annual Report on Form 10-K filed on February 27, 2019).
10.33†	Cash Retention Award Agreement (C&J Employment Agreement - Tier I) under the 2017 Management Incentive Plan (incorporated by reference to Exhibit 10.15 to C&J Energy Services Inc.'s Annual Report on Form 10-K filed on February 27, 2019).
10.34†	Cash Retention Award Agreement (C&J Employment Agreement - Tier II) under the 2017 Management Incentive Plan (incorporated by reference to Exhibit 10.16 to C&J Energy Services Inc.'s Annual Report on Form 10-K filed on February 27, 2019).
10.35†*	Form of RSU Award Agreement 2020 (Executive).
10.36†*	Form of PSU Agreement 2020.
10.37†	Amended and Restated Employment Agreement, dated July 12, 2019, by and between Keane Group, Inc. and Robert Drummond (incorporated by reference to Exhibit 10.2 of the Registrant's Registration Statement on Form S-4 filed with the SEC on July 16, 2019).
10.38†	Third Amended and Restated Employment Agreement, dated June 16, 2019, by and between Keane Group, Inc. and Greg Powell (incorporated by reference to Exhibit 10.3 of the Registrant's Registration Statement on Form S-4 filed with the SEC on July 16, 2019).
10.39†	Amended and Restated Employment Agreement, dated July 12, 2019, by and between Keane Group, Inc. and Kevin M. McDonald (incorporated by reference to Exhibit 10.4 of the Registrant's Registration Statement on Form S-4 filed with the SEC on July 16, 2019).
10.40†*	Amended and Restated Employment Agreement, dated as of November 1, 2019, by and between NexTier Oilfield Solutions Inc. and Ian J. Henkes.
10.41†	First Amended and Restated Employment Agreement, dated December 16, 2019, by and between NexTier Oilfield Solutions Inc. and Kenny Pucheu (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the SEC on December 16, 2019).
10.42†	Employment Agreement, effective as of December 11, 2018, by and between C&J Spec-Rent Services, Inc. and William Driver (incorporated by reference to Exhibit 10.25 of C&J Energy Services, Inc.'s Annual Report on Form 10-K filed with the SEC on February 27, 2019).
10.43†	Amended and Restated Employment Agreement, effective as of December 11, 2018, by and between C&J Spec-Rent Services, Inc. and Sterling Renshaw (incorporated by reference to Exhibit 10.19 of C&J Energy Services, Inc.'s Annual Report on Form 10-K filed with the SEC on February 27, 2019).
10.44†	Amended and Restated Employment Agreement, effective as of December 11, 2018, by and between C&J Spec-Rent Services, Inc. and Michael Galvan (incorporated by reference to Exhibit 10.18 of C&J Energy Services, Inc.'s Annual Report on Form 10-K filed with the SEC on February 27, 2019).
10.45†	Employment Agreement, dated September 17, 2018, by and between C&J Spec-Rent Services, Inc. and Jan Kees van Gaalen (incorporated by reference to Exhibit 10.1 to the C&J Energy Services, Inc.'s Current Report on Form 8-K/A filed on September 18, 2018).
10.46†	Form of Second Amended and Restated Employment Agreement by and among KGH Intermediate Holdco II, LLC, Keane Group, Inc. and M. Paul DeBonis Jr. (incorporated by reference to Exhibit 10.13 to the Registrant's Registration Statement on Form S-1 filed on December 14, 2016).
10.47†	Form of Third Amended and Restated Employment Agreement by and among KGH Intermediate Holdco II, LLC, Keane Group, Inc. and James C. Stewart (incorporated by reference to Exhibit 10.11 to the Registrant's Registration Statement on Form S-1 filed on December 14, 2016).
10.48†*	Separation Agreement for James Stewart.
21.1*	Schedule of Subsidiaries of NexTier Completion Solutions Inc.
23.1*	Consent of KPMG LLP, Independent Registered Public Accounting Firm

31.1*	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certifications of the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

† Indicates a management contract or compensatory plan or arrangement.
* Filed herewith.
** Furnished herewith.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on March 12, 2020.

NexTier Oilfield Solutions Inc.
(Registrant)

By: /s/ Robert W. Drummond
Robert W. Drummond
Chief Executive Officer and Director
(Principal Executive Officer)

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

Signature	Title	Date
/s/ Robert W. Drummond Robert W. Drummond	Chief Executive Officer and Director (Principal Executive Officer)	March 12, 2020
/s/ Kenneth Pucheu Kenneth Pucheu	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	March 12, 2020
/s/ Michael Galvan Michael Galvan	Chief Accounting Officer and Treasurer (Principal Accounting Officer)	March 12, 2020
/s/ James C. Stewart James C. Stewart	Director	March 12, 2020
/s/ Stuart Brightman Stuart Brightman	Director	March 12, 2020
/s/ Marc G. R. Edwards Marc G. R. Edwards	Director	March 12, 2020
/s/ Gary M. Halverson Gary M. Halverson	Director	March 12, 2020

/s/ John Kennedy John Kennedy	Director	March 12, 2020
/s/ Steven Mueller Steven Mueller	Director	March 12, 2020
/s/ Patrick Murray Patrick Murray	Director	March 12, 2020
/s/ Amy H. Nelson Amy H. Nelson	Director	March 12, 2020
/s/ Mel Riggs Mel Riggs	Director	March 12, 2020
/s/ Michael Roemer Michael Roemer	Director	March 12, 2020
/s/ Scott Wille Scott Wille	Director	March 12, 2020

DESCRIPTION OF CAPITAL STOCK

The following description of NexTier Oilfield Solutions Inc.'s ("NexTier") common stock, preferred stock, certificate of incorporation (as amended) and bylaws is a summary only and is subject to the complete text of NexTier's certificate of incorporation (as amended) and bylaws. You should read our certificate of incorporation and bylaws as currently in effect for more details regarding the provisions described below. This section also summarizes relevant provisions of the Delaware General Corporation Law ("DGCL"). The terms of the DGCL are more detailed than the general information provided below. Therefore, you should carefully consider the actual provisions of these laws.

General

Our authorized capital stock consists of 500,000,000 shares of common stock, par value $0.01 per share, and 50,000,000 shares of preferred stock, par value $0.01 per share.

Common Stock

Dividend Rights

Subject to preferences that may be applicable to any then-outstanding preferred stock, holders of our common stock are entitled to receive ratably those dividends, if any, as may be declared from time to time by our board of directors out of legally available funds.

Voting Rights

Each holder of our common stock is entitled to one vote for each share owned of record on all matters voted upon by stockholders. A majority vote is required for all action to be taken by stockholders, except as otherwise provided for in our certificate of incorporation and bylaws or as required by law, including the election of directors in an election that is determined by our board of directors to be a contested election, which requires a plurality. Our certificate of incorporation provides that our board of directors and, prior to the date that Keane Investor Holdings LLC ("Keane Investor") and its respective affiliates (as defined in Rule 12b-2 of the Exchange Act), or any person who is an express assignee or designee of Keane Investor's respective rights under our certificate of incorporation (and such assignee's or designee's affiliates) (of these entities, the entity that is the beneficial owner of the largest number of shares is referred to as the "Designated Controlling Stockholder") ceases to own, in the aggregate, at least 50% of the then-outstanding shares of our common stock (the "50% Trigger Date"), the Designated Controlling Stockholder, are expressly authorized to make, alter or repeal our bylaws and that our stockholders may only amend our bylaws after the 50% Trigger Date with the approval of at least two-thirds of the total voting power of the outstanding shares of our capital stock entitled to vote in any annual election of directors.

From and after such date that the Designated Controlling Stockholder ceases to own, in the aggregate, at least 35% of the then-outstanding shares of our common stock (the "35% Trigger Date"), advance notice requirements for stockholder proposals that can be acted on at stockholder meetings and nominations to our board of directors will be established.

Liquidation Rights

In the event of our liquidation, dissolution or winding-up, the holders of our common stock are entitled to share equally and ratably in our assets, if any, remaining after the payment of all of our debts and liabilities and the liquidation preference of any outstanding preferred stock.

Other Rights

Our common stock has no preemptive rights, no cumulative voting rights and no redemption, sinking fund or conversion provisions.

Preferred Stock

Our board of directors is authorized, by resolution or resolutions, to issue up to 50,000,000 shares of our preferred stock. Our board of directors is authorized, by resolution or resolutions, to provide, out of the unissued shares of our preferred stock, for one or more series of preferred stock and, with respect to each such series, to fix, without further stockholder approval, the designation, powers, preferences and relative, participating, option or other special rights, including voting powers and rights, and the qualifications, limitations or restrictions thereof, of each series of preferred stock pursuant to Section 151 of the Delaware General Corporation Law (the "DGCL"). Our board of directors could authorize the issuance of preferred stock with terms and conditions that could discourage a takeover or other transaction that some holders of our common stock might believe to be in their best interests or in which holders of common stock might receive a premium for their shares over and above market price. We have no current plan to issue any shares of preferred stock.

Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws

Some provisions of Delaware law and of our certificate of incorporation and bylaws could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are 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 our board of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our bylaws establish advance notice procedures with respect to stockholder proposals, other than proposals made by or at the direction of our board of directors or, prior to the 35% Trigger Date, by the Designated Controlling Stockholder. Our bylaws also establish advance notice procedures with respect to the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or by a committee appointed by our board of directors. These provisions may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed, and may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

Calling Special Stockholder Meetings

Our certificate of incorporation and bylaws provide that special meetings of our stockholders may be called only by our board of directors or by stockholders owning at least 25% in amount of our entire capital stock issued and outstanding, and entitled to vote.

Stockholder Action by Written Consent

The DGCL permits stockholder action by written consent unless otherwise provided by our certificate of incorporation. Prior to the 50% Trigger Date, the Designated Controlling Stockholder may take any action that may be taken at a meeting by written consent. On or after the 50% Trigger Date, no action may be taken by written consent in lieu of a stockholders' meeting.

Undesignated Preferred Stock

Our board of directors is authorized to issue, without stockholder approval, preferred stock with such terms as our board of directors may determine. The ability to authorize undesignated preferred stock makes it possible for our board of directors to issue one or more series of preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of the Company.

Delaware Anti-Takeover Statute

We have elected not to be governed by Section 203 of the DGCL, an anti-takeover law ("Section 203"). This law prohibits a publicly held Delaware corporation from engaging under certain circumstances in a business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

- prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned by persons who are directors and also officers and by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- on or subsequent to the date of the transaction, the business combination is approved by our board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 defines "business combination" to include: any merger or consolidation involving us and the interested stockholder; any sale, transfer, pledge or other disposition of 10% or more of our assets involving the interested stockholder; in general, any transaction that results in the issuance or transfer by us of any of our stock to the interested stockholder; or the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through us. In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by any such entity or person. A Delaware corporation may opt out of this provision by express provision in its original certificate of incorporation or by amendment to its certificate of incorporation or bylaws approved by its stockholders. We have opted out of this provision. Accordingly, we will not be subject to any anti-takeover effects of Section 203.

Removal of Directors; Vacancies

Our certificate of incorporation provides that, following the 50% Trigger Date, directors may be removed with or without cause upon the affirmative vote of holders of at least two-thirds of the total voting power of the outstanding shares of the capital stock of the Company entitled to vote in any annual election of directors or class of directors, voting together as a single class. In addition, our certificate of incorporation provides that vacancies, including those resulting from newly created directorships or removal of directors, may only be filled (i) by the Designated Controlling Stockholder or by a majority of the directors then in office, prior to the 50% Trigger Date, and (ii) after the 50% Trigger Date, by a majority of the directors then in office, in each case although less than a quorum, or by a sole remaining director. This may deter a stockholder from increasing the size of our board of directors and gaining control of the board of directors by filling the remaining vacancies with its own nominees.

Limitation on Directors' Liability

Our certificate of incorporation and bylaws will indemnify our directors to the fullest extent permitted by the DGCL. The DGCL permits a corporation to limit or eliminate a director's personal liability to the corporation or the holders of its capital stock for breach of duty. This limitation is generally unavailable for acts or omissions by a director which (i) were in bad faith, (ii) were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated or (iii) involved a financial profit or other advantage to which such director was not legally entitled. The DGCL also prohibits limitations on director liability for acts or omissions which resulted in a violation of a statute prohibiting certain dividend declarations, certain payments to stockholders after dissolution and particular types of loans. The effect of these provisions is to eliminate the rights of our Company and our stockholders (through stockholders' derivative suits on behalf of our Company) to recover monetary damages against a director for breach of fiduciary duty as a director (including breaches resulting from grossly negligent behavior), except in the situations described above. These provisions will not limit the liability of directors under the federal securities laws of the United States.

Choice of Forum

Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the exclusive forum for: (a) any derivative action or proceeding brought on our behalf; (b) any action asserting a breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders; (c) any action asserting a claim pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws; or (d) any action asserting a claim governed by the internal affairs doctrine. However, it is possible that a court could find our forum selection provision to be inapplicable or unenforceable.

Listing

Our common stock is listed on the NYSE under the symbol "NEX."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company LLC.

Exhibit 10.4

NEXTIER OILFIELD SOLUTIONS INC. EQUITY AND INCENTIVE AWARD PLAN

The purpose of the NexTier Oilfield Solutions Inc. Equity and Incentive Award Plan (the "Plan") is to promote the success and enhance the value of the Company by linking the personal interests of the members of the Board, Employees, and Consultants to those of the Company's stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Company's stockholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operations is largely dependent.

The Plan was originally adopted by Keane Group, Inc., a Delaware corporation (the "Company"), by resolution of its Board of Directors on January 3, 2017. The Plan became effective upon its approval by the Company's stockholders on January 20, 2017 (the "Effective Date").

Article I.

DEFINITIONS

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

1.1. "Applicable Exchange" shall mean the New York Stock Exchange or other securities exchange or national market system as may at the applicable time be the principal market for the Common Stock.

1.2. "Award" shall mean an Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Performance Award, a Deferred Stock Award, a Stock Payment Award or a Stock Appreciation Right, in each case, which may be awarded or granted under the Plan.

1.3. "Award Agreement" shall mean any written notice, agreement, terms and conditions, contract or other instrument or document evidencing an Award, including through electronic medium, which shall contain such terms and conditions with respect to an Award as the Committee shall determine consistent with the Plan.

1.4. "Award Limit" shall mean the maximum Award amounts set forth in Section 2.3.

1.5. "Board" shall mean the Board of Directors of the Company.

1.6. "Cerberus Funds" means, including any successors and permitted assigns, Cerberus International II Master Fund, L.P., Cerberus Institutional Partners, L.P. – Series Four, Cerberus Institutional Partners V, L.P., Cerberus CP Partners, L.P., Cerberus MG Fund, L.P., CIP VI Overseas Feeder, Ltd. and CIP VI Institutional Feeder, L.P.

1.7. "Change in Control" shall mean, except as otherwise provided in a Participant's Award Agreement, the occurrence of any of the following transactions or events occurring on or after the Effective Date:

(a) the acquisition by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of the greater of (i) 51% or more of either (x) the then outstanding shares of the Company (the "Outstanding Company Shares") or (y) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"), and (ii) the percentage of Outstanding Company Voting Securities beneficially owned, individually or in the aggregate, by KIH or the Investor Group; *provided*, *however*, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (1) any acquisition by KIH or the Investor Group; (2) any acquisition directly from the Company; (3) any acquisition by the Company; (4) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company; or (5) any acquisition pursuant to a transaction which complies with clauses (i), (ii) (iii) and (iv) of subsection (c) below;

(b) individuals who, as of October 31, 2019, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; *provided*, *however*, that any individual becoming a director subsequent to the Effective Date (i) whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds (2/3) of the directors then comprising the Incumbent Board or (ii) who is appointed to serve on the Board by KIH and at the effective time of such appointment KIH is the beneficial owner of 50% or more of the Outstanding Company Shares shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another entity (each, a "Corporate Transaction"), in each case, unless, following such Corporate Transaction, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Shares and Outstanding Company Voting Securities immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation or other entity resulting from such Corporate Transaction (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Corporate Transaction of the Outstanding Company Shares and Outstanding Company Voting Securities, as the case may be, (ii) KIH or the Investment Group continue to beneficially own 35% or more of the then outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) of the entity resulting from such Corporate Transaction or the combined voting power of the then outstanding voting securities of such entity, or (iii) no Person (excluding any employee benefit plan or related trust of the Company or such corporation resulting from such Corporate Transaction) beneficially owns, directly or indirectly, twenty-five percent (25%) or more of, respectively, the then outstanding shares of the corporation resulting from such Corporate Transaction or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Corporate Transaction and (iv) at least a majority of the members of the board of directors of the corporation (or other governing board of a non-corporate entity) resulting from such Corporate Transaction were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Corporate Transaction; or

(d) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

For purposes of subsection (a) above, the calculation of voting power shall be made as if the date on which the ownership of such person or group is measured were a record date for a vote of the Company's stockholders, and for purposes of subsection (c) above, the calculation of voting power shall be made as if the date of the consummation of the transaction were a record date for a vote of the Company's stockholders. For all purposes of this Plan, any calculation of the number of securities outstanding at any particular time, including for purposes of determining the particular percentage of such outstanding voting securities of which any person is the beneficial owner, shall be made in accordance with the last sentence of Rule 13d-3(d)(1)(i) of the General Rules and Regulations under the Exchange Act. For purposes of this definition of "Change in Control, "Person" means any individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act. For purposes of the Plan, the Registration Date shall not be considered a Change in Control.

1.8. "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time. Any reference to any section of the Code shall also be a reference to any successor provision and any Treasury Regulation promulgated thereunder.

1.9. "Committee" shall mean the Compensation Committee of the Board, or another committee or subcommittee of the Board, appointed as provided in Section 10.1, consisting solely of two or more Directors. Solely to the extent required by applicable law or applicable stock exchange rule, each Director serving on the Committee shall be a Non-Employee Director who is intended to qualify as a "non-employee director" as defined by Rule 16b-3 and as an "independent director" as defined under the applicable stock exchange rule. If for any reason the appointed Committee does not meet the requirements of Rule 16b-3, such noncompliance shall not affect the validity of Awards, grants, interpretations or other actions of the Committee.

1.10. "Common Stock" shall mean the common stock of the Company, par value $0.01 per share.

1.11. "Company" shall mean NexTier Oilfield Solutions Inc., a Delaware corporation.

1.12. "Consultant" shall mean any consultant or adviser of the Company or any of its Subsidiaries if: (a) the consultant or adviser is a natural person, (b) the consultant or adviser renders bona fide services to the Company or any of its Subsidiaries; and (c) the services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities.

1.13. "Covered Employee" shall mean any Employee who is, or could be, a "covered employee" within the meaning of Section 162(m) of the Code.

1.14. "Deferred Stock" shall mean a right to receive Common Stock awarded under Section 8.4 of the Plan.

1.15. "Director" shall mean a member of the Board.

1.16. "DRO" shall mean any judgment, decree or order which relates to marital property rights of a spouse or former spouse and is made pursuant to applicable domestic relations law (including community property law).

1.17. "Effective Date" shall mean January 20, 2017, the date the Plan was approved by the Company's stockholders.

1.18. "Employee" shall mean any officer or other employee (as defined in accordance with Section 3401(c) of the Code) of the Company or of its Subsidiaries.

1.19. "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

1.20. "Fair Market Value" shall mean, as of any date, the value of a share of Common Stock determined as follows:

(a) If the Common Stock is listed on an Applicable Exchange, the value of a share of Common Stock shall be the closing sales price for a share of Common Stock as quoted on such Applicable Exchange for such date, or if there is no closing sales price for a share of Common Stock on the date in question, the closing sales price for a share of Common Stock on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Committee deems reliable;

(b) If the Common Stock is regularly quoted by a recognized securities dealer but closing sales prices are not reported, the value of a share of Common Stock shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a share of Common Stock on the date in question, the high bid and low asked prices for a share of Common Stock on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Committee deems reliable; or

(c) If the Common Stock is neither listed on an Applicable Exchange nor regularly quoted by a recognized securities dealer, the value of a share of Common Stock shall be established by the Committee in good faith in whatever manner it considers appropriate taking into account the requirements of Section 422 of the Code or Section 409A of the Code, as applicable.

1.21. "Fiscal Year" shall mean the fiscal year of the Company.

1.22. "Incentive Stock Option" shall mean an option which conforms to the applicable provisions of Section 422 of the Code and which is designated as an Incentive Stock Option by the Committee.

1.23. "Investor Group" shall mean any of (a) the Cerberus Funds taken as a group and their respective affiliates (other than any of their respective portfolio companies) and any investment fund that is directly or indirectly managed or advised by the manager or advisor of any member of the Cerberus Funds or any of their affiliates (other than any of their respective portfolio companies), or the successors of any such investment fund, (b) Trican Well Service, L.P. and its affiliates, and (c) the Keane Parties taken as a group and their respective affiliates.

1.24. "Keane Parties" shall mean SJK Family Limited Partnership, LP, KCK Family Limited Partnership, LP, Tim Keane, Brian Keane, Shawn Keane, Jacquelyn Keane, Cindy Keane and Kevin Keane.

1.25. "KIH" shall mean Keane Investor Holdings LLC.

1.26. "Non-Employee Director" shall mean a Director who is not an Employee.

1.27. "Non-Qualified Stock Option" shall mean an Option which is not designated as an Incentive Stock Option by the Committee.

1.28. "Option" shall mean a stock option granted under Article IV of the Plan.

1.29. "Participant" shall mean an Employee, Non-Employee Director or Consultant who has been granted an Award.

