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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2021

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF1934**

For the transition period from [ ] to [ ]

Commission file number 001-38025

U.S. WELL SERVICES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**81-1847117**
(State or other jurisdiction of organization)	(I.R.S. Employer Identification No.)
1360 Post Oak Boulevard, Suite 1800, Houston, TX	**77056**
(Address of principal executive offices)	(Zip Code)

(832) 562-3730

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
CLASS A COMMON SHARES $0.0001, par value	USWS	NASDAQ Capital Market
WARRANTS	USWSW	NASDAQ Capital Market

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 not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

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

As of July 30, 2021, the registrant had 93,377,516 shares of Class A Common Stock and no shares of Class B Common Stock outstanding.

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U.S. WELL SERVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)
(unaudited)

	June 30, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 57,544	$ 3,693
Restricted cash	519	1,569
Accounts receivable (net of allowance for doubtful accounts of $0 and $12,000 as of June 30, 2021 and December 31, 2020, respectively)	54,890	44,393
Inventory, net	7,531	7,965
Assets held for sale	14,744	-
Prepaids and other current assets	12,400	10,707
Total current assets	147,628	68,327
Property and equipment, net	213,301	235,332
Intangible assets, net	12,983	13,466
Goodwill	4,971	4,971
Deferred financing costs, net	747	1,127
TOTAL ASSETS	$ 379,630	$ 323,223
LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 35,353	$ 36,362
Accrued expenses and other current liabilities	12,210	14,781
Notes payable	6,440	998
Current portion of long-term debt	12,000	10,000
Current portion of equipment financing	3,611	3,519
Current portion of capital lease obligations	325	54
Total current liabilities	69,939	65,714
Warrant liabilities	8,914	1,619
Long-term debt	281,052	274,555
Convertible senior notes	85,677	-
Long-term equipment financing	7,517	9,347
Long-term capital lease obligations	909	-
Other long-term liabilities	4,006	3,539
Total liabilities	458,014	354,774
Commitments and contingencies (NOTE 17)		
Mezzanine equity:		
Series A Redeemable Convertible Preferred Stock, par value $0.0001 per share; 55,000 shares authorized; 19,610 shares and 50,000 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively; aggregate liquidation preference of $25,228 and $60,418 as of June 30, 2021 and December 31, 2020, respectively	21,820	50,975
Series B Redeemable Convertible Preferred Stock, par value $0.0001 per share; 22,050 shares authorized; 21,038 shares and 22,050 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively; aggregate liquidation preference of $24,490 and $24,100 as of June 30, 2021 and December 31, 2020, respectively	23,141	22,686
Stockholders' deficit:		
Class A Common Stock, par value of $0.0001 per share; 400,000,000 shares authorized; 93,377,516 shares and 72,515,342 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	9	7
Class B Common Stock, par value of $0.0001 per share; 20,000,000 shares authorized; 0 shares and 2,302,936 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	-	-
Additional paid in capital	237,359	217,212
Accumulated deficit	(360,713)	(322,431)
Total Stockholders' deficit	(123,345)	(105,212)
TOTAL LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' DEFICIT	$ 379,630	$ 323,223

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

U.S. WELL SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue	$ 78,799	$ 39,837	$ 155,057	$ 151,872
Costs and expenses:				
Cost of services (excluding depreciation and amortization)	59,252	29,011	121,883	114,165
Depreciation and amortization	9,836	17,358	20,942	49,366
Selling, general and administrative expenses	7,214	5,220	14,604	24,277
Impairment of long-lived assets	-	-	-	147,543
Litigation settlement	35,000	-	35,000	-
Loss (gain) on disposal of assets	(545)	853	1,891	5,097
Loss from operations	(31,958)	(12,605)	(39,263)	(188,576)
Interest expense, net	(7,333)	(5,665)	(13,516)	(13,621)
Change in fair value of warrant liabilities	(136)	(1,364)	(7,287)	5,189
Patent license sales	22,500	-	22,500	-
Loss on extinguishment of debt	(839)	-	(839)	-
Other income	23	45	52	51
Loss before income taxes	(17,743)	(19,589)	(38,353)	(196,957)
Income tax expense (benefit)	(27)	13	(27)	(737)
Net loss	(17,716)	(19,602)	(38,326)	(196,220)
Net loss attributable to noncontrolling interest	-	(97)	(44)	(10,897)
Net loss attributable to U.S. Well Services, Inc.	(17,716)	(19,505)	(38,282)	(185,323)
Dividends accrued on Series A preferred stock	(1,998)	(1,845)	(3,811)	(3,596)
Dividends accrued on Series B preferred stock	(811)	(666)	(1,522)	(666)
Deemed and imputed dividends on Series A preferred stock	(286)	(5,142)	(750)	(12,114)
Deemed dividends on Series B preferred stock	(1,501)	-	(5,669)	-
Exchange of Series A preferred stock for convertible senior notes	8,936	-	8,936	-
Net loss attributable to U.S. Well Services, Inc. common stockholders	$ (13,376)	$ (27,158)	$ (41,098)	$ (201,699)
Loss per common share (See Note 14):				
Basic and diluted	$ (0.15)	$ (0.41)	$ (0.48)	$ (3.19)
Weighted average common shares outstanding:				
Basic and diluted	88,593	65,011	83,810	61,815

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

U.S. WELL SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (38,326)	$ (196,220)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:		
Depreciation and amortization	20,942	49,366
Change in fair value of warrant liabilities	7,287	(5,189)
Impairment of long-lived assets	-	147,543
Provision for losses on accounts receivable	9	9,031
Provision for losses on inventory obsolescence	1,398	448
Loss on disposal of assets	1,891	5,097
Convertible senior notes converted into sales of patent licenses	(22,500)	-
Amortization of debt discount, premium and issuance costs	3,606	1,883
Paid-in-kind interest on convertible senior notes	258	-
Loss on extinguishment of debt	839	-
Share-based compensation expense	3,661	3,481
Changes in assets and liabilities:		
Accounts receivable	(10,506)	32,053
Inventory	(964)	826
Prepaids and other current assets	(7,708)	3,743
Accounts payable	6,427	(8,332)
Accrued liabilities	(2,641)	(7,902)
Accrued interest	7,956	(14,315)
Net cash provided by (used in) operating activities	(28,371)	21,513
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(24,841)	(40,756)
Proceeds from sale of property and equipment and insurance proceeds from damaged property and equipment	8,553	15,036
Net cash used in investing activities	(16,288)	(25,720)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from revolving credit facility	24,722	11,250
Repayments of revolving credit facility	(14,750)	(33,381)
Proceeds from issuance of long-term debt	3,004	-
Repayments of long-term debt	(12,563)	(2,500)
Payment of fees related to debt extinguishment	(41)	-
Proceeds from issuance of convertible senior notes	86,500	-
Proceeds from issuance of notes payable	9,139	-
Repayments of notes payable	(3,697)	(4,109)
Repayments of amounts under equipment financing	(1,738)	(1,513)
Principal payments under capital lease obligations	(109)	(2,816)
Proceeds from issuance of common stock, net	13,562	19,875
Deferred financing costs	(6,569)	(20,061)
Net cash provided by (used in) financing activities	97,460	(33,255)
Net increase (decrease) in cash and cash equivalents and restricted cash	52,801	(37,462)
Cash and cash equivalents and restricted cash, beginning of period	5,262	41,404
Cash and cash equivalents and restricted cash, end of period	$ 58,063	$ 3,942

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

U.S. WELL SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2021	2020
Supplemental cash flow disclosure:		
Interest paid	$ 1,276	$ 25,492
Non-cash investing and financing activities:		
Issuance of Class A common stock to senior secured term loan lenders	-	1,438
Issuance of Series B preferred stock to senior secured term loan lenders	-	1,050
Exchange of Series A preferred stock for convertible senior notes	24,780	-
Conversion of Series B preferred stock to Class A common stock	1,067	-
Deemed and imputed dividends on Series A preferred stock	750	12,114
Accrued Series A preferred stock dividends	3,811	3,596
Accrued Series B preferred stock dividends	1,522	666
Changes in accrued and unpaid capital expenditures	7,543	13,790
Assets under capital lease obligations	1,113	-

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

U.S. WELL SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT

(in thousands, except share amounts)
(unaudited)

	Three Months Ended June 30, 2021							
	Class A Common Stock		Class B Common Stock		Additional Paid in Capital	Accumulated Deficit	Noncontrolling Interest	Total Deficit
	Shares	Amount	Shares	Amount				
Balance, March 31, 2021	90,068,356	$ 9	-	$ -	$ 226,740	$ (342,997)	$ -	$ (116,248)
Class A common stock issuance	2,381,660	-	-	-	2,891	-	-	2,891
Conversion of Series B preferred stock to Class A common stock	927,500	-	-	-	270	-	-	270
Exchange of Series A preferred stock for convertible senior notes	-	-	-	-	8,936	-	-	8,936
Share-based compensation	-	-	-	-	1,617	-	-	1,617
Deemed and imputed dividends on Series A preferred stock	-	-	-	-	(286)	-	-	(286)
Accrued Series A preferred stock dividends	-	-	-	-	(1,998)	-	-	(1,998)
Accrued Series B preferred stock dividends	-	-	-	-	(811)	-	-	(811)
Net loss	-	-	-	-	-	(17,716)	-	(17,716)
Balance, June 30, 2021	93,377,516	$ 9	-	$ -	$ 237,359	$ (360,713)	$ -	$ (123,345)

	Three Months Ended June 30, 2020							
	Class A Common Stock		Class B Common Stock		Additional Paid in Capital	Accumulated Deficit	Noncontrolling Interest	Total Deficit
	Shares	Amount	Shares	Amount				
Balance, March 31, 2020	62,355,657	$ 5	5,500,692	$ 1	$ 218,500	$ (258,909)	$ -	$ (40,403)
Class A common stock issuance	5,529,622	1	-	-	1,437	-	-	1,438
Conversion of Class B common stock to Class A common stock	485,795	1	(485,795)	(1)	-	-	-	-
Share-based compensation	-	-	-	-	1,307	-	97	1,404
Restricted stock forfeitures	(9,861)	-	-	-	-	-	-	-
Deemed and imputed dividends on Series A preferred stock	-	-	-	-	(5,142)	-	-	(5,142)
Accrued Series A preferred stock dividends	-	-	-	-	(1,845)	-	-	(1,845)
Accrued Series B preferred stock dividends	-	-	-	-	(666)	-	-	(666)
Net loss	-	-	-	-	-	(19,505)	(97)	(19,602)
Balance, June 30, 2020	68,361,213	$ 7	5,014,897	$ -	$ 213,591	$ (278,414)	$ -	$ (64,816)

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

U.S. WELL SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT (continued)
(in thousands, except share amounts)
(unaudited)

	Six Months Ended June 30, 2021							
	Class A Common Stock		Class B Common Stock		Additional Paid in Capital	Accumulated Deficit	Noncontrolling Interest	Total Deficit
	Shares	Amount	Shares	Amount				
Balance, December 31, 2020	72,515,342	$ 7	2,302,936	$ -	$ 217,212	$ (322,431)	$ -	$ (105,212)
Class A common stock issuance	15,006,317	1	-	-	13,241	-	-	13,242
Conversion of Class B common stock to Class A common stock	2,302,936	-	(2,302,936)	-	-	-	-	-
Conversion of Series B preferred stock to Class A common stock	3,673,278	1	-	-	1,067	-	-	1,068
Exchange of Series A preferred stock for convertible senior notes	-	-	-	-	8,936	-	-	8,936
Share-based compensation	-	-	-	-	3,136	-	44	3,180
Tax withholding related to vesting of share-based compensation	(103,697)	-	-	-	(150)	-	-	(150)
Restricted stock forfeitures	(16,660)	-	-	-	-	-	-	-
Deemed and imputed dividends on Series A preferred stock	-	-	-	-	(750)	-	-	(750)
Accrued Series A preferred stock dividends	-	-	-	-	(3,811)	-	-	(3,811)
Accrued Series B preferred stock dividends	-	-	-	-	(1,522)	-	-	(1,522)
Net loss	-	-	-	-	-	(38,282)	(44)	(38,326)
Balance, June 30, 2021	93,377,516	$ 9	-	$ -	$ 237,359	$ (360,713)	$ -	$ (123,345)

	Six Months Ended June 30, 2020							
	Class A Common Stock		Class B Common Stock		Additional Paid in Capital	Accumulated Deficit	Noncontrolling Interest	Total Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance, December 31, 2019	62,857,624	$ 5	5,500,692	$ 1	$ 225,382	$ (93,091)	$ 10,633	$ 142,930
Class A common stock issuance	5,529,622	1	-	-	1,437	-	-	1,438
Conversion of Class B common stock to Class A common stock	485,795	1	(485,795)	(1)	-	-	-	-
Share-based compensation	-	-	-	-	3,218	-	264	3,482
Tax withholding related to vesting of share-based compensation	(154,253)	-	-	-	(70)	-	-	(70)
Restricted stock forfeitures	(357,575)	-	-	-	-	-	-	-
Deemed and imputed dividends on Series A preferred stock	-	-	-	-	(12,114)	-	-	(12,114)
Accrued Series A preferred stock dividends	-	-	-	-	(3,596)	-	-	(3,596)
Accrued Series B preferred stock dividends	-	-	-	-	(666)	-	-	(666)
Net loss	-	-	-	-	-	(185,323)	(10,897)	(196,220)
Balance, June 30, 2020	68,361,213	$ 7	5,014,897	$ -	$ 213,591	$ (278,414)	$ -	$ (64,816)

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

NOTE 1 – DESCRIPTION OF BUSINESS

U.S. Well Services, Inc. (the “Company,” “we,” “us” or “our”), f/k/a Matlin & Partners Acquisition Corp (“MPAC”), is a Houston, Texas-based technology-focused oilfield service company focused on hydraulic fracturing for oil and natural gas exploration and production (“E&P”) companies in the United States. The process of hydraulic fracturing involves pumping a pressurized stream of fracturing fluid—typically a mixture of water, chemicals, and proppant—into a well casing or tubing to cause the underground mineral formation to fracture or crack. Fractures release trapped hydrocarbon particles and provide a conductive channel for the oil or natural gas to flow freely to the wellbore for collection. The propping agent or proppant becomes lodged in the cracks created by the hydraulic fracturing process, “propping” them open to facilitate the flow of hydrocarbons from the reservoir to the well.

The Company’s fleets consist of mobile hydraulic fracturing units and other auxiliary heavy equipment to perform fracturing services. The Company has two designs for hydraulic fracturing units: (1) Conventional Fleets, which are powered by diesel fuel and utilize traditional internal combustion engines, transmissions, and radiators and (2) Clean Fleet®, which replaces the traditional engines, transmissions, and radiators with electric motors powered by electricity generated by natural gas-fueled turbine generators. Both designs utilize high-pressure hydraulic fracturing pumps mounted on trailers. The Company refers to the group of pump trailers and other equipment necessary to perform a typical fracturing job as a “fleet” and the personnel assigned to each fleet as a “crew”. In May 2021, the Company announced its commitment to becoming an all-electric hydraulic fracturing service provider and that it expects to fully exit the diesel frac market by the end of 2021.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements were prepared using generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information and the instructions to Form 10-Q and Regulation S-X. Accordingly, these financial statements do not include all information or notes required by GAAP for annual financial statements and should be read in conjunction with the annual financial statements included in the Amendment No. 1 to Annual Report on Form 10-K/A for the year ended December 31, 2020 (the “Amended Annual Report”), filed with the Securities and Exchange Commission (“SEC”) on May 17, 2021.

The accompanying unaudited condensed consolidated financial statements and accompanying notes present the consolidated financial position, results of operations, cash flows, and stockholders’ deficit of the Company as of June 30, 2021 and December 31, 2020, and for the three and six months ended June 30, 2021 and 2020. The interim data includes all adjustments, consisting only of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods. The results of operations for the three and six months ended June 30, 2021 are not necessarily indicative of the results of operations expected for the entire fiscal year ended December 31, 2021.

Principles of Consolidation

The condensed consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiaries. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company. All significant intercompany balances and transactions are eliminated upon consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. We regularly evaluate estimates and judgments based on historical experience and other relevant facts and circumstances. Significant estimates included in these financial statements primarily relate to allowance for doubtful accounts, allowance for inventory obsolescence, estimated useful lives and valuation of long-lived assets, impairment assessments of goodwill and other long-lived assets, estimates of fair value of warrant liabilities, term loan, and convertible senior notes, and the valuation of share-based compensation and certain equity instruments. Actual results could differ from those estimates.

(in thousands, except shares and per share amounts, or where otherwise noted)

Restricted Cash

Cash and cash equivalents that are restricted as to withdrawal or use under the terms of certain contractual agreements, or are reserved for a specific purpose, and not readily available for immediate or general use are recorded in restricted cash in our condensed consolidated balance sheets. The restricted cash in our condensed consolidated balance sheet represents cash transferred into a trust account to support our workers' compensation obligations and cash held for use in approved capital expenditures of $513 and $6, respectively, as of June 30, 2021, and $513 and $1,056, respectively, as of December 31, 2020.

The following table provides a reconciliation of the amount of cash and cash equivalents and restricted cash reported on the condensed consolidated balance sheets that sum to the total of the same amounts shown on the condensed consolidated statements of cash flows:

	June 30,	
	2021	2020
Cash and cash equivalents	$ 57,544	$ 3,423
Restricted cash	519	519
Cash and cash equivalents and restricted cash	$ 58,063	$ 3,942

Inventory

Inventory consists of proppant, chemicals, and other consumable materials and supplies used in our high-pressure hydraulic fracturing operations. Inventories are stated at the lower of cost or net realizable value. Cost is determined principally on a first-in-first-out cost basis. All inventories are purchased for use by the Company in the delivery of its services with no inventory being sold separately to outside parties. Inventory quantities on hand are reviewed regularly and write-downs for obsolete inventory are recorded based on our forecast of the inventory item demand in the near future. During the three months ended June 30, 2021, the Company recorded a write-down of $1.4 million related to obsolete inventory parts. As of June 30, 2021 and December 31, 2020, the Company had established inventory reserves of $0.2 million and $0.3 million, respectively, for obsolete and slow-moving inventory.

Property and Equipment

Property and equipment are carried at cost, with depreciation provided on a straight-line basis over their estimated useful lives. Expenditures for renewals and betterments that extend the lives of the assets are capitalized. Amounts spent for maintenance and repairs, which do not improve or extend the life of the related asset, are charged to expense as incurred.