1.30. "Performance Award" shall mean a cash bonus, stock bonus or other performance or incentive award that is paid in cash, Common Stock or a combination of both, awarded under Section 8.2 of the Plan.

1.31. "Performance Criteria" shall mean the criteria (and adjustments) that the Committee selects for an Award for purposes of establishing a Performance Goal or Performance Goals for a Performance Period. The Performance Criteria for any Award intended to qualify as a Performance Award shall be determined as follows:

(a) The Performance Criteria that shall be used to establish Performance Goals are limited to the following: (i) net earnings (either before or after (A) interest, (B) taxes, (C) depreciation and (D) amortization), (ii) gross or net sales or revenue, (iii) net income (either before or after taxes), (iv) operating profit, (v) cash flow (including, but not limited to, operating cash flow and free cash flow), (vi) return on assets, (vii) return on capital, (viii) return on stockholders' equity, (ix) return on sales, (x) gross or net profit or operating margin, (xi) costs, (xii) funds from operations, (xiii) expenses, (xiv) working capital, (xv) earnings per share, (xvi) price per share of Common Stock, (xvii) market share, (xviii) market capitalization, (xix) net debt, (xx) achieved incident rate, and (xxi) lost time incident rate, any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group.

(b) The Committee in its discretion may, at the time of grant, specify in the Award that one or more objectively determinable adjustments shall be made to one or more of the Performance Goals. Such adjustments may include one or more of the following: (i) items related to a change in accounting principle; (ii) items relating to financing activities; (iii) expenses for restructuring or productivity initiatives; (iv) other non-operating items; (v) items related to acquisitions; (vi) items attributable to the business operations of any entity acquired by the Company during the Performance Period; (vii) items related to the disposal of a business or a material portion of a business; or (viii) items related to discontinued operations of a business under United States generally accepted accounting principles ("GAAP").

1.32. "Performance Goals" shall mean, for a Performance Period, one or more goals established in writing by the Committee for the Performance Period based upon one or more Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, or an individual. The achievement of each Performance Goal shall be determined in accordance with GAAP to the extent applicable.

1.33. "Performance Period" shall mean one or more periods of time, which may be of varying and overlapping durations, as the Committee may select, over which the attainment of one or more Performance Goals will be measured.

1.34. "Person" shall mean any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, incorporated organization, governmental or regulatory or other entity.

1.35. "Plan" shall mean the NexTier Oilfield Solutions Inc. Equity and Incentive Award Plan, as amended from time to time. Prior to October 31, 2019, the Plan was named the "Keane Group, Inc. Equity and Incentive Award Plan."

1.36. "Restricted Stock" shall mean Common Stock awarded under Article VII of the Plan that is subject to repurchase or forfeiture.

1.37. "Restricted Stock Units" shall mean rights to receive Common Stock awarded under Section 8.5.

1.38. "Rule 16b-3" shall mean Rule 16b-3 promulgated under the Exchange Act, as such Rule may be amended from time to time.

1.39. "Section 409A Covered Award" shall mean an Award granted under the Plan that constitutes "non-qualified deferred compensation" pursuant to Section 409A of the Code.

1.40. "Securities Act" shall mean the Securities Act of 1933, as amended from time to time.

1.41. "Stock Appreciation Right" shall mean a stock appreciation right granted under Article IX of the Plan.

1.42. "Stock Payment" shall mean: (a) a payment in the form of shares of Common Stock, or (b) an option or other right to purchase shares of Common Stock, as part of a deferred compensation arrangement, made in lieu of all or any portion of the compensation, including without limitation, salary, bonuses, commissions and directors' fees, that would otherwise become payable to an Employee, Consultant or Non-Employee Director in cash, awarded under Article VIII of the Plan.

1.43. "Subsidiary" shall mean with respect to any Person, any entity (other than such Person), whether domestic or foreign, in an unbroken chain of entities beginning with such Person if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing more than 50% of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

1.44. "Subsidiary Corporation" shall mean any corporation in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain then owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

1.45. "Ten Percent Stockholder" shall mean an individual owning stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, any Subsidiary Corporation or any parent corporation (as defined under Section 424(e) of the Code).

1.46. "Termination" shall mean a Termination of Consultancy, Termination of Directorship or Termination of Employment, as applicable.

1.47. "Termination of Consultancy" shall mean the time when the engagement of a Participant as a Consultant to the Company or any of its Subsidiaries is terminated for any reason, with or without cause, including, without limitation, by resignation, discharge, death or retirement, but excluding terminations where there is a simultaneous commencement of employment with the Company or any of its Subsidiaries or service as a Non-Employee Director. For purposes of the Plan, the engagement of a Participant as a Consultant to a Subsidiary of the Company shall be deemed to be terminated in the event that the Subsidiary engaging such Participant ceases to remain a Subsidiary of the Company for any reason.

1.48. "Termination of Directorship" shall mean the time when a Participant who is a Non-Employee Director ceases to be a Director for any reason, including, without limitation, a termination by resignation, failure to be elected, death or retirement, but excluding terminations where there is a simultaneous commencement of employment or service as a Consultant with the Company or any of its Subsidiaries.

1.49. "Termination of Employment" shall mean the time when the employee-employer relationship between a Participant and the Company or any of its Subsidiaries is terminated for any reason, with or without cause, including, without limitation, a termination by resignation, discharge, death, disability or retirement; but excluding a termination where there is a simultaneous (a) reemployment or continuing employment of the Participant by the Company or any of its Subsidiaries, (b) establishment of a consulting relationship by the Company or any of its Subsidiaries with the Participant, or (c) commencement of service by the Participant as a Non-Employee Director. For purposes of the Plan, a Participant's employment relationship shall be deemed to be terminated in the event that the Subsidiary of the Company employing such Participant ceases to remain a Subsidiary of the Company for any reason.

ARTICLE II.

SHARES SUBJECT TO PLAN

2.1. Shares Subject to Plan.

(a) Subject to Section 11.3 and Section 2.1(b), the aggregate number of shares of Common Stock that may be issued or transferred pursuant to Awards under the Plan shall be equal to 11,934,601 shares (the "Authorized Shares").

(b) In the event of any termination, expiration, lapse or forfeiture of an Award, any shares of Common Stock subject to such Award shall, to the extent of such termination, expiration, lapse or forfeiture, again be available for future grants of Awards under the Plan. Any shares repurchased by the Company under Section 7.5 at the same price paid by the Participant so that such shares are returned to the Company will again be available for Awards.

2.2. Stock Distributed. Any Common Stock distributed pursuant to an Award shall consist, in whole or in part, of authorized and unissued Common Stock, shares of Common Stock held in treasury or shares of Common Stock purchased on the open market, or any combination of the foregoing.

2.3. Limitation on Number of Shares Subject to Awards. The maximum aggregate number of shares of Common Stock subject to all Awards granted to any one Employee or Consultant in any calendar year, as adjusted pursuant to Section 11.3, is 1,500,000. The maximum aggregate number of shares of Common Stock subject to all Awards granted to any one Non-Employee Director in any calendar year, as adjusted pursuant to Section 11.3, is 75,000. The maximum amount of any Performance Award granted to a Participant pursuant to Section 8.2(b) that is payable solely in cash is $5,000,000 in any calendar year.

ARTICLE III.

GRANTING OF AWARDS

3.1. Award Agreement. Each Award shall be evidenced by an Award Agreement.

3.2. Provisions Applicable to Performance Awards. With respect to Performance Awards, the Committee shall establish the Performance Criteria and the applicable vesting percentage of the Award applicable to each Participant or class of Participants in writing prior to the beginning of the applicable Performance Period or at such later date as otherwise determined by the Committee and while the outcome of the Performance Goals are substantially uncertain as determined by the Committee in its sole discretion. Following the completion of each Performance Period, the Committee shall certify in writing whether the applicable Performance Goals have been achieved for such Performance Period. In determining the amount earned by a Covered Employee under a Performance Award, the Committee shall have the right to reduce (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Committee may deem relevant to the assessment of individual or corporate performance for the Performance Period.

3.3. Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan, any Award granted or awarded to any individual who is then subject to Section 16 of the Exchange Act shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.4. At-Will Employment. Nothing in the Plan or in any Award Agreement hereunder shall confer upon any Participant any right to continue in the employ of, or as a Consultant for, the Company or any of its Subsidiaries, or as a Director, or shall interfere with or restrict in any way the rights of the Company and any of its Subsidiaries, which rights are hereby expressly reserved, to discharge any Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Participant and the Company and any of its Subsidiaries.

ARTICLE IV.

GRANTING OF OPTIONS TO EMPLOYEES,
CONSULTANTS AND NON-EMPLOYEE DIRECTORS

4.1. Eligibility. An Option may be granted to any Employee, Consultant or Non-Employee Director selected by the Committee subject to such terms and conditions not inconsistent with the Plan as the Committee shall impose.

4.2. Qualification of Incentive Stock Options. No Incentive Stock Option shall be granted to any individual who is not an Employee of the Company or a Subsidiary Corporation.

4.3. Granting of Options.

(a) The Committee shall from time to time, in its discretion, and, subject to applicable limitations of the Plan:

(i) Determine the number of shares to be subject to such Options granted to the selected Employees, Consultants or Non-Employee Directors;

(ii) Subject to Section 4.2, determine whether such Options are to be Incentive Stock Options or Non-Qualified Stock Options; and

(iii) Determine the terms and conditions of such Options, consistent with the Plan.

(b) Any Incentive Stock Option granted under the Plan may be modified by the Committee to disqualify such Option from treatment as an “incentive stock option” under Section 422 of the Code.

ARTICLE V.

TERMS OF OPTIONS

5.1. Option Price. The price per share of Common Stock subject to each Option granted to Employees, Non-Employee Directors and Consultants shall be set by the Committee; *provided, however*, that:

(a) In the case of Incentive Stock Options, such price shall not be less than 100% (or, in the case of an Incentive Stock Option granted to a Ten Percent Stockholder, 110%) of the Fair Market Value of a share of Common Stock on the date the Option is granted (or the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code); and

(b) In the case of Non-Qualified Stock Options, such price shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date the Option is granted.

5.2. Option Term. The term of an Option granted to an Employee, Consultant or Non-Employee Director shall be set by the Committee in its discretion; *provided, however*, that the term shall not be more than ten (10) years from the date the Option is granted, or five (5) years from the date the Option is granted if the Option is an Incentive Stock Option granted to a Ten Percent Stockholder. Except as limited by requirements of Section 409A or Section 422 of the Code, the Committee may extend the term of any outstanding Option in connection with any Termination of the Participant, but in no event to more than ten (10) years from the date the Option was granted, or amend any other term or condition of such Option relating to such a Termination.

5.3. Option Vesting.

(a) The period during which a Participant has the right to exercise an Option, in whole or in part, shall be set by the Committee and the Committee may determine that an Option may not be exercised in whole or in part for a specified period after it is granted; *provided, however*, that, unless the Committee otherwise provides in the terms of the Award Agreement or otherwise, no Option granted to an individual subject to Section 16 of the Exchange Act shall be exercisable until at least six months have elapsed following the date on which the Option was granted. At any time after grant of an Option, the Committee may, in its discretion and subject to whatever terms and conditions it selects, accelerate the period during which an Option vests.

(b) No portion of an Option granted to an Employee, Consultant or Non-Employee Director which is unexercisable at Termination shall thereafter become exercisable, except as may be otherwise provided by the Committee either in the Award Agreement or by action of the Committee following the grant of the Option.

(c) To the extent that the aggregate Fair Market Value of Common Stock with respect to which Incentive Stock Options (determined as of the time of grant) are exercisable for the first time by a Participant during any calendar year under the Plan, and all other plans of the Company and any Subsidiary Corporation or parent corporation (as defined under Section 424(e) of the Code) exceeds $100,000, the Options shall be treated as Non-Qualified Stock Options to the extent required by Section 422 of the Code. The rule set forth in the preceding sentence shall be applied by taking Options and other Incentive Stock Options into account in the order in which they were granted. In addition, if a Participant does not remain in service with the Company or any Subsidiary Corporation at all times from the time an Incentive Stock Option is granted until three (3) months prior to the date of exercise thereof (or such other period as required by applicable law), such Option shall be treated as a Non-Qualified Stock Option.

ARTICLE VI.

EXERCISE OF OPTIONS

6.1. Partial Exercise. An exercisable Option may be exercised in whole or in part during the Option term. However, an Option shall not be exercisable with respect to fractional shares and the Committee may require that, by the terms of the Option, a partial exercise be with respect to a minimum number of shares.

6.2. Manner of Exercise. All or a portion of an exercisable Option shall be deemed exercised upon delivery of all of the following to the Secretary of the Company, or such other individual or entity designated by the Committee, or his, her or its office, as applicable:

(a) A written notice complying with the applicable rules established by the Committee stating that the Option, or a portion thereof, is exercised. Such rules may provide that for administrative convenience an Option may not be exercised during such period (not exceeding 10 days) as is specified in advance by the Committee. The notice shall be signed by the Participant or other Person then entitled to exercise the Option or such portion of the Option;

(b) Such representations and documents as the Committee, in its discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act and any other federal, state or foreign securities laws or regulations. The Committee may, in its discretion, also take whatever additional actions it deems appropriate to effect such compliance including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars;

(c) In the event that the Option shall be exercised pursuant to Section 11.1 by any Person or Persons other than the Participant, appropriate proof of the right of such Person or Persons to exercise the Option; and

(d) Full cash payment to the Secretary of the Company for the shares with respect to which the Option, or portion thereof, is exercised. However, the Committee may, in its discretion, (i) allow payment, in whole or in part, through the delivery of shares of Common Stock owned by the Participant, duly endorsed for transfer to the Company with a Fair Market Value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof; (ii) allow payment, in whole or in part, through the surrender of shares of Common Stock then issuable upon exercise of the Option having a Fair Market Value on the date of Option exercise equal to the aggregate exercise price of the Option or exercised portion thereof; (iii) allow payment, in whole or in part, through the delivery of property of any kind which constitutes good and valuable consideration; (iv) allow payment, in whole or in part, through the delivery of a notice that the Participant has placed a market sell order with a broker with respect to shares of Common Stock then issuable upon exercise of the Option, and the broker timely pays a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price; or (v) allow payment through any combination of the consideration provided in the foregoing subparagraphs (i), (ii), (iii) and (iv); *provided, however*, that the payment in the manner prescribed in the preceding paragraphs shall not be permitted to the extent that the Committee determines that payment in such manner shall result in an extension or maintenance of credit, an arrangement for the extension of credit, or a renewal or an extension of credit in the form of a personal loan to or for any Director or executive officer of the Company that is prohibited by Section 13(k) of the Exchange Act or other applicable law.

6.3. Conditions to Issuance of Stock Certificates. The Company shall not be required to issue or deliver any certificate or certificates for shares of stock purchased upon the exercise of any Option or portion thereof prior to fulfillment of all of the following conditions:

(a) The admission of such shares to listing on all stock exchanges on which such class of stock is then listed;

(b) The completion of any registration or other qualification of such shares under any federal, state or foreign law, or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body which the Committee shall, in its discretion, deem necessary or advisable;

(c) The obtaining of any approval or other clearance from any federal, state or foreign governmental agency which the Committee shall, in its discretion, determine to be necessary or advisable;

(d) The lapse of such reasonable period of time following the exercise of the Option as the Committee may establish from time to time for reasons of administrative convenience; and

(e) The receipt by the Company of full payment for such shares, including payment of any applicable withholding tax, which in the discretion of the Committee may be in the form of consideration used by the Participant to pay for such shares under Section 6.2(d).

6.4. Ownership and Transfer Restrictions. The Committee, in its discretion, may impose such restrictions on the ownership and transferability of the shares purchasable upon the exercise of an Option as it deems appropriate. Any such restriction shall be set forth in the respective Award Agreement and may be referred to on the certificates evidencing such shares. The Participant shall give the Company prompt notice of any disposition of shares of Common Stock acquired by exercise of an Incentive Stock Option within (a) two years from the date of granting (including the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code) such Option to such Participant, or (b) one year after the transfer of such shares to such Participant.

6.5. Additional Limitations on Exercise of Options. Participants may be required to comply with any timing or other restrictions with respect to the settlement or exercise of an Option, including a window-period limitation, as may be imposed in the discretion of the Committee.

ARTICLE VII.

AWARD OF RESTRICTED STOCK

7.1. Eligibility. Restricted Stock may be awarded to any Employee, Consultant or Non-Employee Director who the Committee determines should receive such an Award in accordance with the terms and conditions of the Plan.

7.2. Award of Restricted Stock.

(a) The Committee may from time to time, in its discretion, determine the purchase price, if any, the form of payment for Restricted Stock and other terms and conditions applicable to such Restricted Stock, consistent with the Plan; *provided, however*, that any such purchase price shall be no less than the par value of the Common Stock to be purchased, unless otherwise permitted by applicable state law.

(b) Upon the selection of an Employee, Consultant or Non-Employee Director to be awarded Restricted Stock, the Committee shall instruct the Secretary of the Company to issue such Restricted Stock and may impose such conditions on the issuance of such Restricted Stock as it deems appropriate, unless the Committee elects to use another system, such as book entries, as evidencing ownership of Restricted Stock.

7.3. Rights as Stockholders. Subject to Section 7.4, the Participant shall have, unless otherwise provided by the Committee, all the rights of a stockholder with respect to said shares, subject to the restrictions in his or her Award Agreement, including the right to vote such shares and the right to receive all dividends and other distributions paid or made with respect to the shares; *provided, however*, that, unless otherwise determined by the Committee at the time of grant, any distributions with respect to the Common Stock shall be subject to the restrictions set forth in Section 7.4.

7.4. Restriction. All shares of Restricted Stock issued under the Plan (including any shares received by Participants thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall be subject to such restrictions as the Committee shall provide in the terms of the Award Agreement, which restrictions may include, without limitation, restrictions concerning voting rights and transferability and restrictions based on duration of employment, directorship or consultancy with the Company, Company performance and individual performance; *provided, however*, by action taken after the Restricted Stock is issued, the Committee may, on such terms and conditions as it may determine to be appropriate, remove any or all of the restrictions imposed by the terms of the Award Agreement. Restricted Stock may not be sold or encumbered until all restrictions are terminated or expire. Unless otherwise determined by the Committee, if no consideration was paid by the Participant upon issuance, a Participant's rights in unvested Restricted Stock shall lapse, and such Restricted Stock shall be surrendered to the Company without consideration, upon Termination.

7.5. Repurchase of Restricted Stock. The Committee shall provide in the terms of each individual Award Agreement that the Company shall have the right to repurchase from the Participant the Restricted Stock then subject to restrictions under the Award Agreement immediately upon a Termination at a cash price per share equal to the price paid by the Participant for such Restricted Stock; *provided, however*, that the Committee in its discretion may provide that such rights shall not lapse in the event of a Termination following a Change in Control or because of the Participant's retirement, death or disability or termination without cause, or otherwise.

7.6. Legend. In order to enforce the restrictions imposed upon shares of Restricted Stock hereunder, the Committee shall cause a legend or legends to be placed on certificates representing all shares of Restricted Stock that are still subject to restrictions under Award Agreements, which legend or legends shall make appropriate reference to the conditions imposed thereby.

7.7. Section 83(b) Election. If a Participant makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Participant would otherwise be taxable under Section 83(a) of the Code, the Participant shall deliver a copy of such election to the Company immediately after filing such election with the Internal Revenue Service.

ARTICLE VIII.

PERFORMANCE AWARDS, DEFERRED STOCK, STOCK PAYMENTS, RESTRICTED STOCK UNITS

8.1. Eligibility. One or more Performance Awards, Stock Payment Awards, Deferred Stock Awards and/or Restricted Stock Unit Awards may be granted to any Employee, Consultant or Non-Employee Director whom the Committee determines should receive such an Award.

8.2. Performance Awards.

(a) Any Employee, Consultant or Non-Employee Director selected by the Committee may be granted one or more Performance Awards. The value of such Performance Awards may be linked to any one or more of the Performance Criteria or other specific performance criteria determined appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee.

(b) Without limiting Section 8.2(a), the Committee may grant Performance Awards to any Covered Employee in the form of a cash bonus payable upon the attainment of objective Performance Goals which are established by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. Any such bonuses paid to Covered Employees shall be based upon objectively determinable bonus formulas established in accordance with the provisions of Section 3.2. Unless otherwise specified by the Committee at the time of grant, the Performance Criteria with respect to a Performance Award payable to a Covered Employee shall be determined on the basis of GAAP.

8.3. Stock Payments. Any Employee, Consultant or Non-Employee Director selected by the Committee may receive Stock Payments in the manner determined from time to time by the Committee. The number of shares shall be determined by the Committee and may be based upon the Performance Criteria or other specific performance criteria determined appropriate by the Committee, determined on the date such Stock Payment is made or on any date thereafter.

8.4. Deferred Stock. Any Employee, Consultant or Non-Employee Director selected by the Committee may be granted an award of Deferred Stock in the manner determined from time to time by the Committee. The number of shares of Deferred Stock shall be determined by the Committee and may be linked to the satisfaction of one or more Performance Goals or other specific performance goals as the Committee determines to be appropriate at the time of grant, in each case on a specified date or dates or over any period or periods determined by the Committee. Common Stock underlying a Deferred Stock Award will not be issued until the Deferred Stock Award has vested, pursuant to a vesting schedule or the achievement of the applicable Performance Goals or other specific performance goals set by the Committee. Unless otherwise provided by the Committee, a Participant of Deferred Stock shall have no rights as a Company stockholder with respect to such Deferred Stock until such time as the Award has vested and the Common Stock underlying the Award has been issued.

8.5. Restricted Stock Units. Any Employee, Consultant or Non-Employee Director selected by the Committee may be granted an award of Restricted Stock Units in the manner determined from time to time by the Committee. The Committee is authorized to make awards of Restricted Stock Units in such amounts and subject to such terms and conditions as determined by the Committee at grant. The Committee shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate, and may specify that such Restricted Stock Units become fully vested and nonforfeitable pursuant to the satisfaction of one or more Performance Goals or other specific performance goals as the Committee determines to be appropriate at the time of the grant, in each case on a specified date or dates or over any period or periods determined by the Committee. The Committee shall specify the distribution dates applicable to each award of Restricted Stock Units which shall be no earlier than the vesting dates and may be determined at the election of the Employee, Consultant or Non-Employee Director, subject to compliance with Section 409A of the Code. On the distribution dates, the Company shall issue to the Participant one unrestricted, fully transferable share of Common Stock for each Restricted Stock Unit distributed, or, in the discretion of the Committee, an amount in cash equal to the Fair Market Value of such share of Common Stock on the distribution date, or a combination of both.

8.6. Term. The term of a Performance Award, Deferred Stock Award, Stock Payment Award and/or Restricted Stock Unit Award shall be set by the Committee in its discretion.

8.7. Exercise or Purchase Price. The Committee may establish the exercise or purchase price of a Performance Award, shares of Deferred Stock, shares distributed as a Stock Payment Award or shares distributed pursuant to a Restricted Stock Unit Award; *provided, however*, that such price shall not be less than the par value of a share of Common Stock, unless otherwise permitted by applicable state law.

8.8. Exercise upon Termination. A Performance Award, Deferred Stock Award, Stock Payment Award and/or Restricted Stock Unit Award is exercisable or distributable only prior to a Participant's Termination; *provided, however*, that the Committee in its discretion may provide that the Performance Award, Deferred Stock Award, Stock Payment Award and/or Restricted Stock Unit Award may be exercised or distributed subsequent to a Termination following a Change in Control, or because of the Participant's retirement, death or disability or termination without cause, or otherwise.

8.9. Form of Payment. Payment of the amount determined under Section 8.2 above shall be in cash, in Common Stock or a combination of both, as determined by the Committee at grant. To the extent any payment under this Article VIII is effected in Common Stock, it shall be made subject to satisfaction of all provisions of Section 6.3.

ARTICLE IX.

STOCK APPRECIATION RIGHTS

9.1. Eligibility. A Stock Appreciation Right may be granted to any Employee, Consultant or Non-Employee Director selected by the Committee subject to such terms and conditions not inconsistent with the Plan as the Committee shall impose.

9.2. Grant of Stock Appreciation Rights.

(a) A Stock Appreciation Right shall have a term set by the Committee in its discretion; *provided, however*, that the term shall not be more than ten (10) years from the date the Stock Appreciation Right is granted. A Stock Appreciation Right shall be exercisable in such installments as the Committee may determine. A Stock Appreciation Right shall cover such number of shares of Common Stock as the Committee may determine; *provided, however*, that unless the Committee otherwise provides in the terms of the Award Agreement or otherwise, no Stock Appreciation Right granted to an individual subject to Section 16 of the Exchange Act shall be exercisable until at least six months have elapsed following the date on which the Stock Appreciation Right was granted. The exercise price per share of Common Stock subject to each Stock Appreciation Right shall be set by the Committee; *provided*, that such exercise price per share shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date the Stock Appreciation Right is granted. A Stock Appreciation Right is exercisable only prior to the Participant's Termination; *provided*, that the Committee may provide that Stock Appreciation Rights may be exercised following a Termination or following a Change in Control, or because of the Participant's retirement, death or disability or termination without cause, or otherwise.

(b) A Stock Appreciation Right shall entitle the Participant (or other Person entitled to exercise the Stock Appreciation Right pursuant to the Plan) to exercise all or a specified portion of the Stock Appreciation Right (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying (i) the difference obtained by subtracting the exercise price per share of the Stock Appreciation Right from the Fair Market Value of a share of Common Stock on the date of exercise of the Stock Appreciation Right by (ii) the number of shares of Common Stock with respect to which the Stock Appreciation Right shall have been exercised, subject to any limitations the Committee may impose.

9.3. Payment and Limitations on Exercise.

(a) Payment of the amounts determined under Section 9.2(b) above shall be in cash, shares of Common Stock (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised), or a combination of both, as determined by the Committee at grant. The Company shall not be required to issue or deliver any certificate or certificates for shares of stock issuable upon the exercise of any Stock Appreciation Right prior to fulfillment of the conditions set forth in Section 6.3 above.

(b) Participants of Stock Appreciation Rights may be required to comply with any timing or other restrictions with respect to the settlement or exercise of a Stock Appreciation Right, including a window-period limitation, as may be imposed in the discretion of the Committee.

ARTICLE X.

ADMINISTRATION

10.1. Committee. The members of the Committee shall be appointed by, and shall serve on the Committee at the pleasure of, the Board. Appointment of Committee members shall be effective upon acceptance of appointment. Committee members may resign at any time by delivering written notice to the Board. Vacancies in the Committee may be filled by the Board.

10.2. Duties and Powers of Committee. It shall be the duty of the Committee to conduct the general administration of the Plan in accordance with its provisions. The Committee shall have the power to interpret the Plan and the Award Agreements, and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith, to interpret, amend or revoke any such rules, to delegate authority in accordance with Section 10.5 and to amend any Award Agreement provided that the rights or obligations of the Participant of the Award that is the subject of any such Award Agreement are not affected adversely. Any such grant or award under the Plan need not be the same with respect to each Participant. Any such interpretations and rules with respect to Incentive Stock Options shall be consistent with the provisions of Section 422 of the Code. In its discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under Rule 16b-3 are required to be determined in the discretion of the Committee. The Committee may, in its sole discretion, adopt special guidelines and provisions for persons who are residing in or employed in, or subject to, the taxes of, any domestic or foreign jurisdictions to comply with applicable tax and securities laws of such domestic or foreign jurisdictions.

10.3. Majority Rule; Unanimous Written Consent. The Committee shall act by a majority of its members in attendance at a meeting at which a quorum is present or by a memorandum or other written instrument signed by all members of the Committee.

10.4. Compensation; Professional Assistance; Good Faith Actions. Members of the Committee shall receive such compensation, if any, for their services as members as may be determined by the Board. All expenses and liabilities which members of the Committee incur in connection with the administration of the Plan shall be borne by the Company. The Committee may employ attorneys, consultants, accountants, appraisers, brokers or other persons as it may deem desirable for the administration of the Plan. The Committee, the Company and the Company's officers and Directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee or the Board in good faith shall be final and binding upon all Participants, the Company and all other interested persons. No members of the Committee or Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or Awards, and all members of the Committee and the Board shall be fully protected by the Company in respect of any such action, determination or interpretation.

10.5. Delegation of Authority. The Committee may, in its sole discretion, designate employees of the Company and professional advisors to assist the Committee in the administration of the Plan, including with respect to the execution of Award Agreements or other documents, and, to the extent permitted by applicable law, delegate from time to time some or all of its authority to grant Awards under the Plan to a committee or committees consisting of one or more members of the Board and/or one or more officers of the Company. The authority to grant awards, however, may not be delegated to: (a) individuals who are subject to the reporting rules under Section 16(a) of the Exchange Act, (b) individuals who are Covered Employees, and (c) individuals who are officers of the Company who are delegated authority by the Committee hereunder to grant Awards to himself or herself. Any delegation hereunder shall be subject to the restrictions and limits that the Committee specifies at the time of such delegation of authority and may be rescinded at any time by the Committee. At all times, any committee appointed under this Section 10.5 shall serve in such capacity at the pleasure of the Committee.

ARTICLE XI.

MISCELLANEOUS PROVISIONS

11.1. Transferability of Awards.

(a) Except as otherwise provided in Section 11.1(b):

(i) No Award under the Plan may be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution or, subject to the consent of the Committee, pursuant to a DRO, unless and until such Award has been exercised, or the shares underlying such Award have been issued, and all restrictions applicable to such shares have lapsed;

(ii) No Award or interest or right therein shall be liable for the debts, contracts or engagements of the Participant or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence; and

(iii) During the lifetime of the Participant, only the Participant may exercise an Option or other Award (or any portion thereof) granted to him under the Plan, unless it has been disposed of pursuant to a DRO; after the death of the Participant, any exercisable portion of an Option or other Award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Award Agreement, be exercised by his personal representative or by any Person empowered to do so under the deceased Participant's will or under the then applicable laws of descent and distribution.

(b) Notwithstanding Section 11.1(a), the Committee, in its discretion, may determine to permit a Participant to transfer a Non-Qualified Stock Option to any one or more Permitted Transferees (as defined below), subject to the following terms and conditions: (i) a Non-Qualified Stock Option transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than by will or the laws of descent and distribution; (ii) any Non-Qualified Stock Option which is transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Non-Qualified Stock Option as applicable to the original Participant (other than the ability to further transfer the Non-Qualified Stock Option); (iii) any transfer of a Non-Qualified Stock Option to a Permitted Transferee shall be without consideration; and (iv) the Participant and the Permitted Transferee shall execute any and all documents requested by the Committee, including, without limitation documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under applicable federal, state and foreign securities laws and (C) evidence the transfer. For purposes of this Section 11.1(b), "Permitted Transferee" shall mean, with respect to a Participant, any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any individual sharing the Participant's household (other than a tenant or employee), a trust in which these individuals (or the Participant) control the management of assets, and any other entity in which these individuals (or the Participant) own more than 50% of the voting interests, or any other transferee specifically approved by the Committee after taking into account any federal, state, local and foreign tax and securities laws applicable to transferable Non-Qualified Stock Options.

11.2. Amendment, Suspension or Termination of the Plan and Awards. The Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board or the Committee, retroactively or otherwise. However, neither the Board or the Committee may not take any action under this Section 11.2 without stockholder approval that, except as otherwise provided in the Plan, would require stockholder approval in accordance with applicable law or applicable stock exchange rule. The Board or the Committee may amend the terms of any Award theretofore granted, prospectively or retroactively, however, except as otherwise provided in the Plan, no such amendment shall, without the consent of the Participant, alter or impair any rights of the Participant under such Award without the consent of the Participant unless the Award itself otherwise expressly so provides. Except as otherwise provided in the Plan or required by law, no amendment, suspension or termination of the Plan shall, without the consent of the Participant, alter or impair any rights or obligations under any Award theretofore granted or awarded, unless the Award itself otherwise expressly so provides. No Awards may be granted or awarded during any period of suspension or after termination of the Plan, and in no event may any Award be granted under the Plan after January 3, 2027, but Awards granted prior to such date may extend beyond that date.

11.3. Changes in Common Stock or Assets of the Company, Acquisition or Liquidation of the Company and Other Corporate Events.

(a) Subject to Section 11.3(d), in the event of any dividend or other extraordinary distribution (whether in the form of cash, Common Stock, other securities or other property), recapitalization, reclassification, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event that affects the Common Stock, then the Committee shall equitably adjust any or all of the following in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to an Award:

(i) The number and kind of shares of Common Stock (or other securities or property) with respect to which Awards may be granted or awarded (including, without limitation, adjustments of the limitations in Section 2.1 on the maximum number and kind of shares which may be issued under the Plan and adjustments of the Award Limit);

(ii) The number and kind of shares of Common Stock (or other securities or property) subject to outstanding Awards; or

(iii) The grant or exercise price with respect to any Award.

(b) Subject to Section 11.3(d), in the event of any transaction or event described in Section 11.3(a) or any unusual or nonrecurring transactions or events affecting the Company, any of its Subsidiaries, or the financial statements of the Company or any of its Subsidiaries, or of changes in applicable laws, regulations or accounting principles, the Committee, in its discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Participant's request, is hereby authorized to take any one or more of the following actions whenever the Committee determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for the purchase of any such Award for an amount of cash equal to the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable or fully vested, or for the cancellation of such Award if no amount could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable or fully vested;

(ii) To provide for the replacement of such Award with other rights or property selected by the Committee in its discretion having an aggregate value not exceeding the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable or fully vested;

(iii) To provide that the Award cannot vest, be exercised or become payable after such event;

(iv) To provide that such Award shall be exercisable as to all shares covered thereby, notwithstanding anything to the contrary in Section 5.3 or the provisions of such Award;

(v) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(vi) To make adjustments in the number and type of shares of Common Stock subject to outstanding Awards, and/or in the terms and conditions of (including the grant, exercise or purchase price), and the criteria included in, outstanding options, rights and awards and options, rights and awards which may be granted in the future; and

(vii) To provide that, for a specified period of time prior to such event, the restrictions imposed under an Award Agreement upon some or all shares of Restricted Stock, Restricted Stock Units or Deferred Stock may be terminated, and, in the case of Restricted Stock, some or all shares of such Restricted Stock may cease to be subject to repurchase under Section 7.5 or forfeiture under Section 7.4 after such event.

(c) Subject to Sections 11.3(d) and 3.2, the Committee may, in its discretion, include such further provisions and limitations in any Award, agreement or certificate, as it may deem equitable and in the best interests of the Company.

(d) No adjustment or action described in this Section 11.3 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause the Plan to violate Section 422(b)(1) of the Code. Furthermore, no such adjustment or action shall be authorized to the extent such adjustment or action would result in short-swing profits liability under Section 16 or violate the exemptive conditions of Rule 16b-3 unless the Committee determines that the Award is not to comply with such exemptive conditions. The number of shares of Common Stock subject to any Award shall always be rounded down to the next whole number.

(e) The existence of the Plan, the Award Agreement and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(f) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Sections 11.3(a) and 11.3(b):

(i) The number and type of securities subject to each outstanding Award and the exercise price or grant price thereof, if applicable, shall be equitably adjusted; and/or

(ii) The Committee shall make such equitable adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 2.1 on the maximum number and kind of shares which may be issued under the Plan and adjustments of the Award Limit). The adjustments provided under this Section 11.3(f) shall be nondiscretionary and shall be final and binding on the affected Participant and the Company.

For purposes of this Section 11.3(f), "Equity Restructuring" shall mean a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of shares of Common Stock (or other securities of the Company) or the share price of Common Stock (or other securities) and causes a material change in the per share value of the Common Stock underlying outstanding Awards.

11.4. Tax Withholding. The Company or any of its Subsidiaries shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Participant's FICA obligation) required by law to be withheld with respect to any taxable event concerning a Participant arising as a result of this Plan. The Committee may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold shares of Common Stock otherwise issuable under an Award (or allow the return of shares of Common Stock) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of shares of Common Stock which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Participant of such Award) in order to satisfy the Participant's federal, state, local and foreign income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall be limited to the number of shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such tax liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income.

11.5. Prohibition on Repricing. Subject to Section 11.3, the Committee shall not, without the approval of the stockholders of the Company, authorize the amendment of any outstanding Award to reduce its price per share. Furthermore, no Award shall be canceled and replaced with the grant of an Award having a lesser price per share without the further approval of stockholders of the Company. Subject to Section 11.2, the Committee shall have the authority, without the approval of the stockholders of the Company, to amend any outstanding award to increase the price per share or to cancel and replace an Award with the grant of an Award having a price per share that is greater than or equal to the price per share of the original Award. Furthermore, for purposes of this Section 11.6, except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares), the terms of outstanding Awards may not be amended to reduce the exercise price per share of outstanding Options or Stock Appreciation Rights or cancel outstanding Options or Stock Appreciation Rights in exchange for cash, other Awards or Options or Stock Appreciation Rights with an exercise price per share that is less than the exercise price per share of the original Options or Stock Appreciation Rights without the approval of the stockholders of the Company.

11.6. Forfeiture and Claw-Back Provisions. Pursuant to its general authority to determine the terms and conditions applicable to Awards under the Plan, the Committee shall have the right to provide, in an Award Agreement or otherwise, or to require a Participant to agree by separate written or electronic instrument, that:

(a) (i) Any proceeds, gains or other economic benefit actually or constructively received by the Participant upon any receipt or exercise of the Award, or upon the receipt or resale of any shares underlying the Award, must be paid to the Company, and (ii) the Award shall terminate and any unexercised portion of the Award (whether or not vested) shall be forfeited, if (x) a Termination occurs prior to a specified date, or within a specified time period following receipt or exercise of the Award, or (y) the Participant at any time, or during a specified time period, engages in any activity in competition with the Company, or which is inimical, contrary or harmful to the interests of the Company, as further defined by the Committee or (z) the Participant incurs a Termination for "cause" (as such term is defined in the sole discretion of the Committee, or as set forth in a written agreement relating to such Award between the Company and the Participant); and

(b) All Awards (including any proceeds, gains or other economic benefit actually or constructively received by the Participant upon any receipt or exercise of any Award or upon the receipt or resale of any shares underlying the Award) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, to the extent set forth in such claw-back policy and/or in the applicable Award Agreement.

11.7. Effect of Plan upon Other Compensation Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any of its Subsidiaries. Nothing in the Plan shall be construed to limit the right of the Company or any of its Subsidiaries: (a) to establish any other forms of incentives or compensation for Employees, Directors or Consultants of the Company or any of its Subsidiaries, or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

11.8. Compliance with Laws. The Plan, the granting and vesting of Awards under the Plan and the issuance and delivery of shares of Common Stock and the payment of money under the Plan or under Awards granted or awarded hereunder are subject to compliance with all applicable federal, state, local and foreign laws, rules and regulations (including but not limited to federal, state and foreign securities law and margin requirements) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the Person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all applicable legal requirements. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

11.9. Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan.

11.10. Governing Law. The Plan and any agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Delaware without regard to conflicts of laws thereof.

11.11. Section 409A. To the extent an Award is a Section 409A Covered Award, the Award is intended to comply with Section 409A of the Code and, to the extent applicable, the Plan and Award Agreements shall be limited, construed and interpreted in accordance with Section 409A of the Code. Neither the Company nor any of its Subsidiaries shall be liable for any additional tax, interest or penalties that may be imposed on a Participant by Section 409A of the Code or any damages for failing to comply with Section 409A of the Code or this Section 11.12. Notwithstanding anything in the Plan or in an Award to the contrary, the following provisions shall apply to Section 409A Covered Awards:

(a) A Termination shall not be deemed to have occurred for purposes of any provision of a Section 409A Covered Award providing for payment upon or following a Participant's Termination unless such Termination is also a "Separation from Service" within the meaning of Code Section 409A and, for purposes of any such provision of Section 409A Covered Award, references to a "termination," "termination of employment" or like terms shall mean Separation from Service. Notwithstanding any provision to the contrary in the Plan or the Award, if the Participant is deemed on the date of the Participant's Termination to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B) and using the identification methodology selected by the Company from time to time, or if none, the default methodology set forth in Code Section 409A, then with regard to any such payment under a Section 409A Covered Award, to the extent required to be delayed in compliance with Code Section 409A(a)(2)(B), such payment shall not be made prior to the earlier of (i) the expiration of the six (6)-month period measured from the date of the Participant's Separation from Service, and (ii) the date of the Participant's death. All payments delayed pursuant to this Section 11.12 (a) shall be paid to the Participant on the first day of the seventh month following the date of the Participant's Separation from Service or, if earlier, on the date of the Participant's death.

(b) Whenever a payment under a Section 409A Covered Award specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

(c) If under the Section 409A Covered Award an amount is to be paid in two or more installments, for purposes of Code Section 409A, each installment shall be treated as a separate payment.

(d) With respect to any settlement or payment made on a Change in Control pursuant to a Section 409A Covered Award, a Change in Control shall not be deemed to occur unless such event constitutes a "change in control event" within the meaning of Section 409A of the Code.

Notwithstanding any provision of the Plan to the contrary, the Committee may adopt such amendments to the Plan and outstanding Award Agreements or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (x) exempt an Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (y) comply with the requirements of Section 409A of the Code.

11.12. Paperless Administration. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Participant may be permitted through the use of such an automated system.

11.13. No Rights to Awards. No Participant or other Person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Committee is obligated to treat Participants or any other Persons uniformly.

11.14. Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any program or Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any of its Subsidiaries.

11.15. Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any of its Subsidiaries except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

11.16. Expenses. The expenses of administering the Plan shall be borne by the Company.

11.17. Severability of Provisions. If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provisions had not been included.

ARTICLE XII.

MERGER WITH C&J ENERGY SERVICES, INC.

With respect to any Award, other than a Performance Award, outstanding immediately prior to the closing of the transactions contemplated by the Agreement and Plan of Merger by and among C&J Energy Services, Inc., a Delaware corporation, the Company and King Merger Sub Corp., a Delaware corporation and wholly-owned subsidiary of the Company, dated as of June 16, 2019 (the "Closing") that, pursuant to the terms of the applicable Award Agreement, the respective Participant may become vested in the Award based only on the Participant's continued employment with the Company or its Subsidiaries, notwithstanding any provision of the Award Agreement to the contrary, the Participant shall become fully vested in such Award in the event of the Participant's Termination by the Company without Cause (other than as a result of death or disability) within the 12 month period following the Closing. For purposes of the foregoing, "Cause" shall have the meaning set forth in the Participant's Award Agreement.

AMENDMENT No.2
C&J ENERGY SERVICES, INC.
2017 MANAGEMENT INCENTIVE PLAN

THIS AMENDMENT No. 2 (this "Amendment") to the C&J Energy Services, Inc. 2017 Management Incentive Plan (as amended from time to time, the "Plan"), is effective as of October 31, 2019 (the "Effective Date"). Capitalized terms used and not otherwise defined herein will have the meanings assigned to them in the Plan.