The Company separately identifies and accounts for certain critical components of its hydraulic fracturing units including the engine, transmission, and pump, which requires us to separately estimate the useful lives of these components. For our other service equipment, we do not separately identify and track depreciation of specific original components. When we replace components of these assets, we typically estimate the net book values of the components that are retired, which are based primarily upon their replacement costs, their ages and their original estimated useful lives.

In the first quarter of 2020, our review of impairment of long-lived assets necessitated a review of the useful lives of our property and equipment. Current trends in hydraulic fracturing equipment operating conditions, such as increasing treating pressures and higher pumping rates, along with the increase in daily pumping time are shortening the useful life of certain critical components we use. We determined that the average useful life of fluid ends and fuel injectors was less than one year, which resulted in our determination that costs associated with the replacement of these components would no longer be capitalized, but instead expensed as they are used in operations. This change in accounting estimate was made effective in March 2020 and accounted for prospectively.

Assets Held for Sale

Assets that are classified as held for sale are measured at the lower of their carrying amount or fair value less expected selling costs ("estimated selling price") with a loss recognized to the extent that the carrying amount exceeds the estimated selling price. The classification is applicable at the date upon which the sale of assets is probable and the assets are available for immediate sale in their present condition. Upon determining that an asset meets the criteria to be classified as held for sale, the Company ceases depreciation and reports the assets, if material, in assets held for sale in its condensed consolidated balance sheets.

When the net carrying value of an asset designated as held for sale exceeds its estimated fair value, which we estimate based orthe estimated selling price, we recognize the difference as an impairment charge. When an impairment charge is recorded, subsequent changes to the estimated selling price of assets held for sale are recorded as gains or losses to the condensed consolidated statements of operations wherein the recognition of subsequent gains is limited to the cumulative loss previously recognized.During the six months ended June 30, 2021, the Company recorded no impairment charges on its held for sale assets.

Goodwill

Goodwill is not amortized, but is reviewed for impairment annually, or more frequently when events or changes in circumstances indicate that the carrying value may not be recoverable. Judgements regarding indicators of potential impairment are based on market conditions and operational performance of the business.

As of December 31 of each year, or as required, the Company performs an impairment analysis of goodwill. The Company may assess its goodwill for impairment initially using a qualitative approach to determine whether conditions exist that indicate it is more likely than not that a reporting unit's carrying value is greater than its fair value, and if such conditions are identified, then a quantitative analysis will be performed to determine if there is any impairment. The Company may also elect to perform a single step quantitative analysis in which the carrying amount of the reporting unit is compared to its fair value, which the Company estimates using a guideline public company method, a form of the market approach. The guideline public company method utilizes the trading multiples of similarly traded public companies as they relate to the Company's operating metrics. An impairment charge would be recognized for the amount by which the carrying amount of the reporting unit exceeds the reporting unit's fair value, and only limited to the total amount of goodwill allocated to the reporting unit.

Warrant Liabilities

The Company evaluates all its financial instruments, including issued stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to Accounting Standards Codification ("ASC") 480, *Distinguishing Liabilities from Equity* and ASC 815-15, *Derivatives and Hedging—Embedded Derivatives*. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or equity is evaluated pursuant to ASC 815-40, *Derivatives and Hedging—Contracts in Entity's Own Equity*.

The Company issued public warrants and private placement warrants (collectively, the "public and private placement warrants") in connection with its initial public offering in November 2018. Additionally, the Company issued warrants to certain institutional investors in connection with the Company's private placement of Series A Preferred Stock on May 24, 2019 ("Series A warrants," and together with the public and private placement warrants, the "warrants"). All our outstanding warrants are recognized as liabilities. Accordingly, we recognize the warrant instruments as liabilities at fair value upon issuance and adjust the instruments to fair value at the end of each reporting period. Any change in fair value is recognized in our condensed consolidated statements of operations. The public warrants are valued using their quoted market price since they are publicly traded and thus had an observable market price. The private placement warrants are valued using a Monte Carlo simulation model. The Series A warrants are valued using the Black-Scholes option pricing model.

Convertible Notes and Convertible Preferred Stock

When the Company issues convertible notes or convertible preferred stock, it first evaluates the balance sheet classification of the convertible instrument in its entirety to determine whether the instrument should be classified as a liability under ASC 480 and second whether the conversion feature should be accounted for separately from the host instrument. A conversion feature of a convertible note instrument or certain convertible preferred stock would be separated from the convertible instrument and classified as a derivative liability if the conversion feature, were it a standalone instrument, meets the definition of an "embedded derivative" in ASC 815-15. Generally, characteristics that require derivative treatment include, among others, when the conversion feature is not indexed to the Company's equity, as defined in ASC 815-40, or when it must be settled either in cash or by issuing stock that is readily convertible to cash. When a conversion feature meets the definition of an embedded derivative, it would be separated from the host instrument and classified as a derivative liability carried on the condensed consolidated balance sheet at fair value, with any changes in its fair value recognized in the condensed consolidated statements of operations.

If a conversion feature does not meet the conditions to be separated and accounted for as an embedded derivative liability, the Company then determines whether the conversion feature is "beneficial". A conversion feature would be considered beneficial if the conversion feature is "in the money" when the host instrument is issued or, under certain circumstances, at a later time. The beneficial conversion feature ("BCF") for convertible instruments is recognized and measured by allocating a portion of the proceeds equal to the intrinsic value of that feature to additional paid-in capital. The intrinsic value is generally calculated at the commitment date as the difference between the conversion price and the fair value of the common stock or other securities into which the security is convertible, multiplied by the number of shares into which the security is convertible. If certain other securities are issued with the convertible security, the proceeds are allocated among the different components. The portion of the proceeds allocated to the convertible security is divided by the contractual number of the conversion shares to determine the effective conversion price, which is used to measure the BCF. The effective conversion price is used to compute the intrinsic value. The value of the BCF is limited to the basis that is initially allocated to the convertible security.

If the convertible note contains a BCF, the amount of the proceeds allocated to the BCF reduces the balance of the convertible note, creating a discount which is amortized over the note's term to interest expense in the condensed consolidated statements of operations.

When a convertible preferred stock contains a BCF, after allocating the proceeds to the BCF, the resulting discount is either amortized as deemed dividends over the period beginning when the convertible preferred stock is issued up to the earliest date the conversion feature may be exercised, or if the conversion feature is immediately exercisable, the discount is fully amortized at the date of issuance.

Fair Value of Financial Instruments

Fair value is defined under ASC 820, *Fair Value Measurement*, as 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 measurement date. ASC 820 also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels are defined as follows:

- Level 1–inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2–inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3–inputs are unobservable for the asset or liability.

The following is a summary of the carrying amounts and estimated fair values of our financial instruments as of June 30, 2021 and December 31, 2020:

Senior Secured Term Loan. The fair value of the Senior Secured Term Loan is $193.2 million and $198.0 million as of June 30, 2021 and December 31, 2020, respectively, based on the market price quoted from external sources. If the Senior Secured Term Loan was measured at fair value in the financial statements, it would be classified as Level 2 in the fair value hierarchy.

Equipment financing. The carrying value of the equipment financing approximates fair value as its terms are consistent with and comparable to current market rates as of June 30, 2021 and December 31, 2020, respectively.

Warrants. The Company's warrants are accounted for as liabilities and measured at fair value. See "Note 8 – Warrant Liabilities" for fair value measurements associated with the Company's warrants.

Convertible Senior Notes. As of June 30, 2021, the fair value of the Convertible Senior Notes is $91.2 million, based on an option pricing framework using a lattice model. If the Convertible Senior Notes were measured at fair value in the financial statements, they would be classified as Level 2 in the fair value hierarchy.

Revenue Recognition

The Company recognizes revenue based on the customer's ability to benefit from the services rendered in an amount that reflects the consideration expected to be received in exchange for those services.

The Company's performance obligations are satisfied over time, typically measured by the number of stages completed or the number of pumping days a fleet is available to pump for a customer in a month. All revenue is recognized when a contract with a customer exists, collectability of amounts subject to invoice is probable, the performance obligations under the contract have been satisfied over time, and the amount to which the Company has the right to invoice has been determined. 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.

(in thousands, except shares and per share amounts, or where otherwise noted)

The Company has elected to use the "as invoiced" practical expedient to recognize revenue based upon the amount it has a right to invoice upon the completion of each performance obligation per the terms of the contract.

Patent License Sales. On June 24, 2021, the Company issued a Convertible Senior Note (See "Note 11 – Convertible Senior Notes") convertible into a patent license agreement. On June 29, 2021, the holder exercised its right to convert the Convertible Senior Note in full and the Company entered into a Patent License Agreement (the "License Agreement"), which provides the licensee a five-year option to purchase up to 20 licenses to build and operate electric hydraulic fracturing fleets using the Company's patented Clean Fleet® technology (the "licenses"). Upon entry into the License Agreement, the Company sold three licenses to build and operate three electric frac fleets, each valued at $7.5 million.

The sales of the right to use the Company's patented Clean Fleet® technology is a single performance obligation. The Company recognizes the income associated with the patent license sales at the point in time when the Company satisfies its performance obligation by granting the purchaser the right to use the patented Clean Fleet® technology and transfer of control has occurred. The patent license sales are recognized as other income in our condensed consolidated statement of operations.

Accounts Receivable

Accounts receivable are recorded at their outstanding balances adjusted for an allowance for doubtful accounts. The allowance for doubtful accounts is determined by analyzing the payment history and credit worthiness of each customer. Receivable balances are charged off when they are considered uncollectible by management. Recoveries of receivables previously charged off are recorded as income when received.

During the six months ended June 30, 2021, the Company entered into an Assignment of Claim Agreement (the "Assignment") with a third-party, whereby the Company transferred to the third-party all right, title, and interest in the Company's claim in the amount of $14.5 million in connection with a customer's bankruptcy. The Assignment was for consideration of $2.5 million, which the Company received on April 26, 2021. During the first quarter of 2021, the Company wrote-off the related receivables of $12.0 million, which was the unrealized amount of the claim assigned and was previously reserved for in full as of December 31, 2020. As of June 30, 2021, the Company did not record an allowance for doubtful accounts.

Major Customer and Concentration of Credit Risk

The concentration of our customers in the oil and natural gas industry may impact our overall exposure to credit risk, either positively or negatively, in that customers may be similarly affected by changes in economic and industry conditions. We perform ongoing credit evaluations of our customers and do not generally require collateral in support of our trade receivables.

The following tables show the percentage of revenues from our significant customers for the periods indicated:

	Three Months Ended June 30,	
	2021	2020
Customer B	12.9%	19.0%
Customer C	10.6%	24.1%
Customer E	19.6%	26.5%
Customer F	17.8%	30.4%
Customer H	12.1%	*
Customer I	11.4%	*

	Six Months Ended June 30,	
	2021	2020
Customer A	*	17.2%
Customer B	12.9%	15.2%
Customer C	11.6%	16.4%
Customer E	18.1%	12.5%
Customer F	19.0%	14.6%
Customer H	15.2%	*

An asterisk indicates that revenue is less than ten percent.

(in thousands, except shares and per share amounts, or where otherwise noted)

The following table shows the percentage of trade receivables from our significant customers:

	June 30, 2021	December 31, 2020
Customer B	12.8%	32.2%
Customer C	*	17.0%
Customer D	10.6%	*
Customer E	27.3%	*
Customer F	13.1%	12.7%
Customer G	*	12.5%
Customer H	*	13.5%
Customer I	16.4%	*

An asterisk indicates that trade receivable is less thanten percent.

Income Taxes

The Company, under ASC 740, *Accounting for Income Taxes*, uses the asset and liability method of accounting for income taxes, under which deferred tax assets and liabilities are recognized for the future tax consequences of (i) temporary differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities and (ii) operating loss and tax credit carryforwards. Deferred income tax assets and liabilities are based on enacted tax rates applicable to the future period when those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period the rate change is enacted. A valuation allowance is provided for deferred tax assets when it is more likely than not the deferred tax assets will not be realized.

ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties at June 30, 2021. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities since inception.

NOTE 3 – ACCOUNTING STANDARDS

Except as discussed below, there have been no recent accounting pronouncements or changes in accounting pronouncements during the six months ended June 30, 2021, as compared to the recent accounting pronouncements described in the Amended Annual Report, that are of significance, or potential significance to the Company.

In August 2018, the FASB issued ASU 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract,* requiring a customer in a cloud computing arrangement that is a service contract to follow the guidance in ASC 350-40 in determining the requirements for capitalizing implementation costs incurred to develop or obtain internal-use-software. The new guidance will be effective for emerging growth companies for annual reporting periods beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021. Early adoption is permitted. The Company adopted ASU 2018-15 on January 1, 2021, and the adoption of this standard did not have a material impact on the Company's consolidated financial statements.

NOTE 4 – PREPAIDS AND OTHER CURRENT ASSETS

Prepaids and other current assets consisted of the following:

	June 30, 2021	December 31, 2020
Prepaid insurance	$ 9,519	$ 3,162
Recoverable costs from insurance	-	4,635
Income tax receivable	757	1,567
Other current assets	2,124	1,343
Total prepaid expenses and other current assets	$ 12,400	$ 10,707

(in thousands, except shares and per share amounts, or where otherwise noted)

During the six months ended June 30, 2021, the Company prepaid $11.7 million in insurance premiums related to renewals of various insurance policies.

The $4.6 million of recoverable costs from insurance, recorded as of December 31, 2020, was collected in full during the first quarter of 2021.

NOTE 5 – INTANGIBLE ASSETS

A summary of intangible assets consisted of the following:

	Estimated Useful Life (in years)	Gross Carrying Value	Accumulated Amortization	Net Book Value
As of June 30, 2021				
Trademarks	10	$ 1,415	$ 260	$ 1,155
Patents	20	12,775	947	11,828
		$ 14,190	$ 1,207	$ 12,983
As of December 31, 2020				
Trademarks	10	$ 1,415	$ 156	$ 1,259
Patents	20	12,775	568	12,207
		$ 14,190	$ 724	$ 13,466

The intangible assets are amortized over the period the Company expects to receive the related economic benefit. Amortization expense related to amortizable intangible assets was $0.3 million and $0.2 million for the three months ended June 30, 2021 and 2020, respectively, and $0.5 million and $0.6 million for the six months ended June 30, 2021 and 2020, respectively, which was included as part of depreciation and amortization in the condensed consolidated statements of operations.

As of June 30, 2021, the estimated amortization expense for future periods is as follows:

Fiscal Year	Estimated Amortization Expense
Remainder of 2021	$ 483
2022	966
2023	966
2024	966
2025	966
Thereafter	8,636
Total	$ 12,983

(in thousands, except shares and per share amounts, or where otherwise noted)

NOTE 6 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

	Estimated Useful Life (in years)	June 30, 2021	December 31, 2020
Fracturing equipment	1.5 to 25	$ 235,095	$ 263,869
Light duty vehicles (1)	5	3,943	2,483
Furniture and fixtures	5	67	67
IT equipment	3	2,306	1,676
Auxiliary equipment	2 to 20	12,686	11,058
Leasehold improvements	Term of lease	287	287
		254,384	279,440
Less: Accumulated depreciation and amortization		(41,083)	(44,108)
Property and equipment, net		$ 213,301	$ 235,332

(1) As of June 30, 2021 and December 31, 2020, the Company had capitalized $1.5 million and $0.3 million, respectively, related to capital leases and the accumulated depreciation was $127 and $31, respectively.

Depreciation and amortization expense related to property and equipment was $9.6 million and $17.4 million for the three months ended June 30, 2021 and 2020, respectively, and $20.5 million and $49.4 million for the six months ended June 30, 2021 and 2020, respectively.

The Company recognized a gain of $0.5 million and a loss of $0.9 million from the disposal of assets for the three months ended June 30, 2021 and 2020, respectively, and a loss of $1.9 million and $5.1 million for the six months ended June 30, 2021 and 2020, respectively.

Assets Held for Sale

In May 2021, the Company announced its commitment to becoming an all-electric hydraulic fracturing services provider and that it expects to fully exit the diesel frac market by the end of 2021. As a result, the Company has been executing a plan to sell its diesel fracturing equipment. As of June 30, 2021, the Company has classified $ 14.7 million in net book value of diesel fracturing equipment, that is anticipated to be sold in the next 12 months, as assets held for sale on the condensed consolidated balance sheet.

NOTE 7 – ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

	June 30, 2021	December 31, 2020
Accrued payroll and benefits	$ 6,636	$ 7,208
Accrued taxes	3,335	5,380
Accrued interest	638	317
Other current liabilities	1,601	1,876
Accrued expenses and other current liabilities	$ 12,210	$ 14,781

NOTE 8 – WARRANT LIABILITIES

Warrants

As of June 30, 2021, a total of 19,167,417 public warrants and private placement warrants were outstanding, and exercisable for an aggregate of 9,583,709 shares of Class A common stock. Each public warrant and private placement warrant entitles its holder to purchase one half of one share of Class A common stock at an exercise price of $ 5.75 per half share ($11.50 for full share equivalent), to be exercised only for a whole number of shares of Class A common stock. The public warrants and private placement warrants expire on November 9, 2023 or earlier upon redemption.

During the three and six months ended June 30, 2021, the Company issued 444,444 and 888,888 additional Series A warrants to the purchasers of Series A preferred stock, respectively, in accordance with the Series A preferred stock purchase agreement. As of June 30, 2021, 5,733,329 Series A warrants were outstanding pursuant to the Series A preferred stock purchase agreement, and exercisable for 5,733,329 shares of Class A common stock. The Series A warrants have an exercise price of $7.66 per share and expire on November 25, 2025.

(in thousands, except shares and per share amounts, or where otherwise noted)

Fair Value Measurement

The Company’s warrants are accounted for as liabilities measured at fair value upon issuance, with subsequent changes in fair value reported in the Company’s condensed consolidated statements of operations each reporting period.

The following tables present the Company's fair value hierarchy for liabilities measured at fair value on a recurring basis:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
As of June 30, 2021				
Public warrants	$ 1,809	$ -	$ -	$ 1,809
Private placement warrants	-	1,880	-	1,880
Series A warrants	-	5,225	-	5,225
	$ 1,809	$ 7,105	$ -	$ 8,914
As of December 31, 2020				
Public warrants	$ 254	$ -	$ -	$ 254
Private placement warrants	-	248	-	248
Series A warrants	-	1,117	-	1,117
	$ 254	$ 1,365	$ -	$ 1,619

Public warrants. The fair value of the public warrants are classified as Level 1 in the fair value hierarchy and valued using quoted market prices, as they are traded in active markets.