RECITALS

WHEREAS, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") on June 16, 2019 with Keane Group, Inc. ("Keane") pursuant to the Company will be acquired by Keane (the "Transaction");

WHEREAS, the Company desires to amend the Plan and Awards (for the avoidance of doubt, whether equity-based or cash-based) outstanding as of the date hereof ("Outstanding Awards") in connection with the Transaction;

WHEREAS, the Board approved such amendment pursuant to its authority under the Plan to amend or modify the Plan and Awards.

NOW, THEREFORE, the Company hereby amends the Plan and Outstanding Awards (specifically including the related Award Agreements) as follows, effective as of the Effective Date:

1. Following closing of the Transaction, all references to the following terms in the Plan or the Award Agreements shall have the following meanings: the "Company" or "C&J Energy Services, Inc." shall mean Keane Group, Inc.; the "Board" shall mean the board of directors of Keane; and the "Committee" shall mean the compensation committee of the board of directors of Keane.

2. All Outstanding Awards that are assumed by Keane and converted pursuant to Section 2.3 of the Merger Agreement shall fully vest upon a termination of the applicable Participant's employment without Cause or for Good Reason (as such terms are defined below) (a "Qualifying Termination") on or within twelve (12) months following Closing (as defined in the Merger Agreement) (the "Protection Period"). For the avoidance of doubt, to the extent an Award Agreement or employment agreement entered into between a Participant and the Company provides for such acceleration benefits upon a Qualifying Termination or other Termination event, whether or not such occurs outside of the Protection Period, such acceleration benefits will continue to apply.

3. As used in this Amendment, the following terms shall have the meanings set forth below:

   a. "Cause" shall mean (i) "Cause", as defined in the applicable Award Agreement or the Participant's employment agreement or (ii) in absence of **any definition of "Cause" contained therein, "Cause", as defined in the Plan.**

   b. "Company Group" shall mean the Company and any of its Subsidiaries or Affiliates.

   c. "Disability" shall mean (i) "Disability", as defined in the applicable Award Agreement or employment agreement, or (ii) in absence of any definition of "Disability" contained therein, "Disability" as defined in the Plan.

   d. "Good Reason" means (i) "Good Reason", as defined in the applicable Award Agreement or the Participant's employment agreement, or (ii) in absence of any definition of "Good Reason" contained therein, the Participant's resignation from the Participant's employment with the Company Group within one hundred twenty (120) days of the initial occurrence of any one of the following events (without the Participant's consent): (A) any material reduction in the Participant's authority, duties or responsibilities, including the Participant's removal from the position and title with the Company specified in the Participant's employment agreement, in each instance other than (x) by reason of the Participant's Disability or (y) as a result of any member of the Company Group's actions arising from or following any allegation that: (I) the Participant's conduct has caused (or could reasonably be expected to cause) material damage to any member of the Company Group, or (2) the Participant has committed an act or omission that constitutes Cause; (B) a reduction in the Participant's then-effective base salary (other than in connection with an immaterial reduction that applies to all similarly situated executives or that occurs as a result of, or following an allegation that, (x) the Participant's conduct has caused (or could reasonably be expected to cause) material damage to any member of the Company Group or (y) the Participant committed an act or omission that constitutes Cause.

4. The Board and Committee previously determined to allow holders of Outstanding Awards that are equity based ("Outstanding Equity Awards") to satisfy tax obligations incurred as a result of the vesting of such Outstanding Equity Awards through any of the following methods (as chosen by the applicable holder of the Outstanding Equity Award, unless and until the Board or the Committee of the Board takes affirmative action to provide otherwise): (x) making a cash payment to the Company, (y) through the surrender or net withholding of a portion of the shares that have become vested, or a portion of the shares (or the corresponding amount of cash) to be delivered upon settlement of vested Awards (as applicable) ("Net Settlement"), or (z) surrendering shares of common stock owned by the applicable holder prior to vesting of such Outstanding Equity Award, in each case having an aggregate fair market value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, foreign and/or local tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to such Outstanding Equity Award.

   For the avoidance of doubt, this Amendment specifically confirms (a) that, unless otherwise affirmatively elected by the holder, tax obligations incurred as a result of the vesting or settlement of Outstanding Equity Awards will be satisfied through Net-Settlement, and (b) the Company (and any of its Affiliates) may withhold shares (or cash, as applicable) in connection with the vesting or settlement of an Outstanding Equity Award, as necessary, to to enable Participants to satisfy such tax obligations through Net-Settlement.

5. This Amendment only amends and modifies the Plan to the extent specifically provided herein. All terms, conditions, provisions and references of the Plan that are not specifically modified remain in full force and effect.

NEXTIER OILFIELD SOLUTIONS INC.

[EQUITY AND INCENTIVE AWARD PLAN // NEXTIER OILFIELD SOLUTIONS INC. (FORMER C&J ENERGY) MANAGEMENT INCENTIVE PLAN]

FORM OF RESTRICTED STOCK UNIT PERFORMANCE AWARD AGREEMENT

This Restricted Stock Unit Performance Award Agreement (this "Agreement") is made and entered into as of ###GRANT_DATE### (the "Grant Date"), by and between NexTier Oilfield Solutions Inc., a Delaware corporation (the "Company"), and ###PARTICIPANT_NAME### (the "Participant"), who is employed by the Company or one of its subsidiaries on the Grant Date. Capitalized terms not otherwise defined herein or in an Appendix shall have the meanings provided in the [NexTier Oilfield Solutions Inc. Equity and Incentive Award Plan// NexTier Oilfield Solutions Inc. (Former C&J Energy) Management Incentive Plan] (the "Plan").

W I T N E S S E T H:

WHEREAS, the Company maintains the Plan; and

WHEREAS, the Company desires to grant Restricted Stock Units to the Participant pursuant to the terms of the Plan and the terms set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Grant. Subject to the conditions set forth in the Plan and this Agreement, Appendix A and Appendix B, the Company grants to the Participant ###TOTAL_AWARDS### Restricted Stock Units.

2. Vesting. The Participant shall become vested in the Restricted Stock Units as described in Appendix A and Appendix B. Except as otherwise provided in this Agreement or an Appendix, upon the Participant's Termination for any reason, the portion of the Restricted Stock Units in which the Participant has not become vested shall be cancelled, and forfeited by the Participant, without consideration.

3. Stockholder Rights. The Participant shall not have any voting rights, rights to dividends or other rights of a stockholder with respect to shares of Common Stock underlying a Restricted Stock Unit until the Restricted Stock Unit has vested and a share of Common Stock has been issued in settlement thereof and, if applicable, the Participant has satisfied any other conditions imposed by the Committee.

4. Transferability. Except as permitted by the Committee, in its sole discretion, the Restricted Stock Units may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution or, subject to the consent of the Committee, pursuant to a domestic relations order, unless and until the Restricted Stock Units have been settled and the shares of Common Stock underlying the Restricted Stock Units have been issued, and all restrictions applicable to such shares have lapsed, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company; provided that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

5. Taxes. The Participant has reviewed with his or her own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant understands that the Participant (and not the Company) shall be responsible for the Participant's own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement. In accordance with the terms of the Plan, the Participant may elect to satisfy any applicable tax withholding obligations arising from the vesting or settlement of the Restricted Stock Units by having the Company withhold a portion of the shares of Common Stock to be delivered to the Participant upon settlement of the Restricted Stock Units or by delivering to the Company vested shares of Common Stock owned by the Participant, that in either case have a Fair Market Value equal to the sums required to be withheld; provided that, the number of shares of Common Stock which may be withheld in order to satisfy the Participant's federal, state, local and foreign income and payroll tax liabilities hereunder shall be limited to the number of shares of Common Stock which have a Fair Market Value on the date of withholding equal to the aggregate amount of such tax liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income.

6. Incorporation by Reference. The terms and provisions of the Plan are incorporated herein by reference, and the Participant hereby acknowledges receiving a copy of the Plan and represents that the Participant is familiar with the terms and provisions thereof. The Participant accepts this Award subject to all of the terms and conditions of the Plan. In the event of a conflict or inconsistency between the terms of the Plan and the terms of this Agreement, the Plan shall govern and control. Further, the terms and provisions of the Participant's employment agreement, if any, are incorporated herein by reference. In the event of a conflict or inconsistency between the terms of the Participant's employment agreement and this Agreement, the Participant's employment agreement shall govern and control.

7. Securities Laws and Representations. The Participant acknowledges that the Plan is intended to conform to the extent necessary with all applicable federal, state and foreign securities laws (including the Securities Act and the Exchange Act) and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission or any other governmental regulatory body. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the shares are to be issued, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations. Without limiting the foregoing, the Restricted Stock Units are being granted to the Participant, upon settlement of the Restricted Stock Units any shares of Common Stock shall be issued to the Participant, and this Agreement is being made by the Company in reliance upon the following express representations and warranties of the Participant. The Participant acknowledges, represents and warrants that:

(a) The Participant has been advised that the Participant may be an "affiliate" within the meaning of Rule 144 under the Securities Act of 1933 (the "Securities Act") and in this connection the Company is relying in part on the Participant's representations set forth in herein;

(b) Any shares of Common Stock issued to the Participant upon settlement of the Restricted Stock Units must be held indefinitely by the Participant unless (i) an exemption from the registration requirements of the Securities Act is available for the resale of such shares of Common Stock or (ii) the Company files an additional registration statement (or a "re-offer prospectus") with regard to the resale of such shares of Common Stock and the Company is under no obligation to continue in effect a Form S-8 Registration Statement or to otherwise register the resale of such shares of Common Stock (or to file a "re-offer prospectus"); and

(c) The exemption from registration under Rule 144 shall not be available under current law unless (i) a public trading market then exists for the Common Stock, (ii) adequate information concerning the Company is then available to the public, and (iii) other terms and conditions of Rule 144 or any exemption therefrom are complied with, and that any sale of shares of Common Stock issued to the Participant upon settlement of the Restricted Stock Units may be made only in limited amounts in accordance with, such terms and conditions.

8. Captions. The captions in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning of terms contained herein.

9. Entire Agreement. This Agreement together with the Plan, as either of the foregoing may be amended or supplemented in accordance with their terms, constitutes the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and therein, and supersedes all prior communications, representations and negotiations in respect thereto.

10. Successors and Assigns. The terms of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and permitted assigns. The Participant may not assign any of the rights or obligations under this Agreement without the prior written consent of the Company. The Company may assign its rights and obligations to another entity which shall succeed to all or substantially all of the assets and business of the Company.

11. Amendments and Waivers. Subject to the provisions of the Plan, the provisions of this Agreement may not be amended, modified, supplemented or terminated, and waivers or consents to departures from the provisions hereof may not be given, without the written consent of each of the parties hereto.

12. Severability. In the event that any provision of this Agreement shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of this Agreement, and this Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

13. Signature in Counterparts. This Agreement may be signed in counterparts, each which shall constitute an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

14. Notices. Any notice required to be given or delivered to the Company under the terms of the Plan or this Agreement shall be in writing and addressed to the General Counsel and the Secretary of the Company at its principal corporate offices. Any notice required to be given or delivered to the Participant shall be in writing and addressed to the Participant at the address listed in the Company's personnel files or to such other address as the Participant may designate in writing from time to time to the Company. All notices shall be deemed to have been given or delivered upon: personal delivery, three days after deposit in the United States mail by certified or registered mail (return receipt requested), one business day after deposit with any return receipt express courier (prepaid), or one business day after transmission by facsimile.

15. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to any choice of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the laws of any jurisdiction other than the State of Delaware to be applied.

16. Consent to Jurisdiction. Each of the parties hereto hereby irrevocably and unconditionally agrees that any action, suit or proceeding, at law or equity, arising out of or relating to the Plan, this Agreement or any agreements or transactions contemplated hereby shall only be brought in any federal court of the Southern District of Texas or any state court located in Harris County, State of Texas, and hereby irrevocably and unconditionally expressly submits to the personal jurisdiction and venue of such courts for the purposes thereof and hereby irrevocably and unconditionally waives (by way of motion, as a defense or otherwise) any and all jurisdictional, venue and convenience objections or defenses that such party may have in such action, suit or proceeding. Each party hereby irrevocably and unconditionally consents to the service of process of any of the aforementioned courts.

17. Waiver of Jury Trial. THE PARTIES HERETO HEREBY WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS AGREEMENT OR THE VALIDITY, INTERPRETATION OR ENFORCEMENT HEREOF. THE PARTIES HERETO AGREE THAT THIS SECTION IS A SPECIFIC AND MATERIAL ASPECT OF THIS AGREEMENT AND WOULD NOT ENTER INTO THIS AGREEMENT IF THIS SECTION WERE NOT PART OF THIS AGREEMENT.

18. No Employment Rights. The Participant understands and agrees that this Agreement does not impact in any way the right of the Company or its Subsidiaries to terminate or change the terms of the employment of the Participant at any time for any reason whatsoever, with or without cause, nor confer upon any right to continue in the employ of the Company or any of its Subsidiaries.

19. Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if the Participant is subject to Section 16 of the Exchange Act, the Plan, the Restricted Stock Units and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

20. Claw-Back Policy. The Restricted Stock Units shall be subject to any claw-back policy implemented by the Company.

[*Signature page follows*]

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

NEXTIER OILFIELD SOLUTIONS INC.

By: ###DRUMMOND###
Name:Robert W. Drummond
Title: President & Chief Executive Officer

PARTICIPANT

By: /s/ ###PARTICIPANT_NAME###
Name: ###PARTICIPANT_NAME###

Appendix A

Performance Award - Relative TSR Award

(Three Year Vesting Award)

The terms of this Appendix A shall apply to 50% of the ###TOTAL_AWARDS### Restricted Stock Units (the "Three Year RSUs") awarded to ###PARTICIPANT_NAME### (the "Participant") on ###GRANT_DATE### (the "Grant Date") under the [NexTier Oilfield Solutions Inc. Equity and Incentive Award Plan// NexTier Oilfield Solutions Inc. (Former C&J Energy) Management Incentive Plan] (the "Plan").

1. General.

(a) Except as provided in Section 4 below, the Participant's Three Year RSUs Units shall become vested based on the satisfaction of both the Time Measure and the Performance Criteria for such Three Year RSUs, each as outlined below. The initial number of Three Year RSUs fixed as the "target" number of shares of Common Stock that may be delivered upon settlement of the Three Year RSUs subject to this Appendix shall be 50% of ###TOTAL_AWARDS### (the "Target Number"). Such initial number of Three Year RSUs shall be adjusted based on the attainment of the Performance Criteria described in Section 3 below.

(b) The "Performance Period" for the Three Year RSUs subject to this Appendix shall commence on January 1, 2020 and end on December 31, 2022.

2. Time Measure.

The Time Measure shall be satisfied with respect to a Three Year RSU if the Participant is an employee, consultant or a member of the board of directors (or a similar position) of the Company for the period beginning on the Grant Date and ending on December 31, 2022 (the "Time Vesting Date").

3. Performance Criteria.

(a) The attainment of the Performance Criteria and Payout Percentage (see table below in Section 3(c)) shall determine (i) the number of Participant's Three Year RSUs for which the Forfeiture Restrictions shall lapse on the Measurement Date, and (ii) the number of shares of Common Stock delivered upon settlement of such Three Year RSUs. The number of the Participant's Three Year RSUs which cease to be subject to Forfeiture Restrictions on the Measurement Date, and the number of shares of Common Stock delivered with respect to the Participant's Three Year RSUs, is based upon the Company's Annualized Total Stockholder Return ("Annualized TSR") ranking relative to the TSR Peer Group, which is described in Section 3(h) below, ("Relative TSR Performance Rank") for the Performance Period. As provided in Section 3(c) below, the Performance Criteria will be satisfied based on the Company's Relative TSR during the Performance Period, as certified in writing by the Committee following the end of the Performance Period.

(b) The Forfeiture Restriction shall lapse if the Company's Relative TSR Performance Rank for the Performance Period is at least the 30th percentile; provided that the final number of Three Year RSUs subject to this Appendix as of the applicable Measurement Date, and the number of shares of Stock delivered with respect to Participant's Three Year RSUs, shall be determined based on the Company's Relative TSR Performance Rank as described in the table below. If the Company's Relative TSR Performance Rank is between the levels designated in the table below, then the Payout Percentage (shown in the table below) shall be adjusted based on linear interpolation between applicable percentages. For example, (i) if the Company's Relative TSR is in the 35th percentile, then the Payout Percentage would be 75% of the Target Number, and (ii) if the Company's Relative TSR is in the 65th percentile, then the Payout Percentage would be 150% of the Target Number.

Level	Relative TSR Performance Rank	Payout Percentage
Maximum	80th percentile	200% of Target Number
Target	50th percentile	100% of Target Number
Threshold	20th percentile	50% of Target Number
	Below 20th percentile	0%

(c) Annualized TSR is a percentage that shall be calculated as follows:

where *n* represents the number of years over which Annualized TSR is measured.

The "Ending Average Stock Price" shall be calculated as the average Closing Stock Price for the last 20 trading days of the applicable Performance Period.

The "Beginning Average Stock Price" shall be calculated as the average Closing Stock Price for the last 20 trading days prior to the first day of the applicable Performance Period.

The "Closing Stock Price" of a share of Common Stock shall be the closing quotation on the New York Stock Exchange ("NYSE") for the applicable date (or an applicable substitute exchange or quotation system if the NYSE is no longer applicable).

"Aggregate Dividend Amount" shall be calculated as the fair market value of the aggregate share dividends or distributions that have been distributed with respect to a share of Common Stock during the applicable Performance Period.

The Annualized TSR for the TSR Peer Group companies will be determined using the calculation method described above based on information specific to the TSR Peer Group companies.

(d) Notwithstanding Section 3(c) above, the Payout Percentage for the Participant's Three Year RSUs shall be subject to the following modifications: (i) if the Company's Annualized TSR for the Performance Period is a negative amount, then then the Payout Percentage multiplied by the Target Number multiplied by the Closing Stock Price on the Settlement Date shall not exceed the Target Number multiplied by Closing Stock Price on Grant Date; and (ii) if the Company's Annualized TSR for the Performance Period is at least twenty percent (20%), then the Payout Percentage shall be not less than one hundred percent (100%).

(e) In addition to any other authority or powers granted to the Committee herein or in the Plan, the Committee shall have the authority to interpret and determine the application and calculation of any matter relating to the determination of Annualized TSR and Relative TSR Performance Rank, including any terms in the Agreement or this Appendix. The Committee shall also have the power to make any and all adjustments it deems appropriate to reflect any changes in the Company's outstanding Common Stock, including by reason of subdivision or consolidation of the Common Stock or other capital readjustment, the payment of a stock dividend on the Common Stock, other increase or reduction in the number of shares of Common Stock outstanding, recapitalizations, reorganizations, mergers, consolidations, combinations, split-ups, split-offs, spin-offs, exchanges or other relevant changes in capitalization or distributions to the Participants of shares of Common Stock. The determination of the Committee with respect to any such matter shall be conclusive.

(f) If a Change in Control occurs during the Performance Period, the Performance Period shall be deemed to have ended on the date such Change in Control occurs for purposes of determining the number of Three Year RSUs that shall be subject to this Agreement; provided, however, that the Participant shall be required to continue to provide services to the Company until the Time Vesting Date to become vested in such Three Year RSUs.

(g) TSR Peer Group. The initial TSR Peer Group shall include the companies listed in the chart below.

Name	Ticker
Patterson-UTI Energy, Inc.	PTEN
RPC, Inc.	RES
ProPetro Holding Corp.	PUMP
FTS International	FTSI
Liberty Oilfield Services	LBRT
Nine Energy Service, Inc.	NINE
U.S. Well Services, Inc.	USWS
Quintana Energy Services	QES
PHLX Oil Service Sector Index	^OSX

The Committee, in its sole discretion, may adjust or change the TSR Peer Group as circumstances warrant during the Performance Period, provided any such change shall be made in good faith and shall not result in an arbitrary increase or decrease in the amount payable under this Agreement. Any such adjustment or change may include, but not be limited to, the following:

(1) If a TSR Peer Group company becomes bankrupt, the bankrupt company will remain in the TSR Peer Group positioned at one level below the lowest performing non-bankrupt TSR Peer Group. In the case of multiple bankruptcies, the bankrupt TSR Peer Group companies will be positioned below the non-bankrupt companies in chronological order by bankruptcy date with the first to go bankrupt at the bottom.

(2) If a TSR Peer Group company is acquired by another company, including through a management buy-out or going-private transaction, the acquired TSR Peer Group company will be removed from the TSR Peer Group for the entire Performance Period; provided that if the acquired TSR Peer Group company became bankrupt prior to its acquisition it shall be treated as provided in paragraph (1), above, or if it shall become delisted according to paragraph (5) below prior to its acquisition it shall be treated as provided in paragraph (5).

(3) If a TSR Peer Group company spins-off a portion of its business in a manner which results in the TSR Peer Group company and the spin-off company both being publicly traded, the TSR Peer Group company will not be removed from the TSR Peer Group for the entire Performance Period and the spin-off company will not be added to the TSR Peer Group. In the event the Committee determines that including the spin-off company in the TSR Peer Group instead of the original TSR Peer Group company is consistent with the Committee's intent in designating the TSR Peer Group company as part of the TSR Peer Group, the Committee may instead elect to include the spin-off company in the TSR Peer Group.

(4) If a TSR Peer Group company acquires another company, the acquiring TSR Peer Group company will remain in the TSR Peer Group for the Performance Period.