Private placement warrants. The fair value of the private placement warrants are classified as Level 2 in the fair value hierarchy and determined using a Monte Carlo simulation model.

Series A warrants. The fair value of the Series A warrants are classified as Level 2 in the fair value hierarchy and determined using the Black-Scholes valuation method.

The following assumptions were used to calculate the fair value for the private placement warrants and Series A warrants:

	Private Placement Warrants	Series A Warrants
As of June 30, 2021		
Expected remaining life	2.4 years	4.4 years
Volatility rate	153.0%	153.0%
Risk-free interest rate	0.3%	0.7%
Expected dividend rate	0%	0%
As of December 30, 2020		
Expected remaining life	2.86 years	4.9 years
Volatility rate	115.8%	115.8%
Risk-free interest rate	0.2%	0.4%
Expected dividend rate	0%	0%

NOTE 9 – NOTES PAYABLE

During the six months ended June 30, 2021,the Company entered into various insurance premium finance agreements amounting to $9.1 million, payable in equal monthly installments at a weighted average interest rate of5.4%. These premium finance agreements are due withinone year and are recorded as notes payable under current liabilities in the condensed consolidated balance sheets. As of June 30, 2021, the Company had a remaining balance of $6.4 million related to the notes payable.

(in thousands, except shares and per share amounts, or where otherwise noted)

NOTE 10 – DEBT

Long-term debt consisted of the following:

	June 30, 2021	December 31, 2020
Senior Secured Term Loan	$ 233,687	$ 246,250
ABL Credit Facility	33,682	23,710
PPP Loan	10,000	10,000
USDA Loan	25,000	21,996
Equipment financing	11,128	12,866
Capital leases	1,234	229
Total debt principal balance	314,731	315,051
Unamortized debt discount and issuance costs	(9,317)	(17,576)
Current maturities	(15,936)	(13,573)
Net Long-term debt	$ 289,478	$ 283,902

Senior Secured Term Loan

On June 24, 2021, the Company, USWS LLC, as the borrower, and all other subsidiaries of the Company entered into a Fifth Amendment (the "Fifth Term Loan Amendment") to the Senior Secured Term Loan Credit Agreement (as amended, the "Senior Secured Term Loan") with CLMG Corp., as administrative and collateral agent, and the lenders party thereto. The Senior Secured Term Loan matures on December 5, 2025.

Pursuant to the Fifth Term Loan Amendment, the agent and lenders agreed to make certain modifications and amendments to the Senior Secured Term Loan to, among other things, permit the incurrence of debt and liens in connection with the Convertible Senior Notes as described in "Note 11 – Convertible Senior Notes". Additionally, pursuant to the Fifth Term Loan Amendment, other covenants were amended including, but not limited to, certain covenants relating to collateral, asset dispositions, and special purpose entities used for stand-alone equipment financings. In the Fifth Term Loan Amendment, the Company also agreed to a mandatory prepayment of $ 7.0 million, which is payable within 30 days of the Fifth Term Loan Amendment as long as certain requirements in the ABL Credit Facility agreement are met.

The deferral period for interest on the Senior Secured Term Loan was shortened by three months, to January 1, 2022, in accordance with the Fifth Term Loan Amendment, and the Senior Secured Term Loan will resume incurring interest at that date at the applicable benchmark rate, subject to a 2.0% floor, plus the applicable margin of 8.25% per annum, subject to the following exceptions. If on December 31, 2021, either:

- the outstanding principal amount of the Senior Secured Term Loan is equal to or less than $132.0 million but greater than $110.0 million then the interest rate shall be 0.0% per annum from January 1, 2022 through March 31, 2022; and

- the outstanding principal amount of the Senior Secured Term Loan is equal to or less than $110.0 million then the interest rate shall be 0.0% per annum from January 1, 2022 through March 31, 2022 and 2.0% per annum from April 1, 2022 through December 31, 2022, provided, that if on April 1, 2022, the outstanding principal amount of the Senior Secured Term Loan is equal to or less than $103.0 million then the interest rate shall be 1.0% per annum from April 1, 2022 through December 31, 2022.

Since April 2020, the Company has accounted for the Senior Secured Term Loan as a troubled debt restructuring under ASC 470-60, *Troubled Debt Restructurings by Debtors*. The subsequent amendments, including the Fifth Term Loan Amendment, did not result in a significant modification or extinguishment resulting in no change in accounting for the Senior Secured Term Loan. In connection with the Fifth Term Loan Amendment, the Company paid $ 3.0 million to the lenders under the Senior Secured Term Loan, which was accounted for as a debt discount and is amortized to interest expense using the effective interest method over the remaining term of the Senior Secured Term Loan.

During the six months ended June 30, 2021, the Company made principal payments of $12.6 million, which included prepayments of $7.6 million. The early repayment of debt resulted in a write-off of $798 of unamortized debt discount and issuance costs and prepayment fees of $41, all of which were presented as loss on extinguishment of debt in the condensed consolidated statements of operations.

As of June 30, 2021, the outstanding principal balance of the Senior Secured Term Loan was $233.7 million, of which $12.0 million was due within one year from the balance sheet date.

(in thousands, except shares and per share amounts, or where otherwise noted)

ABL Credit Facility

On June 24, 2021, the Company, USWS LLC, and all other subsidiaries of the Company entered into a Fourth Amendment (the "Fourth ABL Amendment") to the ABL Credit Agreement (as amended, the "ABL Credit Facility") with the lenders party thereto and Bank of America, N.A., as the administrative agent, swing line lender and letter of credit issuer. The ABL Credit Facility matures on April 1, 2025.

Pursuant to the Fourth ABL Amendment, the lenders agreed to make certain modifications and amendments to the ABL Credit Facility to, among other things, permit the incurrence of debt and liens in connection with the Convertible Senior Notes.

The ABL Credit Facility is subject to a borrowing base which is calculated based on a formula referencing the Company's eligible accounts receivables. As of June 30, 2021, the borrowing base was $46.3 million and the outstanding revolver loan balance was $33.7 million, classified as long-term debt in the condensed consolidated balance sheets.

USDA Loan

In November 2020, we entered into a Business Loan Agreement (the "USDA Loan") with a commercial bank pursuant to the United States Department of Agriculture, Business & Industry Coronavirus Aid, Relief, and Economic Security Act Guaranteed Loan Program, in the aggregate principal amount of up to $ 25.0 million for the purpose of providing long-term financing for eligible working capital. Interest payments are due monthly at the interest rate of5.75% per annum beginning on December 12, 2020 but principal payments are not required until December 12, 2023. During the fourth quarter of 2020, we received proceeds amounting to $22.0 million under the USDA Loan. In January 2021, we received the remaining proceeds amounting to $3.0 million.

Payments of Debt Obligations due by Period

As of June 30, 2021, theschedule of the repayment requirements of long-term debt is as follows:

Fiscal Year		Principal Amount of Long-term Debt
Remainder of 2021	$	11,442
2022		9,042
2023		9,517
2024		10,054
2025		256,098
Thereafter		18,578
Total	$	314,731

NOTE 11 – CONVERTIBLE SENIOR NOTES

On June 24, 2021, the Company entered into a Note Purchase Agreement (as amended, the "Note Purchase Agreement"). As of June 30, 2021, pursuant to the Note Purchase Agreement, the Company issued $125.5 million in aggregate principal amount of 16.0% Convertible Senior Secured (Third Lien) PIK Notes dueJune 5, 2026 (the "Convertible Senior Notes"), in a private placement to institutional investors (the "Private Placement"), comprised of Cash Notes, Exchange Notes (collectively with the Cash Notes, the "Equity Linked Notes") and a License Linked Note, as described below, which mature on June 5, 2026. The Convertible Senior Notes are secured by a third priority security interest in the collateral that secures the Company's obligations under the Senior Secured Term Loan.

Cash Notes. On June 24, 2021, in connection with the Private Placement, the Company issued and sold $45.0 million in principal amount of Convertible Senior Notes that are convertible at any time at the holder's option, into shares of the Company's Class A common stock for cash (the "Cash Notes") with an applicable initial conversion price of $0.98 subject to adjustment. On June 25, 2021, the Company issued and sold an additional $19.0 million in principal amount of Cash Notes with an applicable initial conversion price of $1.25 subject to adjustment.

Exchange Notes. On June 24, 2021, in connection with the Private Placement, the Company issued and sold $20.0 million in principal amount of Convertible Senior Notes that are convertible at any time at the holder's option, into shares of the Company's Class A common stock in exchange for 15,588 shares of the Company's Series A preferred stock (the "Exchange Notes"). On June 25, 2021, the Company issued and sold an additional $19.0 million in principal amount of Exchange Notes for14,802 shares of Series A preferred stock. The Exchange Notes are convertible at an initial conversion price of $2.00 subject to adjustment.

(in thousands, except shares and per share amounts, or where otherwise noted)

License Linked Note. On June 24, 2021, in connection with the Private Placement, the Company issued and sold $22.5 million in principal amount of a Convertible Senior Note that was convertible into a patent license agreement (the "License Linked Note"). On June 29, 2021, the holder exercised its right to convert the License Linked Note in full and the Company entered into the License Agreement, which provides the licensee a five-year option to purchase up to 20 licenses to build and operate electric hydraulic fracturing fleets using the Company's patented Clean Fleet® technology (the "licenses"). Upon entry into the License Agreement, the holder purchased three licenses to build and operate three electric frac fleets, each valued at $7.5 million. The Company recognized the $22.5 million as other income from patent license sales in its condensed consolidated statement of operations. The debt issuance costs associated with the License Linked Note were fully amortized.

The carrying value of the Convertible Senior Notes is as follows:

	June 30, 2021
Principal	$ 103,000
PIK interest	258
Unamortized debt premium	1,898
Unamortized debt discount and issuance costs	(19,479)
Net Convertible Senior Notes	$ 85,677

In June 2021, the Company received $86.5 million in cash proceeds from the issuance of the Convertible Senior Notes. The Company used a portion of the proceeds from the issuance of the Convertible Senior Notes to pay the cash settlement amount in accordance with the Settlement Agreement (as described in "Note 17 – Commitments and Contingencies") and expects to use the remainder for general corporate purposes, including growth capital.

The Convertible Senior Notes bear interest at a rate of 16.0% per annum. Accrued and unpaid interest is calculated on the last day of each quarter, commencing September 30, 2021, and will be paid in kind ("PIK") on such date by increasing the principal amount of the outstanding Convertible Senior Notes. The Company has accrued PIK interest of $0.3 million related to the Convertible Senior Notes for the three months ended June 30, 2021.

Each Equity Linked Note, subject to earlier conversion, is due and payable on June 5, 2026 in shares of Class A common stock equal to the entire outstanding and unpaid principal balance, plus any PIK interest, subject to certain limitations on the number of shares of Class A common stock that may be issued and which would require the Company to settle the conversion in payment partially in cash. The number of shares of Class A common stock will be based on the twenty-day volume weighted average trading price of the Class A common stock immediately preceding the maturity date. The Equity Linked Notes are convertible at any time at the option of the holder into a number of shares of Class A common stock equal to the principal amount of such notes then outstanding plus PIK interest through the conversion date divided by the then applicable conversion price as described above. If the Company experiences an event of default (as defined in the Note Purchase Agreement), which is continuing on the maturity date, then payment of principal and PIK interest shall be made in cash on any outstanding Equity Linked Notes.

Additionally, following the first anniversary of the Note Purchase Agreement, and at any time in which there are no issued and outstanding shares of Series A preferred stock or Series B preferred stock, if the twenty-day volume weighted average trading price of the Class A common stock is greater than $2.00 for ten trading days during any twenty consecutive trading day period, the Company may deliver a notice to the holder of an Equity Linked Note to convert such Equity Linked Notes at the conversion prices set forth above.

In accordance with ASC 480, the Company evaluated the Equity Linked Notes and determined they should be classified as liabilities due to the unconditional obligation to settle the notes in a variable number of shares of the Company's Class A common stock based on a fixed monetary amount known at inception. Certain of the Equity Linked Notes issued were initially measured at fair value as they were considered new instruments issued concurrently to extinguish the Series A preferred stock. See "Note 12 – Mezzanine Equity" for the discussion of Series A preferred stock exchange.

The initial measurement at fair value of those certain Equity Linked Notes resulted in the Company recording a premium of $1.9 million and a total discount of $16.1 million. The Company amortizes such premium and discount as an adjustment to interest expense using the effective interest method over the term of the Equity Linked Notes.

We incurred transaction costs related to the issuance of the Convertible Senior Notes of $4.0 million which were recorded as debt issuance costs and are presented as a direct deduction from the carrying amount of the Convertible Senior Notes on our condensed consolidated balance sheet. The debt issuance costs are being amortized under the effective interest method over the term of the Convertible Senior Notes. Amortization expense is included in interest expense and was $0.7 million related to the Convertible Senior Notes for the three months ended June 30, 2021.

(in thousands, except shares and per share amounts, or where otherwise noted)

NOTE 12 – MEZZANINE EQUITY

Series A Redeemable Convertible Preferred Stock

The following table summarizes the Company's Series A Redeemable Convertible Preferred Stock, par value $0.0001 per share ("Series A preferred stock") activities for the six months ended June 30, 2021:

	Shares	Amount
Series A preferred stock as of December 31, 2020	50,000	$ 50,975
Exchange of Series A preferred stock for Convertible Senior Notes	(30,390)	(33,716)
Deemed and imputed dividends on Series A preferred stock	-	750
Accrued Series A preferred stock dividends	-	3,811
Series A preferred stock as of June 30, 2021	19,610	$ 21,820

At the initial closing of the Series A preferred stock purchase agreement on May 24, 2019, the Company issued Series A warrants exercisable for shares of Class A common stock. See "Note 8 – Warrant Liabilities" for the discussion of the Series A warrants issued pursuant to the Series A preferred stock purchase agreement.

During the three months ended June 30, 2021, the Company exchanged 30,390 shares of Series A preferred stock for $39.0 million in principal amount of Convertible Senior Notes. Accordingly, the Company recorded a reduction of $33.7 million in the carrying value of the Series A preferred stock during the three months ended June 30, 2021. Concurrent with such exchange, the Company also received, from such holders of the Series A preferred stock total cash proceeds of $39.0 million in consideration for an additional $39.0 million in principal amount of Convertible Senior Notes. In connection with the extinguishment of the Series A preferred stock, the Company initially recorded the Convertible Senior Notes issued to such holders at a total fair value of $63.8 million. The difference of $8.9 million between the fair value of the Convertible Senior Notes issued and the carrying amount of $72.7 million of consideration received was recorded in additional paid in capital as a return from the Series A preferred holders for the three months ended June 30, 2021.

As of June 30, 2021, 19,610 shares of Series A preferred stock were outstanding and convertible into 3,782,285 shares of Class A common stock, and dividends accrued and outstanding with respect to the Series A preferred stock were $5.6 million and reflected in the carrying value of Series A preferred stock.

Series B Redeemable Convertible Preferred Stock

The following table summarizes the Company's Series B Redeemable Convertible Preferred Stock, par value $0.0001 per share ("Series B preferred stock") activities for the six months ended June 30, 2021:

	Shares	Amount
Series B preferred stock as of December 31, 2020	22,050	$ 22,686
Conversion of Series B preferred stock to Class A common stock	(1,012)	(1,067)
Accrued Series B preferred stock dividends	-	1,522
Series B preferred stock as of June 30, 2021	21,038	$ 23,141

In February 2021 and May 2021, 762 and 250 shares of Series B preferred stock and related accrued dividends were converted into 2,745,778 and 927,500 shares of Class A common stock, respectively, pursuant to the certificate of designations authorizing and establishing the rights, preferences, and privileges of the Series B preferred stock. Accordingly, the Company recorded a reduction of $0.3 million and $1.1 million in the carrying value of the Series B preferred stock during the three and six months ended June 30, 2021, respectively.

As of June 30, 2021, 21,038 shares of Series B preferred stock were outstanding and convertible into 79,512,587 shares of Class A common stock, and dividends accrued and outstanding with respect to the Series B preferred stock was $3.5 million and reflected in the carrying value of Series B preferred stock.

NOTE 13 – STOCKHOLDERS' EQUITY

Shares Authorized and Outstanding

Preferred Stock

The Company is authorized to issue 10,000,000 shares of preferred stock with a par value of $0.0001 per share with such designation, rights and preferences as may be determined from time to time by the Company's Board of Directors. See "Note 12 – Mezzanine Equity" for the discussion of preferred stock issued and outstanding.

Class A Common Stock

The Company is authorized to issue 400,000,000 shares of Class A common stock with a par value of $0.0001 per share. As of June 30, 2021 and December 31, 2020, there were 93,377,516 and 72,515,342 shares of Class A common stock issued and outstanding, respectively. As of June 30, 2021, 1,000,000 outstanding shares of Class A common stock were subject to cancellation on November 9, 2024, unless the closing price per share of the Class A common stock has equaled or exceeded $ 12.00 for any 20 trading days within any 30-trading day period, and 609,677 outstanding shares of Class A common stock were subject to the same cancellation provision, but at a closing price per share of $13.50.

On June 26, 2020, the Company entered into an Equity Distribution Agreement (the "ATM Agreement") with Piper Sandler & Co. relating to the Company's shares of Class A common stock. In accordance with the terms of the ATM Agreement, the Company may offer and sell shares of our Class A common stock over a period of time. The ATM Agreement relates to an "at-the-market" offering program. Under the ATM Agreement, the Company will pay Piper Sandler an aggregate commission of up to 3% of the gross sales price per share of Class A common stock sold under the ATM Agreement. On March 19, 2021, the Company increased the number of shares of Class A common stock that it may offer in accordance with the terms of the ATM Agreement by an additional $39.7 million in excess of the original amount of $10.3 million.

During the three and six months ended June 30, 2021, the Company sold 2,381,660 and 15,006,317 shares of Class A common stock for total net proceeds of $2.9 million and $13.6 million and paid $0.1 million and $0.4 million in commissions under the ATM Agreement, respectively. The Company did not sell any shares of Class A common stock under the ATM Agreement during the three months ended June 30, 2020. Since inception on June 26, 2020 through June 30, 2021, the Company has sold a total of 15,798,575 shares of Class A common stock under the ATM Agreement for total net proceeds of $14.0 million and paid $0.4 million in commissions.

Class B Common Stock

The Company is authorized to issue 20,000,000 shares of Class B common stock with a par value of $0.0001 per share. The shares of Class B common stock are non-economic; however, holders are entitled to one vote per share. Each share of Class B common stock, together with one unit of USWS Holdings, is exchangeable for one share of Class A common stock or, at the Company's election, the cash equivalent to the market value of one share of Class A common stock.

As of December 31, 2020, there were 2,302,936 shares of Class B common stock issued and outstanding, which were all converted to an equivalent number of shares of Class A common stock during the six months ended June 30, 2021. As of June 30, 2021, there were no shares of Class B common stock issued and outstanding.

Noncontrolling Interest

During the first quarter of 2021, the remaining noncontrolling interest holders of USWS Holdings exchanged all of their respective shares for the Company's Class A common stock. Accordingly, USWS Holdings became the Company's wholly owned subsidiary as of March 31, 2021.

NOTE 14 – EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is computed by dividing income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed in the same manner as basic earnings per share except that the denominator is increased to include the number of additional Class A common shares that could have been outstanding assuming the exercise of stock options and warrants, conversion of Series A and Series B preferred stock, conversion of Class B common stock, vesting of restricted shares of Class A common stock, conversion of Convertible Senior Notes and issuance of Class A common stock associated with the deferred stock units and certain performance awards.

Basic and diluted net income (loss) per share excludes the income (loss) attributable to and shares associated with the 1,609,677 shares of Class A common stock that are subject to cancellation on November 9, 2024 if certain market conditions have not been met. The Company has included in the calculation accrued dividends on Series A and Series B preferred stock and related deemed and imputed dividends.

(in thousands, except shares and per share amounts, or where otherwise noted)

The following table sets forth the calculation of basic and diluted earnings (loss) per share for the periods indicated based on the weighted average number of shares of Class A common stock outstanding:

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Basic net income (loss) per share				
Numerator:				
Net loss attributable to U.S. Well Services, Inc.	$ (17,716)	$ (19,505)	$ (38,282)	$ (185,323)
Net loss attributable to cancellable Class A common stock	316	471	721	4,703
Basic net loss attributable to U.S. Well Services, Inc. shareholders	(17,400)	(19,034)	(37,561)	(180,620)
Dividends accrued on Series A preferred stock	(1,998)	(1,845)	(3,811)	(3,596)
Dividends accrued on Series B preferred stock	(811)	(666)	(1,522)	(666)
Deemed and imputed dividends on Series A preferred stock	(286)	(5,142)	(750)	(12,114)
Deemed and imputed dividends on Series B preferred stock	(1,501)	-	(5,669)	-
Exchange of Series A preferred stock for Convertible Senior Notes	8,936	-	8,936	-
Basic net loss attributable to U.S. Well Services, Inc. Class A common shareholders	$ (13,060)	$ (26,687)	$ (40,377)	$ (196,996)
Denominator:				
Weighted average shares outstanding	90,202,949	66,620,619	85,419,935	63,424,948
Cancellable Class A common stock	(1,609,677)	(1,609,677)	(1,609,677)	(1,609,677)
Basic and diluted weighted average shares outstanding	88,593,272	65,010,942	83,810,258	61,815,271
Basic and diluted net income (loss) per share attributable to Class A common shareholders	$ (0.15)	$ (0.41)	$ (0.48)	$ (3.19)

A summary of securities excluded from the computation of diluted earnings per share is presented below for the applicable periods:

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Dilutive earnings per share:				
Anti-dilutive stock options	877,266	877,266	877,266	877,266
Anti-dilutive warrants	15,317,038	16,658,427	15,317,038	16,658,427
Anti-dilutive restricted stock	1,079,249	1,675,825	1,079,249	1,675,825
Anti-dilutive deferred stock units	8,911,858	-	8,911,858	-
Anti-dilutive shares from Pool B awards	10,124,725	-	10,124,725	-
Anti-dilutive Class B common stock convertible into Class A common stock	-	5,014,897	-	5,014,897
Anti-dilutive Series A preferred stock convertible into Class A common stock	3,782,285	9,392,230	3,782,285	9,392,230
Anti-dilutive Series B preferred stock convertible into Class A common stock	79,512,587	73,754,101	79,512,587	73,754,101
Anti-dilutive Convertible Senior Notes convertible into Class A common stock	80,822,372	-	80,822,372	-
Potentially dilutive securities excluded as anti-dilutive	200,427,380	107,372,746	200,427,380	107,372,746

(in thousands, except shares and per share amounts, or where otherwise noted)

NOTE 15 – SHARE-BASED COMPENSATION

Share-based compensation expense consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Restricted stock	$ 876	$ 1,188	$ 1,701	$ 3,012
Stock options	216	215	430	469
DSUs	246	-	492	-
Pool A Awards	395	-	481	-
Pool B Awards	277	-	557	-
Total	$ 2,010 (1)	$ 1,403 (2)	$ 3,661 (3)	$ 3,481 (4)

(1) $276 was presented as cost of services and $1,734 was presented as selling, general and administrative expenses in the condensed consolidated statement of operations.
(2) $284 was presented as cost of services and $1,119 was presented as selling, general and administrative expenses in the condensed consolidated statement of operations.
(3) $474 was presented as cost of services and $3,187 was presented as selling, general and administrative expenses in the condensed consolidated statement of operations.
(4) $1,202 was presented as cost of services and $2,279 was presented as selling, general and administrative expenses in the condensed consolidated statement of operations.

Restricted Stock

The following table summarizes the restricted stock activity for the six months ended June 30, 2021:

	Shares	Weighted-Average Grant-Date Fair Value per Share
Non-vested restricted stock as of December 31, 2020	1,449,287	$ 8.85
Granted	-	-
Vested	(353,378)	8.91
Forfeited	(16,660)	8.91
Non-vested restricted stock as of June 30, 2021	1,079,249	$ 8.83

As of June 30, 2021, the total unrecognized compensation cost related to restricted stock was $5.5 million which is expected to be recognized over a weighted-average period of 1.68 years.

Stock Options

The following table summarizes the stock option activity for the six months ended June 30, 2021:

	Shares	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Life (in years)
Outstanding as of December 31, 2020	877,266	$ 8.91	5.21
Exercised	-	-	-
Forfeited/Expired	-	-	-
Outstanding as of June 30, 2021	877,266	$ 8.91	4.71
Exercisable as of June 30, 2021	438,633	$ 8.91	4.71

As of June 30, 2021, the total unrecognized compensation cost related to stock options was $1.5 million which is expected to be recognized over a weighted average period of 1.71 years.

(in thousands, except shares and per share amounts, or where otherwise noted)

Deferred Stock Units ("DSUs")

The following table summarizes the DSUs activity for the six months ended June 30, 2021:

	Units	Weighted-Average Grant Date Fair Value per Unit
Non-vested DSUs as of December 31, 2020	8,911,858	$ 0.33
Granted	-	-
Vested	(2,970,619)	0.33
Forfeited	-	-
Non-vested DSUs as of June 30, 2021	5,941,239	$ 0.33

As of June 30, 2021, the total unrecognized compensation cost related to DSUs was $1.5 million which is expected to be recognized over a weighted average period of 1.5 years.

Pool A Performance Awards

In the fourth quarter of 2020, the Company made grants of Pool A Performance Awards ("Pool A Awards") to certain key employees of the Company. The Company accounted for the Pool A Awards under liability accounting as a result of the fixed monetary amount that could be settled either in cash or a variable number of shares of the Company's Class A common stock. The Pool A Awards became fully vested as of January 1, 2021. Since the settlement will not occur until the fifth anniversary of the grant date, the Company considered the delayed settlement as a post-vesting restriction which impacted the determination of grant-date fair value of the award.

As of June 30, 2021, the fair value of the Pool A Awards liability was remeasured to $2.8 million, which was estimated using a risk-adjusted discount rate reflecting the weighted-average cost of capital of similarly traded public companies.

During the three and six months ended June 30, 2021, the Company recorded additional compensation cost of $0.1 million and $0.2 million, respectively, attributable to the change in fair value of the Pool A Awards liability.

Pool B Performance Awards

In the fourth quarter of 2020, the Company made grants of Pool B Performance Awards ("Pool B Awards") to certain key employees of the Company. The Pool B Awards vest over three years in equal installments each year on the anniversary of the vesting effective date, subject to the grantee's continuous services through each vesting period.

On January 1, 2021, one-third of the fair value of the Pool B Awards vested in the amount of $1.1 million. As of June 30, 2021, the unvested fair value of the Pool B Awards was $2.2 million.

As of June 30, 2021, the total unrecognized compensation cost related to Pool B Awards was $1.7 million, which is expected to be recognized over a weighted average period of 1.5 years.

NOTE 16 – INCOME TAXES

On March 27, 2020, the President signed the CARES Act into law. The CARES Act contains several corporate income tax provisions, including, among other things, providing a 5-year carryback of net operating loss ("NOL") tax carryforwards generated in tax years 2018, 2019, and 2020, removing the 80% taxable income limitation on utilization of those NOLs if carried back to prior tax years or utilized in tax years beginning before 2021, temporarily liberalizing the interest deductions rules under Section 163(j) of the Tax Cuts and Jobs Act of 2017, and making corporate alternative minimum tax credits immediately refundable. During the second quarter of 2020, the Company filed an application to carry back its 2018 NOLs, claiming a refund of approximately $0.8 million, which was received during the three months ended June 30, 2021.

The Company files income tax returns in the U.S. federal jurisdiction and various state and local jurisdictions and is subject to examination by the taxing authorities.

The Company's effective tax rate on continuing operations for the six months ended June 30, 2021 was (0.07)%.

We follow guidance issued by the FASB in accounting for uncertainty in income taxes. This guidance clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the condensed consolidated financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the condensed consolidated financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement.

We have considered our exposure under the standard at both the federal and state tax levels. We did not record any liabilities for uncertain tax positions as of June 30, 2021 or December 31, 2020. We record income tax-related interest and penalties, if any, as a component of income tax expense. We did not incur any material interest or penalties on income taxes.

After consideration of all of the information available, management determined that a valuation allowance was appropriate, as it is more likely than not that the Company will not utilize its net deferred tax assets.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

Litigation

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

The Company was named a defendant in a case filed on January 14, 2019 in the Superior Court of the State of Delaware styled *Smart Sand, Inc. v. U.S. Well Services LLC*, C.A. 19C-01-144 PRW. Smart Sand, Inc. ("Smart Sand") alleged that the Company breached a multi-year contract under which Smart Sand supplied frac sand to the Company. Smart Sand claimed damages of approximately $54.0 million. The Company denied that it breached the contract, alleged that Smart Sand breached the contract first, and asserted counterclaims for the misuse of the Company's confidential information. The Company also asserted that the contract contained unenforceable penalty provisions. On June 1, 2021, the court ruled against the Company in the case on the breach of contract claim and subsequently, on June 17, 2021, entered judgement in favor of Smart Sand in the amount of approximately $51.0 million.

On June 28, 2021, the Company entered into a Settlement Agreement and Release (the "Settlement Agreement") with Smart Sand, pursuant to which the Company and Smart Sand reached a settlement of all matters in dispute. Pursuant to the Settlement Agreement, the Company agreed to pay $35.0 million in cash and to provide Smart Sand certain rights of first refusal related to the supply of frac sand for a period of two years (the "Settlement"). The parties to the Settlement Agreement also released each other from claims arising from or related to the Smart Sand litigation or the final judgment of the court. As of June 30, 2021, the Company paid $35.0 million to Smart Sand and the settlement expense was reflected as litigation settlement on the condensed consolidated statement of operations.

Equipment Purchase Agreement

On June 29, 2021, the Company entered into an Equipment Purchase and Sale Agreement to purchase equipment for $61.5 million. The Company made an initial deposit of $12.3 million in July 2021 and anticipates the remaining $49.2 million to be paid over the next two years, with $32.8 million in 2022 and $16.4 million in 2023.

Sand Purchase Agreements

The Company entered into agreements for the supply of proppant for use in its hydraulic fracturing operations. Under the terms of these agreements, the Company is subject to minimum purchase quantities on a monthly, quarterly, or annual basis at fixed prices or may pay penalties in the event of any shortfall.

As of June 30, 2021, the Company's contracted volumes in dollars was $8.3 million. The Company's minimum commitments was $6.1 million, which represents the aggregate amounts that we would be obligated to pay if we procured no additional proppant under the contracts after June 30, 2021.

Lease Agreements

The Company has various operating leases for facilities with terms ranging from 36 to 76 months.

(in thousands, except shares and per share amounts, or where otherwise noted)

Rent expense was $333 and $525 for the three months ended June 30, 2021 and 2020, respectively, of which $271 and $330, respectively, are recorded as cost of services and $62 and $195, respectively, are recorded as selling, general and administrative expenses in the condensed consolidated statements of operations. Rent expense was $629 and $1,187 for the six months ended June 30, 2021 and 2020, respectively, of which $496 and $803, respectively, are recorded as cost of services and $133 and $384, respectively, are recorded as selling, general and administrative expenses in the condensed consolidated statements of operations.

The following is a schedule of minimum future payments on non-cancellable operating leases and capital leases as of June 30, 2021:

Fiscal Year	Operating Leases	Capital Leases
Remainder of 2021	$ 471	$ 182
2022	828	364
2023	308	364
2024	258	358
2025	67	50
Total minimum future rentals	$ 1,932	$ 1,318

The total capital leases payments include a nominal amount of imputed interest.

Self-insurance

The Company established a self-insured plan for employees' healthcare benefits except for losses in excess of varying threshold amounts. The Company charges to expense all actual claims made during each reporting period, as well as an estimate of claims incurred, but not yet reported. The amount of estimated claims incurred, but not reported was $0.4 million and $0.2 million as of June 30, 2021 and December 31, 2020, respectively, and was reported as accrued expenses in the condensed consolidated balance sheets. The Company believes that the liabilities recorded are appropriate based on the known facts and circumstances and does not expect further losses materially in excess of the amounts already accrued for existing claims.

NOTE 18 – RELATED PARTY TRANSACTIONS

On June 24, 2021, Crestview Partners ("Crestview") purchased $40.0 million of Convertible Senior Notes that are convertible into shares of the Company's Class A common stock for consideration of $20.0 million in cash and in exchange for 15,588 shares of the Company's Series A preferred stock.

On April 1, 2020, Crestview purchased 11,500 shares of Series B preferred stock for a total payment of $11.5 million. The TCW Group, Inc. purchased 6,500 shares of Series B preferred stock for a total payment of $6.5 million and David Matlin, a member of the Company's Board of Directors, purchased 1,878 shares of Series B preferred stock for a total payment of $1.9 million.

NOTE 19 – SUBSEQUENT EVENTS

Convertible Senior Notes

On July 12, 2021 and July 13, 2021, the Company issued an additional $6.0 million in aggregate principal amount of Convertible Senior Notes under the Note Purchase Agreement to certain investors for cash, which mature on June 5, 2026. The additional Convertible Senior Notes are convertible into shares of the Company's Class A common stock with an applicable initial conversion price of $1.25 subject to adjustment.

On July 27, 2021, the Company issued an additional $5.0 million in aggregate principal amount of Convertible Senior Notes under the Note Purchase Agreement to a certain investor for cash, which mature on June 5, 2026. The additional Convertible Senior Notes are convertible into shares of the Company's Class A common stock with an applicable initial conversion price of $0.98 subject to adjustment.

The interest and settlement terms for the Convertible Senior Notes issued in July 2021 are the same as the Equity Linked Notes previously issued in June 2021. See "Note 11 – Convertible Senior Notes" for additional information.

Assets Held for Sale

Subsequent to June 30, 2021, the Company classified an additional $8.1 million in net book value of diesel fracturing equipment, that is anticipated to be sold in the next 12 months, as assets held for sale.

During July 2021, we received $18.0 million in proceeds from the sale of various assets that were classified as held for sale.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements and the related notes in Item 1. "Financial Statements" contained herein and our audited consolidated financial statements as of December 31, 2020, included in our Amendment No. 1 to Annual Report on Form 10-K/A for the year ended December 31, 2020 (our "Amended Annual Report"), as filed with the Securities and Exchange Commission (the "SEC") on May 17, 2021. The information provided below supplements, but does not form part of, our unaudited condensed consolidated financial statements.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Report") contains "forward-looking statements" as defined in Section 27A of the United States Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements usually relate to future events, conditions and anticipated revenues, earnings, cash flows or other aspects of our operations or operating results. Forward-looking statements are often identified by words such as "believes," "expects," "intends," "estimates," "projects," "anticipates," "will," "plans," "may," "should," "would," "foresee," or the negative thereof. The absence of these words, however, does not mean that these statements are not forward-looking. These statements are based on our current expectations, beliefs and assumptions concerning future developments and business conditions and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate. All of our forward-looking statements involve risks and uncertainties (some of which are significant or beyond our control) and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections. These factors include geological, operating and economic factors and declining prices and market conditions, including reduced expected or realized oil and gas prices and demand for oilfield services and changes in supply or demand for maintenance, repair and operating products, equipment and service; the effectiveness of management's strategies and decisions; our ability to obtain financing, raise capital and continue as a going concern; our ability to implement our internal growth and acquisition growth strategies; our ability to convert to an all electric hydraulic fracturing service provider and to exit the diesel frac market; general economic and business conditions specific to our primary customers; our ability to collect accounts receivable; compliance with our debt agreements and equity-related securities; volatility in market prices; our ability to satisfy the continued listing requirements of Nasdaq with respect to our Class A common stock and warrants or to cure any continued listing standard deficiency with respect thereto; changes in government regulations; our ability to effectively integrate businesses we may acquire; new or modified statutory or regulatory requirements; availability of materials and labor; inability to obtain or delay in obtaining government or third-party approvals and permits; non-performance by third parties of their contractual obligations; unforeseen hazards such as natural disasters, catastrophes and severe weather conditions, including floods, hurricanes and earthquakes; public health crises, such as a pandemic, including the COVID-19 pandemic and new and potentially more contagious variants of COVID-19, such as the delta variant; acts of war or terrorist acts and the governmental or military response thereto; and cyber-attacks adversely affecting our operation. This Report identifies other factors that could cause such differences. There can be no assurance that these are all of the factors that could cause actual results to vary materially from the forward-looking statements. Factors that could cause or contribute to such differences also include, but are not limited to, those discussed in our filings with the SEC, including under "Risk Factors" in this Report and in our Amended Annual Report. We caution you not to place undue reliance on any forward-looking statements, which speak only as of the date hereof. We assume no obligation and do not intend to update these forward-looking statements. Unless the context otherwise requires, references in this Report to the "Company", "USWS", "we", or "our" shall mean U.S. Well Services, Inc. and its subsidiaries.