(5) If a TSR Peer Group company is delisted from either the New York Stock Exchange (NYSE) or the National Association of Securities Dealers Automated Quotations (NASDAQ), other than as a result of an event described in clauses (1) or (2) above, such that it is no longer listed on either exchange, such delisted TSR Peer Group company will remain in the TSR Peer Group positioned at one level below the lowest performing listed company and above the highest ranked bankrupt TSR Peer Group company (see paragraph (1) above). In the case of multiple delistings, the delisted TSR Peer Group companies will be positioned below the listed and above the bankrupt TSR Peer Group companies in chronological order by delisting date with the first to be delisted at the bottom of the delisted companies. If a delisted company shall become bankrupt, it shall be treated as provided in paragraph (1) above. If a delisted company shall be later acquired, it shall be treated as a delisted company under this paragraph. If a delisted company shall relist during the Performance Period, it shall remain in its relative delisted position determined under this paragraph.

(6) If any TSR Peer Group company's stock splits (or if there are other similar subdivisions, consolidations or changes in such company's stock or capitalization), such company's Annualized TSR performance will be adjusted for the stock split so as not to give an advantage or disadvantage to such company by comparison to the other TSR Peer Group companies.

4. **Accelerated Vesting**.

(a) In the event of the Participant's Termination (i) by the Company without Cause (other than as a result of death or Disability) prior to the end of the applicable Performance Period or (ii) by the Participant for Good Reason prior to the end of the applicable Performance Period:

(x) if such Termination occurs within the twelve (12) month period following a Change in Control (a "CIC Period"), then upon the date of such Termination the Participant shall become one hundred percent (100%) vested in the Three Year RSUs, and

(y) if such Termination occurs other than within a CIC Period, then upon the date of such Termination the Participant shall be deemed to have satisfied the Time Measure with respect to a pro-rata portion of the Three Year RSUs, which amount shall be determined as if the Participant remained employed for a period of twelve (12) month following the date of Termination. The actual amount shall be paid at the time such payments would have been made if the Participant remained continuously employed by the Company through the end of the applicable Performance Period and shall be determined based on the achievement of the applicable Performance Criteria during the applicable Performance Period.

(b) Except as otherwise provided in Section 4(a) above, in the event of the Participant's Termination (i) due to the Participant's death or (ii) by the Company due to the Participant's Disability, then upon the date of such Termination the Participant shall be deemed to have satisfied the Time Measure with respect to a pro-rata portion of the Three Year RSUs, which amount shall be determined as if the Participant remained employed for a period of twelve (12) month following the date of Termination; provided, however, that the actual amount paid at the time such payments would have been made if the Participant remained continuously employed by the Company through the end of the applicable Performance Period and shall be determined based on the achievement of the applicable Performance Criteria during the applicable Performance Period.

5. Award Settlement.

The Company shall deliver to the Participant (or, in the event of the Participant's prior death, the Participant's beneficiary), one (1) share of Common Stock for each Three Year RSU in which the Participant becomes vested in accordance with this Agreement. If any dividends are paid with respect to a share of Common Stock during the vesting period, an equivalent amount shall accrue and be held by the Company without interest (a "Dividend Equivalents") until the Three Year RSUs become vested, at which time such amount shall be paid to the Participant, or are forfeited, at which time such amount shall be forfeited. Delivery of such Common Stock and Dividend Equivalents, if any, shall be made as soon as reasonably practicable following the end of the applicable Performance Period, but in no event later than the fifteenth (15^{th}) day of the third month following the end of the calendar year in which the end of the applicable Performance Period occurs (the date of such delivery, the "Settlement Date").

6. Definitions

For purposes of this Agreement (including Appendix B) the following definitions shall apply.

(a) "Cause" shall mean (i) in the event that the Participant is subject to a written employment or similar individualized agreement with the Company and/or any of its Subsidiaries that defines "cause" (or words with similar meaning), Cause shall have the meaning set forth in such agreement, and (ii) in the event that the Participant is not subject to a written employment or similar individualized agreement with the Company and/or any of its Subsidiaries that defines "cause" (or words with similar meaning), Cause shall mean (a) the Participant's indictment for, conviction of, or the entry of a plea of guilty or no contest to, a felony or any other crime involving dishonesty, moral turpitude or theft; (b) the Participant's conduct in connection with the Participant's duties or responsibilities with the Company that is fraudulent, unlawful or grossly negligent; (c) the Participant's willful misconduct; (d) the Participant's contravention of specific lawful directions related to a material duty or responsibility which is directed to be undertaken from the Board or the person to whom the Participant reports; (e) the Participant's material breach of the Participant's obligations under the Plan, this Agreement or any other agreement between the Participant and the Company and its Subsidiaries; (f) any acts of dishonesty by the Participant resulting or intending to result in personal gain or enrichment at the expense of the Company, its Subsidiaries or Affiliates; or (g) the Participant's failure to comply with a material policy of the Company, its Subsidiaries or Affiliates.

(b) "Disability" means a determination by the Company in accordance with applicable law that as a result of a physical or mental injury or illness, the Participant is unable to perform the essential functions of the Participant's job with or without reasonable accommodation for a period of (i) ninety (90) consecutive days, or (ii) one hundred twenty (120) days in any one (1) year period.

"Good Reason" shall mean (i) in the event that the Participant is subject to a written employment or similar individualized agreement with the Company and/or any of its Subsidiaries that defines "good reason" (or words with similar meaning), Good Reason shall have the meaning set forth in such agreement, and (ii) in the event that the Participant is not subject to a written employment or similar individualized agreement with the Company and/or any of its Subsidiaries that defines "good reason" (or words with similar meaning), Good Reason shall mean the occurrence of any of the following, without the Participant's consent: (a) a material diminution of the Participant's title, duties or authority, or (b) a material reduction in the Participant's base salary. Any event shall cease to constitute Good Reason unless within ninety (90) days after the Participant's knowledge of the occurrence of such event that constitutes Good Reason the Participant has provided the Company with at least thirty (30) days' written notice setting forth in reasonable specificity the events or facts that constitute Good Reason. If the Company timely cures the event giving rise to Good Reason for the Participant's resignation, the Good Reason shall be deemed not to exist.

Appendix B

Performance Award - Relative TSR Award

(Two Year Vesting Award)

The terms of this Appendix A shall apply to 50% of the ###TOTAL_AWARDS### Restricted Stock Units (the "Two Year RSUs") awarded to ###PARTICIPANT_NAME### (the "Participant") on ###GRANT_DATE### (the "Grant Date") under the [NexTier Oilfield Solutions Inc. Equity and Incentive Award Plan// NexTier Oilfield Solutions Inc. (Former C&J Energy) Management Incentive Plan] (the "Plan").

1. General.

(a) Except as provided in Section 4 below, the Participant's Two Year RSUs Units shall become vested based on the satisfaction of both the Time Measure and the Performance Criteria for such Two Year RSUs, each as outlined below. The initial number of Two Year RSUs fixed as the "target" number of shares of Common Stock that may be delivered upon settlement of the Two Year RSUs subject to this Appendix shall be 50% of ###TOTAL_AWARDS### (the "Target Number"). Such initial number of Two Year RSUs shall be adjusted based on the attainment of the Performance Criteria described in Section 3 below.

(b) The "Performance Period" for the Two Year RSUs subject to this Appendix shall commence on January 1, 2020 and end on December 31, 2021.

2. Time Measure.

The Time Measure shall be satisfied with respect to a Two Year RSU if the Participant is an employee, consultant or a member of the board of directors (or a similar position) of the Company for the period beginning on the Grant Date and ending on December 31, 2021 (the "Time Vesting Date").

3. Performance Criteria.

(a) The attainment of the Performance Criteria and Payout Percentage (see table below in Section 3(c)) shall determine (i) the number of Participant's Two Year RSUs for which the Forfeiture Restrictions shall lapse on the Measurement Date, and (ii) the number of shares of Common Stock delivered upon settlement of such Two Year RSUs. The number of the Participant's Two Year RSUs which cease to be subject to Forfeiture Restrictions on the Measurement Date, and the number of shares of Common Stock delivered with respect to the Participant's Two Year RSUs, is based upon the Company's Annualized Total Stockholder Return ("Annualized TSR") ranking relative to the TSR Peer Group, which is described in Section 3(h) below, ("Relative TSR Performance Rank") for the Performance Period. As provided in Section 3(c) below, the Performance Criteria will be satisfied based on the Company's Relative TSR during the Performance Period, as certified in writing by the Committee following the end of the Performance Period.

(b) The Forfeiture Restriction shall lapse if the Company's Relative TSR Performance Rank for the Performance Period is at least the 30th percentile; provided that the final number of Two Year RSUs subject to this Appendix as of the applicable Measurement Date, and the number of shares of Stock delivered with respect to Participant's Two Year RSUs, shall be determined based on the Company's Relative TSR Performance Rank as described in the table below. If the Company's Relative TSR Performance Rank is between the levels designated in the table below, then the Payout Percentage (shown in the table below) shall be adjusted based on linear interpolation between applicable percentages. For example, (i) if the Company's Relative TSR is in the 35th percentile, then the Payout Percentage would be 75% of the Target Number, and (ii) if the Company's Relative TSR is in the 65th percentile, then the Payout Percentage would be 150% of the Target Number.

Level	Relative TSR Performance Rank	Payout Percentage
Maximum	80th percentile	200% of Target Number
Target	50th percentile	100% of Target Number
Threshold	20th percentile	50% of Target Number
	Below 20th percentile	0%

(c) Annualized TSR is a percentage that shall be calculated as follows:

where *n* represents the number of years over which Annualized TSR is measured.

The "Ending Average Stock Price" shall be calculated as the average Closing Stock Price for the last 20 trading days of the applicable Performance Period.

The "Beginning Average Stock Price" shall be calculated as the average Closing Stock Price for the last 20 trading days prior to the first day of the applicable Performance Period.

The "Closing Stock Price" of a share of Common Stock shall be the closing quotation on the New York Stock Exchange ("NYSE") for the applicable date (or an applicable substitute exchange or quotation system if the NYSE is no longer applicable).

"Aggregate Dividend Amount" shall be calculated as the fair market value of the aggregate share dividends or distributions that have been distributed with respect to a share of Common Stock during the applicable Performance Period.

The Annualized TSR for the TSR Peer Group companies will be determined using the calculation method described above based on information specific to the TSR Peer Group companies.

(d) Notwithstanding Section 3(c) above, the Payout Percentage for the Participant's Two Year RSUs shall be subject to the following modifications: (i) if the Company's Annualized TSR for the Performance Period is a negative amount, then then the Payout Percentage multiplied by the Target Number multiplied by the Closing Stock Price on the Settlement Date shall not exceed the Target Number multiplied by Closing Stock Price on Grant Date; and (ii) if the Company's Annualized TSR for the Performance Period is at least twenty percent (20%), then the Payout Percentage shall be not less than one hundred percent (100%).

(e) In addition to any other authority or powers granted to the Committee herein or in the Plan, the Committee shall have the authority to interpret and determine the application and calculation of any matter relating to the determination of Annualized TSR and Relative TSR Performance Rank, including any terms in the Agreement or this Appendix. The Committee shall also have the power to make any and all adjustments it deems appropriate to reflect any changes in the Company's outstanding Common Stock, including by reason of subdivision or consolidation of the Common Stock or other capital readjustment, the payment of a stock dividend on the Common Stock, other increase or reduction in the number of shares of Common Stock outstanding, recapitalizations, reorganizations, mergers, consolidations, combinations, split-ups, split-offs, spin-offs, exchanges or other relevant changes in capitalization or distributions to the Participants of shares of Common Stock. The determination of the Committee with respect to any such matter shall be conclusive.

(f) If a Change in Control occurs during the Performance Period, the Performance Period shall be deemed to have ended on the date such Change in Control occurs for purposes of determining the number of Two Year RSUs that shall be subject to this Agreement; provided, however, that the Participant shall be required to continue to provide services to the Company until the Time Vesting Date to become vested in such Two Year RSUs.

(g) TSR Peer Group. The initial TSR Peer Group shall include the companies listed in the chart below.

Name	Ticker
Patterson-UTI Energy, Inc.	PTEN
RPC, Inc.	RES
ProPetro Holding Corp.	PUMP
FTS International	FTSI
Liberty Oilfield Services	LBRT
Nine Energy Service, Inc.	NINE
U.S. Well Services, Inc.	USWS
Quintana Energy Services	QES
PHLX Oil Service Sector Index	^OSX

The Committee, in its sole discretion, may adjust or change the TSR Peer Group as circumstances warrant during the Performance Period, provided any such change shall be made in good faith and shall not result in an arbitrary increase or decrease in the amount payable under this Agreement. Any such adjustment or change may include, but not be limited to, the following:

(7) If a TSR Peer Group company becomes bankrupt, the bankrupt company will remain in the TSR Peer Group positioned at one level below the lowest performing non-bankrupt TSR Peer Group. In the case of multiple bankruptcies, the bankrupt TSR Peer Group companies will be positioned below the non-bankrupt companies in chronological order by bankruptcy date with the first to go bankrupt at the bottom.

(8) If a TSR Peer Group company is acquired by another company, including through a management buy-out or going-private transaction, the acquired TSR Peer Group company will be removed from the TSR Peer Group for the entire Performance Period; provided that if

the acquired TSR Peer Group company became bankrupt prior to its acquisition it shall be treated as provided in paragraph (1), above, or if it shall become delisted according to paragraph (5) below prior to its acquisition it shall be treated as provided in paragraph (5).

(9) If a TSR Peer Group company spins-off a portion of its business in a manner which results in the TSR Peer Group company and the spin-off company both being publicly traded, the TSR Peer Group company will not be removed from the TSR Peer Group for the entire Performance Period and the spin-off company will not be added to the TSR Peer Group. In the event the Committee determines that including the spin-off company in the TSR Peer Group instead of the original TSR Peer Group company is consistent with the Committee's intent in designating the TSR Peer Group company as part of the TSR Peer Group, the Committee may instead elect to include the spin-off company in the TSR Peer Group.

(10) If a TSR Peer Group company acquires another company, the acquiring TSR Peer Group company will remain in the TSR Peer Group for the Performance Period.

(11) If a TSR Peer Group company is delisted from either the New York Stock Exchange (NYSE) or the National Association of Securities Dealers Automated Quotations (NASDAQ), other than as a result of an event described in clauses (1) or (2) above, such that it is no longer listed on either exchange, such delisted TSR Peer Group company will remain in the TSR Peer Group positioned at one level below the lowest performing listed company and above the highest ranked bankrupt TSR Peer Group company (see paragraph (1) above). In the case of multiple delistings, the delisted TSR Peer Group companies will be positioned below the listed and above the bankrupt TSR Peer Group companies in chronological order by delisting date with the first to be delisted at the bottom of the delisted companies. If a delisted company shall become bankrupt, it shall be treated as provided in paragraph (1) above. If a delisted company shall be later acquired, it shall be treated as a delisted company under this paragraph. If a delisted company shall relist during the Performance Period, it shall remain in its relative delisted position determined under this paragraph.

(12) If any TSR Peer Group company's stock splits (or if there are other similar subdivisions, consolidations or changes in such company's stock or capitalization), such company's Annualized TSR performance will be adjusted for the stock split so as not to give an advantage or disadvantage to such company by comparison to the other TSR Peer Group companies.

4. Accelerated Vesting.

(a) In the event of the Participant's Termination (i) by the Company without Cause (other than as a result of death or Disability) prior to the end of the Performance Period or (ii) by the Participant for Good Reason prior to the end of the Performance Period:

(x) if such Termination occurs within the twelve (12) month period following a Change in Control (a "CIC Period"), then upon the date of such Termination the Participant shall become one hundred percent (100%) vested in the Two Year RSUs, and

(y) if such Termination occurs other than within a CIC Period, then upon the date of such Termination the Participant shall be deemed to have satisfied the Time Measure with respect to a pro-rata portion of the Two Year RSUs, which amount shall be determined as if the Participant remained employed for a period of twelve (12) month following the date of Termination. The actual amount shall be paid at the time such payments would have been made if the Participant remained continuously employed by the Company through the end of the applicable Performance Period and shall be determined based on the achievement of the applicable Performance Criteria during the applicable Performance Period.

(b) Except as otherwise provided in Section 4(a) above, in the event of the Participant's Termination (i) due to the Participant's death or (ii) by the Company due to the Participant's Disability, then upon the date of such Termination the Participant shall be deemed to have satisfied the Time Measure with respect to a pro-rata portion of the Two Year RSUs, which amount shall be determined as if the Participant remained employed for a period of twelve (12) month following the date of Termination; provided, however, that the actual amount paid at the time such payments would have been made if the Participant remained continuously employed by the Company through the end of the applicable Performance Period and shall be determined based on the achievement of the applicable Performance Criteria during the applicable Performance Period.

5. Award Settlement.

The Company shall deliver to the Participant (or, in the event of the Participant's prior death, the Participant's beneficiary), one (1) share of Common Stock for each Two Year RSU in which the Participant becomes vested in accordance with this Agreement. If any dividends are paid with respect to a share of Common Stock during the vesting period, an equivalent amount shall accrue and be held by the Company without interest (a "Dividend Equivalents") until the Two Year RSUs become vested, at which time such amount shall be paid to the Participant, or are forfeited, at which time such amount shall be forfeited. Delivery of such Common Stock and Dividend Equivalents, if any, shall be made as soon as reasonably practicable following the end of the applicable Performance Period, but in no event later than the fifteenth (15^{th}) day of the third month following the end of the calendar year in which the end of the applicable Performance Period occurs (the date of such delivery, the "Settlement Date").

NEXTIER OILFIELD SOLUTIONS INC.
EQUITY AND INCENTIVE AWARD PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT

This Restricted Stock Unit Award Agreement (this "Agreement") is made and entered into as of [●], 20[●] (the "Grant Date"), by and between NexTier Oilfield Solutions Inc., a Delaware corporation (the "Company"), and [●] (the "Participant"). Capitalized terms not otherwise defined herein or in Appendix A shall have the meanings provided in the [NexTier Oilfield Solutions Inc. Equity and Incentive Award Plan // NexTier Oilfield Solutions Inc. (former C&J Energy) Management Incentive Plan] (the "Plan").

W I T N E S S E T H:

WHEREAS, the Company maintains the Plan; and

WHEREAS, the Company desires to grant Restricted Stock Units to the Participant pursuant to the terms of the Plan and the terms set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Grant. Subject to the conditions set forth in the Plan and this Agreement, the Company grants to the Participant [●] Restricted Stock Units.

2. Vesting.

(a) The Participant shall become vested in the Restricted Stock Units, in installments, on the dates indicated in the following table:

Vesting Date	Percentage of Vested Restricted Stock Units
[●]	34%
[●]	33%
[●]	33%

(b) In the event of the Participant's Termination (x) by the Company without Cause (other than as a result of death or disability) or (y) by the Participant for Good Reason: (i) if such Termination occurs within the twelve (12) month period following a Change in Control (a "CIC Period"), then upon the date of such Termination the Participant shall become one hundred percent (100%) vested in the Restricted Stock Units, and (ii) if such termination occurs other than within a CIC Period, then upon the date of such Termination the Participant shall become vested in the portion of the Restricted Stock Units that would have become vested had the Participant remained employed for a period of twelve (12) month following the date of Termination.

(c) In the event of the Participant's Termination (i) due to the Participant's death or (ii) by the Company due to the Participant's Disability, the Participant shall become vested in the portion of the Restricted Stock Units that would have become vested had the Participant remained employed for a period of twelve (12) month following the date of Termination.

(d) Except as otherwise provided in this Agreement, upon the Participant's Termination for any reason, the portion of the Restricted Stock Units in which the Participant has not become vested shall be cancelled, and forfeited by the Participant, without consideration.

(e) Notwithstanding any provision of this Agreement to the contrary, upon the Participant's Termination by the Company for Cause, the Restricted Stock Units, including any portion in which the Participant had previously become vested, shall be cancelled, and forfeited by the Participant, without consideration.

3. Award Settlement. The Company shall deliver to the Participant (or, in the event of the Participant's prior death, the Participant's beneficiary), one (1) share of Common Stock for each Restricted Stock Unit in which the Participant becomes vested in accordance with this Agreement. Delivery of such Common Stock shall be made as soon as reasonably practicable following the date the Participant becomes vested in the Restricted Stock Unit, but in no event later than the fifteenth (15^{th}) day of the third month following the end of the calendar year in which the Participant became vested in such Restricted Stock Unit.

4. Stockholder Rights.

(a) The Participant shall have no rights, as a stockholder with respect to shares of Common Stock underlying a Restricted Stock Unit until the Restricted Stock Unit has vested and a share of Common Stock has been issued in settlement thereof and, if applicable, the Participant has satisfied any other conditions imposed by the Committee.