Overview

We provide high-pressure, hydraulic fracturing services in oil and natural gas basins. Both our conventional and Clean Fleet® hydraulic fracturing fleets are among the most reliable and highest performing fleets in the industry, with the capability to meet the most demanding pressure and pump rate requirements. We operate in many of the active shale and unconventional oil and natural gas basins of the United States and our clients benefit from the performance and reliability of our equipment and personnel. Specifically, all of our fleets operate on a 24-hour basis and have the ability to withstand high utilization rates, which results in more efficient operations. Our senior management team has extensive industry experience providing pressure pumping services to exploration and production companies across North America. In May 2021, we announced our commitment to becoming an all-electric hydraulic fracturing service provider and that we expect to fully exit the diesel frac market by the end of 2021. As a result of this strategic transition, we expect to become the first publicly-traded, pure-play electric completions services provider.

How the Company Generates Revenue

We generate revenue by providing hydraulic fracturing services to our customers. We own and operate a fleet of hydraulic fracturing units to perform these services. We seek to enter into contractual arrangements with our customers or fleet dedications, which establish pricing terms for a fixed duration. Under the terms of these agreements, we charge our customers base monthly rates, adjusted for activity and provision of materials such as proppant and chemicals, or we charge a variable rate based on the nature of the job including pumping time, well pressure, sand and chemical volumes and transportation.

Our Costs of Conducting Business

The principal costs involved in conducting our hydraulic fracturing services are labor, maintenance, materials, and transportation costs. A large portion of our costs are variable, based on the number and requirements of hydraulic fracturing jobs. We manage our fixed costs, other than depreciation and amortization, based on factors including industry conditions and the expected demand for our services.

Materials include the cost of sand delivered to the basin of operations, chemicals, and other consumables used in our operations. These costs vary based on the quantity and quality of sand and chemicals utilized when providing hydraulic fracturing services. Transportation represents the costs to transport materials and equipment from receipt points to customer locations. Labor costs include payroll and benefits related to our field crews and other employees. Most of our employees are paid on an hourly basis. Maintenance costs include preventative and other repair costs that do not require the replacement of major components of our hydraulic fracturing fleets. Maintenance and repair costs are expensed as incurred.

The following table presents our cost of services for the periods indicated *(in thousands)*:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Materials	$ 6,737	$ 2,490	$ 15,453	$ 12,938
Transportation	3,220	1,427	6,259	10,970
Labor	24,003	10,172	47,689	43,281
Maintenance	14,916	6,746	31,511	22,617
Other (1)	10,376	8,176	20,971	24,359
Cost of services	$ 59,252	$ 29,011	$ 121,883	$ 114,165

(1) Other consists of fuel, lubes, equipment rentals, travel and lodging costs for our crews, site safety costs and other costs incurred in performing our operating activities.

Significant Trends

The global health and economic crisis sparked by the COVID-19 pandemic and the associated decrease in commodity prices has significantly impacted industry activity since late in the first quarter of 2020. Weaker economic activity and lower demand for crude oil, driven by the persistence of the COVID-19 pandemic, adversely impacted our business, resulting in a reduction in our active fleet count and fleet utilization levels throughout much of 2020. During the fourth quarter of 2020, crude oil prices averaged $42 per barrel and since then have been increasing, averaging approximately $66 per barrel during the second quarter of 2021. As commodity prices have continued to improve demand for hydraulic fracturing services and the number of working fracturing fleets have also increased significantly.

In May 2021, we announced our plan to exit the diesel frac market by the end of 2021 pursuant to our strategy of becoming an all-electric hydraulic fracturing services provider. As a result, we have been executing on our plan to sell our diesel fracturing equipment. We plan on using proceeds from these sales to reduce outstanding indebtedness and for general corporate purposes, including the buildout of our next-generation all-electric fracturing fleets. Additionally, we expect the corresponding reduction of average active fleets to have a short-term significant impact on our results of operations starting in the third quarter of 2021 as we end our remaining contracts which utilize diesel frac equipment. Specifically, we expect revenues, cost of services, and depreciation to start declining in the third quarter of 2021, until such time we are able to generate business activity from the new buildout of next-generation all-electric fracturing fleets.

Results of Operations

Three months ended June 30, 2021, compared to the three months ended June 30, 2020
(in thousands, except percentages)

	Three Months Ended June 30,					
	2021	% (1)	2020	% (1)	Variance	% Variance
Revenue	$ 78,799	100.0%	$ 39,837	100.0%	$ 38,962	97.8%
Costs and expenses:						
Cost of services (excluding depreciation and amortization)	59,252	75.2%	29,011	72.8%	30,241	104.2%
Depreciation and amortization	9,836	12.5%	17,358	43.6%	(7,522)	(43.3)%
Selling, general and administrative expenses	7,214	9.2%	5,220	13.1%	1,994	38.2%
Litigation settlement	35,000	44.4%	-	0.0%	35,000	100.0%
Loss (gain) on disposal of assets	(545)	(0.7)%	853	2.1%	(1,398)	(163.9)%
Loss from operations	(31,958)	(40.6)%	(12,605)	(31.6)%	(19,353)	*(2)
Interest expense, net	(7,333)	(9.3)%	(5,665)	(14.2)%	(1,668)	29.4%
Change in fair value of warrant liabilities	(136)	(0.2)%	(1,364)	(3.4)%	1,228	*(2)
Patent license sales	22,500	28.6%	-	0.0%	22,500	100.0%
Loss on extinguishment of debt	(839)	(1.1)%	-	0.0%	(839)	*(2)
Other income	23	0.0%	45	0.1%	(22)	*(2)
Income tax expense (benefit)	(27)	(0.0)%	13	0.0%	(40)	*(2)
Net loss	$ (17,716)	(22.5)%	$ (19,602)	(49.2)%	$ 1,886	(9.6)%

(1) As a percentage of revenues. Percentage totals or differences in the above table may not equal the sum or difference of the components due to rounding.
(2) Not meaningful.

Revenue. The increase in revenue was primarily attributable to an increase in business activity due to economic recovery from the COVID-19 pandemic and depressed oil prices in the prior period. Our average active fleet count during the period increased to 9 fleets compared to 4 fleets in the prior comparable period. However, we expect revenue to decline in future quarters as we end our remaining diesel fracturing equipment-related contracts in the third quarter of 2021.

Cost of services, excluding depreciation and amortization. The increase in cost of services, excluding depreciation and amortization, was attributable to the increase in business activity due to economic recovery from the COVID-19 pandemic and depressed oil prices in the prior period. Similar to revenue, we expect cost of services, excluding depreciation and amortization, to decline in future quarters as we end our remaining diesel fracturing equipment-related contracts in the third quarter of 2021.

Depreciation and amortization. The decrease in depreciation and amortization was primarily due to the lower cost basis of depreciating long-lived assets because of impairment losses recorded in the first quarter of 2020. We expect depreciation and amortization to decline in future quarters as we execute on our plan to sell our diesel fracturing equipment.

Litigation settlement. The Company was named as a defendant in a lawsuit filed in January 2019 by a vendor alleging that the Company breached a multi-year contract. In June 2021, following entry of the final judgement by the court in favor of the vendor, the Company entered into a settlement agreement whereby it paid $35.0 million in cash.

Selling, general and administrative expenses. The increase in selling, general, and administrative expenses was primarily attributable to reinstatement of salary levels during the second quarter of 2021 due to improved economic conditions as compared to the prior period. Additionally, there was an increase in share-based compensation expense during the second quarter of 2021 as compared to the prior period due to the equity awards issued in the fourth quarter of 2020.

Loss (gain) on disposal of assets. The amount of loss on disposal of assets fluctuates period over period due to differences in the operating conditions of our hydraulic fracturing equipment, such as wellbore pressure and rate of barrels pumped per minute, that impact the timing of disposals of our hydraulic fracturing pump components and the amount of gain or loss recognized. In May 2021, the Company announced its plan to exit the diesel frac market and began selling its diesel fracturing equipment. As a result, we recognized a gain on disposal of assets during the second quarter of 2021 as compared to a loss on disposal of assets in the prior period.

Interest expense, net. The increase was primarily attributable to the interest expense associated with the Convertible Senior Notes issued during the second quarter of 2021.

Patent license sales. On June 24, 2021, the Company issued $22.5 million in principal amount of a Convertible Senior Note that was convertible into a patent license agreement (the "License Agreement"). On June 29, 2021, the holder exercised its right to convert the Convertible Senior Note in full and the Company entered into the License Agreement, which provides the licensee a five-year option to purchase up to 20 licenses to build and operate electric hydraulic fracturing fleets using the Company's patented Clean Fleet® technology. Upon entry into the License Agreement, the Company sold three licenses to build and operate three electric frac fleets, each valued at $7.5 million.

Six months ended June 30, 2021, compared to the six months ended June 30, 2020
(in thousands, except percentages)

	Six Months Ended June 30,					
	2021	% (1)	2020	% (1)	Variance	% Variance
Revenue	$ 155,057	100.0%	$ 151,872	381.2%	$ 3,185	2.1%
Costs and expenses:						
Cost of services (excluding depreciation and amortization)	121,883	78.6%	114,165	286.6%	7,718	6.8%
Depreciation and amortization	20,942	13.5%	49,366	123.9%	(28,424)	(57.6)%
Selling, general and administrative expenses	14,604	9.4%	24,277	60.9%	(9,673)	(39.8)%
Impairment of long-lived assets	-	0.0%	147,543	370.4%	(147,543)	100.0%
Litigation settlement	35,000	22.6%	-	0.0%	35,000	100.0%
Loss on disposal of assets	1,891	1.2%	5,097	12.8%	(3,206)	(62.9)%
Loss from operations	(39,263)	(25.3)%	(188,576)	(473.4)%	149,313	* (2)
Interest expense, net	(13,516)	(8.7)%	(13,621)	(34.2)%	105	(0.8)%
Change in fair value of warrant liabilities	(7,287)	(4.7)%	5,189	13.0%	(12,476)	*(2)
Patent license sales	22,500	14.5%	-	0.0%	22,500	100.0%
Loss on extinguishment of debt	(839)	(0.5)%	-	0.0%	(839)	*(2)
Other income	52	0.0%	51	0.1%	1	* (2)
Income tax expense (benefit)	(27)	(0.0)%	(737)	(1.9)%	710	* (2)
Net loss	$ (38,326)	(24.7)%	$ (196,220)	(492.6)%	$ 157,894	* (2)

(1) As a percentage of revenues. Percentage totals or differences in the above table may not equal the sum or difference of the components due to rounding.
(2) Not meaningful.

Revenue. The increase in revenue was primarily attributable to an increase in business activity due to economic recovery from the COVID-19 pandemic and depressed oil prices in the second quarter of 2020. Our average active fleet count during the period increased to 10 fleets compared to 8 fleets in the prior comparable period. However, we expect revenue to decline in future quarters as we end our remaining diesel fracturing equipment-related contracts in the third quarter of 2021.

Cost of services, excluding depreciation and amortization. The increase in cost of services, excluding depreciation and amortization, was attributable to the increase in business activity due to economic recovery from the COVID-19 pandemic and depressed oil prices in the prior comparable period. Similar to revenue, we expect cost of services, excluding depreciation and amortization, to decline in future quarters as we end our remaining diesel fracturing equipment-related contracts in the third quarter of 2021.

Depreciation and amortization. The decrease in depreciation and amortization was primarily due to the lower cost basis of depreciating long-lived assets because of impairment losses recorded in the first quarter of 2020. We expect depreciation and amortization to decline in future quarters as we execute on our plan to sell our diesel fracturing equipment.

Selling, general and administrative expenses. The decrease in selling, general, and administrative expenses was primarily attributable to our recording of a bad debt reserve of $9.0 million in the first quarter of 2020 due to the economic downturn at the end of that prior period.

Impairment of long-lived assets. As a result of impairment tests that we performed in the first quarter of 2020, we determined that the carrying value of long-lived assets exceeded their fair value. Therefore, we recorded an impairment charge of $147.5 million in the first quarter of 2020 to reduce the carrying value of property and equipment and finite-lived intangible assets to fair value. No such impairment charge was recorded during the six months end June 30, 2021.

Loss on disposal of assets. The amount of loss on disposal of assets fluctuates period over period due to differences in the operating conditions of our hydraulic fracturing equipment, such as wellbore pressure and rate of barrels pumped per minute, that impact the timing of disposals of our hydraulic fracturing pump components and the amount of gain or loss recognized. The decrease in the loss on disposal of assets was primarily attributable to the assets sold during the second quarter of 2021 and the significant decrease in loss on disposal of assets related to fluid ends, due to a change in accounting estimate related to their useful life during the second quarter of 2020. Beginning in the second quarter of 2020, fluid ends are expensed as they were used in operations, due to their shortened useful life estimate.

Litigation settlement. The Company was named as a defendant in a lawsuit filed in January 2019 by a vendor alleging that the Company breached a multi-year contract. In June 2021, following entry of the final judgement by the court in favor of the vendor, the Company entered into a settlement agreement to pay $35.0 million in cash, among other things. The cash portion of the settlement agreement was paid in June 2021.

Patent license sales. On June 24, 2021, the Company issued $22.5 million in principal amount of a Convertible Senior Note that was convertible into the License Agreement. On June 29, 2021, the holder exercised its right to convert the Convertible Senior Note in full and the Company entered into the License Agreement, which provides the licensee a five-year option to purchase up to 20 licenses to build and operate electric hydraulic fracturing fleets using the Company's patented Clean Fleet® technology. Upon entry into the License Agreement, the Company sold three licenses to build and operate three electric frac fleets, each valued at $7.5 million.

Liquidity and Capital Resources

Our primary sources of liquidity and capital resources are cash on the balance sheet, cash flow generated from operating activities, proceeds from the issuance of equity, proceeds from the issuance of Convertible Senior Notes, and borrowings and borrowing capacity under our ABL Credit Facility.

We believe that our current cash position, working capital balance, favorable payment terms under our Senior Secured Term Loan, borrowing capacity under our ABL Credit Facility, and amounts raised from the issuance of Convertible Senior Notes and shares of Class A common stock under the ATM Agreement will be sufficient to satisfy the anticipated cash requirements associated with our existing operations for at least the next twelve months.

Senior Secured Term Loan and ABL Credit Facility

As of June 30, 2021, our Senior Secured Term Loan is not subject to financial covenants but is subject to certain non-financial covenants, including but not limited to, reporting, insurance, notice and collateral maintenance covenants as well as limitations on the incurrence of indebtedness, permitted investments, liens on assets, asset dispositions, paying dividends, transactions with affiliates, mergers, consolidations and special purpose entities used for stand-alone equipment financings. In addition, all borrowings under our ABL Credit Facility are subject to the satisfaction of customary conditions, including the absence of a default and the accuracy of representations and warranties and certifications regarding sales of certain inventory, and to a borrowing base. As of June 30, 2021, the borrowing base was $46.3 million and the outstanding revolver loan balance was $33.7 million. As of June 30, 2021, we were in compliance with all of the covenants under our Senior Secured Term Loan and our ABL Credit Facility.

USDA Loan

In November 2020, we entered into a Business Loan Agreement (the "USDA Loan") with a commercial bank pursuant to the United States Department of Agriculture, Business & Industry Coronavirus Aid, Relief, and Economic Security Act Guaranteed Loan Program, in the aggregate principal amount of up to $25.0 million for the purpose of providing long-term financing for eligible working capital. Interest payments are due monthly at the interest rate of 5.75% per annum beginning on December 12, 2020 but principal payments are not required until December 12, 2023. During the fourth quarter of 2020, we received proceeds amounting to $22.0 million under the USDA Loan. In January 2021, we received the remaining proceeds amounting to $3.0 million.

The USDA Loan is subject to certain financial covenants. The Company is required to maintain a Debt Service Coverage Ratio (as defined in the USDA Loan) of not less than 1.25:1, to be monitored annually, beginning in calendar year 2021. Additionally, the Company is required to maintain a ratio of debt to net worth of not more than 9:1, to be monitored annually based upon year-end financial statements beginning in calendar year 2022.

Convertible Senior Notes

In June 2021, we issued an aggregate of $125.5 million in principal amount of 16.0% Convertible Senior Secured (Third Lien) PIK Notes due June 2026 (the "Convertible Senior Notes") in exchange for cash and shares of Series A preferred stock. In June 2021, we received cash proceeds of $86.5 million. We used a portion of the proceeds to pay a litigation settlement of $35.0 million and expect that the remaining proceeds will be used for general corporate purposes, including capital growth. As of June 30, 2021, we had $103.0 million of principal outstanding of the Convertible Senior Notes, which are convertible into the shares of the Company's Class A common stock. In July 2021, we issued an additional $11.0 million in aggregate principal amount of Convertible Senior Notes under the Note Purchase Agreement to certain investors for cash.

ATM Agreement

On June 26, 2020, the Company entered into an Equity Distribution Agreement (the "ATM Agreement") with Piper Sandler & Co. relating to the Company's Class A common stock. In accordance with the terms of the ATM Agreement, the Company may offer and sell shares of its Class A common stock over a period of time. The ATM Agreement relates to an "at-the-market" offering program. Under the ATM Agreement, the Company will pay Piper Sandler an aggregate commission of up to 3% of the gross sales price per share of Class A common stock sold under the ATM Agreement. On March 19, 2021, the Company increased the number of shares of Class A common stock that it may offer in accordance with the terms of the ATM Agreement by an additional $39.7 million in excess of the original amount of $10.3 million. During the six months ended June 30, 2021, the Company sold 15,006,317 shares of Class A common stock for total net proceeds of $13.6 million and paid $0.4 million in commissions under the ATM Agreement. Since inception on June 26, 2020 through June 30, 2021, the Company has sold a total of 15,798,575 shares of Class A common stock under the ATM Agreement for total net proceeds of $14.0 million and paid $0.4 million in commissions.

Cash Flows
(in thousands)

	Six Months Ended June 30,	
	2021	2020
Net cash provided by (used in):		
Operating activities	$ (28,371)	$ 21,513
Investing activities	(16,288)	(25,720)
Financing activities	97,460	(33,255)

Operating Activities. Net cash provided by (used in) operating activities primarily represents the results of operations exclusive of non-cash expenses, including depreciation, amortization, provision for losses on accounts receivable and inventory, interest, impairment losses, losses on disposal of assets, changes in fair value of warrant liabilities and share-based compensation and the impact of changes in operating assets and liabilities. Net cash used in operating activities was $28.4 million for the six months ended June 30, 2021 primarily due to a litigation settlement of $35.0 million and $3.0 million of working capital payments from proceeds under our USDA Loan.

Net cash provided by operating activities was $21.5 million for the six months ended June 30, 2020, primarily attributable to accelerated collections of accounts receivables, which was offset in part by interest payments of $24.3 million related to our Senior Secured Term Loan.

Investing Activities. Net cash used in investing activities decreased by $9.4 million from the prior corresponding period, primarily due to reduced growth and maintenance capital expenditures due to the decline in business activity that occurred at the end of the first quarter of 2020 and continued into the second quarter of 2020. Net cash used in investing activities was $16.3 million for the six months ended June 30, 2021, primarily due to $24.8 million in purchases of property and equipment, which related to maintaining and supporting our existing hydraulic fracturing equipment and payments made to replace damaged property and equipment. This was offset in part by $6.4 million of insurance proceeds related to the damaged property and equipment and $2.1 million of proceeds from the sale of property and equipment.

Net cash used in investing activities was $25.7 million for the six months ended June 30, 2020, primarily due to $40.8 million in purchases of property and equipment, consisting of $16.0 million related to maintaining and supporting our existing hydraulic fracturing equipment and $24.8 million related to growth. This was offset in part by proceeds of $15.0 million from the sale of certain property and equipment.

Financing Activities. During the six months ended June 30, 2021, cash provided by financing activities reflected proceeds of $24.7 million under our ABL Credit Facility, $3.0 million of proceeds from issuance of long-term debt, $86.5 million of proceeds from the issuance of Convertible Senior Notes, $9.1 million of proceeds of notes payable and proceeds of $13.6 million from the issuance of common stock, offset in part by payments related to our ABL Credit Facility of $14.8 million, long-term debt of $12.6 million, notes payable of $3.7 million, equipment financing arrangements of $1.7 million and debt issuance costs of $6.6 million.

During the six months ended June 30, 2020, cash used in financing activities reflected repayments related to our ABL Credit Facility of $33.4 million, repayment of long-term debt of $2.5 million, repayment of notes payable of $4.1 million, repayments of equipment financing agreements of $1.5 million, repayments of finance leases of $2.8 million and debt issuance costs of $20.1 million. This was offset by $19.9 million in net proceeds from the issuance of Series B preferred stock and $11.2 million of proceeds under our ABL Credit Facility.

Capital Expenditures. Our business requires continual investments to upgrade or enhance existing property and equipment and to ensure compliance with safety and environmental regulations. Capital expenditures primarily relate to maintenance capital expenditures, growth capital expenditures and fleet enhancement capital expenditures. Maintenance capital expenditures include expenditures needed to maintain and to support our current operations. Growth capital expenditures include expenditures to generate incremental distributable cash flow. Fleet enhancement capital expenditures include expenditures on new equipment related to existing fleets that increase the productivity of the fleet. Capital expenditures for growth and fleet enhancement initiatives are discretionary.

We classify maintenance capital expenditures as expenditures required to maintain or supplement existing hydraulic fracturing fleets. We budget maintenance capital expenditures based on historical run rates and current maintenance schedules. Growth capital expenditures relate to adding additional hydraulic fracturing fleets and are based on quotes obtained from equipment manufacturers and our estimate for the timing of placing orders, disbursing funds and receiving the equipment. Fleet enhancement capital expenditures relate to technology enhancements to existing fleets that increase their productivity and are based on quotes obtained from equipment manufacturers and our estimate for the timing of placing orders, disbursing funds and receiving the equipment.

We continuously evaluate our capital expenditures and the amount we ultimately spend will depend on several factors, including expected industry activity levels and company initiatives. We intend to fund most of our capital expenditures, contractual obligations and working capital needs with cash on hand, cash generated from operations, borrowing capacity under our ABL Credit Facility and other financing sources.

Off-Balance Sheet Arrangements

We are a party to transactions, agreements or other contractual arrangements defined as “off-balance sheet arrangements” that could have a material future effect on our financial position, results of operations, liquidity, and capital resources. The most significant of these off-balance sheet arrangements include equipment and sand purchase commitments disclosed in “Note 17 – Commitments and Contingencies” in the Notes to Condensed Consolidated Financial Statements.

We do not have a retained or contingent interest in assets transferred to an unconsolidated entity, we do not have any obligation under a contract that would be accounted for as a derivative instrument, and we do not have any interest in entities referred to as variable interest entities.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller reporting company, we are not required to provide the information required by this item.

Item 4. Controls and Procedures.

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, as appropriate, to allow timely decisions regarding required disclosure.

Evaluation of 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 quarter ended June 30, 2021. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of the quarter ended June 30, 2021, due solely to the material weakness in our internal control over financial reporting with respect to the classification of the Company's warrants as components of equity instead of as liabilities as more fully described in our Amended Annual Report. Notwithstanding the material weakness, management believes that the financial statements included in this Quarterly Report on Form 10-Q present fairly in all material respects our financial position, results of operations and cash flows as of the dates and for the periods presented in accordance with GAAP.

Remediation Plan for Material Weakness in Internal Control over Financial Reporting and Status

Management implemented remediation steps to address the material weakness, described above and to improve our internal control over financial reporting. Specifically, we expanded and improved our review process for complex securities and related accounting standards. We further plan to improve this process by enhancing access to accounting literature, research materials and documents and increasing communication among our personnel and third-party professionals with whom we consult regarding complex accounting applications.

Changes in Internal Control over Financial Reporting

Other than the changes described above, there were no changes made in our internal control over financial reporting during the quarter ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

Item 1. Legal Proceedings.

See “Note 17 – Commitments and Contingencies” in the Notes to Condensed Consolidated Financial Statements for further information.

Item 1A. Risk Factors.

Except as set forth below, no material changes have occurred from the risk factors previously disclosed in the Company’s Amended Annual Report. See also Part I, Item 2 “Disclosure Regarding Forward-Looking Statements” of this Quarterly Report on Form 10-Q.

Our planned exit from the diesel frac market may negatively impact our liquidity and our ability to generate revenues and service our outstanding indebtedness for a period of time.

In May 2021, we announced our commitment to becoming an all-electric hydraulic fracturing service provider and that we expect to fully exit the diesel frac market by the end of 2021. We have sold a portion of our diesel frac equipment and expect to continue to sell off the remainder of our diesel frac equipment, which has and will result in a reduction in the number of fleets we have available to provide hydraulic fracturing services until we are able to build out our all-electric hydraulic fracturing equipment. Until we are able to complete the build out of the electric equipment, we expect to generate less revenue, which may adversely impact our ability to service our outstanding indebtedness. Additionally, the decrease in revenue will result in a reduction in the borrowing base available under our ABL Credit Facility, which may adversely impact our liquidity.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

The exhibits required to be filed or furnished by Item 601 of Regulation S-K are listed below.

Exhibit No.	Description
3.1	Second Amended and Restated Certificate of Incorporation of U.S. Well Services, Inc (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K (File No. 001-38025), filed with the SEC on November 16, 2018).
3.2	Certificate of Designations, dated May 24, 2019, of U.S. Well Services, Inc. (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K (File No. 001-38025), filed with the SEC on May 24, 2019.
3.3	Certificate of Designations, dated March 31, 2020, of U.S. Well Services, Inc. (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K (File No. 001-38025), filed with the SEC on April 2, 2020.
3.4	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.4 of the Registration Statement on Form S-1 (File No. 333-216076), filed with the SEC on February 15, 2017).
4.1	Registration Rights Agreement, dated June 24, 2021, by and among U.S. Well Services, Inc. and the Purchasers party thereto (incorporated by reference to Exhibit 4.4 of the Current Report on Form 8-K (File No. 001-38025), filed with the SEC on June 28, 2021).
4.2	First Amendment to Registration Rights Agreement, dated June 25, 2021, by and among U.S. Well Services, Inc. and the Purchasers party thereto (incorporated by reference to Exhibit 4.5 to the Current Report on Form 8-K (File No. 001-38025) filed with the SEC on June 28, 2021).
4.3	Form of Cash Note (included as Exhibit B-1 to the Note Purchase Agreement filed as Exhibit 10.2 to this Quarterly Report on Form 10-Q).
4.4	Form of Exchange Note (included as Exhibit B-2 to the Note Purchase Agreement filed as Exhibit 10.2 to this Quarterly Report on Form 10-Q).
4.5	Form of License Linked Notes (included as Exhibit B-3 to the Note Purchase Agreement filed as Exhibit 10.2 to this Quarterly Report on Form 10-Q).
10.1*	Equipment Purchase Agreement, dated May 21, 2021, between U.S. Well Services, LLC and Alamo Pump Holdings, LLC.
10.2	Note Purchase Agreement, dated June 24, 2021, by and among U.S. Well Services, Inc. and the Purchasers party thereto and Wilmington Savings Fund Society, FSB, as collateral agent for the Purchasers (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-38025) filed with the SEC on June 28, 2021).
10.3	First Amendment to Note Purchase Agreement, dated June 25, 2021, by and among U.S. Well Services, Inc. and the Purchasers party thereto and Wilmington Savings Fund Society, FSB, as collateral agent for the Purchasers (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K (File No. 001-38025) filed with the SEC on June 28, 2021).
10.4	Settlement Agreement and Release by and among Smart Sand, Inc., U.S. Well Services, LLC and U.S. Well Services, Inc., dated June 28, 2021 (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K (File No. 001-38025) filed with the SEC on June 28, 2021).
10.5	Consent and Fifth Amendment to the Senior Secured Term Loan Credit Agreement dated June 24, 2021, among U.S. Well Services, LLC, U.S. Well Services, Inc., USWS Fleet 10, LLC, USWS Fleet 11, LLC, USWS Holdings LLC, CLMG Corp., as administrative agent and collateral agent, and the lenders party thereto (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K (File No. 001-38025) filed with the SEC on June 28, 2021).
10.6	Fourth Amendment and Limited Consent to ABL Credit Agreement dated as of June 24, 2021, by and among U.S. Well Services, LLC, U.S. Well Services, Inc., USWS Fleet 10, LLC, USWS Fleet 11, LLC, USWS Holdings LLC, the lenders party thereto, and Bank of America, N.A., as administrative agent, lender, swing line lender and letter of credit lender (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K (File No. 001-38025) filed with the SEC on June 28, 2021).
10.7	Guarantee and Third Lien Collateral Agreement, dated as of June 24, 2021, among U.S. Well Services, Inc., U.S. Well Services, LLC, USWS Holdings LLC, and the other grantors referred to therein, in favor of Wilmington Savings Fund Society, FSB, as notes agent (incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K (File No. 001-38025) filed with the SEC on June 28, 2021).
10.8	Amended and Restated Intercreditor Agreement by and among Bank of America, N.A., CLMG Corp., Wilmington Savings Fund Society, FSB, and U.S. Well Services, LLC, dated June 24, 2021 (incorporated by reference to Exhibit 10.7 to the Current Report on Form 8-K (File No. 001-38025) filed with the SEC on June 28, 2021).
10.9*	Patent License Agreement, effective as of June 29, 2021, by and between U.S. Well Services, LLC and ProFrac Holdings LLC.
10.10*	Equipment Purchase and Sale Agreement, dated June 29, 2021, between AmeriMex Motor & Controls, LLC and U.S. Well Services, LLC

31.1*	Certification of Chief Executive Officer pursuant to Rule 13(a)-14 and 15(d)-14 under the Securities Exchange Act of 1934.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13(a)-14 and 15(d)-14 under the Securities Exchange Act of 1934
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.
** Furnished herewith.

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 August 12, 2021.

U.S. WELL SERVICES, INC.

By:

/s/ Joel Broussard

Name:	Joel Broussard
Title:	President, Chief Executive Officer, and Director

/s/ Kyle O'Neill

Name:	Kyle O'Neill
Title:	Chief Financial Officer

EQUIPMENT PURCHASE AGREEMENT

This EQUIPMENT PURCHASE AGREEMENT (this "**Agreement**"), is made and entered into as of May 21st, 2021 (the "**Effective Date**"), by and among **Alamo Pump Holdings, LLC**, a Texas limited liability having a place of business at 1101 Little School Road, Arlington, Texas 76017, and its' permitted assignees ("**Alamo or Buyer**"), and **U.S. Well Services, LLC**, a Delaware limited liability company with its principal business office at 1360 Post Oak, Blvd, Suite 1800, Houston, Texas 77056 **(USWS or Seller)**, (**"Seller"** and together with **"Buyer"**, the "**Parties,**" and each a "**Party**,").

W I T N E S S E T H:

WHEREAS, Seller is the owner of certain hydraulic fracturing pumps and other equipment as described on Exhibit A attached hereto and referred to herein as the "Equipment" and each individually referred to herein as a "Piece of Equipment";

WHEREAS, Buyer wishes to purchase the Equipment from Seller and Seller wishes to accommodate the request of Buyer, and sell said equipment, as anticipated by the terms of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual representations, warranties, covenants and agreements, and upon the terms and conditions hereinafter set forth, the Parties do hereby agree as follows:

1. Purchase and Sale of the Equipment. Subject to the terms and conditions of this Agreement, Seller at closing shall sell, transfer, assign, convey and shall delivers to Buyer, and Buyer at closing shall purchase, acquire, and accept from Seller, the Equipment, free and clear of any liens, claims or encumbrances of any third party. Seller will not provide any type of warranty or guaranty for the Equipment but does quit claim and assign to Buyer each and every warranty of any kind or character provided by a third party manufacturer of any Piece of Equipment or any component part of the Equipment. Seller shall deliver the Equipment along with one or more Bills of Sale as described in Section 9 necessary to transfer ownership to Buyer on the Closing Date. To consummate closing Buyer shall tender to Seller the amount specified in section 2 of this agreement on or before the closing date to be commensurate with the delivery of said Bills of Sale. Buyer shall have the right to inspect and accept the Equipment on or before the Closing Date. The place of delivery of the Equipment shall be at one of Seller's operations yards to be mutually agreed upon.

(a) Purchase Price and Payment for the Equipment. The Closing date of the sale and purchase of the Equipment will be on or before July 15, 2021 (the "Closing Date"). The aggregate purchase price for the Equipment shall be TWENTY-ONE MILLION AND NO/100 DOLLARS ($21,000,000.00) (the "Purchase Price"). Buyer shall pay Seller an initial deposit of f THREE HUNDRED THOUSAND & 00/100 DOLLARS

($300,000.00) (the “Initial Deposit”) which shall provide Buyer exclusivity to purchase the equipment during the term of this Agreement and shall cause the Seller to refrain from marketing such equipment during the term of this Agreement. Payment shall be made by wire transfer of immediately available funds to a bank account specified by Seller to Buyer before the end of business May 25th, 2021. This sum shall be applied to the total purchase price at closing. Upon Seller' lender giving written approval of the proposed asset sale, then Buyer shall deposit an additional THREE HUNDRED THOUSAND & 00/100 DOLLARS ($300,000.00) (the Additional Deposit”). The balance of the Purchase Price shall be paid to Seller in immediately available funds on the Closing Date. If Buyer is unable to close for any reason, it shall forfeit the deposit as liquidated damages to Seller as reimbursement for Seller taking the Equipment off the market and ceasing communications with other potential buyers from the date of execution to the date of closing. If Seller is unable to close because of a lack of lender approval then said deposit shall be returned to Buyer and that returned deposit shall be the only recourse Buyer shall have against Seller and their failure to complete the sale.

2. Representations of Seller. Seller represents to Buyer as follows:

(a)Seller has the requisite legal capacity, power and authority to enter into this Agreement, to consummate the transactions contemplated hereunder and to perform its obligations under this Agreement.

(b) This Agreement has been duly authorized, executed and delivered by it and is a legal, valid and binding obligation, enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws from time to time in effect that affect creditors' rights generally and by legal and equitable limitations on the availability of specific remedies.

(c) Seller does not require the consent, notice or other action by any individual, entity or governmental authority, other than the consent of Seller's lender to enter into this Agreement, and the Agreement does not conflict with or result in a violation or breach of, with or without notice or lapse of time or both, this orany other agreement or create in any party the right to terminate, modify or cancel this Agreement.

(d) Seller is not under any plan of merger, consolidation, reorganization, liquidation or dissolution or has filed or intends to file a petition in bankruptcy under any provisions of federal or state bankruptcy law or is aware of any involuntary filing of any bankruptcy petition against it under any similar law.

(e) Upon the Closing Date, subject to lender approval, Seller shall have good and marketable title to the Equipment free and clear of all liens (statutory or otherwise), claims, or actions existing orthreatened against Seller that would interfere with Seller's use or sale of the Equipment.

(f) As of the Closing Date, subject to lender approval, Seller shall have the absolute right to transfer the Equipment as provided herein. Upon the sale of the Equipment as contemplated by this Agreement, Buyer will obtain good and valid title to the Equipment free and clear of all liens or other encumbrances.

3. Representations of Buyer. Buyer represents to Seller as follows:

a. Buyer has the requisite legal capacity, power and authority to enter into this Agreement, to consummate the transactions contemplated hereunder and to perform its obligations under this Agreement.

b. This Agreement has been duly authorized, executed and delivered by it and is a legal, valid and binding obligation, enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws from time to time in effect that affect creditors' rights generally and by legal and equitable limitations on the availability of specific remedies.

4. Risk of Loss and Assumption. Notwithstanding any agreement between Buyer and Seller, Seller will bear all risk of loss or damage regarding or related to the Equipment until the Closing Date. On the Closing Date, Buyer shall assume all liabilities, duties, obligations, risk of loss, claims, losses, and related responsibility for the ownership, operation, use of the Equipment, and any condition of or on the Equipment.

5. Bill of Sale. On the Closing Date, Seller shall submit to Buyer and/or each assignee of Buyer one or more Bills of Sale with the warranties of title as described in this Agreement pursuant to which Seller shall convey each Piece of Equipment to Buyer. Seller shall also convey to Buyer the certificates of title or origin (or like documents) with respect to the Equipment, and any necessary transfer documents or authorizations which Buyer may submit to the applicable governmental authority to have title and ownership of the Equipment transferred into the name of Buyer.