(b) Each Restricted Stock Unit subject to this Award is hereby granted in tandem with a corresponding Dividend Equivalent Right ("DER"), which DER shall remain outstanding from the Date of Grant until the earlier of the settlement or forfeiture of the Restricted Stock Unit to which the DER corresponds. Each vested DER entitles the Participant to receive payments, subject to and in accordance with this Agreement, in an amount equal to any dividends paid by the Company in respect of the Share underlying the Restricted Stock Unit to which such DER relates. The Company shall establish, with respect to each Restricted Stock Unit, a separate DER bookkeeping account for such Restricted Stock Unit (a "DER Account"), which shall be credited (without interest) on the applicable dividend payment dates with an amount equal to any dividends paid during the period that such Restricted Stock Unit remains outstanding with respect to the Share underlying the Restricted Stock Unit to which such DER relates. Upon the vesting of a Restricted Stock Unit, the DER (and the DER Account) with respect to such vested Restricted Stock Unit shall also become vested. Similarly, upon the forfeiture of a Restricted Stock Unit, the DER (and the DER Account) with respect to such forfeited Restricted Stock Unit shall also be forfeited. DERs shall not entitle the Participant to any payments relating to dividends paid after the earlier to occur of the date that the applicable Restricted Stock Unit is settled in accordance with Section 4(a) or the forfeiture of the Restricted Stock Unit underlying such DER. Payments with respect to vested DERs shall be made as soon as practicable, and within 60 days, after the date that such DER vests. The Participant shall not be entitled to receive any interest with respect to the payment of DERs

5. Transferability. Except as permitted by the Committee, in its sole discretion, the Restricted Stock Units may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution or, subject to the consent of the Committee, pursuant to a DRO, unless and until the Restricted Stock Units have been settled and the shares of Common Stock underlying the Restricted Stock Units have been issued, and all restrictions applicable to such shares have lapsed, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company; provided that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

6. Taxes. The Participant has reviewed with his or her own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant understands that the Participant (and not the Company) shall be responsible for the Participant's own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement. In accordance with the terms of the Plan, the Participant may elect to satisfy any applicable tax withholding obligations arising from the vesting or settlement of the Restricted Stock Units by having the Company withhold a portion of the shares of Common Stock to be delivered to the Participant upon settlement of the Restricted Stock Units or by delivering to the Company vested shares of Common Stock owned by the Participant, that in either case have a Fair Market Value equal to the sums required to be withheld; provided that, the number of shares of Common Stock which may be withheld in order to satisfy the Participant's federal, state, local and foreign income and payroll tax liabilities hereunder shall be limited to the number of shares of Common Stock which have a Fair Market Value on the date of withholding equal to the aggregate amount of such tax liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income.

7. Incorporation by Reference. The terms and provisions of the Plan are incorporated herein by reference, and the Participant hereby acknowledges receiving a copy of the Plan and represents that the Participant is familiar with the terms and provisions thereof. The Participant accepts this Award subject to all of the terms and conditions of the Plan. In the event of a conflict or inconsistency between the terms of the Plan and the terms of this Agreement, the Plan shall govern and control. Further, the terms and provisions of the Participant's employment agreement, if any, are incorporated herein by reference. In the event of a conflict or inconsistency between the terms of the Participant's employment agreement and this Agreement, the Participant's employment agreement shall govern and control.

8. Securities Laws and Representations. The Participant acknowledges that the Plan is intended to conform to the extent necessary with all applicable federal, state and foreign securities laws (including the Securities Act and the Exchange Act) and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission or any other governmental regulatory body. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the shares are to be issued, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations. Without limiting the foregoing, the Restricted Stock Units are being granted to the Participant, upon settlement of the Restricted Stock Units any shares of Common Stock shall be issued to the Participant, and this Agreement is being made by the Company in reliance upon the following express representations and warranties of the Participant. The Participant acknowledges, represents and warrants that:

(a) The Participant has been advised that the Participant may be an "affiliate" within the meaning of Rule 144 under the Securities Act of 1933 (the "Securities Act") and in this connection the Company is relying in part on the Participant's representations set forth in herein;

(b) Any shares of Common Stock issued to the Participant upon settlement of the Restricted Stock Units must be held indefinitely by the Participant unless (i) an exemption from the registration requirements of the Securities Act is available for the resale of such shares of Common Stock or (ii) the Company files an additional registration statement (or a "re-offer prospectus") with regard to the resale of such shares of Common Stock and the Company is under no obligation to continue in effect a Form S-8 Registration Statement or to otherwise register the resale of such shares of Common Stock (or to file a "re-offer prospectus"); and

(c) The exemption from registration under Rule 144 shall not be available under current law unless (i) a public trading market then exists for the Common Stock, (ii) adequate information concerning the Company is then available to the public, and (iii) other terms and conditions of Rule 144 or any exemption therefrom are complied with, and that any sale of shares of Common Stock issued to the Participant upon settlement of the Restricted Stock Units may be made only in limited amounts in accordance with, such terms and conditions.

9. Captions. The captions in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning of terms contained herein.

10. Entire Agreement. This Agreement together with the Plan, as either of the foregoing may be amended or supplemented in accordance with their terms, constitutes the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and therein, and supersedes all prior communications, representations and negotiations in respect thereto.

11. Successors and Assigns. The terms of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and permitted assigns. The Participant may not assign any of the rights or obligations under this Agreement without the prior written consent of the Company. The Company may assign its rights and obligations to another entity which shall succeed to all or substantially all of the assets and business of the Company.

12. Amendments and Waivers. Subject to the provisions of the Plan, the provisions of this Agreement may not be amended, modified, supplemented or terminated, and waivers or consents to departures from the provisions hereof may not be given, without the written consent of each of the parties hereto.

13. Severability. In the event that any provision of this Agreement shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of this Agreement, and this Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

14. Signature in Counterparts. This Agreement may be signed in counterparts, each which shall constitute an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

15. Notices. Any notice required to be given or delivered to the Company under the terms of the Plan or this Agreement shall be in writing and addressed to the General Counsel and the Secretary of the Company at its principal corporate offices. Any notice required to be given or delivered to the Participant shall be in writing and addressed to the Participant at the address listed in the Company's personnel files or to such other

address as the Participant may designate in writing from time to time to the Company. All notices shall be deemed to have been given or delivered upon: personal delivery, three days after deposit in the United States mail by certified or registered mail (return receipt requested), one business day after deposit with any return receipt express courier (prepaid), or one business day after transmission by facsimile.

16. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to any choice of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the laws of any jurisdiction other than the State of Delaware to be applied.

17. Consent to Jurisdiction. Each of the parties hereto hereby irrevocably and unconditionally agrees that any action, suit or proceeding, at law or equity, arising out of or relating to the Plan, this Agreement or any agreements or transactions contemplated hereby shall only be brought in any federal court of the Southern District of Texas or any state court located in Harris County, State of Texas, and hereby irrevocably and unconditionally expressly submits to the personal jurisdiction and venue of such courts for the purposes thereof and hereby irrevocably and unconditionally waives (by way of motion, as a defense or otherwise) any and all jurisdictional, venue and convenience objections or defenses that such party may have in such action, suit or proceeding. Each party hereby irrevocably and unconditionally consents to the service of process of any of the aforementioned courts.

18. Waiver of Jury Trial. THE PARTIES HERETO HEREBY WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS AGREEMENT OR THE VALIDITY, INTERPRETATION OR ENFORCEMENT HEREOF. THE PARTIES HERETO AGREE THAT THIS SECTION IS A SPECIFIC AND MATERIAL ASPECT OF THIS AGREEMENT AND WOULD NOT ENTER INTO THIS AGREEMENT IF THIS SECTION WERE NOT PART OF THIS AGREEMENT.

19. No Employment Rights. The Participant understands and agrees that this Agreement does not impact in any way the right of the Company or its Subsidiaries to terminate or change the terms of the employment of the Participant at any time for any reason whatsoever, with or without cause, nor confer upon any right to continue in the employ of the Company or any of its Subsidiaries.

20. Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if the Participant is subject to Section 16 of the Exchange Act, the Plan, the Restricted Stock Units and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

21. Claw-Back Policy. The Restricted Stock Units shall be subject to any claw-back policy implemented by the Company.

[Signature page follows]

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

NEXTIER OILFIELD SOLUTIONS INC.

By:____
Name:
Title:

PARTICIPANT:

____

Name:

Appendix A

Definitions

For purposes of this Agreement, the following definitions shall apply.

"Cause" shall mean (i) in the event that the Participant is subject to a written employment or similar individualized agreement with the Company and/or any of its Subsidiaries that defines "cause" (or words with similar meaning), Cause shall have the meaning set forth in such agreement, and (ii) in the event that the Participant is not subject to a written employment or similar individualized agreement with the Company and/or any of its Subsidiaries that defines "cause" (or words with similar meaning), Cause shall mean (a) the Participant's indictment for, conviction of, or the entry of a plea of guilty or no contest to, a felony or any other crime involving dishonesty, moral turpitude or theft; (b) the Participant's conduct in connection with the Participant's duties or responsibilities with the Company that is fraudulent, unlawful or grossly negligent; (c) the Participant's willful misconduct; (d) the Participant's contravention of specific lawful directions related to a material duty or responsibility which is directed to be undertaken from the Board or the person to whom the Participant reports; (e) the Participant's material breach of the Participant's obligations under the Plan, this Agreement or any other agreement between the Participant and the Company and its Subsidiaries; (f) any acts of dishonesty by the Participant resulting or intending to result in personal gain or enrichment at the expense of the Company, its Subsidiaries or Affiliates; or (g) the Participant's failure to comply with a material policy of the Company, its Subsidiaries or Affiliates.

"Change in Control" shall mean the occurrence of any of the following events after the Date of Grant:

A. any “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), other than a Permitted Holder, acquires “beneficial ownership” (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company’s then outstanding securities; provided, however, that if the Company engages in a merger or consolidation in which the Company or surviving entity in such merger or consolidation becomes a subsidiary of another entity, then references to the Company’s then outstanding securities shall be deemed to refer to the outstanding securities of such parent entity;

B. a change in the composition of the Board such that the “Continuing Directors” cease for any reason, other than due to ordinary course retirement, death, disability, term limit or any director refreshment or similar policy, to constitute at least seventy percent (70%) of the Board. The “Continuing Directors” shall mean those members of the Board who either: (x) were directors on the Date of Grant; or (y) were subsequently elected by, or on the nomination or recommendation of, at least a three-quarters (3/4) majority (consisting of at least four (4) directors) of the Board who were or become Continuing Directors;

C. the consummation of a merger, reorganization or consolidation of the Company with any corporation, including without limitation, a reverse or forward triangular merger, where the Company’s shareholders immediately prior to such transaction own less than a majority of the voting securities of the surviving or resulting corporation or entity after the transaction;

D. the consummation of a transaction that implements in whole or in part a resolution of the Company’s shareholders authorizing a complete liquidation or dissolution of the Company; or

E. the sale or disposition (other than a pledge or similar encumbrance) by the Company of all or substantially all of the assets of the Company, other than to a Permitted Holder or Permitted Holders;

provided, however, if a Change in Control constitutes a payment event with respect to any deferred compensation that is subject to Section 409A, a transaction or event described in paragraph (A), (B), (C), (D) or (E) shall constitute a Change in Control only if such transaction or event constitutes a “change in control event” as defined in Treasury Regulation Section l .409A-3(i)(5).

“Disability” means a determination by the Company in accordance with applicable law that as a result of a physical or mental injury or illness, the Participant is unable to perform the essential functions of the Participant’s job with or without reasonable accommodation for a period of (i) ninety (90) consecutive days or (ii) one hundred twenty (120) days in any one (1) year period.

“Good Reason” shall mean (i) in the event that the Participant is subject to a written employment or similar individualized agreement with the Company and/or any of its Subsidiaries that defines “good reason” (or words with similar meaning), Good Reason shall have the meaning set forth in such agreement, and (ii) in the event that the Participant is not subject to a written employment or similar individualized agreement with the Company and/or any of its Subsidiaries that defines “good reason” (or words with similar meaning), Good Reason shall mean the occurrence of any of the following, without the Participant’s consent: (a) a material diminution of the Participant’s title, duties or authority, or (b) a material reduction in the Participant’s base salary. Any event shall cease to constitute Good Reason unless within ninety (90) days after the Participant’s knowledge of the occurrence of such event that constitutes Good Reason the Participant has provided the Company with at least thirty (30) days’ written notice setting forth in reasonable specificity the events or facts that constitute Good Reason. If the Company timely cures the event giving rise to Good Reason for the Participant’s resignation, the notice of termination shall become null and void.

“Permitted Holder” shall mean (i) any trustee or other fiduciary holding securities of the Company under an employee benefit plan of the Company or any of its affiliates, (ii) any subsidiary of the Company that is at least 80% owned by the Company and (iii) any corporation, partnership, limited liability company or other entity owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of securities of the Company.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

AMENDED AND RESTATED EMPLOYMENT AGREEMENT ("Agreement") dated as of November 1, 2019 (the "Effective Date"), by and between NexTier Oilfield Solutions Inc. f/k/a Keane Group, Inc. (the "Company") and Ian J. Henkes (the "Executive") (each a "Party" and together, the "Parties").

WHEREAS, the Executive is currently employed by the Company pursuant to an Employment Agreement entered into between the Executive and Keane Group, Inc. dated as of June 16, 2019 (the "Prior Employment Agreement"); and

WHEREAS, the Parties desire to amend and restate the Prior Employment Agreement in its entirety as set forth herein and supersede the Prior Employment Agreement effective on the Effective Date.

NOW, THEREFORE, in consideration of the mutual promises and conditions herein set forth, the parties hereto agree as follows:

1. Employment and Acceptance. The Company shall employ the Executive, and the Executive shall accept such employment, subject to the terms of this Agreement, on the Effective Date.

2. Term. Subject to earlier termination pursuant to Section 5 of this Agreement, this Agreement and the employment relationship hereunder shall continue until February 1, 2020 (the "Initial Term") and shall renew for one (1) year intervals thereafter (each, an "Extended Term") unless either Party shall have given written notice to the other at least ninety (90) days prior to the end of the Initial Term or an Extended Term that it does not wish to extend the Term. As used in this Agreement, the "Term" shall refer to the period beginning on the Effective Date and ending on the date the Executive's employment terminates in accordance with this Section 2 or Section 5 (the date the Executive's employment terminates, the "Termination Date"). In the event that the Executive's employment with the Company terminates, the Company's obligation to continue to pay, after the date of termination, Base Salary (as defined below), Bonus (as defined below) and other unaccrued benefits shall terminate except as may be provided for in Section 5 below.

3. Duties, Title and Location.

3.1 Title. The Company shall employ the Executive to render exclusive and full-time services to the Company. The Executive shall serve in the capacity of Senior Vice President, Operations and shall report to the Chief Executive Officer of the Company (the "CEO"). Notwithstanding anything herein to the contrary, the Executive may, and it shall not be considered a violation of this Agreement for the Executive to: (a) engage in or serve such professional, civic, trade association, charitable, community, educational, religious or similar types of organizations or speaking engagements, as the Executive may select; (b) subject to the prior approval of the Board, serve on the boards of directors or advisory committees of any entities, or engage in other business activities; and (c) attend to the Executive's personal matters and/or the Executive's and/or his family's personal finances, investments and business affairs, so long as such service or activities described in clauses (a), (b) and (c) immediately preceding do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement.

3.2 Duties. The Executive shall have such powers and duties as may from time to time be prescribed by the CEO; provided that such duties are consistent with the Executive's position or other positions that he may hold from time to time.

3.3 Location. The Executive shall provide Executive's services to the Company at the Company's office in Houston, Texas, provided, however, that the Executive shall be expected to travel to other locations in the performance of his duties.

4. Compensation and Benefits by the Company. As compensation for all services rendered pursuant to this Agreement, the Company shall provide the Executive the following during the Term:

4.1 Base Salary. The Company will pay to the Executive an annual base salary of $375,000, payable in accordance with the general payroll practices of the Company ("Base Salary").

4.2 Bonuses and Incentives.

(a) Annual Bonus. The Executive shall be eligible to receive an annual bonus (the "Bonus") targeted at seventy-five percent (75%) of annual Base Salary (the "Target Bonus"), based on the achievement of specific annual performance criteria established by the Compensation Committee of the Board (the "Compensation Committee") each year. The Bonus will not be subject to any cap and may exceed the Target Bonus, based on the achievement of stretch goals to be determined by the Compensation Committee. The Bonus, if any, shall be payable as soon as practicable following the completion of the Company's audited financial statements for the year in which such Bonus is earned but no later than May 1 of the year following the year the Bonus is earned. Subject to the provisions of Section 5 hereof, the Bonus shall be payable only if the Executive is employed by the Company on the date the Bonus is paid.

(b) Long-Term Incentive. The Executive shall be eligible to participate in any long-term incentive plan adopted by the Company for its senior management team (each, an "Incentive Plan") subject to the terms of the Incentive Plan and any applicable award agreements between the Executive and the Company. Unless otherwise agreed by the Board and the Executive, the Executive will annually receive an award or awards under an Incentive Plan having a grant date target value (calculated in accordance with the Company's normal annual equity award valuation methodology) consistent with the long-term incentives granted under the Incentive Plan to the other Company senior executives in respect of the applicable year as determined by the Compensation Committee after consultation with the Executive.

(c) Profits Interest Grant. Executive acknowledges the Executive received an equity award in the form of a Profits Interest granted under the terms of the Keane Group Holdings, LLC Class C Management Incentive Plan ("MIP") and award agreement. From the management pool, the Executive received an interest equal to .20% of the value of the Company above the base value at February 1, 2016, subject to both time and performance-based vesting under the terms of the Award Agreement and Plan document.

4.3 Benefits.

(a) Participation in Benefits Plans. During the Term, the Executive shall be entitled, if and to the extent eligible, to participate in all of the applicable benefit plans and programs of the Company, which are available to other senior executives of the Company, on the same terms as such other senior executives, provided, however that the Executive shall be eligible for five (5) weeks of vacation annually. The Company may at any time or from time to time amend, modify, suspend or terminate any employee benefit plan, program or arrangement for any reason without the

Executive's consent if such amendment, modification, suspension or termination is consistent with the amendment, modification, suspension or termination for other senior executives of the Company.

(b) Car Allowance. During the Term, the Executive will be provided with a car allowance of $1,700.00 per month, subject to the Company's policies regarding automobile use in effect from time to time.

4.4 Expense Reimbursement. The Executive shall be entitled to receive reimbursement for all appropriate business expenses incurred by him in connection with his duties under this Agreement in accordance with the policies of the Company as in effect from time to time, subject to the Company's requirements with respect to reporting and documentation of such expenses.

5. Termination of Employment.

5.1 By the Company for Cause, by the Executive for any Reason, or Non Renewal by Either Party.

(a) If during the Term: (i) the Company terminates the Executive's employment with the Company for Cause (as defined below) upon written notice from the Board; (ii) the Executive terminates employment for any reason upon sixty (60) days advance written notice; or (iii) the Executive's employment terminates due to either Party giving the other Party written notice of its election not to renew the Term pursuant to Section 2 of this Agreement:

(A) the Executive's accrued but unpaid Base Salary to the date of termination and any employee benefits that the Executive is entitled to receive pursuant to the employee benefit plans of the Company (other than any severance plans) in accordance with the terms of such employee benefit plans;

(B) the unpaid portion of the Bonus, if any, relating to any year prior to the fiscal year of the Executive's termination, payable in accordance with Section 4.2(a) above;

(C) expenses reimbursable under Section 4.4 above incurred but not yet reimbursed to the Executive to the date of termination (collectively, the "Accrued Benefits").

(b) For the purposes of this Agreement, "Cause" means: (a) the Executive's indictment, for conviction of or plea of no contest to a felony or any crime involving dishonesty or theft; (b) the Executive's conduct in connection with the Executive's employment duties or responsibilities that is fraudulent, unlawful or grossly negligent; (c) the Executive's willful misconduct; (d) the Executive's contravention of specific lawful directions related to a material duty or responsibility which is directed to be undertaken from the Board; (e) the Executive's material breach of the Executive's obligations under this Agreement, including, but not limited to breach of the Executive's restrictive covenants set forth in Section 6 hereof; (f) any acts of dishonesty by the Executive resulting or intending to result in personal gain or enrichment at the expense of the Company, its subsidiaries or affiliates; or (g) the Executive's failure to comply with a material policy of the Company, its subsidiaries or affiliates; provided, however, that none of the events described in clauses (d), (e) or (g) of this sentence shall constitute Cause unless and until (x) the Board reasonably determines in good faith that a Cause event has occurred, (y) the Board notifies the Executive in writing describing in reasonable detail the event which constitutes Cause within five (5) days of its occurrence, and (z) if the grounds for Cause are reasonably curable, the Executive fails to cure such event within five (5) days after the Executive's receipt of such written notice. For purposes of clause (c) of the prior sentence, no act or failure to act by the Executive shall be considered "willful" unless it is done, or omitted to be done, in bad faith or without a reasonable belief that the Executive's action or omission was in the best interests of the Company. The Board shall make all determinations related to Cause.

(c) For purposes of this Agreement, "Good Reason" means, any failure on the part of the Company to cure a material breach of its obligations under this Agreement. Any event will cease to constitute Good Reason unless Executive gives the Company notice of Executive's intention to resign his position with the Company within ninety (90) days after Executive's knowledge of the occurrence of such event and describes in reasonable specificity the details of such breach, and the Company shall have thirty (30) days from its receipt of such notice to cure any condition that constitutes Good Reason (such period, the "Cure Period"), provided that if such breach is not reasonably capable of being cured within the Cure Period despite reasonable good faith efforts by the Company (e.g., in the event of war, fire, terrorist activity, an act of god, or other force majeure type event), then the Cure Period will be deemed to start upon the date that such force majeure event or other performance obstacle has been resolved or otherwise eliminated.

(d) For purposes of this Agreement, "Disability" means a determination by the Company in accordance with applicable law that as a result of a physical or mental injury or illness, the Executive is unable to perform the essential functions of his job with or without reasonable accommodation for a period of (i) ninety (90) consecutive days or (ii) one hundred twenty (120) days in any one (1) year period.

(e) For purposes of this Agreement, "Change in Control" shall have the same meaning as provided under the NexTier Oilfield Solutions Inc. Equity and Incentive Award Plan.