6. Taxes. Buyer shall be responsible for any sales, use, or transfer tax, documentary stamp tax, excise tax, registration fees or similar taxes due in connection with the transaction contemplated by this Agreement. Each Party agrees to timely sign and deliver such certificates or forms as may be necessary or appropriate to establish an exemption from (or otherwise reduce), or file tax returns with respect to such taxes.

7. Further Assurances. Buyer and Seller shall take all such further actions and execute, acknowledge and deliver all such further documents that are necessary or useful in carrying out the purpose of this Agreement. So long as authorized by applicable law so to do, Seller shall execute, acknowledge and deliver to Buyer all such other additional instruments of conveyance, assignment and transfer for the Equipment and do all such other and further acts and things as is reasonably necessary or useful to more fully and effectively assign, convey and deliver to Buyer the Equipment.

8. Seller Indemnification. Subject to the terms and conditions of this Agreement, Seller shall indemnify, defend, and hold harmless Buyer and its representatives/officers, directors, employees, agents, affiliates, successors, and permitted assigns (collectively, "Indemnified Party") against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorneys' fees, fees, and the costs of enforcing any right to indemnification under this Agreement and the cost of pursuing any insurance providers, (collectively, "Losses"), arising out or resulting solely from breach or non-fulfillment of the warranty of title or failure to deliver the Equipment after Closing.

9. Disclaimers and Excluded Damages. **THE EQUIPMENT IS USED AND NOT NEW. EXCEPT FOR THE WARRANTY OF TITLE PROVIDED IN THIS AGREEMENT, BUYER ACKNOWLEDGES THAT IT IS ACQUIRING THE EQUIPMENT IN ITS "AS IS, WHERE IS" CONDITION AND STATE OF REPAIR, AND WITH ALL FAULTS AND DEFECTS, AND THAT SELLER HAS MADE NO REPRESENTATION, WARRANTY, OR COVENANT OF ANY KIND OR NATURE, EXPRESS, IMPLIED OR STATUTORY, INCLUDING WARRANTIES OF MARKETABILITY, QUALITY, CONDITION, CONFORMITY TO SAMPLES, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH SELLER DISCLAIMS AND BUYER WAIVES, AND BUYER IS RELYING SOLELY ON ITS OWN EXAMINATION AND INVESTIGATION OF THE EQUIPMENT. SELLER MAKES NO REPRESENTATION, COVENANT, OR WARRANTY, EXPRESS OR IMPLIED, OR STATUTORY, AS TO THE ACCURACY OR COMPLETENESS OF ANY DATA OR RECORDS DELIVERED TO BUYER WITH RESPECT TO THE EQUIPMENT, INCLUDING, WITHOUT LIMITATION, ANY DESCRIPTION OF THE EQUIPMENT, OR OF THE QUALITY OF THE EQUIPMENT, OR THE FREEDOM FROM PATENT OR TRADEMARK INFRINGEMENT. BUYER ACKNOWLEDGES THAT: (I) THE EQUIPMENT HAS BEEN USED FOR OILFIELD SERVICES OPERATIONS AND PHYSICAL CHANGES IN THE EQUIPMENT AND THE INTEGRITY OF THE EQUIPMENT MAY HAVE OCCURRED AS A RESULT OF THESE USES AND (II) SUCH CHANGES MAY NOT BE READILY APPARENT BY A PHYSICAL INSPECTION.**

10. Notices. All notices or other communications required or permitted hereunder shall be in writing and shall be deemed given or delivered when delivered personally or when sent by registered or certified mail, electronic mail with confirmation of receipt or by overnight courier service addressed as follows:

If to Buyer, to:
Alamo Pump Holdings, LLC 1101 Little
Scholl Road Arlington, Texas 76017
Attention: Joe McKie or Jeff Hansen
E-mail:

If to Seller, to:
U.S. Well Services, LLC
1360 Post Oak Blvd, Suite 1800
Houston, Texas, 77056
Attn: Josh Shapiro
E-Mail –

With Copy to:
Bart Bellaire
E-Mail –

or to such other address as such Party may indicate by a notice delivered to the other Party.

11. Successors and Assigns. This agreement may be assigned by the Buyer to an Affiliate of Buyer with notice to, but without the required consent of Seller. This agreement may not be otherwise assigned to a non-affiliate of Buyer, except with the written consent of the Seller, which shall be given or withheld at the complete discretion of Seller. If Agreement is assigned as anticipated herein, it shall be binding upon and inure to the benefit of the Parties and their successors and permitted assigns. Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon any individual or entity other than the Parties and successors and assigns permitted by this Section any right, remedy or claim under or by reason of this Agreement.

12. Entire Agreement; Amendments. This Agreement, the exhibits referred to herein and therein and the documents delivered pursuant hereto contain the entire understanding of the Parties with regard to the subject matter contained herein or therein, and supersedes all prior agreements, understandings or letters of intent between or among any of the Parties as related to the Equipment. This Agreement shall not be amended, modified or supplemented except by a written instrument signed by an authorized representative of each of the Parties.

13. Partial Invalidity. Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of suchinvalidity, illegality or unenforceability without invalidating the remainder of such invalid, illegal or unenforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

14. Waivers. Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by a Party or the Parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any Party, it is authorized in writing by an authorized representative of such Party. The failure of any Party to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any Party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

15. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws (as opposed to the conflicts of law provisions) of the State of Texas.

16. Submission to Jurisdiction; Waiver of Jury Trial. SELLER AND BUYER HEREBY IRREVOCABLY SUBMIT IN ANY ACTION, SUIT, CLAIM, INVESTIGATION, REVIEW, OR OTHER JUDICIAL OR ADMINISTRATIVE PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS AND THE JURISDICTION OF ANY COURT OF THE STATE OF TEXAS LOCATED IN TARRANT COUNTY AND, IN EACH CASE, APPROPRIATE APPELLATE COURTS THEREFROM AND WAIVE ANY AND ALL OBJECTIONS TO JURISDICTION THAT THEY MAY HAVE UNDER THE LAWS OF THE STATE OF TEXAS OR THE UNITED STATES. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY

HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT.

17. No Rights in Third Parties. Nothing expressed or implied in this Agreement is intended to confer upon any person, other than Seller and Buyer and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

18. Equitable Remedies. Seller acknowledges and agrees that (a) a breach or threatened breach by Seller of its obligation to deliver the Equipment after Closing would give rise to irreparable harm to the Buyer for which monetary damages would not be an adequate remedy and (b) in the event of a breach or a threatened breach by Seller of such obligation, Buyer shall, in addition to any and all other rights and remedies that may be available to Buyer at law, at equity, or otherwise in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance, and any other relief that may be available from a court of competent jurisdiction, without any requirement to post a bond or other security, and without any requirement to prove actual damages or that monetary damages will not afford an adequate remedy. Seller agrees that Seller will not oppose or otherwise challenge the appropriateness of equitable relief or the entry by a court of competent jurisdiction of an order granting equitable relief, in either case, consistent with the terms of this Section.

19. Headings. The descriptive headings of the several sections of this Agreement contained herein are for convenience only and shall not affect the construction hereof.

20. Conflicts, Etc. To the extent that any conflicts exist between the provisions of this Agreement and any assignment, assumption, release, or other instrument or document executed, acknowledged or delivered pursuant to this Agreement, the provisions of this Agreement will prevail, and the Parties shall take such steps as may be required or desirable to conform the conflicting provisions thereof to this Agreement.

21. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement and shall become binding when one or more counterparts have been signed by each of the Parties and delivered to each of the Parties. Counterparts to this Agreement may be delivered via facsimile or electronic mail. Delivery of an executed counterpart of a signature page to this Agreement shall be as effective as delivery of a manually executed counterpart of this Agreement.

22. Survival. Subject to the limitations and other provisions of this Agreement: (a) the representations and warranties of the Parties contained herein shall survive the expiration or earlier termination of this Agreement; and (b) Sections 7, 9, 10, 16, 17 and 19 of this Agreement, as well as any other provision that, in order to give proper effect to its intent, should survive such expiration or termination, shall survive the expiration or earlier termination of this Agreement.

[Signature Page to Follow]

I N WITNESS WHEREOF. the Parties have executed this Agreement as of the date first above written.

BUYER:

ALAMO PUMP HOLDINGS, LLC

By: /s/ Michael “Joe” McKie

Name: Michael “Joe” McKie
Title: President and CEO
Date: May 21, 2021

SELLER:

U.S. Well Services, LLC

By: /s/ Joel Broussard

Name: Joel Broussard
Title: President & CEO
Date: May 21, 2021

EXHIBIT A THE EQUIPMENT

PATENT LICENSE AGREEMENT

THIS AGREEMENT is entered into as of the Effective Date (as defined below) by and between **U.S. WELL SERVICES, LLC**, a Delaware limited liability company (“**Licensor**”), having its principal place of business at 1360 Post Oak Blvd, Suite 1800 Houston, Texas 77056 on the one hand;

AND

PROFRAC MANUFACTURING, LLC, a Texas, limited liability company (“**Licensee**”), on the other hand.

RECITALS

WHEREAS Licensor owns all substantial rights in the Licensed Patents, as defined below;

WHEREAS Licensee and Licensor seek to enter into an agreement whereby Licensee will be allowed to license and build up to twenty (20) hydraulic fracturing fleets upon terms and conditions contained herein.

WHEREAS the Parties represent that the following agreement is their true and just intention.

NOW THEREFORE, for and in consideration of the payments to be made by Licensee hereunder and the other covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is covenanted and agreed by and between the Parties (as defined below) hereto that:

1. DEFINITIONS

The following terms, whenever used herein shall unless the context otherwise requires, have the following meanings:

1.1 **“Affiliate”** of a Party shall mean any person or entity that directly or indirectly controls, is directly or indirectly controlled by, or under direct or indirect common control with such Party. For purposes of this definition, “control” (including, with correlative meanings, “controlled by” and “under direct or indirect common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership, ownership or control of voting securities, by contract, or otherwise.

1.2 **“Agreement”** means this Patent License Agreement and any appendices.

1.3 “**Double Pumper Electric Pump**” means a dual or double Electric Pump.

1.4 **“Effective Date”** means the date on which Licensor and Licensee execute this Agreement, or, to the extent the Parties do not execute this Agreement on the same date, the latest date that any such Party executes the Agreement.

1.5 **“Electric Pump”** means a pump powered by an electric motor.

1.6 **“Fleet”** means equipment used by an end-user for hydraulic fracturing operations which comprises (i) at least one Electric Pump but not more than twenty-four (24) Electric Pumps and/or at least one but no more than twelve (12) Double Pumper Electric Pumps and (ii) no more than one centralized monitoring and control system, and which is configured to deliver total fracturing power of no more than 72,000 hydraulic horsepower. For clarity, hydraulic fracturing equipment which (i) comprises more than twenty-four (24) Electric Pumps or more than twelve (12) Double Pumper Electric Pumps, (ii) comprises more than one centralized monitoring and control system, or (iii) is configured to deliver more than 72,000 hydraulic horsepower shall be considered to be more than one Fleet, even if said equipment were sold or leased in a single transaction to a single third-party customer.

1.7 **“Licensed Patents”** means (i) United States Patent Nos. 8,789,601; 9,410,410; 9,611,728; 9,650,871; 9,650,879; 9,970,278; 9,745,840; 10,337,308; 10,408,030; 9,587,649; 10,655,435; 10,408,031; 10,648,311; 10,280,724; 10,526,882, (ii) any foreign counterparts, continuations, continuations-in-part, divisionals, reissues, or reexaminations of the patents in (i), (iii) any other patents or patent applications to which any of the patents in (i) directly or indirectly claim priority, and (iv) any other patents or patent applications sharing a common priority with the patents in (i).

1.8 **“Licensed Product”** means a system that is leased to an end-user for ultimate use in hydraulic fracturing operations in an oil or gas well covered by any of the Licensed Patents, including all equipment of a Fleet, and including, without limitation, all ancillary equipment relative to a Fleet (e.g., data van control systems, monitoring systems, blender, and other backside equipment). A Licensed Product shall not be sold or offered for sale.

1.9 A **“Party”** to this Agreement means Licensor or Licensee, as the case may be, and “**Parties”** shall be construed accordingly.

1.10 **“Term”** means the term described in Section 5 of this Agreement.

1.11 **“Territory”** means and is limited to the United States.

2. LICENSOR'S GRANT OF LICENSE; COVENANT; MUTUAL RELEASES; DISMISSAL

2.1 **Licensor License to Licensee**. Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee, a limited, non-transferable (except as permitted in this Agreement), and non-exclusive license to make, offer to lease, and lease Licensed Products under the Licensed Patents, solely during the Term and solely for use in a number of Fleets equal to the Total Fleet Count (as defined in Section 4.1) then in effect. For clarity, the license granted herein specifically excludes any right to make, any sale or offer for sale, or any lease or offer to lease, of Licensed Products for uses that do not meet the limitations of a Fleet, including the number of Electric Pumps or Double Pumper Electric Pumps in a Fleet.

3. LIMITATIONS TO LICENSOR'S LICENSE AND COVENANT TO LICENSEE

3.1 Except as explicitly provided in Section 12 of this Agreement, Licensee shall not be entitled to assign or otherwise transfer any of its rights under this Agreement. Except to the extent as may be necessary to build, construct, manufacture, and assemble the Licensed Products, Licensee shall not be entitled to sublicense its rights under this Agreement.

3.2 Licensed Products that are subject to a lease shall remain a "leased" Licensed Product until the lease expires and/or is terminated, and the Licensed Products are returned to the physical possession of Licensee. Should Licensee anticipate leasing more than twenty (20) Fleets of Licensed Products in the Territory in the future, the Parties agree to negotiate in good faith for a license with respect to any such additional Fleet(s).

3.3 The license and other rights granted to Licensee herein are subject to all restrictions and limitations set out in the present Agreement. All rights not expressly granted to Licensee are hereby expressly reserved.

3.4 Nothing in this Agreement shall be construed as conveying to Licensee or a third-party, including purchaser or lessee of Licensed Products from Licensee, any right, whether explicitly, by principles of implied license, or otherwise, to combine a Licensed Product with any other product(s) other than in a Fleet.

4. CONSIDERATION FOR LICENSOR'S LICENSE AND COVENANT TO LICENSEE; ACCOUNTING

4.1 **Payments for Licensed Products.** Licensee shall purchase one license for each Licensed Product. Upon the Effective Date and in consideration for the conversion of that certain Convertible Senior Secured (Third Lien) PIK Note dated June 24, 2021 by U.S. Well Services, Inc., a Delaware corporation and parent company of Licensor (the "**Note**"), Licensee hereby purchases three (3) licenses ("**Initial Licenses**"), each for a Licensed Product applicable to a Fleet. During the five (5) year period beginning on the Effective Date, Licensee shall be permitted to purchase (a) up to seven (7) additional licenses ("**Section 4.1(a) Licenses**") and (b) after purchasing the Section 4.1(a) Licenses, up to ten (10) additional licenses ("**Section 4.1(b) Licenses**" and, together with the Section 4.1(a) Licenses, the "**Additional Licenses**"), each for an additional Licensed Product applicable to a Fleet under and in accordance with this Agreement. The purchase Price for each Section 4.1(a) License shall be Seven Million Five Hundred Thousand & 00/100 ($7,500,000.00), and the purchase price for each Section 4.1(b) License shall be Nine Million & 00/100 ($9,000,000.00) (as applicable, the "**License Fee**"), except as modified by Section 4.2. Each License Fee is non-refundable. Each license covers one Licensed Product only and neither the Initial Licenses or the Additional Licenses are transferable from one Licensed Product to another. The total number of licenses purchased under the terms hereof is referred to as the "**Total Fleet Count**."

4.2 Excluding any license granted (a) to any Affiliate of Licensor, (b) in connection with a joint venture, technology collaboration arrangement or strategic partnerships entered into by Licensor or any of its Affiliates or (c) in connection with the settlement or other resolution of a dispute or claim related to the Licensed Products or any licensed patents, if Licensor grants the same or equivalent license for a Licensed Product as provided under the terms hereof to any other licensee for a purchase price that is less than the applicable License Fee as then in effect for Licensee to acquire an Additional License under the terms of Section 4.1, from and after the effective date of such license, the License Fee for any Additional License purchased thereafter shall be the same as the lesser fee paid by the other licensee.

4.3 **Timing of Payments.** Full payment for the Initial Licenses shall occur immediately upon conversion of the Note under the terms thereof. Payment for each Additional License shall be made within no less than ten (10) business days after Licensee's election to acquire an Additional License under the terms of Section 4.1, provided that the applicable license shall only be granted and in effect upon and after receipt of such payment.

4.4 **Method of Making Payments.** All payments that Licensee is required to make to Licensor shall be made by wire transfer in U.S. dollars and in immediately available funds to Licensor's bank account, as provided in Appendix A. Licensor may at its sole discretion change the banking information for the wire transfer provided in Appendix A by providing notice of the new banking information to Licensee pursuant to Section 10.

5. TERM

5.1 This Agreement shall not be binding on the Parties until it has been signed below by all Parties, at which time it shall be deemed effective as of its Effective Date.

5.2 Subject to earlier termination in accordance with Section 6, the license granted under Section 2.1 of this Agreement is effective as of the Effective Date and continues in full force through the expiration or invalidation of the last surviving Licensed Patent, such period being the "**Term**" of this Agreement.

6. TERMINATION

6.1 Licensor may, without prejudice to any and all rights and remedies available to Licensor under this Agreement and at law, terminate the license under Section 2.1 for any of the following:

6.1.1 Licensee fails to perform any payment obligations under Section 4.1, or Licensee otherwise breaches a material term of this Agreement and fails to cure within thirty (30) business days after receipt of written notice specifying the nature of such failure;

6.1.2 Licensee makes a general assignment for the benefit of creditors or enters into liquidation; or

6.1.3 a receiver, trustee in bankruptcy or similar office of all or substantially all of the property of Licensee is appointed and not removed within ninety (90) days.

6.2 Licensee may, without prejudice to any and all rights and remedies available to Licensee under this Agreement and at law, terminate this Agreement if each and all of the Licensed Patents become invalid or unenforceable as determined by either the United States Patent and Trademark Office or a court of competent jurisdiction, after all appeals have been exhausted or rights of appeal have lapsed.

6.3 In the event of such termination, the license and any other rights received by Licensee under this Agreement shall terminate, and Licensee shall have no rights with respect to the Licensed Patents.

6.4 Termination shall not excuse either Party from any of their obligations incurred hereunder prior to the date of termination. In addition, any expiration or termination of the Agreement in accordance with the terms of this Section shall not relieve Licensee of its obligation to account for and make payments pursuant to the terms of the Agreement for all Licensed Products leased. Notwithstanding any other provision in this Agreement to the contrary, each Party shall also be entitled to recover its costs and attorney's fees incurred in connection with any action to recover any unpaid amounts and interest.

7. MARKING

Consistent with 35 U.S.C. §287, Licensee shall mark any and all Licensed Products made and leased by Licensee in the United States with an appropriate patent marking, either virtual or physical, identifying, to the extent informed by Licensor, the pendency of any U.S. patent application and/or any issued U.S. patent forming any part of the Licensed Patent rights. It shall be the responsibility of Licensor to inform Licensee of any change required for any patent marking updates, including maintaining and updating any virtual patent marking website controlled by Licensor.

8. MAINTENANCE AND SUPPORT

During the Term of this Agreement, upon Licensee's request, Licensor shall provide or cause to be provided to Licensee manuals, procedures, methods, instructions, and support services reasonably requested in connection with the Fleets, the Licensed Patents, or the Licensed Products. Also, upon Licensee's request, Licensor shall provide or cause to be provided any maintenance and support services reasonably necessary to construct or assemble three (3) operable Fleets. Licensor's maintenance and support services are limited to forty (40) hours requiring an engineer or equivalent and no more than sixty (60) hours total. Any additional maintenance and support services provided thereafter shall be made available upon reasonable advance request by Licensee and may be charged at reasonably allocated costs on fair and reasonable terms to be mutually agreed upon by the Parties.

9. WARRANTIES AND INDEMNIFICATION

9.1 Each Party represents, covenants, and warrants that it has the authority and right to convey the rights or accept the obligations created hereunder.

9.2 LICENSOR MAKES NO REPRESENTATION AND NO WARRANTY WHATSOEVER THAT THE MAKING, USING OR SELLING OF LICENSED PRODUCTS OR PROVIDING SERVICES COVERED BY THE CLAIMS OF THE LICENSED PATENTS WILL NOT USE OR INFRINGE, DIRECTLY, CONTRIBUTORILY, OR BY INDUCEMENT UNDER THE LAWS OF ANY COUNTRY, ANY PATENT, COPYRIGHT OR OTHER INTELLECTUAL PROPERTY RIGHT OWNED BY ANY ENTITY OTHER THAN LICENSOR AS OF THE EFFECTIVE DATE.

9.3 Each Party further represents and warrants that in executing this Agreement, it does not rely on any promises, inducements or representations made by any person, whether a Party to this Agreement or otherwise, with respect to this Agreement or any other business dealing with any person, whether or not a Party to this Agreement, now or in the future.

9.4 Nothing contained in this Agreement shall be construed as a warranty or representation by Licensor as to the validity or scope of any Licensed Products. Furthermore, nothing in this Agreement shall be construed as an obligation by Licensor to maintain any one or more of such Licensed in force.

9.5 THE LICENSED PATENTS ARE LICENSED "AS IS" AND ANY AND ALL OTHER WARRANTIES OR CONDITIONS OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING THOSE OF MERCHANTABILITY, NON-INFRINGEMENT AND/OR FITNESS FOR A PARTICULAR PURPOSE, ARE EXPRESSLY EXCLUDED.

9.6 IN NO EVENT SHALL LICENSOR BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL OR PUNITIVE DAMAGES (INCLUDING, BUT NOT LIMITED TO, DAMAGES FOR LOSS OF PROFITS, FOR BUSINESS INTERRUPTION, FOR FAILURE TO MEET ANY DUTY OF GOOD FAITH OR OF REASONABLE CARE, FOR NEGLIGENCE, OR FOR ANY OTHER PECUNIARY LOSS OR OTHER LOSS WHATSOEVER) ARISING OUT OF OR IN ANY WAY RELATED TO THE USE OF OR INABILITY TO USE THE LICENSED PATENTS OR OTHERWISE UNDER OR IN CONNECTION WITH ANY PROVISION OF THIS AGREEMENT EVEN IF A REPRESENTATIVE OF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY THEREOF. FOR PURPOSE OF CLARITY, NOTHING IN THIS SECTION DIMINISHES OR OTHERWISE EXCUSES LICENSEE'S OBLIGATION TO PAY THE AMOUNTS REQUIRED UNDER SECTION 4.1.

9.7 NOTWITHSTANDING ANY DAMAGES THAT LICENSEE MIGHT INCUR FOR ANY REASON WHATSOEVER (INCLUDING, WITHOUT LIMITATION, ALL DAMAGES REFERENCED HEREIN), THE ENTIRE AGGREGATE CUMULATIVE LIABILITY OF LICENSOR TO LICENSEE UNDER THIS AGREEMENT SHALL BE LIMITED TO THE AMOUNTS PAID OR PAYABLE BY LICENSEE TO LICENSOR UNDER SECTION 4.1.

9.8 THE PARTIES AGREE THAT THIS LICENSE HAS BEEN VOLUNTARILY AND MUTUALLY AGREED UPON AFTER INTENSIVE NEGOTIATIONS AND ON THE BASIS OF THE PARTY'S UNDERSTANDING, THE PARTIES AGREED TO NEGOTIATE AND ENTER INTO THIS AGREEMENT

WITHOUT SUBMITTING THE DETERMINATION OF LICENSE TERMS TO A COURT OR OTHER TRIBUNAL.

9.9 THE TERMS OF THIS SECTION 9 SHALL APPLY TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EVEN IF THIS AGREEMENT OR ANY REMEDY FAILS ITS ESSENTIAL PURPOSE.

9.10 Nothing contained in this Agreement shall be construed as conferring by implication or otherwise upon either Party hereunder any license or right except the licenses and rights expressly granted hereunder to a Party hereto.

10. CONFIDENTIALITY

10.1 Except to the extent necessary to enforce the terms of this Agreement, each Party will hold the terms, but not the existence, of this Agreement in confidence and shall not publicize or disclose it in any manner whatsoever. Notwithstanding the foregoing, the Parties may disclose this Agreement (i) as required by applicable law or government agency, (ii) in response to a subpoena or during discovery in litigation provided that any such disclosure is protected pursuant to a protective order (or other court sanctioned Court procedure) and that written notice is provided to the Parties at least five (5) business days before production, (iii) in confidence to a Court or Tribunal (or otherwise as directed by law, including pursuant to a Court order), and (iv) to the Parties' respective attorneys, accountants, auditors, tax preparers, financial advisors and other agents who have a need to know the content of this Agreement and who are subject to a legally binding professional obligation of confidentiality. Licensee may also disclose the scope of the licenses and releases granted in Section 2 to a third party to the extent that Licensee reasonably believes necessary to respond to an inquiry from such third party as to whether products are licensed and/or released and therefore not subject to a claim of infringement. Furthermore, the Parties hereby agree that any Party may disclose solely the fact that a license has been granted to Licensee, without disclosing the terms thereof, including in any required regulatory filing.

11. NOTICES

11.1 Any notice or other communication to be given hereunder by any Party to any other Party shall be in writing and delivered by personal delivery, nationally recognized overnight courier, or by certified or registered mail, postage prepaid, return receipt requested. Notice shall be deemed communicated on receipt in case of personal delivery, upon the earlier of (i) receipt or (ii) three (3) business days from dispatch in the case of overnight courier, and five (5) business days after mailing in the case of mailed notice. All such notices or other communications shall be addressed as set forth below, but any Party may change its address by notice or other communication given in accordance with the provisions of this paragraph, but such change of address shall be effective only upon receipt. In addition to the foregoing, a Party shall provide a courtesy notice by email to any email address provided for the other Party. Such courtesy notice shall not relieve a Party of providing notice as otherwise provided in this Section.

Licensor: **U.S. WELL SERVICES, LLC**
Attention : Joel N. Broussard
1360 Post Oak Blvd, Suite 1800
Houston, Texas 77056
Emailjoelb@uswellservices.com and
With email copy to: bbellaire@uswellservices.com

Licensee: **PROFRAC MANUFACTURING, LLC**
Attention : Matt Wilks
333 Shops Blvd., Ste 301Willow Park, TX 76087
With email copy to: legal@profrac.commail

12. ASSIGNABILITY

12.1 Licensee may assign this Agreement in connection with a corporate reorganization, including a reorganization by merger, consolidation, conversion or conveyance, involving solely one or more of Licensee's controlled Affiliates; provided that if any such assignee ceases to be a controlled Affiliate of Licensee, then prior to such change, this Agreement shall be assigned to Licensee. Licensee shall not otherwise assign this Agreement or any right hereunder, either in whole or in part, by operation of law or otherwise, including by merger, consolidation, conversion or conveyance, without the prior written consent of Licensor, and such consent shall not be unreasonably withheld. For clarity, issuances of equity by Licensee, sales of equity by security holders of Licensee and/or the combination of Licensee with another Person via merger shall not be deemed an assignment of this Agreement by Licensee for the purposes hereof.

12.2 Licensor shall not assign its rights or obligations under this Agreement unless the assignee of such rights or obligations agrees in writing to be bound by all terms of this Agreement.

13. CHOICE OF LAW AND DISPUTE RESOLUTION

13.1 This Agreement shall be governed by, interpreted, and construed in accordance with the laws of Texas, without reference to conflicts of laws principles. Any legal action or other legal proceeding relating to the interpretation or enforcement of any provision of this Agreement must be brought or otherwise commenced in a federal or state court in Harris County, Texas. For limited purposes of this Agreement only, each Party expressly waives and will not assert any objection to the jurisdiction of such state and federal courts in Harris County, Texas in connection with any such legal proceeding.

14. MISCELLANEOUS

14.1 In the event that any provision of this Agreement shall be unenforceable or invalid under any applicable law or be so held by applicable court decision, such unenforceability or invalidity shall not render this Agreement unenforceable or invalid as a whole, and the unenforceable or invalid provision shall be amended to achieve as closely as possible the spirit of the original provision.

14.2 Subject to Section 11, this Agreement shall inure to the benefit of and bind the successors and assigns of the Parties hereto.

14.3 Words importing the singular shall include the plural and *vice versa*.

14.4 The Parties hereto are independent contractors, and nothing herein shall be construed as creating a joint venture, partnership, franchise, or other agency between the Parties.

14.5 Any Appendices form part of this Agreement and will have full force and effect as if expressly set out in the body of the Agreement.

14.6 This Agreement and any Appendices constitute the entire agreement between the Parties and supersedes all prior written and oral agreements with respect to the subject matter hereof.

14.7 Except as set forth with respect to the change in banking information as provided in Section 4.4 and as provided in Section 10 regarding the change of addresses for Notices, this Agreement may not be amended except by a written agreement of the Parties.

14.8 Licensee acknowledges having carefully read this Agreement, having obtained adequate explanations on the nature of its provisions, and understanding the latter.

14.9 If any Party is prevented from performing any portion of the Agreement (except the payment of money) by causes beyond its control, including labor disputes, civil commotion, war, casualty, inability to obtain materials or services or acts of God, such defaulting Party will be excused from performance for the period of the delay and for a reasonable time thereafter.

14.10 The Parties hereto have requested that this Agreement be drafted in English.

14.11 This Agreement may be executed simultaneously in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. An executed facsimile or scanned copy shall have the same force and effect as an executed original.

14.12 No term or provision hereof shall be deemed waived, and no breach excused, unless such waiver or consent is given in writing and signed by the Party claimed to have waived or consented. Any consent by either Party to, or waiver of, a breach by the other Party, whether express or implied, shall not constitute consent to, waiver of, or excuse for any other different or subsequent breach.

14.13 No delay on the part of the Licensor or Licensee in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of the Licensor or Licensee of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder, preclude any other exercise thereof hereunder.

(***Signatures on the next page***)

EXECUTED on this 28th day of June, 2021. **U.S. WELL SERVICES, LLC** Signature: /s/ Joel Broussard Name:Joel Broussard Title: President & CEO	**EXECUTED on this 29th day of June, 2021.** **PROFRAC MANUFACTURING, LLC** Signature: /s/ Matt Wilks Name:Matt Wilks Title:President & CFO

APPENDIX A

WIRING INSTRUCTIONS FOR PAYMENTS TO LICENSOR

For Domestic Wires (U.S.) only	
Bank Name:	
Bank Address:	
Routing Number:	
Beneficiary Account Name:	
Beneficiary Account Number:	
Further Credit to: Attention:	
Reference:	
For International Wires only	
Bank Name:	
Bank Address:	
Routing Number:	
Beneficiary Account Name:	
Beneficiary Account Number:	
COMERICA SWIFT CODE:	
Reference:	

Exhibit 10.10

EQUIPMENT PURCHASE AND SALE AGREEMENT

THIS EQUIPMENT PURCHASE AND SALE AGREEMENT (this "***Agreement***") is entered into as of the 29th day of June 2021, by and between AmeriMex Motor & Controls, LLC, a Delaware limited liability company ("***Seller***"), and U.S. Well Services, LLC, a Delaware limited liability company ("***Buyer***"). Seller and Buyer are sometimes referred to herein individually as a "***Party***" and collectively as the "***Parties***."

WHEREAS, Seller specializes in design and manufacturing of electric motors and related parts; and

WHEREAS, Seller desires to sell and convey to Buyer, and Buyer desires to purchase and accept from Seller, 60 Power Cubes (the "***Equipment***"), in accordance with the specifications as more particularly described on that certain Job Number 3042238 Quote, dated June 17, 2021 attached as Exhibit A to this Agreement (the "***Quote***")..

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agree as follows:

1. Subject to the terms and provisions set forth herein, Seller agrees to sell and Buyer agrees to purchase, the Equipment.

2. The aggregate purchase price for the Equipment shall be Sixty-One Million Five Hundred Thousand Dollars ($61,500,000.00) (the "***Purchase Price***") of which Buyer shall pay Seller an initial deposit of Twelve Million Three Hundred Thousand Dollars ($12,300,000.00) by wire transfer of immediately available funds to a bank account specified by Seller to Buyer. The balance of the Purchase Price shall be paid by Buyer to Seller in accordance with the terms of those certain Terms and Conditions of Sale ("***T&Cs***"), attached as Exhibit B to this Agreement, and incorporated herein by reference for all purposes.

3. The warranties and representations set forth in the T&Cs are incorporated herein by reference for all purposes.

4. This Agreement and the documents and instruments and other agreements specifically referred to herein or delivered pursuant hereto, including the Quote, the T&Cs, and any exhibits or schedules hereto or thereto constitute the entire agreement among the Parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral (including without limitation electronic mail correspondence), among the parties with respect to the subject matter hereof and (b) are not intended to confer upon any other person any rights or remedies hereunder, except as otherwise expressly set forth herein. No representation, inducement, promise, understanding, condition or warranty not set forth herein has been made or relied upon by either party hereto.

5. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party, it being understood that all Parties need not sign the same counterpart. Counterparts to this Agreement may be delivered via facsimile or electronic mail, including portable document format (.pdf) and shall be valid as originals.

6. Any provision of this Agreement may be amended if, and only if, such amendment is in writing and signed by the Parties hereto. Any provision of this Agreement may be waived by a Party as to

such Party if, and only if, such waiver is in writing and signed by such Party. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

7. All notices, demands, requests, or other communications that may be or are required to be given, served or sent by any party to any other party pursuant to this Agreement shall be in writing and shall be mailed by certified mail, return receipt requested, or by verifiable overnight delivery postage prepaid, or transmitted by hand delivery, or by electronic communication (e-mail), including portable document format (.pdf), addressed as follows:

(a) If to Seller:

Wade Stockstill
AmeriMex Motor & Controls, LLC
610 N. Milby Street
Houston, Texas 77003
E-Mail:

(b) If to Buyer:

Joel Broussard, President & CEO
U.S. Well Services, Inc.
1360 Post Oak Boulevard, Suite 1800
Houston, Texas 77056
E-Mail:

Each Party may designate by notice in writing a new address to which any communication may thereafter be so given, served or sent. Each notice or communication that is mailed or delivered in the manner described above shall be deemed given at such time as it is delivered to the addressee (with the return receipt, the delivery receipt or the affidavit of messenger being deemed conclusive evidence of such delivery) or at such time as delivery is refused by the addressee upon presentation.

8. The terms and provisions of this Agreement shall be binding upon the Parties and their respective successors and permitted assigns.

9. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas without regard to conflict of law principles. Each of the Parties hereto irrevocably consents to the exclusive jurisdiction of the courts sitting in Harris County, Texas, in connection with any matter based upon or arising out of this Agreement or the matters contemplated herein, agrees that process may be served upon them in any manner authorized by the laws of the State of Texas for such persons and waives and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction and such process.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

SELLER:

AMERIMEX MOTOR & CONTROLS, LLC

By: /s/ Wade Stockstill
Name: Wade Stockstill
Title: Chief Executive Officer

BUYER:

U.S. WELL SERVICES, LLC

By: /s/ Joel Broussard
Name: Joel Broussard
Title: President & Chief Executive Officer

[*Signature Page to Equipment Purchase and Sale Agreement – AmeriMex & USWS*]

EXHIBIT A
TO
EQUIPMENT PURCHASE AND SALE AGREEMENT

Quote

(*see attached*)

EXHIBIT B
TO
EQUIPMENT PURCHASE AND SALE AGREEMENT

Terms and Conditions of Sale

(*see attached*)

Exhibit 31.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joel Broussard, Chief Executive Officer, of U.S. Well Services, Inc. (the “Registrant”), certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of the Registrant (this “Report”);

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 we 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: August 12, 2021

/s/ Joel Broussard

Joel Broussard
Chief Executive Officer

Exhibit 31.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kyle O’Neill, Chief Financial Officer, of U.S. Well Services, Inc. (the “Registrant”), certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of the Registrant (this “Report”);

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 we 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: August 12, 2021

/s/ Kyle O’Neill

Kyle O’Neill
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of U.S. Well Services, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joel Broussard, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 12, 2021

/s/ Joel Broussard

Joel Broussard
Chief Executive Officer

Exhibit 32.2

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

In connection with the Quarterly Report of U.S. Well Services, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kyle O'Neill, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 12, 2021

/s/ Kyle O'Neill

Kyle O'Neill
Chief Financial Officer