(f) For purposes of this Agreement, "Protected Period" shall mean the period beginning on the date a Change in Control is consummated and ending on the one (1) year anniversary of the date a Change in Control is consummated.

5.2 By the Company Without Cause, Non-Renewal by the Company or by the Executive with Good Reason. If during the Term, (i) the Company terminates the Executive's employment without Cause (which may be done at any time without prior notice), (ii) the Executive's employment terminates due to the Company giving the Executive written notice of its election not to renew the Term pursuant to Section 2 of this Agreement or (iii) the Executive terminates employment with Good Reason, the Executive will be entitled to the Accrued Benefits, and, beginning on the 60th day after such termination of employment, subject to Section 8.12(b), but only if Executive has executed and not revoked within the revocation period a valid release agreement in a form reasonably acceptable to the Company prior to such date, the Executive shall also be entitled to:

(a) cash severance payments equal, in the aggregate, to the sum of Executive's Base Salary plus Target Bonus on the Termination Date, payable over 12 months following the Termination Date in equal monthly installments, beginning on the 60th day following the Termination Date;

(b) a lump sum cash payment of a pro rata portion of the Bonus for the calendar year in which the Termination Date occurs (based upon the number of days the Executive was employed by the Company during the year in which the Termination Date occurs) in an amount equal to: (1) if the Termination Date occurs on or before June 30 of the calendar year in which the Termination Date occurs, then calculated based on the Target Bonus during the calendar year through the Termination Date; and (2) if the Termination Date occurs on or after July 1 of the calendar year in which the Termination Date occurs, then calculated based on the Company's actual performance during the calendar year through the Termination Date; provided, however, if the Termination Date occurs during a Protected Period, the amount of such lump sum payment will be equal to the Target Bonus for the calendar year in which the Termination Date occurs, without proration, in either case payable on the 60th day following the Termination Date;

(c) any awards of stock options, restricted share units, restricted stock units, restricted stock, stock appreciation rights, deferred stock and other equity-based incentives (collectively referred to as "Equity-Based Awards") held by the Executive which have not vested prior to the Termination Date shall immediately vest, provided that with respect to any Equity-Based Award that is subject to performance-based vesting conditions; (1) if the Termination Date occurs outside of a Protected Period, the number of securities subject to the Equity-Based Award shall be reduced on a pro rata basis to the result of (A) the total number of target securities subject to the Equity-Based Award multiplied by (B) a fraction, the numerator of which is the number of full months in which the Executive was employed under this Agreement (counting the month in which the Termination Date occurs as a full month) and the denominator of which is the number of full months in the performance period applicable to the Equity-Based Award, and such reduced number of securities shall become vested and will be calculated, settled and delivered (if at all) subject to and based on the actual performance and achievement of the applicable performance metrics calculated as of the Termination Date; and (2) if the Termination Date occurs during a Protected Period, the number of securities subject to the Equity-Based Award shall be reduced on a pro rata basis to the result of (A) the total number of target securities subject to the Equity-Based Award multiplied by (B) a fraction, the numerator of which is the number of full months in which the Executive was employed under this Agreement (counting the month in which the Termination Date occurs as a full month) and the denominator of which is the number of full months in the performance period applicable to the Equity-Based Award, and such reduced number of securities shall become vested and will be calculated, settled and delivered (if at all) to the prorated target level without regard to any performance goal otherwise applicable thereto;

(d) a lump sum payment of an amount equal to all Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), premiums that would be payable during the period beginning on the Termination Date and ending on the date that is 12 months (or, if the Termination Date occurs during a Protected Period, ending on the date that is 18 months) after the Termination Date, assuming the Executive and the Executive's eligible dependents who were enrolled in the group health plans of the Company as of the Termination Date elected continuation coverage under such group health plans, as in effect, and at the applicable COBRA rates, as of the Termination Date, without regard to whether the Executive and the Executive's dependents actually elected such coverage or whether actual COBRA coverage is applicable for the above referenced time period, payable on the 60th day following the Termination Date; and

(e) a lump sum payment equal to (as applicable): (A) 100% of the value of the Executive's paid time-off days (which, for purposes of this Agreement, shall be calculated as 1/365th of the Executive's annualized Base Salary multiplied by each applicable day of paid time off for which Executive is being paid) for the year in which the Termination Date occurs if the Termination Date occurs on or prior to March 30 of such calendar year; (B) 75% of the value of the Executive's paid time-off days for the year in which the Termination Date occurs if the Termination Date occurs between April 1 and June 30 of such calendar year; (C) 50% of the value of the Executive's paid time-off days for the year in which the Termination Date occurs if the Termination Date occurs between July 1 and September 30 of such calendar year; or (D) 25% of the value of the Executive's paid time-off days for the year in which the Termination Date occurs if the Termination Date occurs on or after October 1 of such calendar year, payable on the 60th day following the Termination Date.

The Company shall have no obligation to provide the benefits set forth above in the event that the Executive breaches any of the provisions of Section 6. Subject to Section 8.12(b), payments pursuant to Section 5.2 that would otherwise have been owed to the Executive prior to the 60th day after termination of employment shall be made to the Executive on the 60th day after such termination of employment.

5.3 Due to Executive's Death or Disability. If, during the Term, the Executive's employment terminates due to the Executive's death or Disability, the Executive shall be entitled to the Accrued Benefits, and, beginning on the 60th day after such termination of employment, but only if prior to such date, the Executive, or the Executive's estate, as applicable, has executed and not revoked within the revocation period a valid and reasonable release agreement consistent with the terms of this Agreement prior to such date, the Executive, or the Executive's estate, shall also be entitled to:

(a) a lump sum cash payment of a pro rata portion of the Bonus for the calendar year in which the Termination Date occurs (based upon the number of days the Executive was employed by the Company during the year in which the Termination Date occurs) in an amount equal to: (1) if the Termination Date occurs on or before June 30 of the calendar year in which the Termination Date occurs, then calculated based on the Target Bonus during the calendar year through the Termination Date; and (2) if the Termination Date occurs on or after July 1 of the calendar year in which the Termination Date occurs, then calculated based on the Company's actual performance during the calendar year through the Termination Date; payable on the 60th day following the Termination Date;

(b) any Equity-Based Awards held by the Executive which have not vested prior to the Termination Date shall immediately vest, provided that any Equity-Based Award that is subject to performance-based vesting conditions shall be calculated, paid and delivered at the target level without regard to any performance goal otherwise applicable;

(c) a lump sum payment equal to (as applicable): (A) 100% of the value of the Executive's paid time-off days (which, for purposes of this Agreement, shall be calculated as 1/365th of the Executive's annualized Base Salary multiplied by each applicable day of paid time off for which Executive is being paid) for the year in which the Termination Date occurs if the Termination Date occurs on or prior to March 30 of such calendar year; (B) 75% of the value of the Executive's paid time-off days for the year in which the Termination Date occurs if the Termination Date occurs between April 1 and June 30 of such calendar year; (C) 50% of the value of the Executive's paid time-off days for the year in which the Termination Date occurs if the Termination Date occurs between July 1 and September 30 of such calendar year; or (D) 25% of the value of the Executive's paid time-off days for the year in which the Termination Date occurs if the Termination Date occurs on or after October 1 of such calendar year, payable on the 60th day following the Termination Date.

The Company shall have no obligation to provide the benefits set forth in Section 5.3 (other than the Accrued Benefits) in the event that the Executive has breached any of the provisions of Section 6. Payments pursuant to Section 5.3 that would otherwise have been owed to the Executive prior to the 60th day after termination of employment shall be made to the Executive on the 60th day after such termination of employment.

5.4 Continued Employment Beyond the Expiration of the Term. Unless the Parties otherwise agree in writing, continuation of the Executive's employment with the Company beyond the expiration of the Term shall be deemed an employment at-will and shall not be deemed to extend any of the provisions of this Agreement and the Executive's employment may thereafter be terminated at will by either the Executive or the Company; provided that the provisions of Sections 5.2 (with respect to a termination by the Company without Cause only), 6 and 7 of this Agreement shall survive any termination of this Agreement or the termination of the Executive's employment hereunder,

5.5 Removal from any Boards and Position. If the Executive's employment terminates for any reason, the Executive shall be deemed to resign (i) if a member, from the Board or board of managers of any other NexTier Companies (as defined below) or any other board to which he has been appointed or nominated by or on behalf of the Company; and (ii) from any position with any of the NexTier Companies.

For purposes of this Agreement, "NexTier Companies" means the Company and all of its subsidiaries, successors and assigns.

6. Restrictions and Obligations of the Executive.

6.1 Confidentiality. (a) During the course of the Executive's employment by the Company and its predecessors (prior to and during the Term), the Executive has had and will have access to certain trade secrets and confidential information relating to the Company and affiliates (the "Protected Parties") which is not readily available from sources outside the Company. The confidential and proprietary information and, in any material respect, trade secrets of the Protected Parties are among their most valuable assets, including but not limited to, their customer, supplier and vendor lists, databases, competitive strategies, computer programs, frameworks, or models, their marketing programs, their sales, financial, marketing, training and technical information, and any other information, whether communicated orally, electronically, in writing or in other tangible forms concerning how the Protected Parties create, develop, acquire or maintain their products and marketing plans, target their potential customers and operate their drilling and hydraulic fracturing services and other businesses. The Protected Parties invested, and continue to invest, considerable amounts of time and money in their process, technology, know-how, obtaining and developing the goodwill of their customers, their other external relationships, their data systems and data bases, and all the information described above (hereinafter collectively referred to as "Confidential Information"), and any misappropriation or unauthorized disclosure of Confidential Information in any form would irreparably harm the Protected Parties. The Executive acknowledges that such Confidential Information constitutes valuable, highly confidential, special and unique property of the Protected Parties. The Executive shall hold in a fiduciary capacity for the benefit of the Protected Parties all Confidential Information relating to the Protected Parties and their businesses, which shall have been obtained by the Executive during the Executive's employment by the Company and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). The Executive shall not, during the period the Executive is employed by the Company or at any time thereafter, disclose any Confidential Information, directly or indirectly, to any person or entity for any reason or purpose whatsoever, nor shall the Executive use it in any way, except (i) in the course of the Executive's employment with, and for the benefit of, the Protected Parties; (ii) to enforce any rights or defend any claims hereunder or under any other agreement to which the Executive is a party; provided that such disclosure is relevant to the enforcement of such rights or defense of such claims and is only disclosed in the formal proceedings related thereto; (iii) when required to do so by a court of law, by any governmental agency having supervisory authority over the business of any of the NexTier Companies or by any administrative or legislative body (including a committee thereof) with jurisdiction to order him to divulge, disclose or make accessible such information; provided that the Executive shall give prompt written notice to the Company of such requirement, disclose no more information than is so required, and cooperate with any attempts by the Company to obtain a protective order or similar treatment; (iv) as to such Confidential Information that becomes generally known to the public or trade without his violation of this Section 6.1(a); or (iv) to the Executive's spouse, attorney and/or his personal tax and financial advisors as reasonably necessary or appropriate to advance the Executive's tax, financial and other personal planning (each an "Exempt Person"); provided, however, that any disclosure or use of Confidential Information by an Exempt Person shall be deemed to be a breach of this Section 6.1(a) by the Executive. The Executive shall take all reasonable steps to safeguard the Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft. The Executive understands and agrees that the Executive shall acquire no rights to any such Confidential Information.

(a) All files, records, documents, drawings, specifications, data, computer programs, evaluation mechanisms and analytics and similar items relating thereto or to the Business (for the purposes of this Agreement, "Business" shall be as defined in Section 6.4 hereof), as well as all customer lists, specific customer information, compilations of product research and marketing techniques of any of the NexTier Companies, whether prepared by the Executive or otherwise coming into the Executive's possession, shall remain the exclusive property of the NexTier Companies.

(b) It is understood that while employed by the Company, the Executive will promptly disclose to it, and assign to it the Executive's interest in any invention, improvement or discovery made or conceived by the Executive, either alone or jointly with others, which arises out of the Executive's employment. At the Company's request and expense, the Executive will assist any of the NexTier Companies during the period of the Executive's employment by the Company and thereafter (but subject to reasonable notice and taking into account the Executive's schedule) in connection with any controversy or legal proceeding relating to such invention, improvement or discovery and in obtaining domestic and foreign patent or other protection covering the same.

6.2 Cooperation. During the Term and thereafter, the Executive shall cooperate fully with any investigation or inquiry by the Company or any governmental or regulatory agency or body, that relates to the Company or its subsidiaries' or affiliates' operations during the Term.

6.3 Non-Solicitation or Hire. During the Term and for a period of twelve (12) months following the Executive's termination of employment for any reason, the Executive shall not (a) directly or indirectly solicit, attempt to solicit or induce (x) any party who is a customer of any of the NexTier Companies, who was a customer of any of the NexTier Companies at any time during the twelve (12) month period immediately prior to the date the Executive's employment terminates or who was a prospective customer that has been identified and targeted by the NexTier Companies immediately prior to the date the Executive's employment terminates, for the purpose of marketing, selling or providing to any such party any services or products offered by or available from any of the NexTier Companies on the date the Executive's employment terminates, or (y) any supplier or prospective supplier to any of the NexTier Companies to terminate, reduce or alter negatively its relationship with any of the NexTier Companies or in any manner interfere with any agreement or contract between any of the NexTier Companies and such supplier or (b) hire any employee of any of the NexTier Companies (a "Current Employee") or any person who was an employee of or consultant to any of the NexTier Companies during the twelve (12) month period immediately prior to the date the Executive's employment terminates (a "Former Employee") or directly or indirectly solicit or induce a Current or Former Employee to terminate such employee's employment relationship with any of the NexTier Companies in order, in either case, to enter into a similar relationship with the Executive, or any other person or any entity.

6.4 Non-Competition. During the Term and for a period of twelve (12) months following the Executive's termination of employment for any reason, the Executive shall not, without the Company's prior written consent, whether individually, as a director, manager, member, stockholder, partner, owner, employee, consultant or agent of any business, or in any other capacity, other than on behalf of any of the NexTier Companies, organize, establish, own, operate, manage, control, engage in, participate in, invest in, permit his name to be used by, act as a consultant or advisor to, render services for (alone or in association with any person, firm, corporation or business organization), or otherwise assist any person or entity that engages in or owns, invests in, operates, manages or controls any venture or enterprise which engages or proposes to engage in any business conducted by any of the NexTier Companies, or any business of which the NexTier Companies has specific plans to engage in, on the date of the Executive's termination of employment (the "Business"). Notwithstanding the foregoing, nothing in this Agreement shall prevent the Executive from owning for passive investment purposes not intended to circumvent this Agreement, less than 1 percent (1%) of the publicly traded common equity securities of any company engaged in the Business (so long as the Executive has no power to manage, operate, advise, consult with or control the competing enterprise and no power, alone or in conjunction with other affiliated parties, to select a director, manager, general partner, or similar governing official of the competing enterprise other than in connection with the normal and customary voting powers afforded the Executive in connection with any permissible equity ownership).

6.5 Property. The Executive acknowledges that all originals and copies of materials, records and documents generated by him or coming into his possession during his employment by the Company (prior to or during the Term) are the sole property of the Company ("Company Property"). During the Term, and at all times thereafter, the Executive shall not remove, or cause to be removed, from the premises of the Company, copies of any record, tile, memorandum, document, computer related information or equipment, or any other item relating to the business of the Company, except in furtherance of his duties under the Agreement. When the Executive's employment with the Company terminates, or upon request of the Company at any time, the Executive shall promptly deliver to the Company all copies of Company Property in his possession or control.

6.6 Nondisparagement. The Executive agrees that he will not, during the duration of the Term and at any time thereafter, publish or communicate to any person or entity any Disparaging (as defined below) remarks, comments or statements concerning any of the NexTier Companies, Cerberus Capital Management, LP., their parents, subsidiaries and affiliates, and their respective present and former members, partners, directors, officers, shareholders, employees, agents, attorneys, successors and assigns. "Disparaging" remarks, comments or statements are those that impugn the character, honesty, integrity or morality or business acumen or abilities in connection with any aspect of the operation of business of the individual or entity being disparaged. Notwithstanding the foregoing, nothing in this Agreement shall be construed to preclude truthful disclosures in response to lawful process as required by applicable law, regulation, or order or directive of a court, governmental agency or regulatory organization.

7. Remedies; Specific Performance. The Parties acknowledge and agree that the Executive's breach or threatened breach of any of the restrictions set forth in Section 6 will result in irreparable and continuing damage to the Protected Parties for which there may be no adequate remedy at law and that the Protected Parties shall be entitled to seek equitable relief, including specific performance and injunctive relief as remedies for any such breach or threatened or attempted breach, without requiring the posting of a bond. The Executive hereby consents to the grant of an injunction (temporary or otherwise) against the Executive or the entry of any other court order against the Executive prohibiting and enjoining him from violating, or directing him to comply with any provision of Section 6. The Executive also agrees that such remedies shall be in addition to any and all remedies, including damages, available to the Protected Parties against him for such breaches or threatened or attempted breaches. In addition, without limiting the Protected Parties' remedies for any breach of any restriction on the Executive set forth in Section 6, except as required by law, the Executive shall not be entitled to any payments set forth in Sections 5.2 and 5.3 hereof if the Executive has breached the covenants applicable to the Executive contained in Section 6, the Executive will immediately return to the Protected Parties any such payments previously received under Sections 5.2 and 5.3 upon such a breach, and, in the event of such breach, the Protected Parties will have no obligation to pay any of the amounts that remain payable by the Company under Sections 5.2 and 5.3.

8. Other Provisions.

8.1 Notices. Any notice or other communication required or which may be given hereunder shall be in writing and shall be delivered personally, sent by facsimile transmission or sent by certified, registered or express mail, postage prepaid or overnight mail and shall be deemed given when so delivered personally, or sent by facsimile transmission or, if mailed, four (4) business days after the date of mailing or one (1) business day after overnight mail, as follows:

(a) If the Company, to the Company's headquarters as it may be from time-to-time (attention: Chief Executive Officer).

(b) If the Executive, to the Executive's home address reflected in the Company's records.

8.2 Entire Agreement. This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

8.3 Representations and Warranties. The Executive represents and warrants that he is not a party to or subject to any restrictive covenants, legal restrictions or other agreements in favor of any entity or person which could arguably, in any way, preclude, impair or limit the Executive's ability to perform his obligations under this Agreement, including, but not limited to, non-competition agreements, non-solicitation agreements or confidentiality agreements.

8.4 Waiver and Amendments. This Agreement may be amended, modified, superseded, canceled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by the Parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

8.5 Governing Law Dispute Resolution and Venue.

(a) This Agreement shall be governed and construed in accordance with the laws of Texas applicable to agreements made and not to be performed entirely within such state, without regard to conflicts of laws principles, unless superseded by federal law.

(b) The Parties agree irrevocably to submit to the exclusive jurisdiction of the federal courts or, if no federal jurisdiction exists, the state courts, located in Harris County, Texas, for the purposes of any suit, action or other proceeding brought by any party arising out of any breach of any of the provisions of this Agreement and hereby waive, and agree not to assert by way of motion, as a defense or otherwise, in any such suit, action, or proceeding, any claim that it is not personally subject to the jurisdiction of the above-named courts, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper, or that the provisions of this Agreement may not be enforced in or by such courts. **IN ADDITION, THE PARTIES AGREE TO WAIVE TRIAL BY JURY.**

8.6 Assignability by the Company and the Executive. This Agreement, and the rights and obligations hereunder, may not be assigned by the Company or the Executive without written consent signed by the other party; provided that the Company shall cause this Agreement to be assumed by any successor that continues the business of the Company, including any person or entity that acquires all or substantially all of the assets of the Company.

8.7 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

8.8 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning of terms contained herein.

8.9 Severability. If any term, provision, covenant or restriction of this Agreement, or any part thereof, is held by a court of competent jurisdiction of any foreign, federal, state, county or local government or any other governmental, regulatory or administrative agency or authority to be invalid, void, unenforceable or against public policy for any reason, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected or impaired or invalidated. The Executive acknowledges that the restrictive covenants contained in Section 6 are a condition of this Agreement and are reasonable and valid in temporal scope and in all other respects.

8.10 Judicial Modification. If any court determines that any of the covenants in Section 6, or any part of any of them, is invalid or unenforceable, the remainder of such covenants and parts thereof shall not thereby be affected and shall be given full effect, without regard to the invalid portion. If any court determines that any of such covenants, or any part thereof, is invalid or unenforceable because of the geographic or temporal scope of such provision, such court shall reduce such scope to the minimum extent necessary to make such covenants valid and enforceable.

8.11 Tax Withholding. The Company or other payor is authorized to withhold from any benefit provided or payment due hereunder, the amount of withholding taxes due any federal, state or local authority in respect of such benefit or payment and to take such other action as may be necessary in the opinion of the Board to satisfy all obligations for the payment of such withholding taxes.

8.12 Section 409A. (a) The intent of the parties is that payments and benefits under this Agreement comply with or be exempt from Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance with Code Section 409A. Any term used in this Agreement which is defined in Code Section 409A or the regulations promulgated thereunder (the "Regulations") shall have the meaning set forth therein unless otherwise specifically defined herein. Any obligations under this Agreement that arise in connection with Executive's "termination of employment," "termination" or other similar references shall only be triggered if the termination of employment or termination qualifies as a "separation from service" within the meaning of § 1.409A-1(h) of the Regulations.

(a) Notwithstanding any other provision of this Agreement, if at the time of the termination of the Executive's employment, the Executive is a "specified employee," as defined in Section 409A or the Regulations, and any payments upon such termination under this Agreement hereof will result in additional tax or interest to the Executive under Code Section 409A, he will not be entitled to receive such payments until the date which is the earlier of (i) six (6) months and one day after such separation from service and (ii) the date of the Executive's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 8.12(b) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or provided to the Executive in a lump-sum and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(b) If any expense reimbursement or in-kind benefit provided to the Executive under this Agreement is determined to be "deferred compensation" within the meaning of Section 409A, then such reimbursement or in-kind benefit shall be made or provided in accordance with the requirements of Code Section 409A, including that (i) in no event shall any fees, expenses or other amounts eligible to be reimbursed by the Company under this Agreement be paid later than December 31 of the year following the year during which the applicable fees, expenses or other amounts were incurred; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits that the Company is obligated to pay or provide, in any given calendar year shall not affect the expenses that the Company is obligated to reimburse, or the in-kind benefits that the Company is obligated to pay or provide, in any other calendar year, provided that the foregoing clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect; (iii) the Executive's right to have the Company pay or provide such reimbursements and in-kind benefits may not be liquidated or exchanged for any other benefit; and (iv) in no event shall the Company's obligations to make such reimbursements or to provide such in-kind benefits apply later than the Executive's remaining lifetime (or if longer, through the tenth (10^{th}) anniversary of the Effective Date).

(c) For purposes of Code Section 409A, the Executive's right to receive any installment payments shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (for example, "payment shall be made within thirty (30) days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company. In no event may the Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement, to the extent such payment is subject to Code Section 409A.

(d) In addition, if any provision of this Agreement (or of any award of compensation, including equity compensation or benefits) would subject the Executive to any additional tax or interest under Code Section 409A, then the Company shall, after consulting with and receiving the approval of the Executive, reform such provision in a manner intended to avoid the incurrence by the Executive of any such additional tax or interest; provided that the Company shall maintain, to the maximum extent practicable, the original intent of the applicable provision without subjecting the Executive to such additional tax or interest.

8.13 Protected Rights.

(a) The Executive understands that this Agreement does not limit the Executive's ability to communicate with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies"), including to report possible violations of federal law or regulation or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company.

(b) The Executive will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (i) is made (x) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

IN WITNESS WHEREOF, the Parties hereto, intending to be legally bound hereby, have executed this Agreement as of the day and year first above mentioned.

EXECUTIVE:

/s/ Ian Henkes

Name: Ian J. Henkes

THE COMPANY:

NexTier Oilfield Solutions Inc.

By:	/s/ Kevin McDonald
Name:	Kevin McDonald
Title:	Executive Vice President, Chief Administrative Officer & General Counsel

Exhibit 10.48

November 11, 2019

Mr. James Stewart
Via E-mail to JStewart@keanegrp.com

Re: **Letter Agreement**

Dear James:

This letter ("***Letter***") confirms that your employment with NexTier Oilfield Solutions Inc. f/k/a Keane Group, Inc. and its subsidiaries (collectively, "***NexTier***") and your term as Chairman of the Board of Directors of NexTier (the "***Board***") terminated on October 31, 2019 (the "***Separation Date***"). The terms of this Letter, including the Severance Payments set forth in Section 3 below, were approved by the Compensation Committee of the Board on October 25, 2019.

1. **Separation from Employment**. Except as otherwise expressly provided herein, the Separation Date will be the termination date of your employment for purposes of participation in and coverage under all benefit plans and programs sponsored by or through NexTier or any of its affiliates (collectively, the "*NexTier Entities*").

2. Accrued Benefits. Upon the Separation Date, you will be entitled to the following (collectively, the "*Accrued Benefits*"): (i) your accrued but unpaid base salary to the Separation Date in accordance with Section 5.1 of the Third Amended and Restated Employment Agreement between you, KGH Intermediate Holdco II, LLC and Keane Group, Inc., dated as of January 3, 2017 (the "*Employment Agreement*"); (ii) any employee benefits that you is entitled to receive pursuant to any employee benefit plan or program of NexTier (other than any severance plans) in accordance with the terms of such employee benefit plan or program; (iii) any accrued but unpaid time off to be paid in accordance with applicable NexTier policy; and (iv) expenses reimbursable under Section 5.6 of your Employment Agreement that were incurred but not yet reimbursed to you to the Separation Date in accordance with NexTier's expense reimbursement policy.

3. Severance Benefits. In addition to your Accrued Benefits, provided you execute this Letter and do not revoke the General Release (as defined below) and continue to comply with the terms of this Letter, beginning on the sixtieth (60th) day following the Separation Date, NexTier will pay to you the following payments pursuant to Section 6.2 of the Employment Agreement (the "*Severance Payments*"):

(a) *cash severance in a total amount equal to $4,000,000, representing two (2) times the sum of (x) your base salary of $1,000,000 as of the Separation Date plus (y) the lesser of (A) $1,500,000, the average of the Bonuses (as defined in the Employment Agreement) that you received in respect of calendar years 2017 and 2018 or (B) one-hundred percent (100%) of your base salary of $1,000,000, payable over the period of twenty-four (24) months following the Separation Date in equal monthly installments, with any payments that would otherwise have been owed to you prior to the sixtieth (60th) day following the Separation Date made to you on the sixtieth (60th) day following the Separation Date; and*

(b) *a prorated Bonus for calendar year 2019, if any, of 83.29% (representing the number of days you were employed by NexTier during calendar year 2019 prior to the Separation Date) of the Bonus to which you would have otherwise been entitled had you remained employed by NexTier through the payment date of such Bonus, payable no later than March 15, 2020.*

4. **Equity Awards.**

(a) *By action of the Board, on November 4, 2019, you became one-hundred percent (100%) vested in your unvested stock options and time-based restricted stock unit awards under the NexTier Oilfield Solutions Inc. Equity and Incentive Award Plan (f/k/a Keane Group, Inc. Equity and Incentive Award Plan) (the "Equity Plan") set forth on Exhibit A.*

(b) *As a result of the consummation of the transactions contemplated by the Agreement and Plan of Merger by and among C&J Energy Services, Inc., a Delaware corporation, Keane Group, Inc., a Delaware corporation and King Merger Sub Corp., a Delaware corporation and wholly-owned subsidiary of Keane Group, Inc., dated as of June 16, 2019, as of the date hereof, you have become one-hundred percent (100%) vested at the target level in your performance-based restricted stock units set forth on Exhibit A.*

5. **Acknowledgements**. You acknowledge and agree that, except as set forth in Sections 2 through 4, you are not entitled to and will not be entitled to any other compensation or benefits of any kind or description in connection with the termination of your employment with each NexTier Entity. Such compensation and benefits constitute the total consideration to be paid or provided to you by NexTier in connection with the termination of your employment with NexTier and are in lieu of any and all payments and/or other consideration of any kind which at any time have been the subject of any prior discussion, representations, inducements or promises, oral or written, direct or indirect, contingent or otherwise.

Notwithstanding anything herein to the contrary, nothing in this Letter will (i) terminate, adversely impact or otherwise modify any rights or entitlements, monetary or otherwise, due to you solely as a result of your continued service as a Director of NexTier or (ii) affect your indemnification rights under NexTier's corporate governing documents or affect any of your indemnification and related rights under the Indemnification Agreement between you and Keane Group, Inc., dated as of January 9, 2017

6. Taxes. All payments made pursuant to this Letter will be subject to reduction to satisfy all applicable federal, state and local withholding tax obligations.

7. General Release. In consideration of the Severance Payments and other good and valuable consideration to which you agree that you would not otherwise be entitled without executing this Letter, you, on your own behalf and on behalf of your heirs, executors, administrators, and assigns, hereby release the NexTier Entities and each of their respective parents, subsidiaries and affiliates, and any and all of their respective present and former directors, officers, partners, principals, members, stockholders, employees, agents, attorneys, successors and assigns (collectively, the "*Released Parties*"), from any and all claims, charges, manner of actions and causes of action, suits, debts, dues, accounts, bonds, covenants, contracts, agreements, judgments and demands whatsoever which you, or your heirs, executors, administrators and assigns have, or may hereafter have, against the Released Parties arising out of or by reason of any cause, matter or thing whatsoever, whether known or unknown, from the beginning of the world to the date hereof, including without limitation the Employment Agreement, any and all matters relating to your employment by any NexTier Entity and the termination thereof, your compensation and employee benefits as an employee of any NexTier Entity, your severance benefits from any NexTier Entity, and all matters arising under any federal, state or local statute, rule or regulation or principle of contract law or common law, including, but not limited to, claims arising under the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621 et seq., Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000 et seq., the Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 et seq., and the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq., all as amended (the foregoing referred to herein as the "*General Release*"). Notwithstanding the foregoing, nothing in this Letter will: (i) affect any vested employee benefits to which you may be entitled under any existing employee benefit plans of a NexTier Entity, (ii) affect your equity interests in NexTier or in Keane Investor Holdings LLC, (iii) affect your indemnification rights under NexTier's corporate governing documents or affect any of your indemnification and related rights under the Indemnification Agreement between you and Keane Group, Inc., dated as of January 9, 2017, or (iv) prohibit you from enforcing this Letter.

8. No Pending or Future Claims. You will not bring any legal action against any of the Released Parties for any claim waived and released under the General Release. You represent and warrant that (a) no such claim has been filed to date and (b) you have not assigned, transferred or purported to assign or transfer any claim against the Released Parties.

9. Continuing Obligations. You represent and warrant that you have complied with and agree to continue to comply with your ongoing obligations under Section 7 of the Employment Agreement, which include, but are not limited to, obligations regarding confidentiality, cooperation, non-solicitation or hire, non-competition, property and nondisparagement, which are incorporated into this Letter by reference.

10. Return of NexTier Property. You agree that you have returned to NexTier all property (including property purchased or paid for by NexTier in your possession, custody or control) which belongs to NexTier, including any keys, access cards, computers, cellphones, pagers or other equipment, and any NexTier records, files, data and documents (whether on a work or personal computer, in electronic format or otherwise, unaltered and unmodified, and whether confidential in nature or not). You will immediately, upon request, report to NexTier any passwords for your computer or other access codes for anything associated with your employment with NexTier.

11. Remedy for Breach; Reformation and Severability. You acknowledge and agree that your breach or threatened breach of Section 9 of this Letter will result in irreparable and continuing damage to the NexTier Entities for which there may be no adequate remedy at law and that the NexTier Entities will be entitled to seek equitable relief, including specific performance and injunctive relief as remedies for any such breach or threatened or attempted breach, without requiring the posting of a bond. You hereby consent to the grant of an injunction (temporary or otherwise) against you or the entry of any other court order against you prohibiting and enjoining you from violating, or directing you to comply with, any provision of Section 9

of this Letter. You also agree that such remedies will be in addition to any and all remedies, including damages, available to the NexTier Entities against you for such breaches or threatened or attempted breaches. In addition, without limiting the NexTier Entities' remedies for any breach of any restriction on you set forth in Section 7 of the Employment Agreement (as incorporated herein pursuant to Section 9 of this Letter), except as required by law, you will not be entitled to the Severance Payments if you have breached the covenants applicable to you contained in Section 7 of the Employment Agreement, you will immediately return to NexTier any portion of the Severance Payments previously received by you upon such a breach and, in the event of such breach, NexTier will have no obligation to pay any portion of the Severance Payments that remains payable by NexTier under Section 2 of this Letter. In case any provision of Section 9 of this Letter is declared by a court of competent jurisdiction to be invalid, illegal or unenforceable as written, you and NexTier agree that the court will modify and reform such provision to permit enforcement to the greatest extent possible permitted by law. If any term, provision, covenant or restriction of this Letter, or any part thereof, is held by a court of competent jurisdiction of any foreign, federal, state, county or local government, or any other governmental, regulatory or administrative agency or authority to be invalid, void, unenforceable or against public policy for any reason, then the remainder of the terms, provisions, covenants and restrictions of this Letter will remain in full force and effect and will in no way be affected, impaired or invalidated.

12. **<u>Miscellaneous</u>.**

(a) ***You** acknowledge **that you are not otherwise entitled to receive the Severance Payments from NexTier by virtue of your employment with any NexTier Entity or for any other reason.***

(b) ***You** represent **and warrant that you fully understand the terms of this Letter and that you knowingly and voluntarily, of your own free will without any duress, being fully informed and after due deliberation, accept its terms and sign the same as your own free act. You further represent and warrant that, except as set forth herein, no promises or inducements for this Letter have been made, and you are entering into this Letter without reliance upon any statement or representation by any of the Released Parties or any other person, concerning any fact material hereto. You understand that as a result of your execution of this Letter, you will not have the right to assert that NexTier unlawfully terminated your employment or violated any rights in connection with your employment or service.***

(c) ***You represent and warrant that you have no claims against the Released Parties related to sexual harassment or sexual abuse.***

13. **<u>Effective Date of General Release</u>.**

(a) ***The General Release is valid only if this Letter is signed by you and returned to NexTier on or within twenty-two (22) calendar days of the date you first receive this Letter. You acknowledge that NexTier has provided you with at least twenty-one (21) calendar days from the date upon which this Letter is first delivered to you within which to consider the terms and effect of the General Release. If you elect to execute this Letter before the expiration of the twenty-one (21) day period, you acknowledge that you have chosen, of your own free will without any duress, to waive your right to the full twenty-one (21) day period. You acknowledge and agree that any changes to this Letter from the time it was first offered to you, whether material or immaterial, do not restart the running of the twenty-one (21) day period.***

(b) ***You have seven (7) calendar days following the date you sign this Letter during which to revoke the General Release, by notifying in writing Kevin M. McDonald, Executive Vice President, Chief Administrative Officer, General Counsel and Secretary of NexTier at the address for NexTier provided in Section 22. Provided you do not revoke the General Release, the General Release will become effective on the eighth (8th) day following NexTier's receipt of the valid Letter signed by you.*** *NexTier's obligation to provide the Severance Payments will automatically terminate if you revoke the General Release.*

(c) ***NexTier hereby advises you to consult with an attorney prior to signing this Letter.***

14. **<u>Notice of Rights and Exceptions</u>.**

(a) ***You understands that nothing contained in this Letter limits your ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies"). You further understand that this Letter does not limit your ability to communicate with any Government Agencies, including to report possible violations of federal law or regulation, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or otherwise to participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to NexTier. This Letter does not limit your right to receive an award for information provided to any Government Agencies.***

(b) You will not be criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

15. Non-Admission; Inadmissibility. This Letter does not constitute an admission by NexTier or any other Released Party that any action it took with respect to you was wrongful, unlawful or in violation of any local, state or federal act, statute or constitution, or susceptible of inflicting any damages or injury on you, and NexTier specifically denies any such wrongdoing or violation. This Letter's execution and implementation may not be used as evidence, and will not be admissible in a subsequent proceeding of any kind, except one alleging a breach of this Letter.

16. Entire Agreement. This Letter, including provisions of the Employment Agreement incorporated herein by reference, constitutes the entire understanding between the parties, and except as set forth herein, supersedes any and all prior agreements or understandings between the parties with respect to the subject matter hereof. Notwithstanding the foregoing (a) your awards pursuant the Equity Plan will continue to be governed by the terms of the Equity Plan and accompanying award agreements, and (b) this Agreement does not affect your indemnification rights under NexTier's corporate governing documents or any of your indemnification and related rights under the indemnification Agreement between you and Keane Group, Inc., dated as of January 9, 2017.

17. Amendments and Waivers. No provisions of this Letter may be amended, modified, waived or discharged except as agreed to in writing by the parties hereto. The failure of a party to insist upon strict adherence to any term or provision of this Letter on any occasion will not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or provision or any other term of this Letter.

18. Construction. Neither this Letter nor any provision hereof will be construed against either of the parties on the basis of whether either of the parties had a greater role in drafting it than the other party.

19. Severability. If any provision of this Letter is found to be invalid or unenforceable for any reason whatsoever, the remainder of this Letter will remain in effect.

20. Governing Law and Venue. This Letter will be governed by and construed in accordance with the laws of Texas, without regard to any choice of law provisions thereof. The parties acknowledge and agree that any claims, disputes or controversies between the parties relating to or arising out of this Letter will be resolved in accordance with Section 9.5(b) of the Employment Agreement, which is incorporated into this Letter by reference.

21. Section 409A. For purposes of Section 409A of the Internal Revenue Code ("*Section 409A*"), your right to receive any installment payments will be treated as a right to receive a series of separate and distinct payments. The parties intend that you will have a "separation from service" from NexTier on the Separation Date. You acknowledge that you are a "specified employee." With respect to any amounts that are payable to you under Section 3(a) of this Letter (i) during the six (6) month period following the Separation Date, (ii) constitute "nonqualified deferred compensation" under Section 409A, and (iii) are payable as a result of your separation from service, then payment of such amounts will be delayed until the first business day that is at least seven (7) months following the Separation Date (or, if earlier, your death). Notwithstanding the foregoing, you agree that each installment paid to you pursuant to Section 3(a) of this Letter during the six (6) month period following the Separation Date does not constitute "nonqualified deferred compensation" pursuant to Treas. Reg. § 1.409A-1(b)(4) and Treas. Reg. § 1.409A-1(b)(9)(iii).

22. Notices. Any notice or other communication required or which may be given hereunder will be in writing and will be delivered personally, sent by facsimile transmission or sent by certified, registered or express mail, postage prepaid or overnight mail and will be deemed given when so delivered personally, or sent by facsimile transmission or, if mailed, three (3) business days after the date of mailing or one (1) business day after overnight mail, as follows:

(a) If to NexTier, to:

General Counsel
NexTier Oilfield Solutions Inc.
43990 Rogerdale Road

Houston, TX 77042
Telephone: (713) 960-0381 x 18

(b) ***If to you, to the address and contact information reflected in NexTier's records at the time of such notice.***

23. **Headings. The headings in this Letter are for convenience of reference only and will not limit or otherwise affect the meaning of terms contained herein.**

24. **Successors and Assigns. This Letter, and the rights and obligations hereunder, may not be assigned by you without the express written consent of NexTier. Each of the parties agrees and acknowledges that this Letter, and all of its terms, will be binding upon their representatives, heirs, executors, administrators, successors and assigns.**

25. **Counterparts. This Letter may be executed in counterparts, each of which will be deemed an original but all of which will constitute one and the same instrument. Facsimile transmission of signatures on this Letter will be deemed to be original signatures and will be acceptable to the parties for all purposes. In addition, transmission by electronic mail of a PDF document created from the originally signed document will be acceptable to the parties for all purposes.**

(a) ***[Signatures follow on next page.]***

Sincerely,

NEXTIER OILFIELD SOLUTIONS INC.

By: /s/Kevin McDonald
Name: Kevin M. McDonald
Title: Executive Vice President, Chief Administrative Officer & General Counsel

Confirmed and Agreed:

/s/James Stewart
James Stewart

Date: 12/03/2019

Exhibit A

Outstanding Equity Awards

Stock Options

Time-Based Restricted Stock Units

Performance-Based Restricted Stock Units

Exhibit 21.1

SCHEDULE OF SUBSIDIARIES

The following is a list of the Company’s subsidiaries and includes all subsidiaries deemed significant. The jurisdiction of each company is listed in parentheses.

Keane Group Holdings, LLC (DE)
KGH Intermediate Holdco I, LLC (DE)
KGH Intermediate Holdco II, LLC (DE)
NexTier Holding Co. (DE)
C&J International B.V. (The Netherlands)
CJES Insurance (Texas), Inc. (TX)
NexTier Completion Solutions Inc. (DE)
Mobile Data Technologies Ltd. (Alberta, Canada)

Consent of Independent Registered Public Accounting Firm

The Board of Directors
NexTier Oilfield Solutions Inc.:

We consent to the incorporation by reference in the registration statements (No. 333-215734, 333-232342, 333-232662 and 333-234451) on Form S-8 and (No. 333-222831) on Form S-3 of NexTier Oilfield Solutions Inc. of our reports dated March 12, 2020, with respect to the consolidated balance sheets of NexTier Oilfield Solutions Inc. as of December 31, 2019 and 2018, the related consolidated and combined statements of operations and comprehensive income (loss), changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes, and the effectiveness of internal control over financial reporting as of December 31, 2019, which reports appear in the December 31, 2019 annual report on Form 10-K of NexTier Oilfield Solutions Inc. Our report dated March 12, 2020 on the financial statements refers to a change in accounting for leases.

/s/ KPMG LLP

Houston, Texas
March 12, 2020

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO EXCHANGE ACT RULE 13a-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert W. Drummond, certify that:

1. I have reviewed this Annual Report on Form 10-K of NexTier Oilfield Solutions 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 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: March 12, 2020	By:	/s/ Robert W. Drummond
		Robert W. Drummond
		President, Chief Executive Officer and Director
		(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO EXCHANGE ACT RULE 13a-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kenneth Pucheu, certify that:

1. I have reviewed this Annual Report on Form 10-K of NexTier Oilfield Solutions 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 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: March 12, 2020	By:	/s/ Kenneth Pucheu
		Kenneth Pucheu
		Senior Vice President and Chief Financial Officer
		(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Robert W. Drummond, the Chief Executive Officer and Director of NexTier Oilfield Solutions Inc. (the “Company”), and Kenneth Pucheu, the Senior Vice President and Chief Integration Officer of the Company, hereby certify that, to their knowledge:

1. The Annual Report on Form 10-K for the year ended December 31, 2019 of the Company (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 12, 2020	By:	/s/ Robert W. Drummond
		Robert W. Drummond
		President, Chief Executive Officer and Director
		(Principal Executive Officer)
Date: March 12, 2020	By:	/s/ Kenneth Pucheu
		Kenneth Pucheu
		Senior Vice President and Chief Financial Officer
		(Principal Financial Officer)